

Chapter IV

Regional Bodies and Relevant Groups

A. FATF-Style Regional Bodies

1. Asia/Pacific Groups on Money Laundering
2. Caribbean Financial Action Task Force
3. Council on Europe—MONEYVAL
4. Eastern and Southern Africa Anti-Money Laundering Group
5. Financial Action Task Force on Money Laundering in South America

B. Wolfsberg Group of Banks

1. Anti-Money Laundering Principles for Private Banking
2. Statement on the Suppression of the Financing of Terrorism
3. Anti-Money Laundering Principles for Correspondent Banking

C. The Commonwealth Secretariat

D. Organization of American States—CICAD

In addition to the International Standard Setters discussed in Chapter III, there are other international organizations that play crucial roles in the fight against money laundering and terrorist financing. These groups tend to be organized according to geographic region or by the special purpose of the organization.

A. FATF-Style Regional Bodies

Financial Action Task Force on Money Laundering (FATF) regional groups or FATF-Style Regional Bodies (FSRBs) are very important in the promotion and implementation of anti-money laundering (AML) and combating the financing of terrorism (CFT) standards within their respective regions. FSRBs are to their regions what FATF is to the world.

They are modeled after FATF and, like FATEF, have AML and CFT efforts as their sole objectives. They encourage implementation and enforce-

Reference Guide to Anti-Money Laundering and Combating the Financing of Terrorism

ment of FATF's *The Forty Recommendations on Money Laundering (The Forty Recommendations)* and the eight *Special Recommendations on Terrorist Financing (Special Recommendations)*.¹ They also administer mutual evaluations of their members, which are intended to identify weaknesses so that the member may take remedial action. Finally, the FSRBs provide information to their members about trends, techniques and other developments for money laundering in their Typology Reports, which are usually produced on an annual basis.

The FSRBs are voluntary and cooperative organizations. Membership is open to any country or jurisdiction within the given geographic region that is willing to abide by the rules and objectives of the organization. Some members of FATF are also members of the FSRBs. In addition to voting members, non-voting observer status is available to jurisdictions and organizations that wish to participate in the activities of the organization.

The FSRBs are:

1. Asia/Pacific Groups on Money Laundering (APG)²
2. Caribbean Financial Action Task Force (CFATF)³

-
1. *The Forty Recommendations*, http://www1.oecd.org/fatf/40Recs_en.htm, reprinted in Annex IV of this Reference Guide; and *Special Recommendations*, http://www1.oecd.org/fatf/SrecsTF_en.htm, reprinted in Annex V of this Reference Guide.
 2. Member jurisdictions are: Australia, Bangladesh, Brunei Darussalam, Chinese Taipei, Cook Islands, Fiji, Hong Kong-China, India, Indonesia, Japan, Macau-China, Malaysia, Marshall Islands, Nepal, New Zealand, Niue, Pakistan, Republic of Korea, Palau, Philippines, Samoa, Singapore, Sri Lanka, Thailand, United States and Vanuatu.
 Observer jurisdictions are: Cambodia, Canada, France, Lao People's Democratic Republic, Mongolia, Papua New Guinea, Republic of Kiribati, Republic of the Maldives, Republic of Nauru, Tonga, Union of Myanmar, United Kingdom and Vietnam.
 Observer organizations are: Asian Development Bank (ADB), Asia Pacific Economic Cooperation (APEC), Association of South East Asian nations (ASEAN), Caribbean Financial Action Task Force (CFATF), Commonwealth Secretariat, Egmont Group, FATF, International Monetary Fund (IMF), INTERPOL, Offshore Group of Banking Supervisors (OGBS), Pacific Financial Technical Assistance Centre (PFTAC), Pacific Islands Forum Secretariat (PIFS), The World Bank, World Customs Organization (WCO) and United Nations (UN) International Drug Control Programme (UNDCP) and UN Office on Drugs and Crime (ODC).
<http://www.apgml.org>.
 3. Member countries are: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Costa Rica, Dominica, Dominican Republic, Grenada, Jamaica, Montserrat, Netherland Antilles, Nicaragua, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos Islands and Venezuela.
 Co-operating and Supporting Nations are: Canada, France, Mexico, Netherlands, Spain, United Kingdom and United States. (*continued*)

Regional Bodies and Relevant Groups

3. Council of Europe–MONEYVAL⁴
4. Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)⁵
5. Financial Action Task Force on Money Laundering in South America (GAFISUD).⁶

Certain FSRBs have issued their own conventions or instruments on AML. For example, in 1990, CFATF issued its “Aruba Recommendations,” which are 19 recommendations that address money laundering from the Caribbean regional perspective and which complement *The Forty Recommendations*.⁷ Further, in 1992, a Ministerial meeting produced the “Kingston Declaration,” which affirmed their respective governments’ commitment to implementing international AML standards.⁸ Similarly, the Council of Europe, in 1990, adopted its “Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime” (the Strasbourg

Observers are: Asia/Pacific Group Secretariat, Caribbean Customs and Law Enforcement Council (CCLEC), Caribbean Development Bank (CDB), CARICOM, Commonwealth Secretariat, European Commission, FATF Secretariat, UN Global Programme on Money Laundering (GPML), Inter-American Development Bank (ADB), Interpol, Offshore Group of Banking Supervisors (OGBS), Organization of American States/Inter-American Drug Abuse Control Commission (OAS/CICAD) and United Nations Office on Drugs and Crime (UNODC). <http://www.cfatf.org>.

4. Members are: Albania, Andorra, Armenia, Azerbaijan, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Latvia, Liechtenstein, Lithuania, Malta, Moldova, Poland, Romania, Russian Federation, San Marino, Slovakia, Slovenia, ‘Former Yugoslav Republic of Macedonia’ and Ukraine.

Observers are: Commission of the European Communities, Commonwealth Secretariat, European Bank for Reconstruction and Development (EBRD), FATF (Secretariat and Member Countries), International Monetary Fund (IMF), Interpol, Offshore Group of Banking Supervisors (OGBS), Secretariat General of the Council of the European Union, United Nations Crime Prevention and Criminal Justice Division, United Nations Office on Drugs and Crime (UNODC), World Bank and World Customs Organisation (WCO). http://www.coe.int/T/E/Legal_affairs/Legal_cooperation/Combating_economic_crime/Money_laundering/.

5. Members are: Kenya, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Swaziland, Tanzania, Uganda, Botswana, Lesotho, South Africa, Zambia, and Zimbabwe have joined ESAAMLG, but have not yet signed its memorandum of understanding.

Observers are: Commonwealth Secretariat, FATF Secretariat, United Kingdom, United States and World Bank. <http://www.esaamlg.org>.

6. Members are: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Perú and Uruguay. Observers are: France IDB, Mexico, Portugal, Spain, and United States. <http://www.gafisud.org/english/index.html>.

7. <http://www.cfatf.org/eng/recommendations/cfatf/>.

8. <http://www.cfatf.org/eng/kingdecl/>.

Reference Guide to Anti-Money Laundering and Combating the Financing of Terrorism

Convention).⁹ These are important instruments in the implementation of AML standards for their respective regions.

B. Wolfsberg Group of Banks

The Wolfsberg Group of Banks, named after the town in Switzerland where the group was formed, represents a group of international private banks.¹⁰ The group has established three sets of principles for private banking.

1. Anti-Money Laundering Principles for Private Banking

These principles represent the group's view of appropriate AML guidelines when dealing with the high net worth individuals and the private banking departments of financial institutions. They deal with customer identification, including establishing beneficial ownership for all accounts, and situations involving extra due diligence, such as unusual or suspicious transactions.

The eleven principles involve:

1. Client acceptance: general guidelines
2. Client acceptance: situations requiring additional diligence/attention
3. Updating client files
4. Practices when identifying unusual or suspicious activities
5. Monitoring
6. Control responsibilities
7. Reporting
8. Education, training and information
9. Record retention requirements
10. Exceptions and deviations
11. Anti-money-laundering organization.¹¹

9. <http://www.imolin.org/coeeng.htm>.

10. The Wolfsberg Group consists of the following leading international banks: ABN Amro N.V., Banco Santander Central Hispano S.A., Bank of Tokyo-Mitsubishi Ltd., Barclays Bank, Citigroup, Credit Suisse Group, Deutsche Bank A.G., Goldman Sachs, HSBC, J.P. Morgan Chase, Société Générale, UBS AG. <http://www.wolfsberg-principles.com/index.html>.

11. http://www.wolfsberg-principles.com/wolfsberg_principles_1st_revision.html.

Regional Bodies and Relevant Groups

2. Statement on the Suppression of the Financing of Terrorism

The Wolfsberg Statement on the Suppression of the Financing of Terrorism¹² describes the role that financial institutions should play in terrorist financing, with a view toward enhancing the contribution financial institutions can make toward this international problem. The statement emphasizes that financial institutions need to assist competent authorities in fighting terrorist financing through prevention, detection and information sharing. “Know your customer” (KYC) policies and procedures should be enhanced with searches of lists of known or suspected terrorists. In addition, banks should apply extra due diligence whenever they see suspicious or irregular activities, especially when customers are engaged in sectors or activities that have been identified by competent authorities as being used for the financing of terrorism.¹³ The statement goes on to endorse the need for enhanced global cooperation and adoption of the FATF *Special Recommendations*.¹⁴

3. Anti-Money Laundering Principles for Correspondent Banking

The Wolfsberg Group has adopted a set of principles to govern the establishment and maintenance of correspondent banking relationships on a global basis.¹⁵ The principles prohibit international banks from doing business with “shell banks.” In addition, the principles use a risk-based approach to correspondent banking that is designed to ascertain the appropriate level of due diligence that a bank should adopt with regard to its correspondent banking clients.

In evaluating prospective risks, the Wolfsberg principles require a bank to consider the client bank’s:

- domicile;
- ownership and management structure;
- business portfolio, and
- client base.

12. http://www.wolfsberg-principles.com/wolfsberg_statement.html.

13. *Id.*, principles 4 and 5.

14. *Id.*, principle 7.

15. http://www.wolfsberg-principles.com/wolfsberg_principles_correspondent.html.

Reference Guide to Anti-Money Laundering and Combating the Financing of Terrorism

This risk profile is intended to assist the banks in the application of KYC procedures when providing correspondent banking services. The principles also specify the identification and follow-up of unusual or suspicious transactions or activities.

C. The Commonwealth Secretariat

The Commonwealth Secretariat is a voluntary association of 54 sovereign states that consult and cooperate in the common interest of their peoples on a broad range of topics, including the promotion of international understanding and world peace.¹⁶ All of the member states, except for Mozambique, have experienced direct or indirect British rule or have been linked administratively to another Commonwealth country.

With regard to AML and CFT, the Commonwealth Secretariat provides assistance to countries to implement *The Forty Recommendations* and *Special Recommendations*. It works with national and international organizations and assists governments in the implementation of the FATF recommendations. It is an observer of FATF and the CFATE, APG and ESAAMLG.

The Commonwealth Secretariat has published “A Manual of Best Practices for Combating Money Laundering in the Financial Sector.”¹⁷ The manual is for government policy-makers, regulators and financial institutions.

16. Commonwealth countries are: Antigua and Barbuda, Australia, Bangladesh, Barbados, Belize, Botswana, Brunei Darussalam, Cameroon, Canada, Cyprus, Dominica, Fiji Islands, Ghana, Grenada, Guyana, India, Jamaica, Kenya, Kiribati, Lesotho, Malawi, Malaysia, Maldives, Malta, Mauritius, Mozambique, Namibia, Nauru, New Zealand, Nigeria, Pakistan, Papua New Guinea, Samoa, Seychelles, Sierra Leone, Singapore, Solomon Islands, South Africa, Sri Lanka, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Swaziland, The Bahamas, The Gambia, Tonga, Trinidad and Tobago, Tuvalu, Uganda, United Kingdom, United Republic of Tanzania, Vanuatu, Zambia and Zimbabwe. <http://www.thecommonwealth.org/>.

17. The manual is only available directly from the Commonwealth Secretariat; it is not currently available online.

Regional Bodies and Relevant Groups

D. Organization of American States–CICAD

The Organization of American States (OAS) is the regional body for security and diplomacy in the Western Hemisphere. All 35 countries of the Americas have ratified the OAS charter.¹⁸ In 1986, the OAS created the Inter-American Drug Abuse Control Commission (known by its Spanish acronym CICAD) to confront the growing problem of drug-trafficking in the hemisphere. By 1994, the Heads of State and Government of the Western Hemisphere endorsed the role of CICAD to include regional AML efforts. CICAD has developed comprehensive regional strategies and model regulations to combat drug trafficking and use, the proliferation of precursor chemicals and arms trafficking, as well as money laundering.¹⁹

18. OAS nations are: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, United States, Uruguay, Venezuela, Barbados, Trinidad and Tobago, Jamaica, Grenada, Suriname, Dominica, Saint Lucia, Antigua and Barbuda, Saint Vincent and the Grenadines, The Bahamas, St. Kitts and Nevis, Canada, Belize and Guyana.

19. http://www.cicad.oas.org/Desarrollo_Juridico/eng/legal-regulations-money.htm.

