

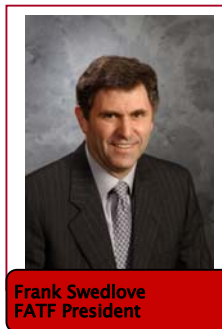
In this issue:

- ~ [Welcome from the President](#)
- ~ [Key events](#)
- ~ [1st full joint plenary meeting with MONEYVAL](#)
- ~ [Highlights of Turkey's AML/CFT system](#)
- ~ [India becomes an FATF observer](#)
- ~ [Acronyms](#)
- ~ [VAT carousel fraud](#)
- ~ [Enhanced dialogue with the private sector](#)
- ~ [Interesting websites](#)
- ~ [FATF recruits](#)
- ~ [Ideas, questions or information for the editor?](#)
- ~ [Contact the FATF](#)

Issue 1, May 2007

Welcome from the President

It is my pleasure to welcome you to this inaugural edition of the FATF e-news. This newsletter is part of the FATF's commitment to strengthening its outreach and communication with the private sector and the public as well as with the numerous governments which have committed to implementing the FATF standards. I have been proud to see the FATF focus on this communication strategy during my term as President.



As the FATF e-news will be produced three times each year, this is the only edition to occur during my Presidency, which ends in June 2007. So I might just take a moment to note some of our achievements over the past year. Korea and India have joined China as FATF observers and hopefully all 3 will soon be FATF members. This broadened membership will bring many benefits to the FATF. The FATF has explored a number of forms of money laundering and terrorist financing, producing 4 highly useful analyses, of; trade-based money laundering, new payment methodologies, misuse of corporate vehicles and money laundering associated with VAT carousel fraud. We continue the 3rd round of mutual evaluations of FATF members, with reports on the AML/CFT systems of Spain, USA, Portugal, Iceland and Turkey published so far this year. And notably, both Nigeria and Myanmar have been removed from the NCCT list. This means all 23 jurisdictions that were listed as NCCTs are no longer on the NCCT list as they have made significant progress and strengthened their anti-money laundering and counter-terrorist financing systems to ensure they can not be considered non-cooperative. And, we have increased our work with FSRBs as well as with the private sector. The FATF network is broad and strong.

In June this year the UK will take on the FATF Presidency. I look forward to hearing of the many achievements of the FATF over the coming years. My very best personal regards to you all.

**Key events at a glance
(May - September 2007)**

7 - 9 May	CFATF Plenary meeting, Panama
21 - 25 May	MONEYVAL training seminar for evaluators, Strasbourg, France
21 - 25 May	GIABA training seminar for evaluators, Dakar, Senegal
31 May - 1 June	Egmont Plenary meeting, Bermuda
4 - 8 June	MONEYVAL Plenary meeting, Strasbourg, France
11 - 13 June	GIABA Plenary meeting, Gambia
11 - 15 June	EAG Plenary, Russia
25 - 29 June	FATF Plenary meeting Paris, France
23 - 27 July	GAFISUD Plenary, Ecuador
23 - 27 July	APG Plenary meeting, Australia
30 July - 3 August	APG training seminar for evaluators, Singapore
20 - 24 August	ESAAMLG Council of Ministers and Task Force Meeting, Gaborone, Botswana
10 - 14 September	MONEYVAL Plenary meeting, Strasbourg, France
25 - 27 September	EAG typologies meeting, Uzbekistan

Note: Some dates are subject to change and the list is not exhaustive.

1st full joint plenary meeting with MONEYVAL

The FATF and the Council of Europe's MONEYVAL committee held a joint Plenary meeting at the Council of Europe. The Plenary session and associated meetings of working groups occurred from 18 to 23 February at the Palais de l'Europe in Strasbourg, France. The meeting was opened by the Secretary General of the Council of Europe, Mr Terry Davis, and was jointly chaired by the FATF President, Mr Frank Swedlove, and the MONEYVAL Chairman, Mr Vasil Kirov.



FATF / MONEYVAL Plenary
February 2007

This was the first time the FATF and an associate member had held a fully joint meeting and demonstrated that joint discussions of mutual evaluation reports and other matters worked to the benefit of both organisations.

For further information on the meetings and their outcomes see www.fatf-gafi.org and www.coe.int/moneyval.

The next FATF Plenary meeting will be held in Paris at the OECD from 25 to 29 June 2007. The next MONEYVAL Plenary meeting will be held in Strasbourg from 4 to 8 June 2007.

Highlights of Turkey's AML/CFT System

In February the FATF adopted the report assessing Turkey's anti-money laundering and counter-terrorist financing system for compliance with the global standards; the FATF 40+9 Recommendations. A summary and the full report are available on the FATF website. The assessment found that:

- ~ The government of Turkey has in recent years embarked on a programme of legislative renewal, in part related to the anticipated accession to the EU. Turkey's legal requirements to combat ML and TF are generally comprehensive.
- ~ The major sources of illegal proceeds are from drug trafficking, but also smuggling, qualified fraud and bankruptcy, document forgery, pillage, highway robbery and kidnapping, and serious crimes against the State. The primary methods for laundering funds are money transfers and other banking transactions, commercial transactions, accounting transactions and purchase of real estate.
- ~ A new money laundering offence was introduced in June 2005. The new AML law provides, amongst other things, for a more comprehensive system for disclosures of cross-border movements of cash and monetary instruments to be implemented in the near future.
- ~ Turkey has been actively working to counter terrorism, primarily of a domestic nature, for some time. The stand-alone terrorist financing offence was introduced in July 2006.
- ~ The Turkish FIU – *Mali Suçları Araştırma Kurulu* (MASAK) – is the focal point for Turkish AML/CFT efforts and it is generally effective in its functions. Supervision is conducted by the FIU, the Banking Regulation and Supervision Agency, the Capital Markets Board and the Undersecretariat of Treasury. Competent authorities are capable and actively involved in the Turkish AML/CFT system.
- ~ Turkey has generally complete international cooperation mechanisms and sound national and international cooperation in practice.
- ~ Turkey's financial sector, dominated by the banking sector, has shown good economic growth over the past 5 years. The preventive system deals with customer identification and other AML/CFT obligations and applies to a range of financial institutions and a number of DNFBPs. There is now a strong dematerialisation programme in place to deal with the bearer shares issued in the past.

India becomes an FATF observer

The FATF has invited India to join the Task Force as an observer – the first step on the path to full membership.

India participated as an observer at the February 2007 FATF Plenary meeting. The process for an observer to obtain full member status is predicated on undergoing a successful mutual evaluation.

In his invitation to India, the FATF President, Frank Swedlove said, “I am pleased to inform you that ... the FATF members have unanimously agreed to invite India at the next FATF Plenary meeting as an observer.

The Indian government has demonstrated political commitment to implement the FATF 40+9 Recommendations and to become a member of FATF. India plays an active role in the Asia-Pacific region in the field of anti-money laundering.

India joins China and Korea (which was in October welcomed as an observer) as the FATF country observers.

VAT carousel fraud

The FATF has released the latest of its typologies reports providing an in-depth look at particular money laundering and terrorist financing typologies. The report on *Laundering the Proceeds of VAT Carousel Fraud* examines money laundering associated with VAT carousel fraud.

VAT carousel fraud involves an organised criminal attack on a common duty tax system to defraud governments of money that should be paid in VAT. The activity is characterised by fraudulent VAT claims made when goods cross a border.

Substantial proceeds can be earned by well organised VAT Carousel frauds. These schemes can also be used to launder and/or raise funds for investment in other types of crime.

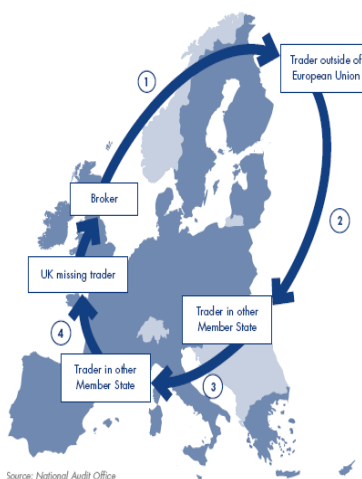
The report identifies the global impact of money laundering generated by the fraud and details the characteristics of the money laundering cycle from the proceeds of the fraud to investment into legitimate economy. It explores a number of ways in which the private sector and governments can combat these money laundering schemes.

The report is available on the FATF website – www.fatf-gafi.org.

Acronyms in this edition

AML	Anti-money laundering
APG	Asia-Pacific Group on money laundering
CFATF	Caribbean Financial Action Task Force
CFT	Counter-terrorist financing
COE	Council of Europe
DNFBP	Designated non-financial businesses and professions
EAG	Eurasian Group on combating money laundering and the financing of terrorism
ESAAMLG	Eastern and South African Anti-money laundering Group
EU	European Union
FATF	Financial Action Task Force
FIU	Financial intelligence unit
FSRB	FATF-style regional body
GAFISUD	Grupo de Acción Financiera de Sudamérica
GIABA	Groupe Inter-Gouvernemental d'Action Contre le Blanchiment de l'Argent en Afrique
MASAK	Mali Suçları Araştırma Kurulu
MENAFATF	Middle East & North Africa Financial Action Task Force
ML	Money laundering
NCCT	Non-Cooperative Countries and Territories
OECD	Organisation for Economic Cooperation and Development
TF	Terrorist financing
UK	United Kingdom
VAT	Value-added tax

Note: MONEYVAL is not an acronym.



Enhanced dialogue and work with the private sector

A priority of the Canadian Presidency of the FATF is to expand the FATF's outreach to, and dialogue with, the private sector.

In November 2006 the FATF held a productive meeting with representatives of the legal, notarial and accounting professions and with trust and company service providers. In addition, a number of high level meetings have been held with representatives of different sectors regarding the implementation of the FATF standards. These include meetings with the banking, securities and insurance industries in North America, Asia and Europe, and the legal profession in Hong Kong.

Currently, the FATF is conducting a joint project with industry associations and bodies in the banking and securities sectors with a view to adopting best practice guidelines on the implementation of a risk-based approach to combating money laundering and terrorist financing. The FATF intends to extend the results of this work to other relevant sectors once the initial project is completed.

Interesting websites

Associate members and FSRBs

www.apgml.org

www.cfatf.org

www.coe.int/moneyval/

www.esaamlg.org

www.eurasiangroup.org

www.gafisud.org

www.qiabasn.org

www.menafatf.org

www.ogbs.net

International organisations and groups

www.ebrd.com

www.egmontgroup.org

www.europa.eu

www.gcc-sg.org

www.iaisweb.org

www.imf.org

www.interpol.int

www.iosco.org

www.oecd.org

www.thecommonwealth.org

www.un.org and www.unodc.org

www.wcoomd.org

www.worldbank.org

FATF recruits

The FATF is recruiting an Executive Secretary. The Executive Secretary directs and supervises the work of the FATF Secretariat as well as supporting the FATF Presidency and members and advising on and implementing the FATF's work programme.

The vacancy is open to nationals of OECD member countries and of FATF member countries. For more information please see the 'Job Vacancies' area of the OECD website - www.oecd.org. Applications close at midnight Paris time on 19 May.

Do you have ideas, questions or information for the editor?

We'd love to hear from you, particularly if you have information for the next edition or other ideas for the FATF Newsletter. The FATF's contact details are on this page. Please let us know also if you would like to be added or removed from our mailing list.

Regards, The FATF Secretariat

Contact the FATF

Website - www.fatf-gafi.org

Email - contact@fatf-gafi.org

Post - 2 rue André-Pascal
75775 Paris Cedex 16
FRANCE