

BUSINESS FROM SENSITIVE SOURCES NOTICE (NUMBER 3)

TO MONEY LAUNDERING REPORTING OFFICERS OF ALL FINANCIAL SERVICES BUSINESSES AND OTHER INTERESTED PERSONS

4 October 2001

Anti-terrorist measures

In recent days the Commission and other agencies (for example in the USA and the UK) have issued lists of persons and companies believed to be associated with the terrorist attacks in the USA on 11 September 2001. Business must not be taken from any of those persons or companies or any persons, companies and countries associated with them.

In addition, financial services businesses must exercise a much greater level of caution when considering taking on business from countries which have been seen to support terrorist activities or which may have been associated with terrorist activities. Relevant web sites should be regularly monitored to ascertain the current intelligence on such matters. These sites include those of the FBI (<http://www.fbi.gov>) and OFAC (the Office of Foreign Assets Control of the US Department of the Treasury) (<http://www.treas.gov/ofac/>) in the USA and the Financial Services Authority (<http://www.fsa.gov.uk/>) and Bank of England (<http://www.bankofengland.co.uk/>) in the UK.

The FATF non-cooperative countries or territories exercise

In its second Business From Sensitive Sources Notice (Business From Sensitive Sources Notice (Number 2)) issued on 27 July 2000, the Commission referred to the "Review to Identify Non-Cooperative Countries or Territories: Increasing the Worldwide Effectiveness of Anti-Money Laundering Measures" issued by the Financial Action Task Force ("FATF") on 22 June 2000. The Commission advised financial services businesses to exercise a greater level of caution when taking on business from the fifteen jurisdictions which were then identified by the FATF as non-cooperative countries or territories.

On 22 June and 7 September 2001, the FATF issued updates to that review. They are available on the FATF website: <http://www.oecd.org/FATF> and the Commission encourages money laundering reporting officers and other interested persons to visit that website and read the reviews.

In a press notice following the publication of the June review, the FATF stated:

"The FATF has updated the list of non-cooperative countries and territories. The FATF has decided to remove the Bahamas, the Cayman Islands, Liechtenstein and Panama from the list but will monitor closely future developments in those countries. FATF President, José Maria Roldán, said: "We see that this initiative has triggered significant improvements in anti-money laundering systems throughout the world. Following the review of thirteen countries, the FATF has identified serious deficiencies in the following countries: Egypt, Guatemala, Hungary, Indonesia, Myanmar and Nigeria.""

A further press notice in September stated:

".. having completed the review of several jurisdictions, the FATF added two countries - Grenada and Ukraine to its NCCTs list because these two countries were found to have serious deficiencies in their anti-money laundering regimes ..

The updated list of NCCTs is as follows: Cook Islands; Dominica; Egypt; Guatemala; Grenada; Hungary; Indonesia; Israel; Lebanon; Marshall Islands; Myanmar; Nauru; Nigeria; Niue; Philippines; Russia; St Kitts and Nevis; St Vincent and the Grenadines and Ukraine. The FATF calls on its members to request their financial institutions to give special attention to businesses and transactions with persons, including companies and financial institutions, in these countries or territories."

In addition the September notice, following on from the statement in June, stated:

"Nauru enacted an Anti- Money Laundering Act on 28 August 2001. However this new legislation is found to have several deficiencies and does not address the major money laundering problem in Nauru. The FATF has therefore decided to urge the Nauru Government to enact appropriate legislative amendments by 30 November 2001, failing which counter-measures will apply to Nauru from this date.

The Philippines has still not enacted long-awaited and necessary legal reforms. Accordingly, the FATF renewed its call to its members to implement additional counter-measures unless the Philippines enacts significant legislation by 30 September 2001."

The Commission advises financial services businesses to exercise a greater level of caution when taking on business from the new list of nineteen jurisdictions identified by the FATF. With reference to the four de-listed jurisdictions, MLROs are encouraged to review the sections on those jurisdictions in the above-mentioned 22 June review, in particular the final paragraphs of each section.

MLROs are advised to monitor the USA Department of the Treasury Financial Crimes Enforcement Network (FinCEN) web-site and to note the contents of any FinCEN Advisories issued on the above-mentioned and other jurisdictions (for example: Advisories 13A, 14A, 19A and 23A). The web-site address is: <http://www.ustreas.gov/fincen/>.

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