

## **BUSINESS FROM SENSITIVE SOURCES NOTICE (NUMBER 1)**

25 April 2008

### **The Financial Action Task Force (FATF)**

The Forty Recommendations and Nine Special Recommendations of the Financial Action Task Force (FATF) are the international standard for effective anti-money laundering and terrorist financing measures. Through periodic mutual evaluations, the FATF reviews its members' compliance with these Forty Recommendations, as well as the Nine Special Recommendations on Terrorist Financing, and suggests areas for improvement as necessary.

The Non-Cooperative Countries and Territories (NCCTs) exercise began in 1998 at a time when many countries around the world did not have adequate AML measures in place. The goal of the initiative was to secure the adoption by all financial centres of international standards to prevent, detect and punish money laundering, and thereby effectively co-operate internationally in the global fight against money laundering. Financial services businesses will be aware that no countries or territories are listed by the FATF as non-cooperative.

To ensure continued effective implementation of the reforms enacted, the FATF adopted a monitoring mechanism. This mechanism included the submission of regular implementation reports and a possible follow-up visit to assess progress in implementing reforms and to ensure that stated goals had been fully achieved.

### **Myanmar**

Myanmar, which was formerly listed as non-cooperative, is listed by the FATF as a country subject to its monitoring mechanism.

### **Uzbekistan, Iran, Pakistan, Turkmenistan, São Tomé and Príncipe and the northern part of Cyprus**

The FATF is concerned about the lack of comprehensive AML/CFT systems in Uzbekistan, Iran, Pakistan, Turkmenistan, São Tomé and Príncipe and the northern part of Cyprus and has taken new steps to protect the international financial system from abuse, by putting the following notice on its website.

#### **“Uzbekistan**

*The FATF is particularly concerned that a series of presidential decrees in Uzbekistan has effectively repealed the anti-money laundering/combating the financing of terrorism (AML/CFT) regime in that country and generates a money laundering/financing of terrorism (ML/FT) vulnerability in the international financial system. The FATF calls upon Uzbekistan to restore its AML/CFT regime and to work with the Eurasian Group to establish an AML/CFT regime that meets international standards. The FATF calls on its members and urges all jurisdictions to advise their financial institutions to take the risk arising from the deficiencies in Uzbekistan's AML/CFT regime into account for enhanced due diligence.*

## **Iran**

*Since its October 2007 Plenary meeting, the FATF has engaged with Iran and welcomes the commitment made by Iran to improve its AML/CFT regime. Consistent with its Statement on Iran, dated 11 October 2007, the FATF confirms its call to its members and urges all jurisdictions to advise their financial institutions to take the risk arising from the deficiencies in Iran's AML/CFT regime into account for enhanced due diligence. Iran is encouraged to continue its engagement with the FATF and the international community to address, on an urgent basis, its AML/CFT deficiencies.*

## **Pakistan**

*The FATF notes Pakistan's recent progress in adopting AML legislation. However, financial institutions should be aware that the remaining deficiencies in Pakistan's AML/CFT system constitute a ML/FT vulnerability in the international financial system. Pakistan is urged to continue its efforts to improve its AML/CFT laws to come into closer compliance with international AML/CFT standards and to work closely with the Asia Pacific Group to achieve this.*

## **Turkmenistan**

*The FATF is concerned with deficiencies in the AML/CFT regime of Turkmenistan. The FATF welcomes the recent steps this jurisdiction has taken to address these concerns and calls upon Turkmenistan to continue to engage with the international community on these issues.*

## **Sao Tome and Principe**

*The FATF is concerned with deficiencies in the AML/CFT regime of São Tomé & Príncipe. The FATF welcomes the recent steps this jurisdiction has taken to address these concerns and calls upon São Tomé & Príncipe to continue to engage with the international community on these issues.*

## **Transactions with Financial Institutions Operating in the Northern Part of Cyprus**

*The FATF welcomes the recent progress in policies and practices to combat money laundering and terrorist financing in the northern part of Cyprus. However, given the existing deficiencies, the FATF calls on its members and urges all jurisdictions to advise their financial institutions to pay special attention to the ML/FT risks in transactions with financial institutions operating in the northern part of Cyprus. The FATF encourages further progress to address the deficiencies."*

## **Concerns of the Commission regarding Venezuela and West Africa**

### **Venezuela**

It has come to the attention of the AGCC that there may be doubts over the validity of some identity documents issued in Venezuela. In light of widespread corruption in

that country, it has been suggested that corrupt officials have been issuing national identity cards and passports to criminals and to individuals with suspected links to terrorist organisations.

It should also be noted that, due to its proximity to the major drug producing country of Colombia, Venezuela has become an important hub for the transport of drugs for consumption in the United States and western Europe.

### **West Africa**

The AGCC has been advised by the GFSC and notes that there has recently been a significant increase in trafficking between South America and west Africa of drugs that are ultimately destined for use in western Europe. A number of the same countries have also been traditionally used as transit points for heroin from south west and south east Asia. Furthermore, it should be noted that people trafficking continues to take place in the more northerly group of west African countries.

The concerns of the AGCC relate to the west African countries of:

Morocco  
Mauritania  
Senegal  
Cape Verde Islands  
Guinea-Bissau  
Guinea  
Sierra Leone  
Liberia  
Ivory Coast  
Ghana

### **Action to be taken by eGambling licensees**

eGambling Licensees must exercise a greater degree of caution when taking on business from the countries or territories specified in this Business From Sensitive Sources Notice. Additionally, eGambling licensees must ensure enhanced customer due diligence measures are undertaken and special attention given to all business relationships and transactions connected with such countries or territories.

The AGCC would be pleased to provide further advice if you have any queries arising from this Notice.