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MONEY LAUNDERING & BUSINESS CRIME NEWSLETTER SPECIAL BULLETIN –10 SEPTEMBER 2001

**FATF AMENDS “BLACKLIST” – REMOVES RUSSIA FROM TOP THREE
PROBLEM COUNTRIES BUT NAURU AND THE PHILIPPINES REMAIN AS TOP
TWO DEFICIENT NATIONS; GRENADA & UKRAINE ADDED TO MAIN
“BLACKLIST”**

Last Friday (7 September 2001) the Financial Action Task Force (FATF) issued an update on their “Non-Cooperative Countries and Territories (NCCTs) List”. This list is of immense importance because many national warnings to financial institutions and other relevant businesses are based on this. Additionally FATF recommend that:

Financial institutions should give special attention to business relations and transactions with persons, including companies and financial institutions, from countries which do not or insufficiently apply these recommendations. Whenever these transactions have no apparent economic or visible lawful purpose, their background and purpose should, as far as possible, be examined, the findings established in writing, and be available to help supervisors, auditors and law enforcement agencies

In June of this year FATF singled out three nations as major problems, and gave these countries until 30 September 2001 to enact significant money laundering legislation. These were Russia, Nauru and the Philippines. FATF has now considered the progress made by each of these countries, and concludes:

- RUSSIA: remains on the main NCCTs list, but because of significant legislation that has been enacted is removed from the “top three”
- NAURU: has enacted an Anti-Money Laundering Act but FATF comments that “this new legislation is found to have several deficiencies and does not address the major money laundering problem in Nauru”. FATF now urges the Nauru Government to amend the legislation accordingly, and if it does not countermeasures will apply to Nauru from 30 November 2001

- THE PHILIPPINES: Put simply, this country has done nothing and FATF calls for its members to implement counter measures unless the Philippines enacts significant legislation by 30 September 2001

Additionally FATF has added Ukraine and Grenada to the main NCCTs list, for the following reasons:

- GRENADA: Authorities have inadequate access to customer account information and inadequate authority to co-operate with foreign counterparts; Grenadan financial institutions do not have adequate qualification procedures for owners of financial institutions
- UKRAINE: lacks a complete set of anti-money laundering measures; No efficient mandatory system for reporting suspicious transactions; Inadequate resources to tackle the problem

The new "blacklist" of countries in full is:

- COOK ISLANDS
- DOMINICA
- EGYPT
- GUATEMALA
- GRENADA
- HUNGARY
- INDONESIA
- ISRAEL
- LEBANON
- MARSHALL ISLANDS
- MYANMAR
- NAURU
- NIGERIA
- NIUE
- PHILIPPINES
- RUSSIA
- ST KITTS & NEVIS
- ST VINCENT & THE GRENADINES
- UKRAINE

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