



ENHANCING PUBLIC-PUBLIC COOPERATION TO BETTER DISRUPT MONEY LAUNDERING AND TERRORISM FINANCING

Perspective of Egmont Group FIUs

To have more strategic, decision oriented and consequential discussions amongst each other, in 2015, the Heads of Egmont Group Financial Intelligence Units (FIUs) decided to focus the Plenary meetings around specific themes. The 26th Egmont Group (EG) Plenary Meeting in The Hague, attended by 497 participants, addressed the topic of *Enhanced Public-Public Cooperation (PPC) from the perspective of an FIU*. The goal was to raise awareness among EG members on how FIUs could enhance their cooperation with competent authorities to better identify, understand and tackle money laundering and terrorist financing (ML/TF) risks and to fight ML/TF and predicate offences more effectively.

This compendium provides an overview of those discussions, detailing relevant opportunities and challenges, while sharing examples of good practice that may inspire others to go beyond ‘traditional’ models of cooperation.



Participants engage in discussions on Public-Public Cooperation at the 26th Egmont Group Plenary Meeting in The Hague, hosted by FIU-the Netherlands

I. BACKGROUND

Under the dissemination function, FATF Recommendation 29 requires that FIUs are able to disseminate information and the results of their analysis to relevant competent authorities. In Addition, Recommendation 31 requires that competent authorities should be able to ask for all relevant information held by the FIU, when they conduct investigations of ML, associated predicate offences and TF. For these purposes, FIUs should be able to make arrangements or engage independently with other domestic competent authorities (Interpretive Note to Recommendation 29, Section 11). Additionally, for the purposes of proper identification, assessment and understanding of the ML/TF risks, FATF Recommendation 2 requires FIUs to cooperate and, where appropriate, coordinate and exchange information domestically with other competent authorities.

There are three broad types of cooperation that FIUs are expected to engage in according to the FATF standards (definition of “competent authorities” as referred to in the Glossary of FATF standards):

- Cooperation with competent authorities that have the function of investigating and/or prosecuting money laundering, associated predicate offences, and terrorism financing, and seizing/freezing and confiscating criminal assets;
- Cooperation with competent authorities that have AML/CFT supervisory or monitoring responsibilities, and competent authorities receiving reports on cross border transportation of currency and BNI’s (bearer negotiable instruments);
- Cooperation with other public competent authorities with designated responsibilities for combating money laundering and/or terrorist financing.

In the face of rapidly evolving threats, various models of enhanced PPC, often with FIUs as the main driver, are emerging quickly around the world. The resulting partnerships are already generating highly positive results regarding the detection and prevention of money laundering, associated predicate crimes and terrorist financing.

II. FINDINGS OF THE EGMONT GROUP PLENARY DISCUSSIONS ON PUBLIC-PUBLIC COOPERATION

More than 120 Heads of FIU, as well as representatives of observers and international partners learned about successful PPC practices implemented by the FIUs of Australia, France, Namibia, Netherlands, South Africa and Thailand in their effort to fight more effectively money laundering, predicate crimes and terrorist financing. Representatives from these jurisdictions (mostly FIU representatives, but not only) shared experiences (available in the final part of this compendium) that highlighted the positive results achieved in mitigating ML/TF risks in four areas of focus:

- Asset-tracing and securing of assets,
- Money laundering of serious tax crimes,
- Intervening on organised crime at local level, and
- Counter Terrorist Financing.

The presentations gave insight into the opportunities, challenges and lessons learned in the enhanced PPC between public authorities.

Opportunities:

Enhanced PPC:

- Creates the framework for depriving criminals of illegally acquired assets
- Reduces duplication of efforts when different agencies look at the same issues but for different purposes (e.g. for determining the taxable income, for determining regulatory breaches or for determining the extent of damaged caused through criminal behaviour)
- Creates an intelligence-driven approach
- Fosters the alignment of the legislative framework to enhance information sharing
- Assists in fast-tracking cases
- Helps with sharing investigative costs and resources
- Broadens the scope and depth of investigations, while enhancing their quality
- Allows for the use of administrative procedures (e.g. suspending a suspicious transaction by the FIU, non-conviction-based confiscation, etc.) to complement criminal law procedures in fighting criminals
- Provides the opportunity to use technology such as ‘decentralized matching’ for better integration of data and target identification – see [FCInet](#)
- Enhances the flexibility of existing systems to respond to changes in the environment
- Helps FIUs connect with other domestic competent authorities which may have a culture of investigation, know how to keep secrets, are highly technical and know how to handle big data
- Can help FIUs identify other predicate offences. For example, the identification of tax crimes can uncover cases of corruption, or vice versa
- Demonstrates a tangible cost-benefit to taxpayers and improves public trust in competent authorities
- Closes potential skill gaps among competent authorities
- Breaks down silos

91% of participants surveyed during the Plenary strongly believe that enhancing PPC enables FIUs to better identify ML/TF risks and know how to fight ML/TF and predicate offences more effectively.

76% of participants surveyed during the Plenary strongly believe that PPC at the domestic level positively impacts the ability of an FIU to deliver high quality international cooperation.

48% of participants surveyed during the Plenary strongly believe that a decentralised privacy-friendly matching tool can help them enhance PPC.

Challenges:

- Availability of suitable staff
- Reluctance towards cooperation generated by varied legislation and policies governing domestic stakeholders
- Managing the staff of various agencies
- Clashes of priorities, with different criteria for selecting cases and investigative targets
- Budgetary and resource constraints, which limit investigative capacity

- Legislative constraints that limit the ability of relevant parties to share information among themselves
- Deconfliction between criminal investigation matters and matters that fall under administrative procedures (e.g. determination of the taxable income, etc.)
- Technological barriers, such as lack of interconnectivity or compatibility between systems, and the need to match big data
- Measuring the effect of task forces not only on relevant statistics, but also changes in the environment they generate
- Lack of culture for cooperation with criminal investigation authorities
- Lack of access to information and limited digitalization of information
- Coping with opposition to change, which requires endurance
- Managing the trade-off between privacy/data protection and security
- Integrating Public-Public Cooperation with Public-Private Partnerships, with a view to broadening even more the reach of preventive and enforcement actions
- Ensuring protection of information disseminated within the framework of Public-Public Cooperation, which requires the ability to hold public partners accountable
- Lack of common terminology. For example, 'illicit financial flows' many have different meanings for different players
- Information is often kept in silos

65% of participants surveyed during the Plenary strongly believe that offenders benefit from the fact that their operational information is spread between different governmental services.

26% of participants surveyed during the Plenary strongly believe that new legislative arrangements are needed for FIUs to be able to engage in enhanced PPC.

Lessons learned:

- PPC is important for better identification of ML/TF risks and associated predicate offences
- Respect each other's mandates when engaging in PPC
- Manage expectations within the PPC, not promising more than can be delivered
- Recognize available expertise
- Synergize different policies and legislative frameworks before starting
- Be clear on the classification of sensitive information
- Clarify roles and expectations, including who is in control of what
- The Taskforce or Fusion Centre model is an effective model of PPC
- Look into the existing legislation to ensure privacy cannot shield criminals and engage with data protection experts at an early stage of establishing a PPC
- PPC enhances trust among partners only if confidentiality of information shared is guaranteed
- Be aware of strong linkage between corruption and serious tax crimes
- Access of FIU to data systems and databases is key
- PPC starts with willingness to share information across role players
- PPC helps with knowledge sharing and skills development
- Cultivate trust and teamwork at all levels or stages of PPC

- Always share successes within the PPC
- Exchange information before the investigation starts
- National risk assessments and strategical analysis products are valuable tools to identify high-risk sectors

68% of participants surveyed during the Plenary agree that the current FATF Standards are flexible enough to allow for an enhanced Public-Public Cooperation, beyond case-by-case dissemination.

67% of participants surveyed during the Plenary agree that it is difficult for FIUs to protect the information disseminated to domestic public partners. An additional 33% totally agree with this statement.

78% of participants surveyed during the Plenary totally agree that Public-Public Cooperation is not just a benefit, but more a fundamental need to prevent an adverse event from occurring.

III. CASE EXAMPLES

Egmont Group member FIUs shared examples of innovative PPC involving other domestic competent authorities in four key areas of focus: asset-tracing and the securing of assets, money laundering of serious tax crimes, intervening on organised crime at the local level, and counter terrorism financing.

A. Asset-tracing and the securing of assets

SOUTH AFRICA - The Fusion Centre

Need: The various state agencies were notably operating in silos that led to the duplication of investigations and misalignment of state priorities. This incongruence was exacerbated by the ineffective enforcement of various laws with limited resources.

Approach: The Fusion Centre serves as an intelligence driven platform for addressing our national priority crimes in the areas of commercial and organized crime, money laundering, racketeering, terrorism and related activities. The Fusion Centre provides a collaborative platform for intelligence sharing to varied sector players.

It also facilitates the deployment of multi-disciplinary roles-players in an integrated manner, hence improving inter-departmental cooperation. The Fusion Centre enables seamless asset tracing and forfeiture proceedings.

Outcomes: Law enforcement received a tip off that led to the arrest of a group of suspects at the scene of the crime of copper cable theft. Due to the high unemployment rate, South Africa faces the endemic of copper cable theft that not only incurs replacement costs, but also has adverse effects on the infrastructure hence indirectly compounding costs. The identities of the suspects were shared with the Fusion Centre. Here, the FIU's financial profiling and analysis linked one suspect (Z) to various bank accounts, business entities and identified properties.

Two of the identified properties were raided by law enforcement, one of which was a scrap metal dealer. Seizures included stolen copper cables, vehicles and cash. The vehicles were later sold, and the proceeds were forfeited to the Criminal Assets Recovery Account fund. The FIU also froze a significant amount of cash in several bank accounts. Criminal proceedings were instituted by the prosecutor 5 days after the arrests, and Z was charged with 1,057 counts of copper theft, fraud, tax evasion and money laundering. While the remainder of the accused were acquitted, Z was found guilty and sentenced to 25 years imprisonment.

Challenge: The availability of suitable human resources and management of these resources from the various agencies.

Opportunity: An intelligence driven approach broadens the scope of the investigation that results in improved quality of investigations.

Lesson Learned: It is important to determine the symbiotic relationships between various policies and legislative frameworks and clarify the various roles of participating state agencies before commencing an engagement.

B. Money laundering of serious tax crimes

NETHERLANDS – Project - ΣF³

Need: The amount of relevant operational information held by FIUs and their domestic peers is increasing rapidly. International and national cooperation between agencies is necessary to detect and investigate criminal groups. There is an absolute need to continuously innovate the ways in which we do this.

Approach: In order to further strengthen the cooperation, FIU – the Netherlands (FIU-NL) and FIOD started the project ΣF3 for which they used the innovative technology of the FCInet system. FIOD is the Dutch Fiscal Intelligence and Investigation Service of the Tax and Customs Administrations. It is a Dutch law enforcement agency tasked with fighting fiscal and financial fraud. The cooperation between FIOD and FIU-NL is based on a mutual agreement.

FCInet is a decentralized computer network that enables domestic and international agencies to compare, analyse and exchange data. It opens the possibility to match and detect relevant, only need-to-know information, without actually exchanging the data. There is no central database, the information is locally stored. FCInet is a safe and secure government-built instrument that uses privacy friendly technology.

By using FCInet, FIU-NL and FIOD were able to match in a more effective and accelerated way. FIOD shared privacy-friendly match filters (based on criminal suspects) with FIU-NL. Hits in Unusual Transactions Reports (UTRs) were locally analysed by the FIU and (once they had been declared suspicious) disseminated to FIOD for further criminal investigation.

Outcomes:

- new unusual transactions were discovered from known and unknown subjects;
- unexpected hits with countries not known in modus operandi related to terrorism financing;
- 80% of the transactions possibly related to terrorism financing were already detected by the FIU; and

- one case is already under investigation by the FIOD and other hits are being analysed by the FIU.

The case involved a subject who held legal construction contracts with a foreign government however, the subject equally displayed unusual behaviour with regards to cash deposits. Further analyses revealed ties to government officials possibly involved in corruption.

Challenge: The decentralized approach is the opposite of the traditional way of matching (centralizing data). It takes time to have all parties involved on the same level of understanding of the concept and of the potential of this way of cooperating.

Opportunity: This approach, successfully trialled with FIOD, makes it possible for FIU-NL to explore connections with its other domestic and international peers. Hence, making the best use possible of the ‘power of financial intelligence’.

Lesson Learned: The trial-run produced more hits than expected. The operations department of the FIU was not immediately able to analyse the substance of all hits. As this was not addressed in the preparation phase of the project, this caused some delay. It is recommended to involve operational staff early on in the project.

Moving Forward: The ΣF^3 project entered its second phase, with the objective to embed the decentralized approach in the daily FIU operational process. Therefore, the project team will explore which international peers would be interested in decentralized matching. The ΣF^3 project team produced a blueprint about the project for Egmont Group members that are interested in this approach.

AUSTRALIA – The Serious Financial Crimes Taskforce

Need: Serious financial crime poses a threat to Australia’s economy, financial markets, regulatory frameworks, superannuation and tax system. It has a significant impact on the Australian community and requires a coordinated solution with relevant law enforcement and regulatory agencies working together to tackle the threat. In Australia, approximately 70 per cent of Australia’s serious and organised criminal threats are based offshore or have strong offshore links¹. Noting the importance of multi-dimensional responses to tackle serious and complex financial crime which is transnational in nature, Australia established the Serious Financial Crimes Taskforce (SFCT) in July 2015. This is a national multi-agency taskforce that includes AUSTRAC and the Australian Taxation Office (ATO), amongst others².

Approach: Australia’s multi-agency SFCT³ identifies and addresses serious and complex financial crimes. The SFCT builds upon Australia’s capacity and capability to identify and treat serious financial crime, with offences targeted by the taskforce relating to serious fraud, money

¹ <https://www.homeaffairs.gov.au/nat-security/files/strategy-transnational-serious-organised-crime.pdf>

² The renewed SFCT is ATO-led in partnership with the Australian Federal Police, Australian Criminal Intelligence Commission, AUSTRAC, Australian Securities and Investments Commission, Attorney-General’s Department, Commonwealth Director of Public Prosecutions, Australian Border Force and the Department of Home Affairs.

³ <https://www.afp.gov.au/what-we-do/crime-types/fraud/serious-financial-crime-taskforce>



laundering and defrauding the Commonwealth. Priorities to date have included criminality related to international tax evasion, fraudulent phoenix activity, trusts and superannuation.

The SFCT targets activities that occur both in Australia and overseas. The taskforce's agencies work closely with international partner agencies, governments and organisations around the world. Along with the Egmont Group members, this includes the Joint Chiefs of Global Tax Enforcement⁴ (J5), and those countries subject to Australia's bilateral tax treaties and Tax Information Exchange Agreements (TIEAs)⁵.

Outcomes: Since its establishment on 1 July 2015, the SFCT has:

- executed 284 search warrants;
- completed 1,145 audits and reviews;
- convicted 5 people for various offences;
- raised tax liabilities of AUD836 million; and
- collected AUD306 million in taxation revenue.

Challenges: De-confliction – Due to the transnational nature of organised crime and the multi-agency effort required to combat it, de-confliction is a consistent challenge. To address this, the SFCT supports the prioritisation, endorsement and coordination of operational strategies for dealing with serious and organised crime investigations, targets and threats at a national and international level. This includes de-confliction of current and planned operations, identification of opportunities for multi-jurisdictional investigations, and targeting and disruption of tax crimes.

Information sharing – Information disclosed by FIUs is shared for intelligence purposes only. Often, tax authorities do not have agreements in place to exchange information and when they do there are restrictions on the use of the information. Whilst Australia has had some success in obtaining the data through the MLA mechanism, the information is limited to criminal cases and as such cannot be used to inform in civil proceedings.

Opportunities: PPCs such as the SFCT provide many opportunities for FIUs including:

- Allowing the FIU (AUSTRAC) to provide specialist financial intelligence expertise and operational support;
- Reducing duplication in effort across the Commonwealth, as multi-agency taskforce investigations are jointly conducted with member agencies. Each taskforce, strike force, or joint operation identifies the most effective and appropriate enforcement strategy for each individual case. Taskforces bring together a variety of highly skilled individuals and teams in an integrated model. Member agencies share a common overarching goal; to draw on agency skills, roles and perspectives to enhance the collective ability to target the problem; and
- Enabling members to exchange of information in 'real time'. Multi-agency investigations allow AUSTRAC to provide members with timely financial information during partner agency operations. In addition, such arrangements allow AUSTRAC to utilise operational law enforcement information when analysing financial data.

Lesson Learned: The SFCT has provided Australian authorities with an effective mechanism to fight financial crime in an increasingly globalised world, faced with rapid technological

⁴ <https://www.gov.uk/government/news/tax-chiefs-unite-to-tackle-international-tax-crime> The J5 formed in response to a call to action from the Organisation for Economic Co-operation and Development (OECD) for countries to do more to tackle the enablers of tax crime. Findings from these joint efforts are shared with the greater tax enforcement community.

⁵ [https://www.ato.gov.au/General/International-tax-agreements/In-detail/Tax-information-exchange-agreements-\(TIEA\)/Tax-information-exchange-agreements---overview/](https://www.ato.gov.au/General/International-tax-agreements/In-detail/Tax-information-exchange-agreements-(TIEA)/Tax-information-exchange-agreements---overview/)

development and fluid borders. Noting that entities involved in serious financial crime do not respect borders and are reliant on professional facilitators (often offshore), the SFCT has reinforced the need to focus on actively identifying and targeting transnational serious and organised criminal networks, sharing information as seamlessly as possible and actively harnessing the capacity of each member of the SFCT.

Moving Forward: Recognising the need to remain agile, the Australian government has now established a specialist operational intelligence hub in the SFCT known as the Financial Crime Fusion Centre [FC] with dedicated staff representing all agencies working together in the one space to drive operational information sharing. FC members bring together their specialised skillsets to gather intelligence and analyse data from a variety of datasets in order to target criminals seeking to abuse Australia's taxation and superannuation systems.

With a renewed focus on tax crimes the SFCT will look to investigate priority matters across three key areas: illegal phoenixing activities; offshore tax evasion; and cybercrime to respond to significant and increasing threats to the integrity of and confidence in Australia's taxation system.

C. Intervening on organised crime at the local level

NAMIBIA - The Integrated Investigative Task Force

Need: Prior to 2014, Namibia's Law Enforcement Agencies followed the traditional investigative model in investigation of all financial crimes inclusive of Tax Frauds, Money Laundering, Terrorist Financing and Proliferation matters. No modernized investigative techniques were deployed and hardly any capacity building exercises occurred to upskill financial investigators to ensure all predicate offences to ML are timeously investigated with the objective of disrupting criminal cartels, confiscate proceeds of crime and pursuing criminal investigations conjointly with ML investigations.

The traditional investigative model hardly had any successes in criminal investigations, prosecutions, proceeds of crime identification/tracing/freezing and asset forfeitures. Most of the intelligence disclosures issued by the Financial Intelligence Centre, remained uninvestigated by Law Enforcement Agencies. Successes were recorded only on those cases where the Financial Intelligence Center (FIC) vigorously pushed for investigations to be conducted on the intelligence disclosures, with resultant successes noted in civil asset forfeitures and tax recoveries.

The traditional investigative model caused silos in workflows between various Law Enforcement Agencies, turf wars, infightings with extensive delays experienced in the investigation of matters in need of priority attention, as a result of same.

The dilapidated state of the investigative model was well known to all Law Enforcement Agencies, but it was not until the update to Namibia's 2012 National Risk Assessment in 2014, that the above state of affairs changed.

Approach: As part of the update to Namibia's 2012 National AML/CFT/CPF Risk Assessment on Money Laundering and Terrorist Financing activities, the FIC conducted specific probes to understand Trade Base Money Laundering vulnerabilities. This it did by applying specific attention

to the Import Export sectors and validating information obtained against funds remitted from the country for imports into the country. The FIC in particular noted control weaknesses at Customs & Excise and within financial institutions, which resulted in irregular remittance of over 8 billion Namibian dollars from Namibia to one identified foreign jurisdiction.

In this regard FIC noted irregular activities which exposed the country to: under-declaration of import values and tax evasion; fraud; forgery; uttering; Trade Based Money Laundering; illegal capital flight; and reduction of the country's foreign currency reserves by organized criminal syndicates.

In February 2016, the FIC briefed relevant decision takers in identified Government Ministries, Offices and Agencies (inclusive of Law Enforcement Agencies) on the identified irregularities. The decision takers had full consensus that the status quo of Namibia's investigative model must be changed with immediate effect and that an Integrated Investigative Task Force consisting of the below agencies, be established with immediate effect to prioritize investigations on matters such as the ones identified above.

The Integrated Investigative Task Force as such was formally established through a Memorandum of Cooperation entered into by the following Government Ministries, Offices and Agencies in January 2014: Ministry of Finance, Ministry of Safety and Security, Anti-Corruption Commission, Office of the Prosecutor-General, Financial Intelligence Center, Office of the Judiciary, Ministry of Justice and a Public-Private Partnership.

Outcomes: Numerous successes have been recorded thus far in Tax Recoveries, Asset Tracing/Preservation and Forfeiture, Criminal Arrests and significant loopholes in the regulatory and industry level having been closed. In above case, more than 205 business entities owned by nationals from the foreign jurisdiction to which financial outflows occurred have been subjected to tax assessments with more than NAD8, 780 billion tax recoveries having been made. More than 110 criminal subject matters have either been arrested or are still being investigated.

Challenges:

- Trust & Buy-in from all respective roll-players; and
- Convincing all stakeholders on the Effectiveness of the Investigation Model.

Opportunities:

- New Operational Investigative Model for Priority Crimes;
- One Team pursuing One Dream = ensuring criminals do not benefit from their criminal endeavors;
- Enabling proceeds for development purposes = all confiscated assets are applied for capacity development needs, technology needs etc. of involved agencies, social development issues etc.;
- One indictment – all pending cases (all outstanding cases on a subject matter is conjoined in one charge sheet ensuring more hefty sentences as the case is brought before court on the basis of racketeering, habitual criminal etc.);
- Timeous Tax Recoveries = most recoveries are enabled on individuals which otherwise would have remained unknown to the Tax Authorities; and
- Timeous Asset Preservation.



Moving Forward:

- Successfully used in all priority crimes investigations, prosecutions and asset forfeitures;
- Integrated Investigative Task Force received endorsement at the highest level of Government as the investigative model to use when investigating Priority Crimes; and
- Team meets once a week to identify new cases for escalation to the Integrated Investigative Task Team.

NETHERLANDS - Regional Information and Expertise Centre Rotterdam

Need: In the Netherlands a Regional Information and Expertise Centre (RIEC) has been installed at the regional level. There are eleven RIECs and one National Information and Expertise Centre (LIEC) that coordinates between the RIECs.

In its aim to better fight undermining crime and gain insight in the flow of criminal cash in the city of Rotterdam, the RIEC Rotterdam teamed-up with FIU - the Netherlands (FIU-NL) and found that using financial intelligence can be a very effective way to find and fight criminals from an integrated perspective.

Approach: The RIEC's mandate is to work on crime/security issues at the local level. The RIEC consist of several public partners: police, local administration, tax authorities, public prosecutor, Fiscal Intelligence and Investigative Services (FIOD, the LEA from within the Dutch tax authorities) and others if needed. The RIEC works under a specific legal arrangement that allows all partners to share information within the RIEC upon signs of organized crime, to identify the best, most effective approach from an integrated perspective.

The RIEC Rotterdam started working with the financial intelligence that had been disseminated to the Police by the FIU-NL in a dedicated way. Plotting this intelligence on the map of the city lead to very interesting insights and working with it led to important interventions (confiscations, intervening in financial services that played a predominant role in money laundering, etc.). An analyst from the FIU has worked with the RIEC analyst to better understand the specificities of the crimes in the region, in order to analyse the database of the FIU in a targeted way. This has led to promising results in the fight against serious crimes from different angles.

Outcomes: The cooperation between the FIU-NL and the RIEC Rotterdam led to insights on criminal flows of cash in Rotterdam and identified 'unknown' individuals handling criminal cash. Further investigation led to the start of administrative, fiscal and criminal investigations throughout the entire region of Rotterdam. This broader approach led to faster and more effective interventions on organized crime groups and the seizure of millions in cash, dozens of weapons and a high of drugs.

Challenge: During the project we discovered that there was a lack of expertise of understanding criminal cash flows. Financial intelligence can show how money flows, but what does this exactly mean? This specific expertise had to be learned by the participants of the project.

Opportunity: The cooperation between FIU-NL and the RIEC Rotterdam created the opportunity to locate the 'hot spots' for criminal cash in Rotterdam and to actively fight local undermining crime, fighting organized crime from a broader, more integrated, approach.

Lesson Learned: Proactive use of FIU-data helps selecting the right cases, thereby creating a more effective fight against organized crime.

Moving Forward: The cooperation between FIU-NL and RIEC Rotterdam will be intensified in the near future with staff of the FIU-NL being stationed on location with the RIEC. In this way regional expertise and knowledge can be added to the FIU's analyses as well as to its cooperation with reporting entities based in the region. This enhanced cooperation will start as a pilot project in order to learn whether this approach adds value to a more effective fight against serious crimes.

D. Counter Terrorism Financing

FRANCE – TRACFIN's cooperation with the French intelligence community

Need: Fighting terrorism is a top priority for the French authorities as well as their international partners. Following the tragic terrorist attacks that hit France in 2015, significant efforts were undertaken in order to foster the coordination between the different national public stakeholders engaged in every aspects of this fight.

Approach: As a member of the French intelligence community, TRACFIN makes strong efforts to foster exchanges and forge ties with all the community's stakeholders. The FIU's Counter-Terrorism Financing Division, set up as a standalone division in 2015, operates jointly and collaboratively with other partners in a wide range of activities, from complex analysis to operational response (such as "flash reports"). In order to do so, an inter-agency task force has been set up: it gathers representatives of the different public stakeholders involved in CT, including a seconded TRACFIN's agent (full-time basis). Real time access to the different stakeholders' information allows for greater responsiveness, and, from the FIU's perspective, to advise partner departments on financial intelligence.

TRACFIN's dedicated CFT Division also actively participates in actions taken by the FIU to increase the private sector's awareness and understanding of the risks it faces with regard to terrorist financing. For example, in 2017, a meeting, devoted to the fight against terrorist financing was organized with the most exposed players of the private sector, namely primary banks and payment institutions. TRACFIN has repeated this initiative in 2018 and will organize two meetings in 2019. More generally, the FIU regularly shares with all relevant actors of the private sectors, either on a bilateral or multilateral basis, strategic information and typologies developed jointly with domestic public partners to assist in their efforts to improving their reporting capabilities.

Outcomes: As an illustration, in 2017, TRACFIN sent 685 "combating terrorist financing" notes to its partners of the intelligence community, 459 of which were sent to specialised departments (a 73% increase as compared with 2016, and 115% more than in 2015). TRACFIN has by now cemented its position within the intelligence community and even more so in the joint inter-agency structure mentioned above.

The FIU has also focused its efforts on criminalization of financial intelligence and worked closely with the anti-terrorist section of the Paris public prosecutor's office (which became the National counterterrorism Prosecutor in 2019). In 2017, more than 200 notes were sent to the Prosecutor or to the criminal investigation departments tasked with fighting terrorism.

In that framework, the growing number of information received by domestic partners from the French FIU illustrates the importance of financial intelligence in the fight against terrorism.

Challenge: Promoting a culture of partnership between intelligence services in order to foster the sharing of relevant information in a timely manner and thus avoid a piecemeal approach is a key component for a long-term sustainable response.

Opportunity: Responsiveness is key when it comes to detect a terrorist's activities or to prevent an attack from happening. Strengthening mutual trust and setting up a framework for real-time information exchange and analysis between all relevant national stakeholders is therefore a prerequisite towards an enhanced CFT framework.

Lesson Learned: Building a strong relation of confidence between the involved authorities is key in order to ensure the effectiveness of the system. This can be achieved through, for example, the organization of a regular (for example weekly) face-to-face meeting with the representatives of all the domestic partners involved, as well as common training, standardized procedures and exchanges of best practices.

Moving Forward: This collaborative engagement has proven to be fruitful and TRACFIN will remain committed to fostering this comprehensive and multifaceted approach.

THAILAND – Internal Security Operations Command

Need: The NRA indicated that Thailand still be used as meeting point, shelter and transit point for transnational terrorist group and extremists. However, there is no indication that the perpetrators in southern most provinces have linkage with IS or transnational terrorist group. Vulnerabilities identified in the NRA are mainly policy discontinuity and the lack of effectiveness in prosecution including weakness in inter-agencies information sharing. This requires high-level policy as well as close coordination and collaboration among law enforcement agencies, financial sectors and the public.

Approach: In preparation of the Anti-Money Laundering and Counter Terrorism Financing Strategy (2017-2021), the following information has been taken into account, especially (1) National Risk Assessment on Money Laundering and Terrorism Financing conducted in 2015 (NRA) and (2) preliminary result of the Mutual Evaluation conducted in 2016-2017. One of the focus was to improve Thailand's counter terrorism financing regime. At policy level, the Internal Security Operations Command (ISOC), in its National Security Policy 2015 – 2021 has set out 16 policy objectives, one of which is to enhance efficiency in prevention and to solve transnational threats which includes all types of terrorism related threats by reducing precondition that may support terrorism. This policy objective directly relates to the objective set out in the AML/CFT Strategy 2017 - 2021. The steering committee for this AML/CFT Strategy, called the Coordination and Supervision Committee, also chaired by the Prime Minister with heads of agencies relating to AML/CFT issues as committee members.

Example in Thailand Terrorism and Terrorism Financing effort at operation level, in particular, strengthen coordination and information sharing, AMLO was invited to be a member of the working group within ISOC which was established specially for national security issues chaired by the Prime Minister. The members include representatives from the Royal Thai Army, Royal Thai

Police, National Intelligence Agency, the Office of the National Security Council, Ministry of Foreign Affairs and AMLO. In monthly meetings, information and concerns were shared and tasks were assigned according to the agencies' power, particularly, joint-investigation, intelligence, and financial information. This resulted in the prevention and mitigation of terrorism activities. Although the focus was in domestic terrorism, but Thais' involvement in transnational terrorism could not be overseen as they eventually will affect domestic situations. To this end, AMLO's financial intelligence shared within the working group greatly support ISOC's operation in order to expand the investigation to their associates as well as evidence gathering to facilitate prosecution. On the other hand, this cooperation also helped AMLO to increase the number of designated persons and entities which disrupt the financial flow.

Outcomes: In a number of ISOC working group meeting, members, especially, securities officials share intelligence regarding an Islamic school in Deep South of Thailand being used as an operational training site to support the insurgency on the issues such as bomb making. Later on, Thai FIU in collaboration with other securities agencies conducted the school search and found some financial evidences that links the school's principal to his associates. After conducting in-depth financial investigation, we could establish that the government monetary subsidy for each student had been used to support such insurgency. This was done by forgoing requests with a fake number of students which was significantly higher than actual students attended. Consequently, the perpetrators were arrested. Along with over 100 firearms and explosive devices were seized for evidences and further investigation. And the school was shutdown. *(FIU normally work parallels with competence authorities. It cannot identify period of time for independent work for this kind of case)*

Challenge: The operation was rather sensitive because it involved local religious believe and the school was also used for other religious activities. Officials need to be very certain that evidences acquired were sufficient to prove illegal activities and the involvement of suspects arrested and property seized. As such, this required many areas of expertise from various security agencies. Furthermore, the Islamic school is located in the insurgency area where officials need to be provided the extra security from local authorities during the operation.

Opportunity: The need for establishment of a working group is to facilitate the sharing and understanding, because government letters often have less details and not convey nuances. Working together in one case, as opposed to taking their own actions based on information shared, will definitely reduce the fear of leakage.

Lesson Learned: Regularity of meetings and participation can greatly build trust that will support information flow. Importance given to received information and the use of such information in an effective manner to ensure concrete results through close coordination.

Moving Forward: FIU will continue PPC approach and will apply to other competent authorities based on nature of the case such as corruption, the National Anti- Corruption Commission will be taken into account.



Members of the Egmont Group joined by the the UN Secretary-General's Special Advocate for Inclusive Finance for Development, Her Majesty Queen Máxima of the Netherlands, and the Dutch Minister of Justice and Security, Mr. Ferdinand Grapperhaus, who opened the 26th Egmont Group Plenary Meeting in The Hague.

The Egmont Group thanks its member FIUs for sharing their examples of good practice.
For more information about the Egmont Group, visit:

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