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*He speaks to the EU GF about the recent
Regional conference on art trafficking
and money laundering organised in Cairo*

"Money is the lifeblood of criminals, whether this money derives from human trafficking, drug trafficking or, of course, antiquities trafficking, which is a very lucrative crime.

Criminals have now been "jurisdiction shopping". They choose the countries with the most loopholes and, if there is no perfect international cooperation –perfect, not good or optimum but truly perfect–, they will exploit that or they will target the weakest link. They will target countries with weak legislation or weak capacities in combating antiquities trafficking.

Nowadays, criminals have a full "catalogue" of things they can do to enjoy themselves with the proceeds of such trafficking. They can use –or misuse– banks,

they can buy real estate –which is still one of the most preferred methods of money laundering–. Even the new entrant, bitcoins, can be used to launder funds.

There is therefore a lot to do and a long road to go in order to stop antiquities trafficking. This is the job of Financial Intelligence Units (FIUs), like the EMLCU, to disrupt the financial flows of money derived from antiquities. To this end, we have been cementing ties with other FIUs in the region in order to streamline this international cooperation.

Thanks to this cooperation, we have managed to recover very remarkable pieces from the Metropolitan Museum in the USA and from some of our neighbouring Arab countries

Being host to one third of the world's antiquities, Egypt has items of all kinds, all sizes and all ages. It was thus symbolic for us to host this **"Regional Conference on the use of AML/CFT investigation of Art and Antiquities Criminality"** here, in the National Museum of Egyptian Civilization.

[Read more about the conference on Pages 4-5](#)

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Where we worked

May – June 2022



EU AML/CFT
GLOBAL FACILITY



Over the last two months

7
REGIONAL
CONFERENCES
ORGANISED

457
PARTICIPANTS
IN THOSE
CONFERENCES

REPRESENTING
42
COUNTRIES

4
CONTINENTS
REACHED

Egypt

On 14-16 June 2022, the EU Global Facility on AML/CFT organised a highly successful "Regional conference on the use of AML/CFT in the investigation of Art and Antiquities Criminality", under the patronage of the Egyptian Anti-Money Laundering Unit.

Some 90 high level participants from 14 countries of the MENA region, the EU and the UN convened in the new National Museum of Egyptian Civilizations of Cairo to partake in three days of lively discussions and exchange of expertise.

Illegal trade in cultural property is one of the most important challenges facing Egypt, like many countries of ancient civilizations in the world, and it is no secret that the market for art and antiquities, besides being an arena for the illicit circulation of cultural property, it is also an ideal arena for money laundering," stated Dr Khaled El-Anany, Minister of Tourism and Antiquities of Egypt in his opening remarks.

He stressed the importance that the Egyptian state attaches to raising the value of its cultural property and increasing awareness of the value of its cultural heritage, citing the unprecedented budget dedicated to the field of antiquities and museums in recent years, "which allowed for the opening of the National Museum of Egyptian Civilization, among others".

"We believe that the State has an obligation to protect, preserve, and maintain antiquities, and recover what was seized from them, as well as the prohibition of gifting or exchanging any of them, and considering the attack and trafficking in them a crime that does not fall under the statute of limitations."

For his part, said Judge Ahmed Said Khalil, Chairman of the Board of Trustees – AML/CFT Unit of Egypt, pointed out: "There is a high correlation between the increase in art trafficking and organised crime. In the past years, Egypt has taken numerous measures to identify, investigate and tackle this type of trafficking. Over the past 7 years, 29,000 antiquities have been recovered by the Arab Republic of Egypt, in collaboration with relevant entities and institutions in partner countries including France, Germany, Jordan, the US, Mexico (among many others)."

"Today's conference is an important building block in fighting criminality in art and antiquities. The EU Global Facility is a crucial project in the fight against ML/TF in all its forms, including the trafficking of art and antiquities. With the presence of delegates from 14 countries, the EU and the UN will certainly bring a wealth of experience in art and antiquities investigations. More importantly it will allow identifying potential solutions and recommendations to be brought to the next conference," said Christian Berger, EU Ambassador to Egypt.

“It is no secret that the market for art and antiquities is an ideal arena for money laundering...”

Dr Khaled El-Anany
Minister of Tourism and Antiquities of Egypt

Regional Conference on

The use of AML /CFT in the investigation of Art and Antiquities Criminality

Cairo, Egypt



14-16

JUNE
2022

120

participants
attending

14

countries
represented

1st

in a series of
four regional
conferences

Topics tackled

- Current trends in the looting of antiquities, methodologies involved, and assessment of sites likely to be targeted by looters and why.
- Case study on Michael Steinhardt, a US billionaire who, after investigation by law enforcement authorities surrendered stolen cultural and art objects worth \$70 million.
- Role of the Egyptian Ministry of Interior in combating antiquities trafficking and laundering the proceeds of trafficking.
- Different forms of ML occurring within the global art industry; opportunities and challenges of their investigations.
- "Operation Harmakhis": routes used by criminal gangs and terrorist organisations to move cultural or looted items from one jurisdiction to another and their eventual sale.



Participants in the regional conference pose for a group picture in front of the National Museum of Egyptian Civilization in Cairo, Egypt on 14 May 2022 ©EU GF/Rajiv Raman

Forensic Audit Analysis

The EU Global Facility and the French Embassy in Jordan organised a three-day regional workshop on 'Forensic Audit in the fight against Money Laundering, with the support of the Anti-Money Laundering Unit of Jordan.

Targeted at representatives of various judicial and financial intelligence institutions, the workshop witnessed the participation of delegations from Jordan, Iraq, Lebanon, Palestine, the UAE, ARABOSAI and UNODC.

"This workshop is of particular importance for the EU Global Facility, as it constitutes the very first regional event we organise in this country. We have been providing technical assistance to Jordan since 2019, with more than 37 activities conducted so far," stated David Hotte, EU GF Team Leader.

"The very nature of ML forces us to be ever innovative in the techniques we use to stop criminals. For this reason,

multiagency workshops like today's, which involve new institutions in the AML/CFT, are paramount."

Representatives from oversight bodies (court of auditors, inspection services, anticorruption authorities) and the justice sector (prosecutions, criminal courts) and a representative from the Financial Intelligence Unit, worked together to reinforce the application of the forensic audit in the fight against ML.

"This regional workshop is a first experience aiming to create a regional synergy and to present the action of France through the interventions of its Embassy in Jordan in connection with Expertise France on the one hand, and of the EU on the other hand in its Justice and AML/CFT dimensions (...) this event will be particularly rich both from the point of view of professional exchanges and from the point of view of method, as this regional workshop is intended to be a pilot project for the region" stated Janaína Herrera, Chargée d'affaires of the Embassy of France in Jordan.

[Learn more on our website](#)



Participants in the regional conference on forensic audit held in Amman, Jordan, came from four countries of the region ©EU GF/Rajiv Raman

Bilateral technical assistance

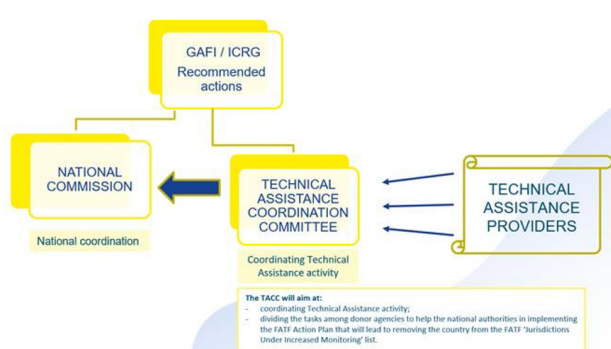
Bilateral assistance is a key pillar of the EU Global Facility's work. Since the inception of the project, the project has greatly expanded its geographic scope of action, notably with regards to bilateral activities. Starting with 2 partner countries in February 2020, the EU GF currently counts some 14 partner countries across four continents. To learn more about our bilateral work, visit www.global-amlcft.eu

Jordan

As of June 2022, Jordan stands as the first country in terms of technical assistance delivered by the EU Global Facility on AML/CFT. With more than **37 activities** implemented in the Kingdom, including **one regional conference** (cfr p.6), Jordan has received a very comprehensive level of technical assistance.

All components of the financial investigation and penal chain have been covered, ranging from **Beneficial Ownership to Regulation and FIU, Law Enforcement and Justice and CSOs**.

The country has also benefited from one of the project's most innovative tool: the implementation of a **Technical Assistance Coordination Committee**. This new activity consists in assisting countries in the implementation of a body and mechanism chaired by the country which helps coordinate and structure the TA activities to lead to the removal of the country from the FATF enhanced monitoring mechanism (ICRG).



Turkey

Following a scoping mission carried out in February 2022, Turkey and the EU Global Facility have started working on the delivery of online technical assistance to Turkish authorities.

In May and June 2022, the country benefited from **two e-training on the topic of civil society**. The series of sessions is targeted at regulators and focuses on the FATF Recommendation 8 requirements. Around 140 participants attended the two successful sessions, which will give way to an onsite training in the coming months.

Jamaica

In May 2022, Jamaica received the **very first e-training from the EU Global Facility under the justice component** Targeted at representatives of the judiciary, it focused on asset recovery standards and mechanisms.

One month later, a second e-training was delivered to Jamaican prosecutors, this time on the topic of confiscation

The second e-training focused, among others, on the following topics: International standards on ML and confiscation, introduction to ML; Continuation of introduction to money laundering, elements of crime, types of ML, standard of proof, use of typologies, etc.

Long Read

A history in the making – Revelations and evolution in beneficial ownership transparency

International efforts to expose hidden criminal wealth, through making beneficial ownership (BO) visible, has come a long way since their origins in the 1990s. Spurred on by a series of scandals that exposed the systematic abuse of offshore tax havens, bearer shares and the like, new regulations and approaches have evolved around the world to prevent criminals abusing arrangements that enabled them to hide their fortunes.

Looking at the history is informative. It tells us how change came about at the FATF, the European Union and in countries around the world. It gives us important lessons about how to address vulnerabilities and build alliances to expose criminal wealth.

“The history of beneficial ownership transparency is neither linear, nor is the story finished. Many loopholes and abuses remain. We’ve been looking at the evolution in beneficial ownership transparency to develop and improve our strategy of support and technical assistance to partners worldwide,” says Alexandre Taymans. He heads up technical support on BO at the European Union’s Global Facility on AML/CFT, which is a team of experts tasked with assisting countries to fight money laundering and terrorist financing.

This article reviews the journey taken so far in strengthening transparency and registration of beneficial ownership. It highlights what has been learned and anticipates future challenges and solutions.

The birth of an idea

In the 1990s, anti-money laundering efforts were about tackling criminal cash deriving from drugs,

and was largely focused on the Americas. At that time, the priority was to identify the legal owners of entities and assets like bank accounts.

Following the 9/11 attacks global measures to address abuses of the financial system underwent a step change. Measures to expose and prevent terrorism financing were assimilated with those that tackled money laundering, and as a result the whole agenda shifted up a gear.

The FATF’s 2003 recommendations represented the birth of the beneficial ownership concept that became the centre of anti-money laundering efforts going forward. They were the first global attempt to bring out into the open the true owners; those who benefited from and controlled criminal wealth. Though the initial set of standards were vague and ill-defined, they set in motion a process of further learning and evolution in Beneficial Ownership transparency over the following decades.

Revelations in Beneficial Ownership – the pivotal years

In the following decade there was a worldwide effort to establish legal frameworks and authorities that could implement the far-reaching recommendations. By 2012, learning and feedback had fed into a further reform of the FATF recommendations. Taymans stresses that these new recommendations, *“reflected a growing recognition that laws and standards were not enough. Attention shifted to turning processes of BO identification, registration and information-sharing*

into real-world effect.” This was a significant development, spurred on by events in the preceding period.

The year before, a [World Bank report](#) had revealed the immensity of the problem and how much work was left to do. It documented the ease with which criminals could hide billions behind obscure financial and corporate arrangements. It also revealed the role of lawyers, financial advisers and other enablers in obfuscating the ownership of wealth.

“

Laws and standards were not enough ...

At the same time, in the wake of the financial crisis, regulators, banks and governments had begun to recognise how the unregistered and unmanaged ownership of wealth and financial assets was impacting global financial stability. It was becoming clear to political leaders and a widening group of financial professions that clarity and openness around the beneficial ownership of corporations, trusts and the like was needed to develop sound policies and to re-establish the reputation and integrity of the financial system.

In 2014, [LuxLeaks](#) shifted policy makers thinking further when newly available data revealed the role of “letterbox” companies and complex corporate structures in avoiding tax. To date a lack of understanding about the meaning of BO and the resulting failure to share information effectively meant that as often as not the ownership of criminal wealth stayed hidden.

Nevertheless, these revelations spurred on and focused attention on the European Union’s fourth anti-money laundering directive which was already being drafted. It emerged in 2015 and brought



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into legal effect the new FATF recommendations introduced a few years earlier. It represented a milestone as it obliged member states for the first time to set up BO registers.

A year later, revelations in the Panama Papers put the integrity of the global financial system at the top of the agenda. Journalistic accounts revealed the layers of corporate structures, shell companies and agents used to hide massive laundering and corruption. It showed how industrial-scale money laundering created victims, and the value of whistle blowers in the face of hamstrung and under-resourced law enforcement.

In the following years there were more financial investigations and scandals, some based on official data, which created political momentum and change. Media and advocacy organisations were the ones educating experts and the public on how globalisation, financial de-regulation and secret jurisdictions enabled criminal laundering and how much percolated into the legal economy. It also showed that no company or country was entirely immune, and revealed just how much criminals relied on Western banks, legal systems and financial markets to launder and protect their wealth.

As a result, a new anti-money laundering directive emerged from the EU in 2018, its fifth. Recognising that governments, not journalists, had to be seen

Continued ...

policing the system, the emphasis turned from written rules to reforming processes and work cultures to bring about real impact. Enforcement became the priority which meant coordinating a growing array of public and private sector professionals with a stake in the reputation of the financial system.

"Whistle blowers, investigative journalists and civil society had catalysed change at all levels," says Alexandre Taymans. "The authorities that ran BO registers emerged as central to an evolving system which pivoted from passively logging details to actively managing, sharing and verifying masses of data." And across this expanding network, technology could contribute with databases, analysis and easing the flow of data across an ever-growing community of stakeholders.

It also became clear that within the EU and around the world the differences in rules around beneficial ownership information registration and sharing created loopholes and difficulties. In Europe, good and bad practices were revealed and drove competition amongst legislators for greater transparency. Standards laid out in the EU's fifth anti-money laundering directive – those concerning the adequacy, accuracy and accessibility of data – became important standards for all those concerned with tightening the net on hidden criminal wealth.

The path ahead

Issues around beneficial ownership have become central to global efforts to tackle money laundering. Progress has been made in registering and verifying beneficial ownership information. Weaknesses are gradually being identified and addressed and good practice and experience is shared globally. Several benefits have emerged. Efforts to prevent conflicts of interest, improve public procurement, enforce financial sanctions and effectively collect tax all benefit from beneficial ownership transparency.

Yet, looking to the future a series of challenges persist. Beneficial ownership disclosure systems are dependent on the quality, timeliness and veracity of the data available and there are difficulties in defining what must be registered and when, as well as processes of verification. In 2021, the proposed European Union's AML/CFT package of measures sought to harmonise the process of beneficial ownership data collection and management in Europe.

Around the world more work is needed to strengthen BO transparency, particularly as BO often straddles borders. As the international standard-setter for AML/CFT rules, the FATF, continues to review recommendations relating to BO transparency, there remains wide variation in disclosure standards for beneficial ownership information and registration around the world.

“More work is needed to strengthen BO transparency, as BO often straddles borders...”

The EU Global Facility continues to learn from past developments to build a growing momentum for reform and strengthen global compliance with FATF standards. At the same time, the Global Facility works with countries and institutions to anticipate future challenges, revelations and requirements. The EU Global Facility joins up international organisations, such as the FATF associated regional bodies, as well as national authorities and agencies to strengthen beneficial ownership standards and frameworks. It advises governments to assess risks around the misuse of legal persons and arrangements, and assists on BO legal frameworks that underpin BO registers.

In addition, the EU Global Facility steers discussion and debate amongst authorities, professionals and experts on emerging issues of global concern. Alexandre Taymans explains, *"We are identifying emerging operational needs, such as how to unravel complex ownership structures and enforce sanctions. By understanding the processes, knowledge and institutions we've built so far we can support governments to handle the next generation of challenges. We try to see the complete picture of BO so we can provide a comprehensive service to our partner countries and the international community."*

[Learn more about our work on BO here](#)

Coming Up



EU AML / CFT
GLOBAL FACILITY

In May and June 2022, the EU GF-AML/CFT continued delivering technical assistance activities, expanding its geographical and thematic outreach. Here is a snippet of what is coming in the next few months:



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Cryptocurrency

A regional conference on cryptocurrencies is scheduled to take place in Jordan during the month of October. This event will gather representatives from the private sector, supervisory authorities, Financial Intelligence Units (FIUs) and law enforcement agencies from the MENA region.

Investigations on Virtual Assets

A workshop on financial investigations on virtual assets is being organised by our Key Expert on Regulation. Scheduled to take place in Abu Dhabi, the activity will target supervisory authorities, law enforcement representatives and members of FIUs.

Joint IMF conference

A conference jointly organised with the International Monetary Fund will be organised online for audiences from Africa. It will tackle the topic of Beneficial Ownership.



THE EUROPEAN UNION'S GLOBAL FACILITY ON
**ANTI-MONEY LAUNDERING AND
COUNTERING THE FINANCING OF TERRORISM**

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