



Money laundering linked to human trafficking and people smuggling

Introduction to current work

Regional Seminar: Money Laundering Linked to Trafficking of Persons

25 – 27 October 2010

Kuala Lumpur, Malaysia

Asia/Pacific Group on Money Laundering



Summary of presentation

- Background
 - APG
 - Definitions: 'smuggling' versus 'trafficking'
 - AML standards
 - Regional threats and smuggling operations
- Current APG work
- Current FATF work
- Conclusion and next steps

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Why APG is focusing on this



The vision / mission of the APG:

To reduce the economic and social impacts of serious crime in the Asia/Pacific region by full and effective implementation the international standards to combat money laundering and terrorist financing

Going after the money behind crime

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Why APG is focusing on this



**Human trafficking -
a profit driven crime**

The driver behind human trafficking is financial gain

AML tools allow all countries to tackle serious crime at the profit-taking level

– Many implementation challenges

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Definitions

- ‘People/migrant smuggling’ versus ‘trafficking in persons’
- FATF includes both as ‘designated categories of offences’ or predicate crimes for ML
- APG is looking at both types of crime and associated ML techniques and trends in its current work

Why is it important?

- Risks/harms to people being trafficked or smuggled
- Impact on countries of origin and destination
- Huge income generating potential for criminals / organised crime
- Strong AML systems and better understanding of ML trends and methods can help detect and deter trafficking in persons and people smuggling

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Smuggling v Trafficking



- **Smuggling**
 - Willing participants – “asylum seekers”
 - Not coercive
 - Offence against the state
 - Violates integrity of borders
 - Breaches criminal laws
 - Circumvents immigration laws
- **Trafficking**
 - Coercive
 - Offense against the person
 - Compelled labor or service
 - Traffickers maintain ongoing control over victims, even after the border is crossed
 - Common in prostitution
 - Debt bondage

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Anti-Money Laundering Standards



- **FATF Standards:**
 - Predicate offences to money laundering under FATF Recommendation 1 includes:
 - “trafficking in human beings and migrant smuggling”
 - Countries must ensure their criminal laws include a “range of offences” within this designated category
 - Dealing in illicit funds generated from smuggling and trafficking constitutes money laundering under FATF standards

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Trafficking and Smuggling APG Region



- Trafficking and migrant smuggling a huge problem in Asia/Pacific region
- Region contains large number of source countries as well as destination countries
- Common source countries:
 - Afghanistan, Bangladesh, Indonesia, Myanmar, Philippines, Sri Lanka
- Common destination countries:
 - US, Canada, New Zealand, Australia, China, the Pacific

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Regional Threats



- People smuggling/human trafficking:
 - challenges national sovereignty in controlling borders and potentially threaten national security. An open back door to people smugglers is an open back door to anyone;
 - undermines integrity of international refugee protection system, with the potential to erode public support for legal migration programs;
 - Often results in human rights abuses and humanitarian concerns:
 - smugglers and traffickers send people across dangerous waters in unsafe and overloaded boats
 - mislead women and children about their future employment and lives when they reach their destination

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Smuggling Operations



- The traffickers:
 - have broad transnational reach
 - use networks of service providers to help in various stages of operations
 - influence on government officials
 - Bribery and corruption
 - access money at many locations
 - have ties with criminal organisations/enterprises

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Current APG work



APG Typologies Workshop 2009

- Human trafficking / people smuggling and ML discussed at 2009 APG Typologies Workshop
 - Legal frameworks and international cooperation issues arising from the Human Trafficking Protocol and the Smuggling Protocol
 - Why a country that is not necessarily a source or destination country would take steps to implement the UNTOC protocols
 - Need to include these offences as predicates to ML and importance of cutting off jurisdictions being used as 'safe haven' transit points for both trafficking/smuggling and associated ML

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Current APG work



APG Typologies Workshop 2009

- Delegates discussed:
 - International cooperation (agency to agency and MLA)
 - Use of the UNTOC as formal basis for international cooperation
 - Need to strengthen informal mechanisms to cooperate at international level on financial aspects of human trafficking investigations
 - Significant information gaps
 - dynamics of finances associated with human trafficking
 - flows of funds
 - ML typologies
 - red flag/indicators for ML

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Current APG work



APG Typologies Workshop 2010

- Australia is leading a **scoping exercise** for APG on ML and human trafficking / people smuggling
 - This included a questionnaire to all APG members, responses to which were due in August 2010. The questionnaire covers (for both smuggling and trafficking):
 - criminal offence provisions
 - proceeds of crime provisions
 - investigations, including international cooperation
 - statistics and reporting

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Current APG work



APG Typologies Workshop 2010 and beyond

- The findings of the initial scoping exercise will be shared with APG members this week at the APG's 2010 Typologies Workshop in Bangladesh
- Discussions **preliminary findings, gaps** and **opportunities** for further work, including feeding into the FATF's current project (see next slide)
- A parallel seminar going on in Malaysia this week

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Current FATF work



Money Laundering Risks Arising From the Trafficking of Human Beings (THB)

- FATF's Working Group on Typologies (WGTYP) commenced this project in June 2010
- Led by France and the Offshore Group of Banking Supervisors (OGBS)
- Scheduled to be completed in June 2011
- Main objectives of the project:
 - assess the scale of the problem
 - identify different trends in THB
 - identify case studies where ML is occurring and what form it is taking
 - raise awareness among law enforcement agencies on ML and THB
 - identify red flag indicators to assist financial institutions identify the specific characteristics of ML related to THB and in submitting STRs;
 - increase the possibility of proceeds of THB being identified and confiscated and thereby discouraging THB activity

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Current FATF work



Timeline for FATF Project

- A questionnaire was circulated to all FATF delegations on 8 September 2010 with answers due on 10 October 2010
- Contributions will be compiled and draft a first version of the report will be prepared.
- Other documentation is being gathered for the study.
- A first meeting of the project team (core group) took place in the margins of the FATF Plenary on 20 October 2010.
- A workshop will be held during the joint FATF/Egmont Group experts' meeting in Cape Town from 16 to 18 November 2010.
- A first draft of the report will be prepared in advance of the February 2011 WGTYP meeting.
- The final draft report will be prepared for discussion in the perspective of its adoption at the June 2011 Plenary meeting.

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Conclusions and next steps



Human trafficking/people smuggling is a very important issue globally and regionally

- An effective AML system can help combat these serious crimes
- This seminar is an important forum to share experiences and outcomes of the seminar can feed into FATF and APG projects in this area
- APG strongly encourages all delegates to contribute to the APG and/or FATF projects as soon as possible.
- Contact the APG at mail@apgml.org
- Visit our website at www.apgml.org