



Federation of European Accountants
Fédération des Experts comptables Européens

FEE Anti-Money Laundering Round Table Joining Forces to Better Fight Money Laundering

Wednesday 18 April 2012, Brussels

Summary

At a time where Anti-Money Laundering rules are undergoing significant changes both on European and global level, FEE (Fédération des Experts comptables Européens – Federation of European Accountants) organised a Round Table on 18 April 2012 to stimulate stakeholders to join forces against money laundering.

Professionals subject to Anti-Money Laundering obligations shared their views with policymakers and representatives from businesses, standard setters, NGOs and peer pressure mechanisms on how the legal framework can become more practicable, how horizontal issues and conflicts of law can be solved and how international cooperation should be enhanced.



About FEE

FEE (Fédération des Experts-comptables Européens – Federation of European Accountants) is an international non-profit organisation based in Brussels that represents 45 institutes of professional accountants and auditors from 33 European countries, including all of the 27 EU Member States. FEE has a combined membership of more than 700.000 professional accountants, working in different capacities in public practice, small and big accountancy firms, businesses of all sizes, government and education, who all contribute to a more efficient, transparent and sustainable European economy.

Opening and welcome

**Olivier Boutellis-Taft,
FEE CEO:**

*“Accountants play an
instrumental role in the
fight against
Money Laundering”*

Olivier Boutellis-Taft underlined the commitment of FEE and the accountancy profession to support the fight against money laundering. He highlighted that the accountancy profession plays an instrumental role. Accountants do not only support effective anti-money laundering rules, they contribute to the framework conditions that bring transparency, trust and integrity to the economy. In this respect, it is critical to have sound financial reporting, robust corporate governance and auditing.



**Eric Ducoulombier,
European Commission:**

*“All AML gatekeepers
need to join forces and take
collective action in this
fight”.*

Keynote speech

Eric Ducoulombier stated that although accountants are in the forefront, policy makers and other gatekeepers need to join forces and take collective action in this fight against money laundering. He pointed out that the revised FATF recommendations do not introduce a revolution to the existing ones. Nevertheless, as it has been done twice in the past, the European Commission is determined to have a sound interpretation of these new standards into EU legislation.

The adoption of the Commission's application report on the Directive emphasised that the Commission is committed to maintain effective systems to prevent the financial system from being abused by criminals and terrorists. The objective of this review process is to propose clear and proportionate rules which both protect the Single Market and avoid overburdening market participants. The adoption of a legislative proposal by the Commission is scheduled for the end of October 2012.

In developing the 4th AMLD, Mr Ducoulombier encouraged all stakeholders to positively respond to this invitation and provide their high quality input to address implementation and reporting complexities existing in the current legislation (in particular related to tax crimes, politically exposed persons, beneficial ownership). He emphasised that such complexities may vary across the EU but re-affirmed his commitment to continue engaging with all AML gatekeepers in order to better fight money laundering.

Session I: Towards a practicable legal framework

In opening the panel discussion, Jacques Terray, Vice-President of Transparency International (France) referred to his professional experience as a bank lawyer and highlighted beneficial ownership as the main practical issue in the AML debate.

Speaking on the **extent of the predicate offence for money laundering**, Bill Peace, Deputy Director of the Serious Organised Crime Agency (UK) focused on the “all crimes” approach applied in the UK, emphasised the benefits of this approach from his perspective and personal experience, and described the nature of the underlying reporting regime. Regarding tax crime as predicate offence, he underlined that there is a fine line between tax planning, tax avoidance and tax evasion.

Regarding the **access to information on beneficial ownership**, Mark Dunn, Risk and Marketing Planning Manager of LexisNexis (UK) highlighted the absence of public information regarding the beneficial owner as a major issue identified both in a Deloitte Study in 2011 and in the recently published European Commission report. He referred that practical experience has proved that there is no sufficient existing information and therefore public authorities need to provide guidance on how it can be collated.

As far as the **definition of PEPs** is concerned, Markus Schulz, Chief Compliance Officer Global Life & Group Financial Crime Officer of Zurich Insurance Company Ltd (Switzerland) discussed the risk in identifying PEPs if not aware of the reasons for doing it. He highlighted that reasonable effort by the gatekeepers and standardisation of the procedure are critical in identifying PEPs and addressing the diversified needs across EU.



In addressing **particular issues for accountants**, Gilles Vermeren, Commissaire aux Comptes (France) referred to the existing obligation of the accountancy professionals in public practice to identify their clients and their beneficial owners which is particularly challenging for accountants working in small accounting firms or as sole practitioners. In this respect, training is key for accountants as well as for all professions that are subject to AML obligations. He also referred to the role that accountants already play in preventing illegal activities, both as accountants in business in their function as preparers of financial statements and as practitioners in their status as advisors to business e.g. regarding legitimate tax planning.

Session II: Solving horizontal issues and conflicts of law

Stephen Gentle, Partner of Kingsley Napley (UK) referred to the tensions created for professionals through the existing legal systems. He highlighted that balance between harmonised definitions, enhanced risk-based approach and how to deal with customer due diligence are some of the issues raised in the current developments.

Regarding **reporting and data protection**, Karen Silcock, Chair of the FEE AML Working Party shared her experience as a former money laundering reporting officer. She outlined that as AML reporters face the risk of prosecution in case of non-reporting it is vital that AML rules respect the need to keep confidential the identity of the reporter. Due to the potential risks to reputation and security, the identity of the reporter should only be revealed to suspects or others by order of a court of competent jurisdiction. Adjustments to data protection access requirements are essential to achieve this.

On **(non)-reporting and criminal law**, Professor Ivo Caraccioli, President of the Centre for criminal tax law of Turin (Italy) explored the AML reporting requirements based on the Italian experience. He urged for debate on European level regarding the practical difficulties in suspicious activity evaluation, the inadequate protection of the reporting person, the communication of data required by the authorities and the fine line between tax planning and tax evasion.

Addressing **law and practice within cross-border activities**, Rima Adas, Partner of PwC Luxembourg referred that external auditors are expected not only to perform the audit work required but also to contribute in the fight against money laundering through identifying and monitoring their clients' activities and associated parties. She highlighted that although CDD remains too complex to apply, a risk-based approach may be the way forward as long as cross-boarder coordination is ensured in order to avoid interpretation differences regarding the risk profile of each country.

Keynote speech

Lia Umans, FATF highlighted that the adoption of the revised FATF Recommendations demonstrates countries' shared commitment to fight money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction. As terrorists and other criminals will always exploit the weakest link, consistent implementation by all countries is needed. In the forthcoming Rounds of mutual evaluations, the FATF together with FATF Style Regional Bodies (FSRB) such as MONEYVAL will monitor the effective implementation of the revised FATF Recommendations and assess the effectiveness of the anti-money laundering and counter-terrorist financing systems in FATF and FSRB member jurisdictions.

Lia Umans, FATF:

“Adoption of the revised recommendations demonstrates countries’ shared commitment to fight money laundering, terrorist financing and financing of the proliferation of weapons”.



Session III: Enhancing international cooperation

Irina Talianu, Administrator at MONEYVAL initiated the last panel session highlighting that money laundering is an international business so international cooperation is crucial in this fight.

Regarding **the international view on law enforcement bodies' cooperation**, Boudewijn Verhelst, Chair of the EGMONT Group described the key role of FIUs in the combat against money laundering and terrorism financing. He outlined the obstacles to international cooperation and communication and the challenge of dealing with data confidentiality.

In addressing **the national perspective of law enforcement bodies' cooperation**, Jean-Francois Brych, Professional Order of Chartered Accountants of Monaco (SICCFIN) highlighted that although being attractive due to lower taxation, Monaco is not, never was, and does not intend to be an outlaw country. He outlined that due to the international nature of criminal activity, harmonisation of norms around the world is the only way to guarantee effectiveness in the fight against money laundering and terrorism financing.

Speaking on **businesses' corporate governance**, Stephen Gentle, Partner of Kingsley Napley (UK) outlined the development of compliance culture through his experience as a criminal defence lawyer. Professionals need to provide their intelligence by developing a compliance model in order not only to disrupt money laundering networks but also to promote the international and social significance of recovery from crime. He concluded that a comprehensive reporting framework, constructive feedback on reports and training will give professionals a balanced view in dealing with CDD and reporting obligations.

In providing the **FATF's view**, Lia Umans, FATF led the participants through the revised FATF recommendations regarding other forms of international cooperation. She highlighted that the most significant novelty of the revised recommendations in this field is the diagonal cooperation. In this respect, indirect cooperation between FIUs, financial supervisors and law enforcement authorities is expanded and clarified while direct diagonal cooperation between non-counterparts is encouraged in order to better facilitate the information exchange.

Closing speech

Karen Silcock, Chair of the FEE AML WP outlined that a balanced equation is sought between the costs of professionals versus the value added to law enforcement from the intelligence produced. An "all crimes" approach without limits will empower professionals to provide greater reporting input and provide optimal intelligence value to law enforcement. She highlighted that than an AML system must have crime as its focus and so it is clear that unintentional error in completing tax compliance steps, or legitimate efforts to mitigate tax, are not criminal behaviours to be classified as "tax crime". Finally she stated that as AML reporters face the risk of prosecution in case of non-reporting, there needs to be a pact between reporters and the authorities which means governments need to assure the confidentiality and safety of reporters in the performance of this role. Closing the event, Karen Silcock addressed the need to seize this opportunity to modernise the Directive and ensure it can be applied effectively by all professionals while enabling them to truly join forces to better fight money laundering.

**Karen Silcock,
Chair of the FEE
AML WP:**

*"We need to
modernise the
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Next steps: Recognising the public interest, the accountancy profession and FEE have always been particularly committed to support the fight against money laundering wherever possible. In representing the European profession, FEE will provide input to the European Commission's consultation on the published Report on the Application of the Third Anti-Money Laundering Directive and will continue its efforts to promote transparency, trust and integrity in the economy.