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Project on targeting crime proceeds on the
Internet in South-eastern Europe and Turkey

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2.1.3 Activity outline

Regional workshop on Money Laundering Risks related to New Technologies

12-13 December 2016

Le Diplomate Hall – Athenee Palace Hilton Bucharest Hotel
Bucharest, Romania

Background

The rapid development and use of new payment products and services, including virtual currencies are redefining the money laundering process and the search, seizure and confiscation of proceeds from crime. Offences involving new technology products and services have grown rapidly both in number and in sophistication and have created serious challenges for countries in ensuring that these are not misused for money laundering and terrorist financing purposes. Vast amounts of crime proceeds are generated – and often laundered – on the Internet and through the use of new technologies. These provide a range of opportunities to safely cash out, convert or otherwise clean crime proceeds. The Financial Action Task Force (FATF) issued several typologies reports¹ on new payment methods (NPM) which *inter alia* focused on the potential for NPM to be misused by criminals. In 2013 FATF issued specific guidance on the risk-based approach to anti-money laundering and counter-terrorist financing (AML/CFT) measures and regulation in relation to prepaid cards, mobile payments and Internet-based payment services.²

The innovative use of new technologies, including decentralised virtual currencies such as Bitcoin, for business purposes, but also for the criminal use continues to gain momentum. Europol in its 2016 Internet Organised Crime Threat Assessment (IOCTA) notes that “Bitcoin, remain the currency of choice for much of cybercrime, whether it is used as payment for criminal services or for receiving payments from extortion victims.”³

The attractiveness of virtual currencies for criminal use is determined by the possibility to transfer large units of values anonymously and quickly across the borders, avoiding reporting procedures imposed by financial institutions in compliance with AML regulations. Furthermore,

¹<http://www.fatf-gafi.org/publications/methodsandtrends/documents/reportonnewpaymentmethods.html>;

<http://www.fatf-gafi.org/publications/methodsandtrends/documents/moneylaunderingusingnewpaymentmethods.html>

²<http://www.fatf-gafi.org/media/fatf/documents/recommendations/Guidance-RBA-NPPS.pdf>

³<https://www.europol.europa.eu/activities-services/main-reports/internet-organised-crime-threat-assessment-iocta-2016>

the inconsistent treatment of virtual currencies invites criminals to abuse by avoiding detection and prosecution.

The criminal use of virtual currencies has prompted the publication of several resources, e.g. FATF has created a useful briefing document on the potential AML/CFT risks with virtual currencies⁴, as has the European Banking Authority (EBA).⁵ The United Nations Office on Drugs and Crime (UNODC) released its Basic Manual on the Detection and Investigation of the Laundering of Crime Proceeds Using Virtual Currencies, with the aim to equip investigators and prosecutors with the basic understanding of issues related to the detection, investigation, prosecution and seizure of crime proceeds laundered through the use of virtual currencies.⁶

Objective

The workshop aims at facilitating understanding of ML/FT risks associated with NPM, such as prepaid cards, mobile payments, Internet-based payment services, as well as virtual currencies and stimulate discussion on implementing the risk-based AML/CFT regulations in this area, and enable government officials and law enforcement to analyse and detect the potential ML/FT threats and vulnerabilities involving NPM and virtual currencies.

Participants

- Members of the national project teams, in particular representatives of the cybercrime units, financial investigation units, Financial Intelligence Units (FIU), prosecution services and competent authorities for judicial cooperation from Albania, Bosnia and Herzegovina, Montenegro, Serbia, “the former Yugoslav Republic of Macedonia”, Turkey and Kosovo*⁷;
- Representatives of the central banks from Albania, Bosnia and Herzegovina, Montenegro, Serbia, “the former Yugoslav Republic of Macedonia”, Turkey and Kosovo*;
- Representatives of the Romanian state authorities – FIU, Asset Recovery Agency, Directorate for Investigating Organised Crime and Terrorism (DIICOT), National Bank of Romania, as well as the private sector – Banking Association;
- Representatives of the FATF Secretariat; FIU Luxembourg; FIU Poland, OSCE, UNODC;
- Experts in financial investigations and AML/CFT measures and regulations;
- Representatives of the Council of Europe.

Programme

Monday, 12 December 2016	
9h30	Opening
09h50	Session 1: General overview of the ML/FT threats and vulnerabilities of NPM and virtual currencies. How and why new payment technologies are exploited by criminals for laundering online crime proceeds?

⁴<http://www.fatf-gafi.org/media/fatf/documents/reports/Virtual-currency-key-definitions-and-potential-aml-cft-risks.pdf>

⁵<https://www.eba.europa.eu/documents/10180/657547/EBA-Op-2014-08+Opinion+on+Virtual+Currencies.pdf>

⁶https://www.imolin.org/pdf/imolin/FULL10-UNODCVirtualCurrencies_final.pdf

⁷*This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

	Speaker: Klaudio STROLIGO, former Chairman of MONEYVAL and former Director of the FIU Slovenia
10h40	<p>Session 2: The current state of the AML/CFT measures and regulation in relation to NPM (prepaid cards, mobile payments and Internet-based payment services) and virtual currencies in IPA region (Part 1).</p> <p>Presentations by project countries/areas (Central Banks, FIUs, financial investigators and cybercrime units) on:</p> <ul style="list-style-type: none"> - AML/CFT legal framework/measures related to new payment methods and virtual currencies; - Challenges presented by new payment methods and virtual currencies and their criminal use. <p><i>Moderator: Klaudio STROLIGO, former Chairman of MONEYVAL and former Director of the FIU Slovenia</i></p> <p>Tour de table: Albania, Bosnia and Herzegovina, Montenegro and Serbia.</p>
11h50	Coffee break
12h20	<p>Session 3: The current state of the AML/CFT measures and regulation in relation to NPM and virtual currencies in IPA region (Part 2).</p> <p>Presentations by project countries/areas (Central Banks, FIUs, financial investigators and cybercrime units) on:</p> <ul style="list-style-type: none"> - AML/CFT legal framework/measures related to new payment methods and virtual currencies; - Challenges presented by new payment methods and virtual currencies and their criminal use. <p><i>Moderator: Mariana CHICU, Project Manager, Cybercrime Programme Office of the Council of Europe</i></p> <p>Tour de table: "The former Yugoslav Republic of Macedonia", Turkey and Kosovo*.</p>
13h10	Lunch break
14h40	<p>Session 4: ML/FT risks related to NPM. New Risk-Based Approach and Solutions.</p> <p>Speaker: Florin ION, Counselor of the President of the National Office for Prevention and Control of Money Laundering – Romanian FIU</p>
15h30	Coffee break
16h00	<p>Session 5: FATF guidelines on virtual currencies and potential ML/FT risks.</p> <p>Speaker: Sergey TETERUKOV, Policy Analyst/AML-CFT, Financial Action Task Force (FATF)</p> <p>Discussions</p>
17h00	End of day 1

19h00	Social dinner
Tuesday, 13 December 2016	
9h30	<p>Session 6: General introduction into the concept of virtual currencies, ML/FT risks and their use on the Darknet.</p> <p>Speaker: Artur KOŁACZEK, Ministry of Finance of Poland</p> <p>Discussions</p>
10h20	<p>Session 7: Current regulatory approaches to virtual currencies in Luxembourg.</p> <p>Speaker: Max BRAUN, Premier Substitute, FIU Luxembourg</p> <p>Discussion</p>
11h10	Coffee break
11h30	<p>Session 8: Importance of international cooperation in combating money laundering.</p> <p>Speaker: Kurban BABAYEV, Economic Governance Unit, Office of the Coordinator of OSCE Economic and Environmental Activities, OSCE</p>
12h00	<p>Session 9: The private sector perspective on ML risks related to new technologies.</p> <p>Speaker: Magdalena CALANGIU, Vice Chair of Compliance Committee, Romanian Banking Association</p>
12h30	<p>Conclusions and Main Challenges</p> <p>Klaudijo STROLIGO, former Chairman of MONEYVAL and former Director of the FIU Slovenia</p>
13h00	Lunch break
14h30-16h30	<p>Meeting of the Project Steering Committee (for Steering Committee Members only)</p> <ul style="list-style-type: none"> - Opening; - Presentation of the summary of activities implemented during January-December 2016; - Overview and analysis of the workplan for January-December 2017; - Adoption of the workplan.

Contact

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