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National

Money laundering key to terrorism finance: Keelty

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Money laundering is still a key to the financing of terrorism in the Asian-Pacific region, Australian Federal Police Commissioner Mick Keelty says.

Mr Keelty made his comments in Perth at the 10th annual meeting of the Asia-Pacific Group on money laundering.

He and **Dr Yunus Husein**, who heads the Indonesian Financial Transactions Report and Analysis Centre and co-chairs the Asia-Pacific Group (APG), said money laundering and the financing of terrorism continued to pose major challenges for Asia-Pacific jurisdictions.

“The APG’s mandate is far from complete and the importance of working closely together through the APG to defeat money launderers and terrorists is a key strategy in this regional and global fight,” Mr Keelty said.

“Money laundering still remains a key to the financing of terrorism. There is a significant nexus between the financing of normal crime, particularly drug trafficking, which can be used to finance terrorism.”

Representatives from 35 jurisdictions and the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), and the World Bank attended the meeting to share information.

Vietnam, the Solomon Islands and Nauru took their place at the think-tank for the first time.

The meeting aimed to provide technical assistance and training to speed up the process of implementing global standards to target money laundering and the financing of terrorism.

“The APG has been able to train and develop in many countries so that they have an understanding of typologies of money laundering techniques, the underground banking arrangements used in some economies,” Mr Keelty said.

“Certainly, from a terrorism perspective, we see alternate means of transferring funds or attempting to transfer funds or attempt(s) to move cash around the world occur as a result of workshops conducted by the APG.

“It’s clear that the work that we do has an impact but it’s also clear terrorist groups move very quickly to discover other methods to achieve the same ends so we have to be working together to keep on top of the issue.”

The meeting closes tomorrow.



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Money laundering on agenda at Perth meet

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More than 210 delegates from across the Asia-Pacific region are expected to attend an anti-money laundering conference in Perth this week to combat the financing of terrorism.

The 10th Annual Meeting and 6th Annual Technical Assistance and Training Forum of the Asia/Pacific Group (APG) on Money Laundering starts on Monday and runs until Friday.

Global anti-money laundering strategies and special recommendations to combat the financing of terrorism will be on the agenda.

The conference is co-chaired by Australian Federal Police (AFP) commissioner Mick Keelty and **Dr Yunus Husein**, head of the Indonesian Financial Transactions Report and Analysis Centre (PPATK).

The Annual Meeting will be hosted by the federal government and facilitated by the AFP with support from the Australian Transaction Reports and Analysis Centre (AUSTRAC) and other government agencies.

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Officials Hide Money in State Accounts

Thursday, 19 July, 2007 | 21:16 WIB

TEMPO Interactive, Jakarta: Yunus Husein, Head of Financial Transaction Reporting and Analysis Center (PPATK), has signaled that a lot of regional officials saved their personal money in state accounts.

This has caused the funds in question to seem to belong to an institution.

“I suspect, perhaps if the bank sees that the personal account is on behalf of an institution, it need not be reported,” said Yunus at the State Palace, yesterday (18/7).

He explained that regional leaders including regional office heads or treasurers open an account on behalf of the institution where they work.

Then they deposit and withdraw their personal money there.

“The incoming or outgoing money is like an institution's transactions. But in fact it's personal money.”

According to Yunus, this modus operandi is different from earlier ones.

In the past, many officials instead saved state money in personal accounts.

“Now what is occurring is the opposite. So it's shifted,” said Yunus.

If these indications lead corruption criminal acts, he stressed that PPATK would follow them up with legal officers.

Hekinus Manao, Director of Financial Accounting and Reporting at the Finance Department, said that the government's or institution's accounts are only to be utilized for state revenues or expenditures only.

This has already been regulated in the President Decision No. 42/ 2002 on State Budget Implementing Procedures.

He stressed that if a state official uses the government's account for personal interest, administrative sanctions would be imposed on him or her.

According to Emerson Juntho, Indonesia Corruption Watch (ICW) Coordinator of Law and Court Monitoring, the PPATK must soon submit the findings on this new modus operandi of regional officials' accounts opening to legal officers.

“If we have to wait until it is categorized as corruption first, then the evidence will already have been removed.”

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Overview

Since its removal from the Financial Action Task Force's (FATF) Non-Cooperative Countries and Territories (NCCT) list, Indonesia has aggressively worked toward amending its laws and developing policies that enhance its law enforcement capabilities on the international stage. USAID has increased its level of financial assistance to aid Indonesia towards further progress. In February 2006, Indonesia was removed from FATF's direct monitoring list, another milestone reached with USAID's support.

Programs

USAID's Financial Crime Prevention Project (FCPP) is a four-year, \$7.2 million activity designed to strengthen Indonesia's ability to combat financial crimes. FCPP provides technical assistance to the Financial Intelligence Unit (PPATK), Supreme Audit Commission (BPK), the Attorney General's Office, the Corruption Eradication Commission (KPK), and the Ministry of Finance-Inspector General Office. FCPP's work aids Indonesia's own efforts to build a more modern legal and institutional framework to detect and prosecute corruption and financial crimes.

Through a separate agreement, USAID also supports activities that work with the Central Bank and commercial banks on Know Your Customer principles and other specialized training to enhance financial sector stability and soundness. USAID's efforts will promote the Indonesian financial sector's safety and soundness which will lead to increased investment, growth and job creation.

Challenges for The Next Year

- Development of a National Money Laundering Strategy to coordinate Indonesia's AML efforts;
- Improve audit processes & systems;
- Prosecute and convict money laundering offenses;
- Further build PPATK capacity and improve linkages with other agencies; and,
- Enhance PPATK and other agencies' authority to increase AML/CFT enforcement.

Convictions

PPATK has referred 358 AML/CFT cases, of which 72 have been investigated, and 57 prosecuted leading to 27 convictions. Though not charged under AML statutes, the convictions came under Corruption Statutes which carry a life sentence.

USAID Achievements & Program highlights

- February 2006: FATF removes Indonesia from its direct monitoring list.
- January 2006: FCPP conducts Asset Forfeiture Conference to determine how to improve Indonesia's asset forfeiture laws and reporting system.
- November 2005: PPATK adopts its Strategic Plan to guide its efforts for the next five years. This Strategic Plan is developed in conjunction with FCPP.
- November 2005: FCPP conducted its week-long training in Bali.
- August 2005: FCPP provided training on prosecutive methods to KPK prosecutors.
- July 2005: Indonesia participated in the Asia Pacific Group Annual meeting.
- July 2005: FCPP conducts AML training for the Indonesian parliament.
- June 2005: The Mutual Legal Assistance Law is forwarded to Parliament.
- April 2005: FCPP conducts its first week-long AML/CFT training in Semarang.
- February 2005: FATF removes Indonesia from the NCCT list.
- January 2005: FATF reviews Indonesia's AML/CFT regime (supported by FCPP during preparation and all FATF meetings).
- November 2004: Indonesia signs a Mutual Legal Assistance treaty with 7 ASEAN countries.
- November 2004: The Indonesian Mutual Legal Assistance law is forwarded to the President's office for signature (supported by USAID-funded ELIPS and FCCP).
- August 2004: FCPP is launched - a two-year \$3.2 million, USAID-funded project designed to build capacity at PPATK and strengthen linkages between PPATK and other Indonesian agencies.
- 2003-2004: Through the Financial Sector Reform Program, and the Central Bank, worked to improve the Bank's capacity to ensure compliance with Know-Your-Customer "KYC" principles and AML regulations.
- October 2003: PPATK is established, and with a \$250,000 USAID award, computer systems installed to track Cash Transaction Reports and Suspicious Transaction Reports nationwide.
- October 2003: Indonesia avoids countermeasures from FATF; Money Laundering Law amended with passage of Law 25/2003 (with support from USAID-funded ELIPS: Economic Law, Institutional and Professional Strengthening project).
- April 2002: Anti-Money Laundering Law 15/2002 passed.
- June 2001: Indonesia is included on the NCCT list by FATF.

Future Goals & Plans

The goal of USAID support is to provide high-caliber technical assistance, in coordination with other donors, to strengthen the AML/CFT regime in Indonesia. USAID support includes:

- Development of a National Money Laundering Strategy.
- Technical assistance to PPATK in revising the Anti-Money Laundering Law, including expanded investigative authority for PPATK and other GOI agencies.
- Participatory training sessions involving financial institutions, financial regulators, investigators, prosecutors, and judges.
- Assistance to BPK to develop an Investigative Audit Unit to investigate corrupt and fraudulent misuse of government funds.
- Assistance to KPK to increase its investigators' skills in conducting financial investigations.

Conclusions

Technical assistance and training provided by USAID-funded projects to the AML/CFT regime in Indonesia, in coordination with other donor support, has resulted in substantial and accelerated progress by Indonesia in the area of financial crime enforcement, anti-money laundering, combating the financing of terrorism, and anti-corruption efforts.

The tangible result of these efforts was the removal of Indonesia from the FATF NCCT list on February 11, 2005 and from its direct monitoring list in February 2006.

It is anticipated that ongoing close cooperation between the Governments of the United States and Indonesia will result in continued improvement in the AML/CFT regime, and will be reflected by enhanced investment, trade, and job creation in Indonesia.

[All Economic Growth activities](#)

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INDONESIA: Jakarta to sign extradition treaty with Singapore - 27/04/2007

Singapore and Indonesia will today sign a landmark extradition treaty, 30 years in the making. Indonesia's leaders are hailing the treaty as an opportunity snare some of the nation's most notorious financial criminals.

Presenter - Katie Hamann **Speaker** - Hassan Wirayuda, Indonesian Foreign Minister; Yunus Husein, Chairman of the Financial Transactions Report & Analysis Center in Jakarta; Djoko Susilo, Foreign Affairs commission member; Abdul Rahman Saleh, Indonesia's attorney general

HAMANN: Flanked by their nation's leaders Singapore's Foreign Minister George Yeo and Indonesian Foreign Minister Hassan Wirayuda will today place their autographs on two agreements. A defence cooperation pact granting Singapore access to Indonesian territory for training exercises. And more significantly for Indonesia, a long awaited extradition treaty. Indonesia's foreign affairs department has been tight lipped over the terms of the treaty, prompting speculation that Indonesia may have relented on some terms of the agreements. Speaking after the treaties announcement earlier this week Minister Wirajuda gave no details about how the extradition process would work.

WIRAYUDA: We haven't spoken about the implementation of the extradition agreement yet, we just want to begin with a good agreement for Indonesia as well as Singapore. This treaty demonstrates the cooperation between two countries which will mean that people involved in crimes stated in the agreement will be brought back to their original country to be processed by the law.

HAMANN: The years of negotiations over the treaty have strained relations between the two countries. Indonesian politicians have frequently accused Singapore of deliberating stalling, to protect Indonesian investments in the property market and banks.

Singapore's former Prime Minister and political mentor Lee Kwan Yew has scoffed at the suggestion his government should be concerned about a possible withdrawal of Indonesia capital, saying such investments constitute only 2 or 3 percent of the city-states economy.

For Indonesia however the figures are not quite so trifling. A recent study by investment group Merrill Lynch and consultant Capgemini revealed that the aggregate wealth of some 18,000 Indonesian's living in Singapore totals \$87 billion dollars. Yunus Husein is the Chairman of the Financial Transactions Report & Analysis Center in Jakarta.

HUSEIN: But until the treaty is ratified by Singapore's and Indonesia's parliament, todays signing will be little more than a ceremonial gesture.

Of particular concern to Indonesian law-makers is the retroactive clause. Foreign Affairs commission member Djoko Susilo says there are rumours its authority will only extend to the last five years.

SUSILO: Also to be revealed is whether Indonesia will be able to access the billions in ill-gotten gains it suspects is sitting in Singaporean banks.

HAMANN; Djoko Susilo says the law-makers will reject the treaty if their demands are not met.

SUSILO: The attorney general's office has hinted that a short list of most wanted corrupters and the evidence against them is being refined. But as Indonesia's attorney general Abdul Rahman Saleh suggested this week just who the government goes after will depend upon the terms of the treaty and when the time comes to pounce it may be already too late.

SALEH: I haven't read the last draft, but I think that the agreement is binding for the last 5 years or maybe more. We are asking for it to be for the last 8 or 9 years. Now its 2007, so if it's 8 or 9 years back corruptor's from Soeharto's era can be captured. That is our wish. But it could be that when the criminals hear about this agreement and by the time it's been signed and approved they have already moved out.**

PPATK steps up fight against money laundering

The Financial Transaction Reports Analysis Center (PPATK), the country's anti-money laundering agency, has signed agreements with its counterparts in Bermuda and the Republic of Mauritania to boost cooperation in the fight against white-collar crime.

The Memorandum of Understandings (MoU), which were signed during the annual meeting of anti-money laundering agencies grouped under the Egmont Group last week, focus on enhancing cooperation in the exchange of financial information, particularly relating to money laundering and corruption, a PPATK statement said Sunday.

Bermuda and Mauritius are rapidly becoming two of the world's top financial centers. Both countries regularly experience major offshore banking transactions.

Mauritius alone has attracted more than 9,000 offshore businesses to date this year, with total investment reaching US\$1 billion in the financial sector alone.

This has led to suspicions that white-collar criminals may take advantage of the situation.

"We need to improve cooperation given the fact that many Indonesian criminals launder the proceeds of crime in other countries," PPATK chief Yunus Husein said in the statement.

The MoUs also outline the sharing of information to fight money laundering practices related to terrorist activities.

"Such cooperation is also part of our effort to establish good relationships with member countries of The Egmont Group," Yunus said.

The members of the Brussels-based Egmont Group, established in 1995, are Financial Intelligence Unit (FIUs) members from around the world.

Indonesia has signed 20 similar agreements with FIUs, including from the Philippines, Australia, Thailand, Malaysia, Italy, Spain and Japan.

Earlier this year, PPATK submitted 430 reports regarding suspicious transactions in 2006 to law enforcement agencies. Of this total, 425 cases were handed over to the police, while the remaining five cases were forwarded to prosecutors.

PPATK is awaiting amendments to the Money Laundering Law, which is currently under deliberation in the House of Representatives.

Amendments to the law are expected to give the agency power to investigate suspicious transactions in more detail and will also require more institutions and individuals to submit financial transaction reports.

Press Release

PPATK/INTRAC SIGNED MoU WITH A FINANCIAL INTELLIGENCE UNIT OF MEXICO

Cyprus, Wednesday June 14, 2006

Dr. Yunus Husein, Head of Indonesian Financial Transaction Reports and Analysis (INTRAC/PPATK) Center signed a Memorandum of Understanding – MOU, with Ms Conception Patino Cestafe, Head Financial Intelligence Unit of the Ministry Finance and Public Credit of the United Mexican States (FIU Mexico) June 14, 2006 during the 14 annual meeting of the Egmont Group (TEG) held in Cyprus, whereby TEG was celebrating its 11 th anniversary.

The signing of MOU was held in order to strengthen international cooperation undertaken by each state member in the prevention and eradication of the crime of money laundering, in particular financial intelligence exchange in respect to money laundering crime and other crimes related with the crime of money laundering.

A legal basis in implementing cooperation between PPATK and FIU Mexico is Article 25 paragraph (3) of Law Number 15 Year 2002 as amended by Law Number 25 Year 2003 concerning the Crime of Money Laundering, which states that “for the purpose of preventing and eradicating the crime of money laundering, the PPATK may engage in cooperation with relevant parties, national as well as international.”

“This cooperation is also an effort to strengthen good relationship with international community particularly Mexico whereby we are members of the Egmont Group,” said Dr. Yunus Husein, the Head of the PPATK. The Egmont Group (TEG) is an informal international organization established in 1995 in Engmont-Arenberg Palace , Brussels . The Egmont Group has members of Financial Intelligence Units (FIU) from many countries that most of them are focal points of anti-money laundering regime in each country, in which the PPATK and FIU Mexico are members too.Up to June 2006, the PPATK have signed MOU with 13 FIUs.***