

UNDER THE SHELL:

ENDING MONEY LAUNDERING IN EUROPE

VIENNA, 22 JUNE 2017



CONTEXT

A photograph of a beach and ocean seen through an arched window. The water is dark blue with white foam from waves crashing onto the shore. The sky is a deep blue with some white clouds. The archway is made of dark, possibly stone or concrete, material.

One year ago...

- **PANAMA PAPERS:** 214,000 offshore companies and trusts / 200 countries and territories / 12 current and former world leaders / 140 politicians and public officials

...One year later


- **THE RUSSIAN LAUNDROMAT:** \$20.8 billion from 19 Russian banks to 5,140 companies with accounts in 732 banks in 96 countries

EBOT PROJECT

ASSESSING BENEFICIAL OWNERSHIP TRANSPARENCY

- Legislation (current & future)
- Enforcement
- High-risk sectors

LEGISLATIVE GAPS

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- A person is seen from behind, holding a large, tattered, and broken umbrella. The umbrella is a light brown or tan color, showing significant wear and tear, with many holes and frayed edges. The person is standing on a light-colored, possibly sandy or paved, surface. The background is a bright blue sky with scattered white clouds. The overall scene suggests a metaphor for being unprotected or vulnerable despite having a shield.
- A flawed legal definition of beneficial owner
 - Limited access to beneficial ownership data
 - Insufficient regulation of high-risk instruments like nominees and bearer shares

ENFORCEMENT GAPS

- Inadequate management of ML risks
- Low level or quality of SARS
- Ineffective control mechanisms and sanctions
- Weak oversight of self-regulated professions
- Lack of public statistics on AML



High-risk sectors

- Real estate sector / golden visas
- Luxury goods
- Trust and corporate service providers
- Bitcoins

KEY RECOMMENDATIONS: CLOSE LEGISLATIVE GAPS

- Central beneficial ownership registers:
 - Scope extended to all companies and trusts operating within the territory
 - Public & free access in open data format
 - Robust data verification and sanction mechanisms
- Comprehensive and robust legal definition of beneficial owner
- Use of high-risk instruments such as nominees prohibited or more strongly regulated

KEY RECOMMENDATIONS: CLOSE ENFORCEMENT GAPS



- Improve suspicious activity reporting
- Ensure proportionate and effectively enforced controls and sanctions
- Strengthen oversight of self-regulated sectors
- Publish harmonised and comprehensive AML statistics

KEY RECOMMENDATIONS: INTERNATIONAL REVIEW PROCESSES

- UNCAC: more transparent and inclusive review process
- UNCAC & FATF : greater coordination in review processes



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