



# ELEVENTH UN CONGRESS ON CRIME PREVENTION AND CRIMINAL JUSTICE

*Bangkok, Thailand 18-25 April 2005*



Committee I  
2<sup>nd</sup> & 3<sup>rd</sup> Meetings\* (AM & PM)

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**CONSEQUENCES OF ECONOMIC CRIMES AFFECT PEOPLE'S SENSE  
OF SOCIETY'S FAIRNESS, CRIME CONGRESS' COMMITTEE I TOLD**

**In Day-Long Discussion of Economic, Financial Crimes, Over 30 Speakers  
Consider Need for New Convention on Money-Laundering with Most Opposed**

Activities such as drug trafficking, exploitation of natural resources, corruption and misappropriation of funds from banks affected the economic well-being of the people, the representative of Thailand, the Host Country to the Eleventh United Nations Congress on Crime Prevention and Criminal Justice, told the Congress' Committee I today.

The consequences of such activities, he said, went well beyond financial loss and the economic well-being of society. It was important that people felt they were living in a fair and just society and, if economic and financial crimes were not checked, people would begin to feel increasingly resentful.

He said people who were behind financial crimes were usually smart and sophisticated, making use of financial resources to build extensive connections with law enforcement officials. Authorities had to fight interference from influential powers, and that was often more difficult than the investigation itself. Strong political will and government commitment was needed to fight such crime. If the perpetrators were members of the government, decisive and swift action would restore society's confidence in government policy on the issue.

During consideration of today's topic: "Economic and financial crimes: challenges to sustainable development", delegates deliberated on the need for a new convention on money-laundering and the need to share national experiences and cooperate internationally in combating the scourge.

Implementation was the one theme he would like to see emerging from the discussion, the representative of the United Kingdom said, referring to the fact that four United Nations conventions -- the Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, the Convention against Transnational Organized Crime, the Convention against Corruption and the Convention for the Suppression of the Financing of Terrorism -- all included provisions to combat money-laundering, but had a poor record in implementation.

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\* 1<sup>st</sup> Meeting was not covered.

On the other hand, Brazil's representative said the main obstacle in the fight against international crime was the lack of international cooperation. International cooperation in the fight against international crime seemed to be a kind of taboo. Although his country had received help from Nigeria in solving an important case, there were lots of cases where it could not get cooperation from other countries because of a lack of a "culture of cooperation".

The representative of the United States drew attention to the fact that apart from the four United Nations Conventions, which more countries should ratify, there were also the 40 recommendations of the Financial Action Task Force. They had been endorsed and recognized as the single international standard by the International Monetary Fund and World Bank and embraced by the twentieth special session of the General Assembly as the international standard. "We should not risk creating conflicting guidance and obligations in this area", she said, opposing elaboration of a new convention.

Turkey's representative, however, supported the High-Level Panel's recommendation to draft an international convention on money-laundering. Such a convention, he said, could make non-mandatory provisions of other United Nations conventions mandatory and adherence to the Financial Action Task Force recommendations universal.

Nigeria's representative said that corruption, as well as economic and financial crimes, had distorted the image and reputation of his country. He stressed that Nigeria would tolerate the problem no more. It had charged five of the largest banks for allowing the flourishing of corruption in his country, the biggest problem facing African countries. Nigeria had brought several highly placed people to justice, including the President of the Senate, for embezzlement. "There is a revolution taking place in Nigeria today, and we are proud of it", he said. Today, Nigeria was the number one country in fighting corruption and was becoming a sort of model on how to combat economic and financial crimes.

The representative of Argentina addressed the problem of conceptualization of and defining economic and financial crimes. He said that conceptualization could be an interesting but difficult subject, since under the terms of economic and financial crime a whole series of crimes could be included that was already covered by the criminal code. Tax evasion, for example, was in many countries not an offence, and there were many obstacles in international legal cooperation in dealing with that crime.

Also speaking today were the representatives of the Republic of Korea, Italy, Morocco, Luxembourg (on behalf of the European Union), Australia, Mauritania, Cameroon, Norway, Denmark, Venezuela, Ukraine, Switzerland, Finland, Philippines, Germany, France, Sri Lanka, Spain and Peru.

Representatives of the Council of Europe and the Asia Pacific Group on Money-Laundering addressed the Committee as well, as did the representatives of two non-governmental Organizations: Japan Federation of Bar Associations and Asia Crime Prevention Foundation.

With today's discussion, the Committee I concluded its consideration of economic and financial crimes: challenges to sustainable development.

### Background

Committee I of the Eleventh United Nations Congress on Crime Prevention and Criminal Justice had before it a working paper prepared by the Secretariat on Economic and financial crimes: challenges to sustainable development (document A/Conf.203/7), defining “economic and financial crime” broadly as any non-violent crime that results in a financial loss. A list of economic crimes includes cartel offences, fraudulent practices, computer crime, violation by a company of standards of security and health concerning employees, fraud to the detriment of creditors, unfair competition and fiscal offences. Technical change has had a significant impact on overall levels of economic and financial crime.

According to the working paper, understanding the impact of economic and financial crime in the current global context, and on developing countries in particular, is complicated by the difficulty of determining an all-encompassing definition of the concept and by the fact that both the extent and costs of such crimes are difficult to measure. There is growing evidence, however, that economic and financial crimes are increasing, mostly in sectors affected by rapid advances in technology.

One area requiring particular attention is money-laundering, given its links not only to other areas of illicit activity in the financial sector, but also because of its use by organized criminal groups involved in a variety of illegal activities. The High-Level Panel on Threats, Challenges and Change suggests that a global legal instrument is required on money-laundering. That provides a renewed focus on the effectiveness of current arrangements and the viability of possible future arrangements to counter the laundering of criminal proceeds.

Available evidence also suggests that the costs of economic and financial crime, while often eluding exact measurement in the short term, are severe for many societies seeking to achieve sustainable levels of development. Such practices undermine, in the medium and long term, effective economic management, transparent practices and the rule of law. They also benefit only a few people in society, leaving the majority poorer and with fewer resources.

The working paper recommends that the Congress consider:

-- Establishment of mechanisms at the national, regional and international level to improve data collection on economic and financial crimes;

-- Ways to improve the global legal framework to counter economic and financial crimes;

-- Provision of effective technical assistance to developing countries to improve their capacity to confront the problem;

-- Agreement on measures to improve cooperation between government and the private sector in preventing such crimes; and

-- Identification of effective measures to curb money-laundering in countries where participation in the “formal” financial system is low, including in the areas of research, training, skills development, technical assistance programmes and regional and international cooperation.

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### Statements

PRIDIYATHORN DEVAKULA, Governor, Bank of Thailand, said it was well known that activities such as drug trafficking, exploitation of natural resources, corruption and misappropriation of funds from banks affected the economic well-being of the people. The consequences of undesirable activities went well beyond financial loss and the economic well-being of society. More important was the feeling among the people that they were living in a fair and just society. When economic financial crimes were committed, prompt action against the perpetrators was needed. If left unchecked, people's feelings of resentment would accumulate. They would feel alienated and resent their governments. The feeling that one lived in a fair society was even more important than economic well-being. The question was how to prevent feelings of resentment from deepening.

The harmful consequences of normal crime were easily felt and observed, he said. Common crimes were also less likely to be compromised in the law enforcement process. Economic crimes did not have direct and immediate impact due to their non-violent nature. Hence, such crimes did not receive public attention. People who were behind financial crimes were usually smart and sophisticated, making use of financial resources to build extensive connections with law enforcement officials. Authorities had to fight interference from influential powers, and that was often more difficult than the investigation itself. Strong political will and government commitment was needed to fight such crime. Economic and financial crimes were destructive enemies of nations. Governments needed to fight against financial crimes in every shape and form. Stock price manipulation, insider trading, while not directly harming people's lives, made people feel slighted. If the perpetrators were members of the government, decisive and swift action would restore society's confidence in government policy on the issue.

Cross-border economic crime was more difficult to combat, he added. The Congress was a good example of collaboration at the international level. Modern forms of such crimes could be seen in cases of individual businessmen from big countries moving into small countries under the pretext of technological advancement. There were cases of certain medicines banned in more developed markets which could be found on the shelves on less developed markets. In such cases, it was clear that the small nations were being exploited by bigger nations with greater economic clout. He did not have a solution to the problem, but only hoped that an internationally neutral body such as the United Nations would look at the issue of economic exploitation of smaller nations and set appropriate rules of the game. Protecting the interests of smaller nations would help those in developing nations think they were living in a fair world.

MARY LEE WARREN (United States) concurred with the assessment of the discussion paper regarding the seriousness of transnational economic crime and the harm it caused to the well-being of many people. Her country had updated existing laws on money-laundering after 11 September. She did not, however, join in the suggestion that there was a compelling need for a new convention on money-laundering. She disagreed that existing mechanisms were inadequate. Four United Nations Conventions currently addressed that matter, including the Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, the Convention against Transnational Organized Crime, the Convention against Corruption and the Convention on the Suppression of the Financing of Terrorism. Those instruments covered the spectrum of serious crime, and statistics

showed that 163 countries had criminalized money-laundering beyond drugs, and 113 countries had criminalized terrorist financing.

There was still much work to be done with the existing conventions before determining that there was need for yet another convention, she said. That would be premature. Rather, all countries should be encouraged to ratify the existing treaties, implement them and provide the basis for international cooperation. In addition, the 40 recommendations of the Financial Action Task Force (FATF) were the universally recognized international standards for anti-money-laundering efforts. "We should not risk creating conflicting guidance and obligations in this area", she said.

She said the Tasks Force's 40 recommendations had been endorsed and recognized as the single international standard by the International Monetary Fund and World Bank. At its twentieth special session, the General Assembly had, in resolution S-20/4 embraced the recommendations as the international standard. Another concern was that the Secretariat had suggested that a money-laundering convention might be too difficult to undertake and that a more limited approach should be taken, one that focused on the Internet. Her country opposed such a piecemeal approach since the focus would be solely on the instrument or conduit used to commit the crime, rather than the type of particular offences.

NAM-GEUN YOON (Republic of Korea) said technology was being used exponentially in economic financial crime, adding sophistication to traditional crime. It was timely that the Congress would focus on high-tech crime under the broader rubric of economic and financial crime. National borders were becoming irrelevant as world financial systems became increasingly integrated. Over the last 10 years, the Republic of Korea had had many high-profile cases. The country had made sacrifices to deal with financial debt in the wake of fraudulent lending schemes. The Government had initiated a series of measures in that regard. Unfortunately, the number of financial crimes was on the rise. While about 33,000 cases had been reported in 2001, in 2004, the number had increased to about 68,000. What was even more alarming was the number of minors involved in cyber crime.

In the Republic of Korea, new crimes were exploiting high-tech advances both at home and abroad, he said. Law enforcement agencies needed a system that facilitated information sharing to address the global threat of e-crime. Identity theft was usually associated with other crimes and, as such, needed to be criminalized. In 2001, the Republic of Korea had enacted a law that prohibited public associations from providing information to third parties. Money-laundering was also a problem, and the proceeds of such crime were often used to commit other crimes. Money-laundering, however, was not a punishable crime in itself, and legislation was needed to outlaw that form of financial crime. With advanced information technology, national boundaries were no longer the obstacles they once were in carrying out financial and economic crime. To stem the tide of financial and economic crime, advanced nations needed to provide developing countries with financial, educational and technical assistance. The Republic of Korea was poised to provide its expertise in that regard.

NUHU RIBADU (Nigeria) said that, in his country, addressing economic and financial crimes had been problematic for a long time. However, those crimes had now been identified as the biggest problem facing the country, and the battle against corruption and economic and financial crimes was on. The Government had established a high-powered commission in 2003 to

address the problem. Tragically, economic and financial crimes and corruption had distorted the image and reputation of Nigeria. His country was one of the largest oil producers in the world, but had a big problem of theft of crude oil, mainly by foreigners. The Commission also addressed that problem.

He stressed that Nigeria would tolerate the problem no more. It had charged five of the largest banks for allowing the flourishing of corruption in his country, the biggest problem facing African countries. Nigeria had brought several highly placed people to justice, including the President of the Senate, for embezzlement. "There is a revolution taking place in Nigeria today, and we are proud of it", he said. The problem had to be solved to regain the respect of the international community.

He said his country had also developed strong international working relations, among others with the Interpol and the Europol, the United States, South Africa and the United Arab Emirates, because most of the crimes were transnational, and money was being brought out of the country. Moreover, his country was working with the Financial Action Task Force. Today, Nigeria was the number one country in fighting corruption and was becoming a sort of model on how to combat economic and financial crimes.

BRUNO BURATTI (Italy) noted that, for some time, the fight against organized crime had focused on the economic context. The acknowledgement of the presence of illegal financial flows and their effects on the economic system as a whole had created a growing awareness of the need to fight economic crimes. The fight against economic crime, in particular money-laundering, must be carried out with both a repressive approach and a preventive approach. In that regard, Italy had seen significant innovation in terms of broadening the range of illegal activities. Regarding prevention, it was important to, among other things, report suspicious transactions. Recently, Italy's anti-money-laundering legislation had extended to activities considered to be at risk for money-laundering.

Regarding the role of law enforcement in fighting money-laundering, he said it was important that investigations into money-laundering must be assigned to a specialized police force. With regard to money-laundering methodologies, it was important to mention the fundamental role played by both money transfer systems and unofficial banking circuits. Every system could be improved, even the most advanced. In that connection, it was important to continue harmonizing national legislation. Until that was achieved, criminal organizations would continue to move considerable amounts of money through countries where regulation did not allow for the effective monitoring of money flows. It was also important to improve the effectiveness of the analysis of transactions in international financial markets, possibly by means of real-time modules to manage information flows.

PETER STORR (United Kingdom) said it was clear that there were weaknesses, and not only criminals, but also terrorists would exploit them. Criminals targeted those countries where there was an absence of strong regulations. That sent a strong message to those countries about developing such regulations. There was a lot that the international community could do, and there was no shortage of international regional instruments and forums. Apart from the four United Nations conventions mentioned by other delegates, there was also the Council of Europe money-laundering convention. There were also regional instruments that laid down the standards for

tackling money-laundering, and the 40 recommendations of the Financial Action Task Force had been recognized broadly as the international standard.

He said that his country found it difficult to see what value would be added by elaborating a new United Nations convention. The international community should avoid seeing new conventions as the automatic solution. If there was one theme he would like to see emerging from the deliberations it was “implementation, implementation and implementation”. The record of implementation was a poor one.

Another way to battle the crime was through the use of financial disincentives, such as the confiscation of criminal assets, he said. There was far more that could be done in that regard, and there was no greater disincentive to organized criminals than the thought of losing the fruits of his activities. It had taken the United Kingdom three attempts to get its law on the matter working, but it was proving to be successful now. There was an irony about what his country was doing, as a significant portion of seized assets would be plowed back into crime prevention and anti-crime measures. Criminals were now contributing to their own downfall.

MUSTAPHA HALMI (Morocco) said money-laundering constituted a new form of crime in both the developing and the developed world. The crime had seeped into different areas of economic life and it was necessary to adopt a global policy on the crime of money-laundering in the form of modern laws and the enhancement of financial systems. To fight money-laundering, Morocco had made great efforts, including the promulgation of a law that criminalized money-laundering and the creation of national institutions to check suspect financial transactions. It was now in the process of ratifying that law. The anti-terrorism law allowed for the tracking down of terrorism-related transactions. Judges and prosecutors had the authority to coordinate with other States to track down terrorist-related financing.

The Moroccan justice system had also studied the issue of computer-related crimes, also resulting in the promulgation of a new law, he said. Morocco also had a number of laws criminalizing tax evasion and embezzlement -- all crimes related to money-laundering. Morocco intended to reformulate its criminal law to take into account the latest developments with due respect for human rights and basic freedoms.

MARIE-LISE STOLL (Luxemburg), speaking on behalf of the European Union, said the Union was not in favour of drafting a convention on money-laundering. A number of international conventions addressing the issue already existed, and the focus should now be on implementing the existing ones.

Moreover, a number of regional and international groupings had dealt with international standards and norms in that area, she said. The Union fully supported the work done by those groups and considered that the time was not yet ripe to engage in very resource-demanding negotiations on that issue. The European Union, however, would be willing to consider ways and means to advance the issue with its partners, so that a solution could be found that was acceptable to all.

ANTHONY COLES (Australia) said that, while economic and financial crimes were not new, the methods used to perpetrate those crimes had become increasingly complex, involving

high-tech crime, identity fraud, Internet fraud, money-laundering and terrorist financing. What had also changed was the methodology being used to commit financial crimes. The readiness of consumers, businesses and governments around the world to embrace new technologies had provided a range of new opportunities for people to act illegally. Governments and the private sector faced the same challenge, namely how to respond to the uptake of new technologies by criminals, particularly organized criminals. Australia was committed to the fight against economic and financial crimes, not only in that country but internationally. As part of its commitment to combating financial crime internationally, Australia had ensured that its regulatory bodies had adequate legal and administrative resources to respond to the requests of other States.

Australia had introduced a range of legislative measures in the fight against economic and financial crime, he said, including the introduction in 2000 of the Commonwealth Criminal Code Amendment, which introduced offences specifically designed to cover fraudulent conduct involving computers. Australia was leading a multifaceted national strategy to combat high-tech crime, including banking fraud. Economic and financial crimes were multifaceted and complex crimes, constantly evolving due to changes in globalization, demographics and technology. Australia was committed to undertaking a range of strategies to combat those crimes, by introducing new legislation and tightening the process to prevent and identify new and emerging crimes.

AMDELLAHI OULD KEDB (Mauritania) said that among the challenges of the third Millennium were those of organized crime; trafficking in drugs, weapons and persons; money-laundering and terrorism. Organized crime led to terrorism, insecurity, civil strife and corruption which had a great impact on judicial systems and law enforcement offices. Corruption undermined development and destabilized economies. Therefore, the international community must coordinate its efforts and cooperate more closely to deal with transnational organized crime at its roots.

He agreed with the representative of the United States that there were sufficient international instruments to combat the scourge, but that those instruments needed to be implemented. The major obstacles to that were national barriers which still continued to block international cooperation. Mauritania had ratified the 1988 Vienna convention which provided for investigation of money-laundering and confiscation of illegal drug profits. Its national law provided for severe sentences for those involved in money-laundering -- up to 40 years in prison, fines and confiscation of property. Money-laundering had not yet been detected in the country, but no country would be spared.

He said the implementation of the 40 Financial Action Task Force recommendations gave rise to practical problems in his country because of the absence of specialized services to deal with the matter, as well as the lack of financial resources and the fact that national legislation had not yet been adapted. An inter-ministerial committee had been established to draft legislation to punish money-laundering and strengthen international cooperation. That body was also drafting a law to combat the financing of terrorism.

MICHEL MAHOUE (Cameroon) said economic and financial crime was affecting the development efforts of countries such as his. It was, therefore, necessary to review and update legislation to curb the upsurge of such crime. Cameroon was countering white collar crime both nationally and regionally. At the regional level, it was working within the Economic and Monetary

Community of Central Africa (CEMAC) to set up various bodies to suppress money-laundering in the Central African subregion. Cameroon's criminal code dealt with the issue of counterfeit bank notes and article 98 severely suppressed money-laundering in the context of narcotic sales.

He noted that an ad hoc coordination committee had also been established to deal with the issues of fraud, smuggling and counterfeiting with the mission of cleaning commercial transactions. Regarding the detection of counterfeited checks, training seminars were being conducted. Monitoring and surveillance were ongoing activities in that regard. The weak link, however, was the lack of an appropriate framework to deal with cyber crime. That framework was currently being drafted and the Congress would provide an opportunity to address the issue.

ANTENOR MADRUGA (Brazil) said his country agreed that international standards should be established by the United Nations, and it would welcome, in principle, a new convention on money-laundering. However, there were already international standards to be applied by most of the United Nations members. The main obstacle in the fight against international crime was international cooperation. To the words of the United Kingdom representative, he would add, "cooperation, cooperation, cooperation".

He said that Nigeria had helped his country in a very important case as a result of international cooperation. However, there were lots of cases where Brazil could not get cooperation from other countries because of a lack of a "culture of cooperation". International cooperation in the fight against international crime seemed to be a kind of taboo. He asked the Congress to discuss those issues. Instead of a broad and shallow final declaration he would prefer that the Congress give guidelines on how to overcome the problems. International cooperation should be stressed in the Final Declaration.

ELSE METTE NAESS (Norway) said her country accorded high priority to the issue of economic and financial crime. The adoption of the milestone United Nations conventions against corruption and transnational organized crime was evidence of that commitment. She agreed with the delegates from the United States, the United Kingdom and the European Union on the question of negotiating a new convention. The United Kingdom representative had rightly emphasized the importance of implementing already existing conventions. Since 2001, the Government had secured the adoption of a number of amendments to the penal code, the rules concerning tax administration, and the right to request audit information from banks and financial institutions. It had also adopted a new money-laundering act and foreign exchange registering act. Norway's penal code also contained proposals regarding the employees of financial institutions.

Norway had sound legislation for preventing economic crime, she said. The practical follow-up of the various amendments was now a major priority, however. Efforts to combat financial crime must be carried out at different levels. To strengthen the fight against money-laundering and corruption, the Norwegian Government had a money-laundering project which addressed the issue at both the national and international levels. While considerable efforts were being made to combat economic and financial crime, there was considerable room for improvement. The effective combating of economic and financial crime was important for maintaining confidence in the police and the courts. Failure in that area could weaken public trust in government authorities. While important steps had been taken internationally, much work remained to be done. The growth of economic and financial crime posed a significant challenge to

the international community, and international cooperation in that regard was therefore of great importance.

HENNING FODE (Denmark) said the result of the work of the United Nations was a number of important comprehensive conventions, such as the United Nations convention on narcotics, the Palermo convention, the convention on corruption, and the one on the suppression of the financing of terrorism. Those conventions were all dealing with various aspects of economic crime, including money-laundering, and had been signed and ratified by a large number of Member States. There were also the 40 Financial Action Task Force recommendations that covered the definition of money-laundering, as well as preventative measures.

In that context, he said, the question of the added value of a new convention on money-laundering could very well be raised. The focus of the United Nations should not be on elaborating a new convention on money-laundering. Instead, there should be a focus on a rapid and effective ratification of the existing instruments. Further international cooperation was also important, for example in the sense of technical assistance.

MIRNA MASYRUBI (Venezuela) said her country belonged to the Financial Action Task Force and other international networks to supervise capital flows and had also established domestic legislation in that regard. Her country had established an oversight body under the organic law on drugs and psychotropic substances. It had a number of control and regulatory measures to monitor businesses that conducted international transactions.

She said Venezuela was prepared to enforce legislation to ensure that it was not used for the purpose of organized crime. It was also important to ensure, however, that cooperation to combat organized crime not result in intervention or veiled intervention of any kind.

VALERIY PIDPALY (Ukraine) said that, in his country, measures were being taken to implement the Vienna Convention. Ukraine, a former Soviet republic, was in the process of liberalizing the economy. The detection of economic and financial crimes was difficult, as they were committed by groups using new technologies. Another problem was that criminals did not respect borders and were truly transnational. In Ukraine, criminals often used false documents in committing economic and financial crimes. Also, economic and financial crimes were often impossible unless there was support from highly placed people, which pointed towards corruption. Currently, his country was setting up a bureau to counter organized crime and deal with high-level corruption.

Among the needs his country had to address were the strengthening of police, identification of the interests of crime and making legislation against economic and financial crimes stronger, he said. It was also important to identify what the consequences of economic and financial crimes were in terms of their impact on society. One had to realize that the criminal work was often linked with politics as some criminal structures tried to lobby the authorities. The number of prosecutions for economic and financial crimes was rising.

He said that another cause for concern was the question of money-laundering. His country did not have well-trained specialists but was, however, very active in its campaign against money-laundering. In 2003, more than 200,000 illicit financial operations had been detected that had led to

105 legal cases involving many people. Ukraine had been excluded from the blacklist regarding money-laundering. The problem was that there was limited access to information on monetary transactions, bank accounts and “off-shore zones”. He would appreciate hearing about experiences from the international community in countering economic and financial crimes and the way money was laundered and hidden.

DAVID BEST (Switzerland) noted that Swiss regulations to combat money-laundering were among the most effective in the world. As one of the most important financial centres in the world, Switzerland had to make particular efforts to ensure that criminal funds did not flow into it. Switzerland provided judicial assistance on the basis of its own legislation. The Swiss criminal code had provisions for crimes conducted in Switzerland or abroad. While frameworks were necessary, alone they were not sufficient. It was also necessary to focus on specific measures to implement obligations arising from the different frameworks. Strengthening the powers of bodies overseeing financial transactions was also needed. It was at the stage of entering the financial system that the funds of criminal organizations were easiest to detect, and it was crucial, therefore, to develop a level of monitoring and training of the people responsible for those tasks. In that connection he noted the important role of the UNODC in providing technical assistance.

Regarding a new international convention on money-laundering, he said there were already a large number of international obligations in that regard. The rules of the Financial Action Task Force had been broadly adopted throughout the world. He did not see any reason for calling them into question.

#### Action

At the outset of the afternoon meeting, the Committee elected by acclamation Anna Mphetlhe (Botswana) as its Vice-Chairperson and Khondaker Showkat Hossain (Bangladesh) as its Rapporteur.

#### Statements

REIJO PÖYHÖNEN (Finland), associating himself with the statement made on behalf of the European Union, said economic and financial crimes was a real challenge. In a short time, a lot had been achieved by the United Nations, most importantly the adoption of the four conventions. It was important to put every effort into the full implementation of those conventions. Money-laundering was mentioned in the conventions, as well as in the recommendations of the Financial Action Task Force.

He said Finland had implemented all relevant conventions and the Task Force recommendations. According to his country’s money-laundering legislation, predicate offences to money-laundering could be any crime. Also, there was no need to start negotiations on a money-laundering convention; that might risk the effective implementation of existing instruments. It was important to start working with the exact definitions of money-laundering and other international economic crimes.

He said it was important to concentrate efforts on implementing the existing conventions and the recommendations of the Financial Action Task Force and to cooperate internationally

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regarding money-laundering and help other countries in need to ratify and implement already existing instruments.

VICENTE S. AQUINO (Philippines) said developed countries did not have a monopoly on economic and financial crimes. Developing countries also had their share of such criminal activities, which constituted major obstacles to political and social stability and to economic progress. A sustained international approach was imperative and must involve coordinated action and cooperation supported by the free exchange of information, mutual legal assistance and extradition measures. The Philippines had been a proactive partner in collective efforts to detect and deter financial and economic crimes and bring to justice the perpetrators. The Philippines revised penal code, the new Central Bank Act, the Securities Regulation Code and other pertinent laws listed many financial and economic crimes, including manipulation, insider trading, falsification of commercial documents and theft.

The Philippines had the necessary public and private institutional infrastructure to meet the challenges that hampered efforts towards sustainable economic development, he said. The private sector had also been involved in the war against economic and financial crimes. The financial sector liaison committee, for example, was composed of 39 private sector agencies. The Philippines judiciary was also involved in the fight. Such unrelenting, comprehensive efforts had not gone unnoticed or unrewarded. The Philippines had been removed from the Financial Action Task Force's list of Non-Cooperative Countries and Territories in February 2005.

The world had witnessed the collapse of big corporations and the downfall of corporate executives because of the deficiency in corporate governance and defective and deceptive practices of the board and senior management. Good corporate governance was an effective tool that set the acceptable standards of transparency and disclosure practices by management to their boards of directors, and by the boards to their employees, the stockholders and other stakeholders. Combating financial and economic crimes necessarily required not only domestic cooperation but also transnational efforts of all jurisdictions. The Philippines would continue to cooperate with other countries in the investigation and prosecution of financial crimes, including money-laundering and terrorist financing cases through mutual legal assistance, extradition and exchange of material information.

CEREN VANLIOGLU (Turkey) said the international community had set up a series of international instruments to fight against economic crimes, included the four United Nations conventions. Taking into account the difficulties to reach a consensus on a legal definition of economic and financial crimes, he supported the High-Level Panel's recommendation to draft an international convention on money-laundering. Such a Convention could make non-mandatory provisions of other United Nations conventions mandatory and adherence to the Financial Action Task Force recommendations universal.

He said that, as the fight against economic and financial crimes was a top priority for his Government, a Law on the Prevention of Money-laundering had established the Financial Crimes Investigation Board (MASAK), which was responsible for evaluating denunciations in relation to money-laundering, carrying out investigations, and providing the Public Prosecutor with all relevant information relating to the commission of money-laundering offences. A new Penal Code, entering into force in June, would establish the laundering of proceeds derived from crime as a

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criminal offence, with a minimum punishment of one year of imprisonment. The scope of the crime of fraud was expanded so as to include the usage of information systems, banks and credit institutions, as an instrument.

Parallel to its national efforts, his country attached great importance on its cooperation with international organizations, he continued. It was party to the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, had ratified the Convention on Transnational Organized Crime and its Protocols and signed the Convention on Corruption. It had also ratified the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime. Turkey was also a member of the South East European Cooperation Initiative (SECI). The National Police had established a "Computer-supported urgent intervention system" with some of its regional partners, which had facilitated exchange of information on criminal matters.

HERBERT MAASSEN (Germany) said the fight against white-collar crime was a focal point of his country's policy in the field of national security. Modern industrial societies were characterized by a dense network of global business relations, new and swift communication paths and more likely possibilities of manipulation and fraud. The huge pressure from international competition was also encouraging more persons involved in business to use illegal methods and instruments. The fight against white-collar crime was becoming more difficult and complex. Germany had set five goals in the fight against white-collar crime. Comprehensive information on the scale of white-collar crime and the methods used to commit such crime was needed. The forms in which white-collar crime manifested itself were just as diverse as the ways in which the commissioning of white-collar crime was complex. To combat white-collar crime efficiently, comprehensive know-how was needed.

He said it was also necessary to intensify cooperation between public authorities and ministries. Joint investigation groups comprising the police forces, customs and labour administration were, for example, used in the fight against money-laundering and illegal employment. He also stressed the need to step up prevention and involve businesses, which could play their part in fighting white-collar crime. White-collar crime was not a national problem and could not be prevented by countries going it alone. International links made it necessary to adopt an international prevention strategy and, thus, to engage in international cooperation. Germany supported the relevant initiatives launched by the international community, including the Lyon Group of the G-8 States and the European Antifraud office.

He also believed that another money-laundering convention would be counterproductive, as it would weaken existing instruments. The relevant standard applying to the prevention of money-laundering in the fight against terrorist financing had been set up by the FATF on money-laundering. The United Nations had also issued relevant regulations to combat money-laundering, including the Convention on Corruption. Another international instrument would increase the risk of conflicting international standards and could hamper rather than promote a uniform strategy to combat money-laundering. The focus should rather be on strengthening and implementing already existing instruments.

JEAN-LOUIS BERTRAND (France) said economic and financial crime was one of the most serious threats for the security and stability of nations, regions and the world. The crimes

were growing at an alarming rate and were linked to the growing integration of the world economy. Once that fact had been accepted, there was a paradox. There was a big problem giving a clear definition of economic and financial crimes, as those crimes were on the sidelines of other types of crime such as transnational organized crime, fraud, counterfeiting, tax evasion and corruption.

The theme of money-laundering seemed to be the simplest and most practical way to tackle that kind of criminology, since blood-money must at one time be laundered, he said. His country was not in favour of a new convention on money-laundering. That position was based on notions of feasibility and efficiency. There was no vacuum of regulation regarding money-laundering. Each of the four Conventions covered money-laundering. What was at stake was implementation of the texts by the international community.

The recommendations of the Financial Action Task Force already constituted an international standard. Those standards would be undermined by new standards. Moreover, it would be impossible to reach agreement within the United Nations on standards that were as strong as the Financial Action Task Force recommendations. Moreover, a follow-up mechanism to the Convention would have no effect on countries that had not ratified the Convention.

DHARSHANA PERERA (Sri Lanka) said that, with estimates of a staggering \$500 billion annually, money-laundering was now accepted as a serious challenge to the international community. Prominent cases of fraud in the banking system had had huge impacts globally, affecting people from a wide range of socio-economic backgrounds. Predictions that the proceeds from economic and financial crimes for terrorist groups might even rival the proceeds from trafficking in narcotics were alarming. The input of ill-gotten gains into mainstream economic activity must also be addressed. The potential threat to national and international economic systems must be taken seriously.

He said people in developing countries were particularly vulnerable and, given the nature of the problem and related cross-border activities, the need for international cooperation to interdict those crimes was obvious. It was also necessary that a normative legislative framework be established, although some difficult issues such as the conceptualization of economic and financial crimes needed to be addressed. It might be a useful way forward to address some of the crimes on a sectoral basis.

He said his country was in the process of drafting national legislation to criminalize economic and financial crimes. Such legislation, when adopted, would provide the authorities with a sound basis for action. He urged that the United Nations Crime Prevention and Criminal Justice Programme and its associated technical assistance programme be expanded.

MODESTO GARCIA (Spain) said an appropriate response to the issue of economic and financial crime should include measures to dismantle the economic foundations of criminal organizations. Spain's criminal code addressed the issue of money-laundering and the fight against it was being carried out at the administrative, judicial and law enforcement levels. Spain also had a specialized unit for the investigation of financial crime, which had reported some 300,000 cases, leading to the opening of about 1,600 cases of suspicious transactions. Some 50 million euros in assets had been seized and reinvested in the fight against transnational crime.

Spain had signed bilateral agreements with many countries, he said. It also had information exchange programmes with several countries. Spain had recently hosted two conferences related to the topic of economic and financial crime. Measures to address financial and economic crimes should include the progressive integration of the different entities aimed at thwarting criminal activities, strengthening international cooperation for crime prevention and achieving the harmonization and standardization of working methods. Regarding the recommendations contained in the working document before the Committee, he also did not see the necessity of a new legal instrument as the already existing legal instruments were sufficient for dealing with the struggle against money-laundering.

NITA GAMIO DE BARRENECHEA (Peru) said the Government of Peru believed that economic and financial crimes such as money-laundering should be a priority for its national policies. In that context, Peru believed that it was of paramount importance to raise awareness among the population, to establish strict norms and to adhere to international legal systems. States shared responsibility for the negative effects of money-laundering, as money circulated among countries and fed the activities of terrorists and drug traffickers.

She said that, in Peru, those activities had a particular negative effect. Drug traffickers generated income that provided fertile ground for terrorism. There were binding mechanisms within the United Nations framework for stopping money-laundering, tracing sources, and combating corruption and drug trafficking. Confiscation, seizure and asset recovery were addressed. Peru had made an effort to bring its domestic legislation in line with international legislation. She hoped that, in the near future, there would be a legal framework that would strengthen international action in combating the crime.

GUY DE VEL of the Council of Europe said the Council was deeply concerned with financial crime and had been for a number of years. The Committee of Ministers had adopted recommendations for Council member States, which applied to financial and white-collar crime. The Council had been active in the fight against money-laundering for a number of years. In 1990, the Council had adopted a convention on money-laundering, which had been ratified by 47 member States and Australia. Parallel to the convention, a monitoring system had been put in place to combat money-laundering.

Despite such efforts, it had been necessary to step up measures to fight financial crime, including the issue of terrorism financing, he said. Last week, the Committee of Ministers had adopted a convention against money-laundering and the financing of terrorism. The new instrument envisaged not only work against terrorism but also better cooperation among members' financial intelligence units. The Council worked in close cooperation with the Financial Action Task Force, the European Union and the Security Council's Counter-Terrorism Committee.

EUGENIO CURIA (Argentina) said the conceptualization of economic and financial crimes could be an interesting but difficult subject, since, under the terms of economic and financial crimes, a whole series of crimes could be included that was already covered by the criminal code. Tax evasion, for example, was, in many countries, not an offence, and there were many obstacles in international legal cooperation in dealing with that crime.

As to money-laundering he said that, universally speaking, there was no positive law. However, there were standards, but the legal nature of standards was always subject to question. Perhaps at one point, the gap between standards, which were not binding, to a convention that would turn the standards into international binding law, should be bridged.

He said fragmented efforts had been made by several organizations to address information technology and computer crime, but that, looking at the big picture, there were a lot of gaps. The crimes were linked to economic and financial crimes, but also to crimes against privacy and pornography and such. The time might have come to advance towards some kind of framework under the United Nations regarding those crimes. Although the private sector had never been an ally in the discussion about corruption and organized crime, it could, in this case, become one and could even provide funding.

BRONWYN SOMERVILLE of the Asia Pacific Group on Money Laundering said the focus of the Group was to assist members in implementing international standards to combat money-laundering and terrorist financing, including the implementation of all relevant United Nations conventions. She had noted the emphasis of the Congress on the huge implementation task regarding existing mechanisms. She had also noted the need for resources, including human expertise to implement existing instruments. Such resources were very limited in the region, however, despite generous donor support. She had also noted the concern that a new convention might erode existing standards and efforts. Her organization would like to be made aware of the potential impacts of a new convention before an irreversible decision was made in that regard.

#### Non-Governmental Organizations

MAKOTO KONDO of the Japan Federation of Bar Associations said that one traditional way of controlling money-laundering was requiring financial institutions to report suspicious transactions. In recent years, there had been efforts to extend that obligation to lawyers, accountants and other professionals, the so-called “gatekeeper” issue. With the task of protecting the legitimate interests of their private individual clients, lawyers played a vital role in maintaining the rule of law and creating a democratic society. Legislation that imposed upon lawyers the obligation to report suspicious transactions was very dangerous, as it lessened lawyer’s independence from government influence, damaged attorney-client trust and kept lawyers from discharging their duties and responsibilities.

Gatekeeper legislation, requiring lawyers to report “suspicious transactions” presented many problems, he added. There were serious doubts about the extent to which money-laundering could be controlled by requiring lawyers to report such transactions, as financial transactions used for money-laundering could be done without lawyers. If lawyers cooperated in money-laundering, they themselves could be punished as accomplices in the crime. Keeping lawyers free from government influence and allowing clients to confer with lawyers without concern were essential to upholding the rule of law and to creating a democratic society.

M.S.M. NIZAM, representative of Asia Crime Prevention Foundation, Sri Lanka, addressed the matter of extradition and proposed that foreigners who had committed a crime in one country should be extradited to and brought to trial in their own country.