The Federal Board of Revenue (FBR) is facing problems in prosecuting money laundering cases under Anti-Money Laundering (AML) Act 2010 as tribunals are not aware of the AML Act, 2010. Sources told Business Recorder here on Wednesday that the issue of money laundering was discussed during the 13th meeting of the General Committee (GC) on Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFD) held at Finance Division, Islamabad under the Chair of Finance Secretary.

Director General Intelligence and Investigation Inland Revenue (IR) informed that on Financial Monitoring Unit (FMU) referrals FBR registered 6 cases of money laundering at Karachi & Lahore. He mentioned that on the FMU suspicious report, a recovery of Rs 6.5 billion has been made in a tax evasion case, He however, shared problems in prosecuting money laundering cases under AML Act, 2010 as tribunals are not aware of the AML Act, 2010. He underscored need for capacity building of judges in AML/CFT area. Representative of M/o Law & Justice informed that letters to High Courts and Supreme Court have been issued regarding capacity building in the area of money laundering. Finance Secretary advised Law Division to arrange courses in the Judicial Academies on AML/CFT which was assured.

Giving background of the issue, the D.G (FMU) informed GC that Pakistan had submitted two progress reports to APG. One on the key outstanding items of the previous Mutual Evaluation Report (MER-2009); and other on implementation of UNSCR 1267 with respect to three designated entities of concern viz. Lashkar-e-Tayyaba (LeT), Jammat-ud-Dawa(JuD) and Fillah-e-Insaniat Foundation (FiF).

The DG (FMU) told that MER-2009 outstanding items include enactment of Mutual Legal Assistance law and issuance of Freezing & Seizure Rules under Anti-Terrorism Act, 1997. The representative of Mol informed that the proposed law would shortly be submitted for the approval of the Cabinet whereas the notification for Freezing & Seizure Rules would be finalized.

Finance Secretary advised the representatives of Ministry of Interior to expedite the process for enactment of Mutual Legal Assistance Bill and ensure issuance of notification for Freezing & Seizure Rules under Anti Terrorism Act, 1997.

The DG (FMU) informed that on Pakistan's report regarding implementation of UNSCR 1267 with respect to above named entities, APG carried out the analysis and highlighted that Pakistan has taken some additional legal measures under ATA, 1997. However JuD and FiF still receive and disburse funds despite UNSCR 1267 sanctions. Media reports also show that FiF is openly soliciting funds, providing humanitarian services including ambulances services. Thus no enforcement action has been taken in relation to UNSC Act and related SROs issued by Government of Pakistan. The APG analysis report would be discussed in next FATF plenary to be held from 29 October - 03 November, 2017. The FATF might take adverse action by placing in grey list (list of high-risk countries) for want of implementation against UNSC designated entities (JuD and FiF). Such action would harm Pakistan's economic interests.
NACTA representative updated that JuD & FiF's placement on watch list has been extended for another six months while their members are already on the Fourth Schedule of ATA. The D.G (FMU) apprised that the steps so far taken by the Government under UNSC Act, 1948 and ATA, 1997 against these entities were not considered sufficient by APG. The Secretary, NSD enquired about the precise measures expected from Pakistan by APG/FATF. The DG (FMU) referred to a set of proposals earlier discussed at various high-level forums to address the concerns raised by APG/FATF ie Financial Action Task Force.

The D.G(UN), MoFA underscored the need for taking concrete actions against these entities by curtailing their operational space and restricting fund-raising activities through collection of animals’ hides.

The DG (UN), MoFA also invited attention of participants towards the newly adopted UNSC Resolution - 2368 that reiterates compliance of FATF standards particularly the targeted financial sanctions with regard to designated entities which have significant bearing on Pakistan, in case of non-compliance, Security Council may suggest action including possible sanctions against Pakistan. The representatives of the intelligence agencies speaking on the matter, assured to take appropriate action against the listed entities in the best interest of the country.

It has been decided that the M/o Interior taking lead to address APG concerns as mentioned in its report, may convene an immediate meeting in coordination with M/o Foreign Affairs, Finance Division, National Security Division, Provincial governments, Law Enforcement Agencies and other stakeholders. The D.G (FMU) apprised that the APG’s (The Asia/Pacific Group on Money Laundering) periodic Mutual Evaluation (ME) of Pakistan's AML/CFT regime would commence in March 2018 that includes a desk-based review and on-site visit by APG team. He added that the Evaluation would assess the technical compliance of FATF’s 40 Recommendations and effectiveness of the AML/CFT regime. For ME preparation a working group comprising of all stakeholders has been formed. A questionnaire prepared on FATF recommendations has been shared with all stakeholders for response by so" August 2017. The DG (FMU) apprised that the working group would also suggest reforms in the AML/CFT regime to address the gaps before start of ME.

The Deputy Governor State Bank of Pakistan (SBP) suggested to bring Designated Non Financial Businesses and Professions under AML/CFT regime, preparation of comprehensive response on the questionnaire circulated by FMU and review on the questionnaire response by an independent group to identify and address shortcomings. He stressed maintenance of statistics by all the stakeholders on money laundering and terrorist financing cases to demonstrate effectiveness. He also suggested to revise NRA report. The D.G National Accountability Bureau (NAB) showed satisfaction on the capacity building of NAB's prosecutors and judges of Accountability Courts in AML/CFT cases.

The representative of Federal Investigation Agency (FIA) emphasized the need for further elaboration of the "Effectiveness" component of the evaluation methodology and requested the SBP to arrange a presentation for stakeholders. In response, the Deputy Governor SBP agreed to nominate Amjad Iqbal for a presentation in the next working group meeting.
The Joint Secretary (IF), Finance Division updated that a meeting of Mutual Evaluation Steering Group has been convened soon after the GC meeting wherein work relating to NRA Action Plan, AML/CFT Strategy and allied issues would be discussed.

It was decided that the Working Group should prepare comprehensive response to the Technical Compliance questionnaire and identify the gaps for further action and finalize NRA action plan and National AML/CFT strategy in a stipulated time frame and a checklist of actions to be taken before upcoming FATF plenary and Mutual Evaluation, 2018 be prepared and included in the minutes. The D. G (FMU) shared the annual performance report of FMU for the year 2016 highlighting the FMU's role in generating financial intelligence for investigation of LEAs & Regulators. Based on intelligence shared by FMU a number of cases under AML Act, 2010 and under relevant agencies laws were registered which are at different stages of investigation and prosecution. Further FMU had arranged capacity building programs for the stakeholders besides assisting them in conducting their own training programs. General Committee was empowered under Section 5(7)(db) of AML Act, 2010 to approve service related matters of FMU employees.

The D.G(FMU) shared that various policies, Procedures, employees' benefits and other proposals concerning FMU employees had been prepared in terms of FMU's Staff Service Regulations, 2016 and forwarded to the Finance Division for consideration by the General Committee. FMU proposed following issues for consideration of GC: Currently there are two posts of Legal Experts on the sanctioned strength of FMU. The said posts could not be filled in as there is no upward promotion. Hence for better service prospects, the posts need to be redesignated so that the incumbents could find their career progression. The gross daily allowance approved in the FMU regulations is far below from the government servants and needs to be enhanced reasonably.

In the FMU regulations, the process of initiation, signing and counter signing of FMU employees Personal Evaluation Reports has been laid. However a format of Decisions PERs is required to be made. FMU has suggested a format of government officers with certain modifications as per its requirements.

The General Committee has approved change in the nomenclature of posts of Legal Expert as Additional Director; increase in the Gross Daily Allowance (GDA) by 50% and formats for performance evaluation of employees of FMU.

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