

Financial Action Task Force Cancels Moscow Summit

By [The Moscow Times](#)

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An international organization that sets standards for how countries combat money laundering said it has decided not to hold a planned meeting in Moscow next month due to the continuing Ukraine crisis.

A summit meeting of the Paris-based Financial Action Task Force, or FATF, was to be held in Moscow in June, in part because the group's current head is Vladimir Nechaev, chief of Russia's anti-money laundering agency.

However, on Sunday, national anti-money laundering agencies belonging to FATF received a notice from the group saying the meeting would be held in Paris instead.

"It became apparent that it would be difficult to ensure full attendance of FATF delegations at the scheduled plenary in Moscow but there was widespread support for the work of the FATF to continue uninterrupted," the announcement said.

The meeting will now take place during the week of June 22 to 27 at the Paris conference center of the Organization for Economic Cooperation and Development, the announcement added.

Sources in both the U.S. and European governments said pressure to cancel the Moscow meeting or move it had been building since civil unrest erupted in Ukraine earlier this year and Russian forces took control of the Crimea region. The officials declined to speak about the matter on the record.

"The simple truth is that it will not be business as usual so long as [Russian President Vladimir] Putin continues to destabilize Ukraine and pose a threat to other nations in the region," a senior U.S. official said on Monday.

Russian leaders have said their goal is to protect the rights of Russian-speaking minorities in Ukraine, which they assert are under threat from an illegitimate interim government in Kiev that is backed by the United States and European Union.

FATF headquarters in Paris had no immediate comment on why plans to hold the meeting in Moscow had been changed.

FATF brings together chiefs of anti-money laundering agencies, known as "financial intelligence units," from around the world, and conducts reviews assessing the strength of various countries' efforts to crack down on illicit financial activities.

The decision to move the meeting out of Moscow could be a blow to efforts by the United States and other nations to prod Russia to improve its controls on money laundering.

A former senior U.S. financial investigator, speaking on condition of anonymity, expressed dismay at the development, saying FATF members believe Russia's Nechaev had greatly improved his country's anti-money laundering efforts. The Moscow meeting was regarded by some officials as an acknowledgement of these improvements.

Elegant Solution

A spokeswoman from the U.S. Treasury, which represents the United States at the meetings, declined to comment on its relocation.

The White House has been urging U.S. corporate executives not to attend another meeting in Russia, the St. Petersburg International Economic Forum. The forum, which runs May 22 to 24, is Russia's main annual economic conference and is used to attract new investors into the country.

The chief executive of Alcoa Inc canceled plans to attend the St. Petersburg meetings, the U.S. aluminum producer said in a statement on Thursday.

Law enforcement experts say that under prodding by FATF, some jurisdictions once known as notorious havens for tax evaders and money launderers, such as Liechtenstein and various offshore islands, had radically tightened their laws and enforcement mechanisms.

The U.S. government's financial intelligence unit is a U.S. Treasury office called the Financial

Crimes Enforcement Network, or FinCEN.

It and other financial intelligence units police the financial world by requiring financial institutions to routinely notify them of relatively large, or potentially otherwise suspicious, transactions.

Moving the meeting out of Russia "is the most elegant solution for the FATF — when traveling to Moscow for an international meeting was unacceptable, while needing to preserve the technocratic posture and work of the anti-money laundering community," said former senior Treasury and White House official Juan Zarate.

A 2008 FATF assessment found that Russia, while mostly in line with the group's standards, needed to increase the number of investigations and prosecutions for money laundering and terrorism financing, and give supervisory authorities more power to place sanctions on people who do not comply.

For example, at the time Russia did not prohibit criminal ownership of financial institutions. Russia also needed to be more transparent about who had a controlling interest in companies and banks, and not allow people to open bank accounts anonymously or with made-up names, the assessment found.

But in October, FATF determined that Russia had done enough to improve its deficiencies, and regular follow-up was no longer required.

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