

Resolution No AGN/60/RES/4

Measures to deal firmly and effectively with the 'System of illegal international financial transactions: underground and parallel banking'.

BEARING IN MIND Resolution No. AGN/58/RES/9 (abrogated by AGN/64/RES/8) on the 'System of illegal international financial transactions',

CONSIDERING the in-depth study on this subject by the General Secretariat and also the deliberations of the Working Group Meeting on this subject held at the General Secretariat on 13th and 14th March 1991,

NOTING that a wide range of issues outlined in General Secretariat Report No.14 were discussed by the working Group,

FURTHER NOTING that the Working Group also deliberated upon the problems of international co-operation based upon the requirements of 'dual criminality' provisions,

AWARE ALSO that the Working Group stated that countries could consider incorporating the 'dual criminality waiver' in their bilateral or multilateral treaties, agreements or arrangements in order to extend co-operation in cases of exchange control violations,

RECOGNIZING ALSO that the Working Group identified areas where cooperation at the international level was possible namely:

- i. differentials in exchange rates which are one of the contributing factors leading to the use of underground bankers for remittances; by improving the legal banking services it is possible to eliminate the use of underground bankers,
- ii. invoice manipulations which generate large funds to facilitate compensatory payments through underground bankers and are also linked with smuggling,
- iii. fiscal legislation which can be an effective tool to deal with the underground bankers,
- iv. the laundering or transmission through underground bankers of funds derived from crime,
- v. a concerted approach to attack the linkages of the system as outlined in Chapter XII of Report No. 14 submitted by the General Secretariat, which would be one of the most effective ways to counter the system of underground banking,

CONSIDERING the recommendations made by the Working Group Meeting on this subject,

RECOGNIZING that there exists in the international arena an urgent need to

improve practices in combating the growth of international economic crime,

FURTHER RECOGNIZING with approval the work already done by Interpol and other Organizations in combating international financial crime including the Working Group on Nigerian Oil Frauds (5th and 6th February 1991); the study on parallel banking; the FOPAC Working Group Meeting on Systems of Illegal International Financial Transactions (13th and 14th March 1991); the 2nd International Meeting on Assets Derived from crime (24th to 26th June 1991); the 4th meeting of the working Group to Improve Co-operation between Law Enforcement and the banking Community (10th and 11th September 1991) and the European Fraud symposium (12th and 13th September 1991),

ACKNOWLEDGING that the delegates to the 60th Session of the General Assembly identified a number of areas of major importance,

The ICPO-Interpol General assembly meeting In Punta del Este, from 4th to 8th November 1991 at its 60th session:

RECOMMENDS THAT:

1. Banks in countries where remittances originate should be encouraged to make their remittance procedures as simple and attractive as possible to the senders of funds;

Banks in receiving countries should work towards improving their communication facilities in order to speed up the arrival of funds at their final destination;

2. The Customs Co-operation Council and Interpol draw the attention of their Members to the problem of underground banking and seek to stimulate a supply of intelligence to support investigation activity;

For the Customs Co-operation Council, member customs services should be asked to report cases of false declarations of value at the import/export stage, of bogus imports/exports and of smuggling (especially of precious stones and metals) where the possible use of an underground banking system is suspected;

The Customs Co-operation Council and Interpol should consider establishing a system whereby information would be exchanged, so as to provide Customs and Police services with complementary intelligence to permit them to investigate possible offences within their respective legal competences; in the case of Interpol, such exchanges will take place with the consent of the NCB from which the information originated;

The expertise of Customs and Police services in conducting financial investigations into business operations should be utilized to the full in obtaining information on possible underground banking operations;

3. The police services of the Member States:
 - a. Make efforts to become more aware of the fiscal legislation implications of Information they hold;

- b. Consider ways of transmitting that information to fiscal authorities in accordance with their national legislation, so that the fiscal authorities of the relevant States will be better informed and, thereby, more efficient;
4. NCBs should examine the extent of 'underground banking' in relation to the laundering or transmission of funds derived from or related to criminal offences;

NCBs should further develop agreements or arrangements for exchanging information on 'underground bankers' known or suspected of transferring or laundering assets derived from, or used in connection with, criminal offences;

5. That NCBs study and thereafter report to the ICPO-Interpol General Secretariat on the extent to which underground or parallel banking systems are directly or indirectly addressed in their existing legislative and administrative arrangements and, in the light of Chapter XII of Report No. 14, consider the adequacy of the current position.

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6. The police services of the Member States:
 - a. Make efforts to become more aware of the fiscal legislation implications of Information they hold;
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laundering assets derived from, or used in connection with, criminal offences;

8. That NCBs study and thereafter report to the ICPO-Interpol General Secretariat on the extent to which underground or parallel banking systems are directly or indirectly addressed in their existing legislative and administrative arrangements and, in the light of Chapter XII of Report No. 14, consider the adequacy of the current position.
9. Each member country researches such important areas of international economic crime with a view to placing them on the agenda for discussion at the 1992 Symposium on international fraud in order to make clear recommendations to address the problems arising from such crimes.
10. An ad hoc Committee also carry out research into ongoing matters of concern as expressed by the Delegates during the Committee's meeting, and submit to the next General Assembly session a new draft resolution more accurately reflecting the concerns expressed.