



MOLI-UA-2

Follow-up Project against Money Laundering and Terrorist Financing in Ukraine

Funded by the European Union and Implemented by the Council of Europe



Monthly Report

October 2008

1. **On 30 September 2008, the Follow-up training for judges-trainers** started in Donetsk. The whole activity provided for a series of trainings (the first took place in June 2008 in Kiev), which was followed will be held on 2 October in Lviv) for the judges-trainers organised by the MOLI-UA-2 Project and the Academy of Judges.

The activity was aimed at providing the participants – judges from Courts of Appeals from all over Ukraine dealing with cases related to ML/TF with the knowledge of the international AML/CTF standards as well as demonstrate court practices and experience from Europe, but also train them as trainers (training for trainers activity) in the sphere of AML/CTF.

During the training the participants asked a lot of questions re legal AML problems and issues and discussed the Article 209 of the Criminal Code of Ukraine; they also tried to compare different legislative systems as presented by the speakers. Number of participants in each city – about 35.

2. **On 3rd of October the Regional training on the issues of counteraction to money laundering and terrorist financing for LEA/SCFM took place in Lvov.** The training was organised by the Regional office of the SCFM and the Regional Office of the SCFM TC with the support of Moli-UA 2 Project Team and took place in the premises of the regional office and in Dnister hotel, Lviv. The activity was aimed at 1) getting to know local problems/specifics related to the issues of counteraction of money laundering/terrorist financing; 2) making the Project and its activities visible in that part of Ukraine as well as 3) providing the participants with the knowledge of the international AML/CTF standards and AML systems in Europe (e.g. Poland and Belgium). The following issues were dwelt on 1) Presentation re co-operation between the Belgian FIU and LEA, with the special focus on prosecution service on central and local level, customs and tax; 2) Combating ML in Poland court practice; 3) International legal standards of combating ML/TF. Essence of the problem and historical background. Legal bases for AML in Sweden. Number of participants – about 100 people, representatives of law enforcement institutions involved in AML in the region. The activity can be regarded as successful as the Project team and the local players had an opportunity to discuss important matters re AML approaches, common points and possible ways of cooperation between different LEA and also judges, with regard to local peculiarities. As for the participants from the region they expressed their satisfaction with the organisation of the seminar and the topics brought forwards.

3. **The seminar for financial regulators and banking sector on 9 October 2008** was organised by the Ukrainian Academy of Banking of the National Bank of Ukraine with the support of Moli-UA 2 Project Team and took place in the premises of the Ukrainian Academy of Banking, Sumy, Ukraine. The activity was aimed at providing the participants with the knowledge of the international AML/CTF standards and experience of the European countries in this area as well as ways of prevention of the use of the banking system for ML. The Project provided the speaker on the issues of international standards, and experience of the European countries, risk assessment of using banks for money laundering (RBA) and terrorist financing and AML/CTF requirements for non-banking institutions (casinos, gambling sector, wire transfer institutions like Western Union, Moneygram) based on II and III AML Directive and FATF recommendations. Number of participants – 31 people.

4. **On 14 October the training seminar for financial regulators** was organised by the Training Centre of the SCFM of Ukraine with the support of Moli-UA 2 Project Team and took place in the premises of the State Committee for Financial Monitoring of Ukraine, Kiev. The activity was aimed at providing the participants – mainly representatives of the regional offices of the SEC and FSC with the knowledge of the international

AML/CTF standards and sharing with them best practices in the sphere (e.g. from Poland), AML approaches which are applied in the work of a large European bank and insurance company.

The seminar was devoted to the following issues 1) Prevention of and combating ML operations in banks, insurance companies and securities market. Case studies - examples of effective co-operation between financial institutions and LEA (FIU, prosecution service); 2) Role of the Financial Market Supervision in the state AML/CTF system with special focus on non-banking institutions (securities traders and market, insurance companies) on the basis of the role of Polish Commission of Financial Supervision and other EU examples; 3) New obligations for financial institutions connected with implementation of the III EU AML Directive. Number of participants – 52 people.

After a series of the seminars held in the INTC it is possible to state that INTC is ready now for the organization seminars for different types of the participants.

5. On 14 October the training seminar for financial regulators was organised by the Training Centre of the SCFM of Ukraine with the support of Moli-UA 2 Project Team and took place in the premises of the State Committee for Financial Monitoring of Ukraine, Kiev. The activity was aimed at providing the participants – mainly representatives of the regional offices of the SEC and FSC with the knowledge of the international AML/CTF standards and sharing with them best practices in the sphere (e.g. from Poland), AML approaches which are applied in the work of a large European bank and insurance company.

The seminar was devoted to the following issues 1) Prevention of and combating ML operations in banks, insurance companies and securities market. Case studies - examples of effective co-operation between financial institutions and LEA (FIU, prosecution service); 2) Role of the Financial Market Supervision in the state AML/CTF system with special focus on non-banking institutions (securities traders and market, insurance companies) on the basis of the role of Polish Commission of Financial Supervision and other EU examples; 3) New obligations for financial institutions connected with implementation of the III EU AML Directive. Number of participants – 52 people.

After a series of the seminars held in the INTC it is possible to state that INTC is ready now for the organization seminars for different types of the participants.

The seminar for financial regulators and banking sector on 23-24 October 2008 was organised by the Ukrainian University of Banking of the National Bank of Ukraine with the support of MOLI-UA 2 Project Team and took place in the premises of the Ukrainian University of Banking, Kiev, Ukraine. As the previous, the activity was aimed at providing the participants with the knowledge of the international AML/CTF standards and experience of the European countries in this area as well as ways of prevention of the use of the banking system for ML as well as other issues mentioned above (pls see the previous event). More sessions were added to highlight such issues as the AML regulations for non-financial regulations and the ACAMS exams qualifying for the title of Certified Anti Money Laundering Specialist. This last presentation was lectured on request of the management of the banking University. Number of participants – about 50.

Both activities were organized with the co-operation and significant help of NBU which is the continuation of the seminar held in April 2008. The University in Kiev is very interested to organise a joint training/conference with the MOLI Project early coming year, which is still to be discussed with the NBU leadership and planned thoroughly

Abbreviated info re. MOLI-UA2 contracts status

i2 - Real-Systems contract DGHL [575]2007

“Procurement of the i2 software for SCFM”. Total amount is 77883,60 EUR.

Completed

Books - "Taki Spravy" contract HL/C547/2007 contract “Publication of handbook *Countering the legalization of proceeds from crime and the terrorist financing* for the SCFM” Total amount is 20 760,86 EUR (ex 7,81 means 162 264,49UAH) The price of one book is 4,15EUR (ex 7,81 means 32,453UAH). **Completed**

Server rooms air-condition - Kseropoligraf contract DG HL /602/2007

“Supply, delivery and installation of air-conditioning devices in server compartments of 18 regional offices of SCFM.” Total amount is 42 930,00 EUR. **Completed**

Furniture - Galkon contract DG HL /64/ 2007

“Supply, delivery and installation of furniture to the International and National AML/CTF Training Centre, Ukraine” Total amount in UAH is 238 362,30 (ex.7,41 means 32 167,65 EUR).

INTC Lviv **Completed**

INTC Kharkiv **Completed**

INTC Symferopil **Task is in progress.**

Hardware and Software LOT-1 - RGdata

Contract DG HL /513/2007 “Purchase of IT network equipment and software“. The total amount for LOT1 is 224'648,20 EUR.

Contract signed by both sides. **Task is in progress.**

Hardware and Software LOT-2 – Kvazar

The total amount for LOT 2 will be about 510 000,00 EUR . Task was divided for two parts:

Hardware and Software LOT-2 part 1 – Kvazar for SCFM

contract DG HL /649/2008 “Purchasing of IT network equipment and software”

The total amount is 297'898,70EUR. Contract signed by sides 2.10.2008. Pdf copy sent to SCFM.

The advance payment is on the way. **Task is in progress.**

Hardware and Software LOT-2 part 2 – Kvazar for INTC

contract DG HL /648/2008 “Purchasing of IT network equipment and software”

The total amount is 106'645,00. Contract was signed by both sides. **Task is in progress.**

Visual Analytics & Microstrategy for SCFM - RGdata

contract DG-HL/ 513 /2008 “of software for the Unified Information System”. The total amount is 292'757,00 EUR.

Contract signed by both sides. **Task is in progress.**

Furniture for regional subdivisions of SCFM

Total cost: 31'000,00 UAH

The final draft of the contract is under preparation. **Task is in progress.**

Access control systems

Total cost: 48 000 EUR

The final draft of the contract is under preparation. **Task is in progress.**

Conditioners for regional subdivisions of SCFM

MOLI-UA2 are waiting for the as minimum 3 offers with SCFM recommendation and justification, made on the base of technical requirements.

Repair works of 6 regional subdivisions of SCFM Lot1

Total cost: 364 520,40 UAH / 7,4 UAH/EUR = 49 259 EUR. All contracts ready.

№	The SCFM regional offices	Premises renovation cost
---	---------------------------	--------------------------

		UAH	EUR
1	Kirovohrad regional office	95475	12832,66
2	Zaporizhzhya regional office	68872	9257
3	Chernigiv regional office	58728	7893,55
4	Lviv regional office	295522	39720,7
5	Ivano-Frankivsk regional office	21801	2930,24
6	Chernivtsi regional office	17659,68	2373,6
Total		558057,68	75007,75

1. Regional Office of the State Committee for Financial Monitoring of Ukraine in Kirovohrad region

73, Pokrovska str., Kirovohrad, **Task is in progress.**

Status: contract DG HL /671/2008 signed by Construction Company and sent to SCFM

2. Regional Office of the State Committee for Financial Monitoring of Ukraine in Zaporizhzhya region office
103, Lenin boulevard, 75, Zaporizhzhya, **Task is in progress.**

Status: contract DG HL /672/2008 signed by Construction Company and sent to SCFM

3. Regional Office of the State Committee for Financial Monitoring of Ukraine in Chernihiv region 20, Myru boulevard, Chernihiv, **Task is in progress.**

Status: contract DGHL/790/2008 was sent to construction company

4. Regional Office of the State Committee for Financial Monitoring of Ukraine in Lviv region; 3, Pidvalna str., Lviv, **Task is in progress.**

Status: contract DGHL/789/2008 was sent to construction company.

5. Regional Office Office of the State Committee for Financial Monitoring of Ukraine in Ivano-Frankivsk region;
14, Dnistrovska str., Ivano-Frankivsk, **Task is in progress.**

Status: contract DGHL/792/2008 was sent to construction company

6. Regional Office of the State Committee for Financial Monitoring of Ukraine in Chernivtsi region;
2,O.Kobylyanskoyi str., Chernivtsi, **Task is in progress.**

Status: contract DGHL/791/2008 was sent to construction company

Repair works of 6 regional subdivisions of SCFM Lot2

№	The SCFM regional offices	Premises renovation cost	
		UAH	EUR
1	Zakarpattya regional office	9752	1289.95
2	Mykolayiv regional office	25600	3386.24
3	Luhansk regional office	26557	3512.83
4	Rivne regional office	35244	4661.9
5	Kherson regional office	10662.17	1410.34
6	Khmelnyskyi regional office	45742	6050.53
Total		153557.17	20311.79

Contracts are under preparation.

Repair works of regional subdivisions of SCFM Lot 3 (the last one)

The project is waiting for the final decision of the SCFM re costs those repair works.

Library of INTC - bookshelves

The project is waiting for the final decision of the SCFM re location of the library. **Task is in progress**

Library of INTC – books

Contract is under preparation. **Task is in progress.**

Ministry of Internal Affairs

Procurement procedures were initiated. **Task is in progress.**

State Commission of Securities and Stock Market

Project is waiting for the corrected version of the technical specification.

Reserve data base for the SCFM in Zytomir

Project is waiting for the clarifications regarding the final structure, location and technical equipment needed for the creation of the RDB in Zytomir.

Jaroslav Zoltowski