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MONEYVAL publishes its 3rd Round Evaluation Report on Armenia

Strasbourg, 11.01.2010 – The Council of Europe’s MONEYVAL Committee (Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism) today published its third round Evaluation report on Armenia.

The report analyses the implementation of international and European standards to combat money laundering and terrorist financing, assesses levels of compliance with the Financial Action Task Force (FATF) 40+9 Recommendations and includes a recommended action plan to improve the anti-money laundering (AML) and combating the financing of terrorism (CFT) system of Armenia.

The main findings of the evaluation report are:

- Armenia has made considerable improvements in its AML/CFT framework in a relatively short timeframe, particularly by replacing the first AML/CFT law enacted in 2005 with a more comprehensive law in 2008. The new law still needs to be implemented effectively, especially by designated non-financial businesses and professions (DNFBPs).
- The Financial Intelligence Unit - the Financial Monitoring Centre (FMC) - which is established within the Central Bank of Armenia is knowledgeable and active, but is understaffed.
- The Armenian AML/CFT preventive measures for financial institutions operating in the financial system are comprehensive, provide for risk-based elements, and are relatively close to the FATF Recommendations. Implementation of the preventive measures by financial institutions is slightly more advanced in the banking sector but less so in other sectors (securities, insurance, foreign exchange offices and money remitters).
- Armenia’s criminal provisions for money laundering are basically sound and address many criteria under the FATF standards though legal persons are not subject to criminal liability under Armenian law. Although there are some convictions, it has not yet been ascertained through a court judgment that money laundering can be prosecuted as an autonomous offence and in the absence of a conviction for the predicate offence.
- The criminal provisions relating to terrorism financing are broadly in line with the international standards but further amendments are necessary, particularly to cover the financing of individual terrorists and terrorist organisations without an intention or knowledge that the funds will be used in the commission of a specific act of terrorism.
- The provisions relating to the confiscation of property involved in the commission of money laundering, terrorism financing and predicate offences meet several, though not all, criteria of the international standards. Most notably, confiscation is not available for

all FATF designated predicate offences. Armenia should also review the freezing mechanisms in place to implement obligations under UNSCR 1267 and UNSCR 1373.

- All designated non-financial businesses and professions, as described in the FATF definition, are encompassed within the AML/CFT Law but the legal regime for DNFBPs is not as comprehensive as for financial institutions. Implementation of preventive measures by DNFBPs is inadequate across the sector. No DNFBP has yet filed a suspicious transaction report. The supervisory and regulatory regime for DNFBPs also needs developing.
- Significant improvements in the national co-operation framework and practices have taken place over the past few years with the establishment of a national body with a wide mandate in relation to financial crime.
- The legal framework for mutual legal assistance and extradition is sound. The provisions of mutual legal assistance are not subject to any unreasonable or unduly restrictive conditions.
- More accurate statistics need to be maintained across all sectors to assist the meaningful assessment of the effectiveness of AML/CFT measures.

The report was prepared by the International Monetary Fund (IMF) under co-operation agreements between IMF and MONEYVAL and it was adopted at MONEYVAL's 30th Plenary meeting (Strasbourg, 21-24 September 2009). MONEYVAL was additionally responsible for evaluation of compliance with the European Union directives, which are part of MONEYVAL's specific mandate.

MONEYVAL will follow up implementation of the recommendations through its progress report procedure, under which MONEYVAL countries are required to update the Committee on action taken on the mutual evaluation report, one year after its adoption.