PARIS DECLARATION AGAINST MONEY LAUNDERING

Final declaration of the Conference of European Union Parliaments against money laundering of 8th February 2002.

PREAMBLE

1. Criminal money laundering and financial crime have been on the constant increase over the last few years exploiting the potentialities given by the globalisation of financial markets; they represent a direct threat to the stability of the global economy and also for the security of our democratic societies.

2. The financing of terrorism uses very different systems and some of these use the legal economy, although it also resorts to the same instruments as all organised crime.

3. Without the global and coordinated action of States, crime prevention and law enforcement services and authorities will not be able to fight efficiently against those they pursue.

4. In the fight against money laundering and the use of the financial system by criminal networks, Europe’s exemplary behaviour must be without fault even if the efficiency of its action also depends on the awareness and support of all developed countries.

5. The persistence of legal mechanisms which lead to impenetrability in financial transactions, the use of “black holes” in the international financial system, and deficiencies in co-operation between European Union member states can no longer be tolerated.

6. The European Union has however not been inactive since it has updated the directive against money laundering and it has constantly worked on strengthening the European police and legal system which lags behind economic and monetary union.

7. The recent political agreement on the European warrant of arrest should also enable greater efficiency in the fight against terrorism and financial crime, provided it is quickly applied.

8. In a wider framework the Financial Action Task Force on Money Laundering has refined its analyses of the phenomenon and has defined criteria enabling non-cooperative countries and territories, and loopholes in the systems of cooperative countries to be identified.

9. Stemming from universal suffrage, the national parliaments must necessarily contribute to directing and stimulating the harmonisation of legislation and the cooperation of European Union Member States in compliance with the provisions of the European Convention for the Protection of Human Rights and Fundamental Freedoms, and differences between national legal systems.

10. Following a debate bringing together many European experts, MP’s and also academics and practitioners, the Conference of European Union Parliaments privileged four working subjects and formulated proposals for concrete measures in an attempt to improve efficiency in the fight against money laundering.

10b. In order to follow up and update the measures which it recommended during its opening meeting, the Conference of European Union Parliaments against money laundering has agreed to meet periodically.

Subject n° 1 : The transparency of capital movements

11. An efficient fight against money laundering and financial crime means being able to reconstruct the history of capital movements. The traceability of transactions and order makers is therefore a priority objective, but it comes up against several obstacles, including:

12. the impenetrability of certain legal entities (trusts, institutions, foundations, limited partnerships) and numbered accounts;

13. objection to investigators with regard to different professional secrets including banking secrecy;

14. the working of certain international financial services (remittance of funds, compensation and interbank transfers) which do not always enable the order maker to be identified.

Proposals:

15. Provide for a systematic report to the financial intelligence unit of transactions carried out using trust or assimilated funds, if the economic beneficiary cannot be identified.

16. Control the form of trusts (standardised documents and ban of “suspect” clauses).

17. Provide for the obligation to register trusts in a central register in addition to the identification of the beneficiaries.

18. Harmonise professional secret release procedures

19. Generalise access to information held by financial agencies for financial intelligence units.

20. Create a central bank account register.

21. Internationally standardise the order maker’s identification in international financial messages (remittance of funds, compensation and interbank transfers).
22. Provide for the identification of financial transaction originators on the Internet by access providers.

**Subject n° 2 : Sanctions against uncooperative countries and territories**

23. The identification of non-cooperative countries and territories in the fight against money laundering falls within the scope of the Financial Action Task Force on Money Laundering (FATF) whose 40 recommendations are the international reference standard. This process must guarantee objective assessment.

24. Determining and applying sanctions depends on the States. A coordinated action by the European Union in this field can only increase the efficiency of these sanctions.

**Proposals :**

25. Strengthen the obligations of financial agencies to identify economic beneficiaries before establishing relations with individuals or entities in these countries and territories.

26. Strengthen reporting mechanisms or provide for a systematic report to the financial intelligence unit of financial transactions with these countries and territories.

27. Strengthen the prudential ratios applicable to financial transactions carried out with these countries and territories.

28. Impose conditions on, restrict, overtax or ban transactions with individuals or entities located in these countries and territories.

29. Ban European Union member country institutions from opening subsidiaries, branches or representative offices in these territories or from holding the accounts of correspondents there.

30. Ban financial institutions whose head office is located in one of these countries or territories from opening subsidiaries, branches or representative offices in the European Union or from holding the accounts of correspondents there.

**Subject n° 3 : Legal, police and administrative cooperation**

31. The fight against money laundering and financial crime necessarily involves cross-border legal, police and administrative cooperation due to the systematic globalisation of this type of crime.

32. Money laundering depends on cross-border economic and financial deals.

33. The Egmont group has laid the foundations for administrative cooperation between financial intelligence units and the setting up of the European Anti-Fraud Office is an initial community response. Nevertheless, police and legal cooperation lags behind somewhat.

34. Several international instances (UN, OECD, Council of Europe, European Union) have proposed States sign conventions aimed at improving this cooperation. Beyond the necessary ratification of these texts, their application, often full of reserves, is not optimal.

35. The European Union has regularly endeavoured to encourage this cooperation. With this in mind, after the creation of Europol which laid the foundations of police cooperation, the European Council’s summit meeting in Tampere namely announced the creation of Eurojust which was confirmed by the European Council’s summit meeting in Nice. Likewise, the recent political agreement on the European warrant of arrest is an important step which must be consolidated over the coming years.

**Proposals :**

36. Develop information exchanges between financial intelligence units.

37. Ratify, apply and strengthen the consistency of international conventions aimed at facilitating legal cooperation and fighting against money laundering and criminal organisations.

38. Harmonise incriminations in terms of financial crime.

39. Introduce the sharing of the burden of proof with regard to the criminal origin of money, in compliance with the European Convention for the Protection of Human Rights and Fundamental Freedoms.

40. Harmonise criminal sanctions namely by favouring the confiscation of revenue from crime and the instrument of money laundering.

41. Mutually recognise decisions to freeze, seize and confiscate illicit assets and provide for a mechanism for sharing between the States confiscated assets stemming from international cooperation.

42. Ensure that the European warrant of arrest is quickly applied, namely in terms of financial crime.

43. Consolidate the operational nature of Eurojust by enabling it, beyond exchanging information, to request national authorities of competent jurisdiction to instigate and enforce action, to assist them within this framework and to coordinate investigations.

**Subject n° 4 : Prudential rules**

44. The world deregulation of capital markets has complicated the prevention of money laundering and financial crime, namely due to the acceleration and the growth in international financial flows that is has generated. The sophistication of techniques and trades which has accompanied financial globalisation needs the reinforcement of capital-adequacy standards and ethical obligations of markets.
45. This widening of controls and financial regulations should include all providers of financial and legal services, and also international networks, whether traditional and informal ("Hawala" type) or, on the contrary, very well integrated in the international capital markets (remittance of funds, compensation and interbank transfers).

**Proposals:**

46. Restrict cash payments beyond a given amount.

47. Provide for the compulsory licensing by the financial services regulatory authority of:

48. agents belonging to a cash or security transfer network, including traditional, informal and parallel networks;

49. company formation agents;

50. foreign exchange offices;

51. active financial intermediary dealers on the Internet.

52. Strengthen prudential rules and, as necessary on an international level, the regulation of the activities of clearing companies, and fund and security payment-delivery companies.

53. Match the evident breach of their obligations to supervise the professions subject to them with criminal sanctions.