

# **Al Mnara**

The Lighthouse

**The Anti-Financial  
Crime Newsletter  
of the UAE**

Issue 3 – September 2021





# FOREWORD WELCOME

It is my pleasure to introduce the third issue of the UAE's financial crime compliance newsletter – Al Mnara: The Lighthouse. As the Chair of the Higher Committee Overseeing the National Strategy on Anti-Money Laundering and the Counter-Financing of Terrorism (AML/CFT), I am delighted for each issue to be dedicated to the latest results of our work to improve the UAE's AML/CFT controls framework.

Underpinning our progress, the UAE's determination to curtail financial crime is steadfast. In spite of the challenges of the past year, we are continuing to take action thanks to the tireless work of all of our competent authorities, including the Ministry of Foreign Affairs and International Cooperation (MoFAIC), as well as the invaluable efforts of the UAE's private sector. I would also like to thank all of our international partners and domestic entities for their respective contributions in enabling the UAE to build a safe, stable, and growing economy that effectively manages the risks of money laundering, terrorist financing, and other forms of financial crime.

I am proud of the progress that the UAE has achieved to date. From our law enforcement agencies to the supervisory authorities, judiciary, cabinet ministries, the Financial Intelligence Unit (FIU), and the Executive Office for AML/CFT, the UAE is working tirelessly to strengthen its defenses against financial crime. Collectively, our approach reflects the fact that the transnational nature of financial crime requires the coordinated implementation of both global and local solutions, many of which are discussed in this issue. As we continue to move forward, international standards in key areas such as supervision, international cooperation, enforcement, and financial investigations are at the core of the UAE's response. Other milestones, such as MENAFATF's recent upgrades of the UAE on multiple FATF Recommendations, stem directly from our efforts to adopt best practices in line with the local risks and mitigants identified our National Risk Assessment and National Action Plan for AML/CFT.

In this context, the interface between our domestic efforts, the priorities of our international counterparts and the wider financial crime compliance landscape globally is a crucial one. It is at this intersection that MoFAIC and the Executive Office for AML/CFT play a central role. In my capacity as the Minister of Foreign Affairs and International Cooperation, I have ensured that technical collaboration with our regional and global partners remains a vital national priority at the top of the agenda of the UAE's diplomatic corps and technical officials. To ensure close collaboration, I am pleased to preside over the work of the UAE's senior expert group, comprised of our high-ranking law enforcement, ministerial and regulatory officials from MoFAIC, the FIU, Central Bank, and other UAE entities, who are taking our technical cooperation between domestic entities and international partners to the next level. On this basis, we look forward to further engaging with our counterparts to share information, address cross-border concerns, discuss new typologies, and learn from the experience of others.

Let me conclude by underscoring that while the UAE has made rapid progress in improving our national framework for AML/CFT in recent years, there is much more that is being done to drive our efforts further. Financial crime is evolving and so too is our understanding of it – and the tools we deploy to confront it. It is only through a coordinated, strategic approach that the UAE, in cooperation with other jurisdictions, can respond to a global threat of this magnitude – and why we must continue to keep the public and our governmental and business communities informed of our efforts and engaged in our common mission.

Sincerely,

**H.H. Sheikh Abdullah bin Zayed Al Nahyan**  
Minister of Foreign Affairs and International Cooperation of the United Arab Emirates  
Chair of the Higher Committee Overseeing the National Strategy on AML/CFT

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# OVERVIEW OF RECENT INITIATIVES INTERNATIONAL COOPERATION

In the months since the last edition of Al Mnara, the UAE has continued its work on the international stage to combat money laundering and the financing of terrorism. The UAE's ongoing collaboration with stakeholders across the world has taken many forms and has resulted in continued progress in several aspects of the UAE's approach to AML/CFT.

As one of the UAE's most prominent partners in international AML/CFT initiatives, joint activity with the European Union (EU) has been at the forefront of the UAE's initiatives. In recent months, officials from the UAE, led by the Ministry of Foreign Affairs and International Cooperation (MoFAIC), held a series of virtual workshops with EU officials on the methodologies used to disrupt financial crime, including discussing the importance of a multi-agency approach to parallel investigations. Key law enforcement entities across the UAE benefited from the skills and knowledge exchange, including the Ministry of Interior (MoI) and the Public Prosecution (PP). The workshops focused on building a standardized and comprehensive understanding of criminality and the individuals involved in organized crime across the country, in addition to the interconnectedness of international organized criminal networks.

The third session of the EU-UAE Structural Dialogue also took place later in July. The meeting was



I find it remarkable how this Dialogue has evolved over only one year – our first session was last July – to achieve a number of significant tangible outcomes, including the provision of impactful training sessions led by experts from the EU Global Facility.



## **AMNA FIKRI,**

Director of the Economic and Trade Affairs Department, UAE MoFAIC, on the EU-UAE Structural Dialogue sessions

co-chaired by Amna Fikri, Director of the Economic and Trade Affairs Department, MoFAIC; and officials from the EU Commission Directorate-General for Financial Stability, Financial Services, and the Capital Markets Union (DG-FISMA). During the session, the European Union and the UAE engaged in productive discussions on how both jurisdictions are improving their respective AML/CFT frameworks to meet known challenges and risks. Areas of specific discussion included the EU's recent Legislative Package on

Money Laundering and Terrorist Financing, the UAE's efforts and progress on developing an effective AML/CFT framework, the importance of an active and engaged partnership between the public and private sectors, and recent updates to beneficial ownership regulations.

In addition to the European Union, the UAE is engaged with a wide range of partners in every region of the world. As the focal point for the UAE's in-country engagement with key partners overseas, UAE embassies are central to the UAE's efforts in exchanging knowledge and connecting the UAE's technical stakeholders with counterparts globally. Engagement on this level serves to deepen the UAE's existing technical cooperation with all jurisdictions – indeed, there is much the UAE can learn from expanding strategic cooperation on AML/CFT issues and ensuring that the UAE's regulatory, law enforcement, and judicial authorities are constantly engaged in technical discussions to address the global nature of financial crime.

A key part of these efforts is being led by an expert group comprised of senior UAE officials that aim to engage and foster deep levels of bilateral cooperation between their institutions and respective counterparts abroad. Amongst other discussions, a recent delegation headed by H.E. Ahmed Ali Al Sayegh, Minister of State, and H.E. Khaled Mohammed Balama, Governor of the Central Bank of the UAE (CBUAE), visited the Kingdom of Saudi Arabia. This meeting provided an opportunity to exchange expertise, review, and discuss approaches to mitigate regional risks, underscore the importance of adhering to relevant international standards, and foster close cooperation and communication with one of the UAE's key strategic partners.

Similar engagements are taking place with other key jurisdictions, including in North America, Europe, Africa, and Asia. In June, a joint two-week program with a focus on improvement of money laundering identification protocols and prevention of illicit fund flows was completed between the UAE's Executive Office for AML/CFT and Her Majesty's Revenue and Customs (HMRC) from the United Kingdom. In July, the UAE welcomed a delegation from the US Department of the Treasury. During the visit, Mr. Paul Ahern, the head of the delegation and the Acting Assistant Secretary and Principal Deputy Assistant Secretary at the Department of Treasury, undertook several meetings, including with His Highness Sheikh Abdullah

bin Zayed Al Nahyan, Minister of Foreign Affairs and International Cooperation and the Chair of the Higher Committee Overseeing the National Strategy on AML/CFT, His Excellency Ahmed Al Sayegh, Minister of State, Khaled Mohamed Balama Al Tameemi, Governor of the Central Bank, and senior officials from UAE supervisory and regulatory agencies. During these meetings, UAE officials updated the US Treasury delegation on the various initiatives and advancements made by the UAE to improve the effectiveness of its AML/CFT regime, including the establishment of the Executive Office for AML/CFT and the ongoing work of the National Committee for AML/CFT.

The meetings underlined the UAE's eagerness to work closely with other jurisdictions on international AML/CFT issues, including sharing information on typologies of concern, learning from different approaches to AML/CFT and other forms of financial crime, as well as working to improve the skills and capabilities of the UAE's approach to AML/CFT.

Finally, the UAE and key competent entities signed a number of important Memoranda of Understanding (MoUs) and cooperation agreements. The UAE's Financial Intelligence Unit (FIU) signed MoUs with China, Bangladesh, and Somalia to exchange financial information and reinstate efforts to facilitate a robust exchange of AML/CFT knowledge and expertise, raising the total number of MoUs in place between the FIU and its counterparts to more than 50. In particular, with China, the Central Bank of the UAE noted that the FIU and the China AML Monitoring and Analysis Centre (CAMLMAC) will exchange information on investigations concerning financial transactions related to money laundering, terrorist financing, as well as the persons or entities involved, in accordance with domestic and international laws and regulations. The UAE also signed or ratified extradition treaties with multiple foreign jurisdictions, including the Netherlands and South Africa. The UAE is actively engaged in discussions with multiple other jurisdictions to finalize similar mutual assistance, law enforcement agreements, and MoUs to enable more effective cooperation. Taken together, this program of commitments and agreements form the underlying structures that enable the UAE to work more effectively with other FIUs, law enforcement, supervisory authorities, and other key stakeholders to have a meaningful impact on global AML/CFT efforts.



These agreements are aimed at preventing crime on the basis of mutual respect for the sovereignty of both countries, strengthening cooperation in combating serious crimes, including organized crime, and ensuring that criminals were not denied justice.

**H.E. MAHASH ALHAMELI,**

UAE Ambassador to South Africa

# DOMESTIC COORDINATION AND LAUNCH OF PPP COMMITTEE

The UAE is continuing its work in tackling domestic financial crime challenges, with strong and concerted efforts from both government and private stakeholders. In recent months, we have devoted significant efforts to private sector outreach for raising awareness and engagement around financial crime and fraud prevention, among other topics. In this respect, working groups have been established to support the implementation of ongoing regulatory enhancements and operational programs, and legislation has been strengthened in several areas.

In May, H.H. Sheikh Abdullah bin Zayed Al Nahyan, Minister of Foreign Affairs and International Cooperation, chaired the meeting of the Higher Committee Overseeing the National Strategy on AML/CFT to discuss the UAE's plan to combat money laundering and terrorist financing. The meeting dealt with the latest developments in the UAE's regulatory and legislative frameworks, as well as an overview of the Executive Office for AML/CFT's efforts as a national coordinator on financial crime and targeted financial sanctions.



We are pleased to see the integration of efforts between the private and public sectors. The meeting held in cooperation with MoFAIC is a key testament that unifying efforts has contributed to raising the UAE's compliance to 'largely compliant' as announced by MENAFATF yesterday. We can continue building on this success through a close partnership between the public and private sectors.



**H.E. KHALED  
MOHAMED BALAMA,**  
Governor of the Central Bank of the UAE

illicit activities, underscoring the Committee's aims to improve the investigation and prosecution of financial crimes, including intelligence sharing and analysis across the UAE private and public sectors.

In June, H.E. Khaled Mohamed Balama, Governor of the Central Bank of the UAE, co-chaired a meeting in the attendance of the CEOs of all onshore financial institutions in the UAE held by MoFAIC along with H.E. Ahmed Ali Al Sayegh, Minister of State. This was complemented by an equivalent event for executives from offshore financial institutions to ensure the harmonized implementation and adoption of regulations throughout the UAE. In August, H.E. Balama also chaired the National Committee on AML/CFT, which amongst other areas released updated procedures for relevant authorities regulating hawaladars.

In line with the UAE's risk profile, public-private engagement was not limited to the financial sector. Additionally, H.E. Ahmed Ali Al Sayegh, Minister of State, alongside H.E. Abdalla Sultan Alfan Al Shamsi, Assistant Undersecretary for Monitoring and Follow Up at the Ministry of Economy (MoE), and Bryan Stirewalt, Chief Executive, Dubai Financial Services Authority (DFSA), brought together executives from Designated Non-Financial Businesses and Professions (DNFBPs) to raise awareness and understanding of AML/CFT risks and their regulation in the UAE. Led by UAE government authorities, more than six hundred stakeholders joined the sessions to increase understanding of key risks in the DNFBP sectors, regulatory and enforcement developments, and the importance of enhanced engagement between the public and private sectors to prevent financial crime. DNFBPs are critical to the UAE's efforts to enhance its AML/CFT framework and act as 'gatekeepers' to prevent financial crime from proliferating in the local and global economy. The events for financial institutions and DNFBPs attracted more than 1,200 participants and focused on practical issues around the implementation of regulations, the adoption of effective compliance

controls, the use of the goAML platform for raising suspicious activity reports/suspicious transaction reports (SARs/STRs) to the UAE's FIU, as well as the consequences of non-compliance through proportionate enforcement action.

From a legislative and regulatory perspective, the UAE also advanced its AML/CFT efforts through the registration of beneficial ownership information in a unified database that will serve as a reference for stakeholders that include security agencies, police, and other enforcement bodies as they investigate financial crime. Through these reforms, the UAE received upgrades on three Financial Action Task Force (FATF) recommendations by the Middle East and North Africa Financial Action Task Force (MENAFATF) in June. These upgrades bring the UAE to a strong level of compliance for 37 of 40 FATF Recommendations.

First, the UAE's rating on FATF Recommendation 6, 'Targeted financial sanctions related to terrorism and terrorist financing,' was upgraded to Compliant, owing to progress made in implementing regulatory guidance on targeted financial sanctions (TFS) for local and United Nations sanctions lists. Second, the rating on FATF Recommendation 7, 'Targeted financial sanctions related to proliferation,' was upgraded to Compliant in light of the UAE's dedicated efforts to mitigate sanctions-related risk as a result of its geography and risk exposures, led by the Executive Office of the Committee for Goods and Materials Subject to Import and Export Control (EO-IEC). And third, the rating on FATF Recommendation 25, 'Transparency of beneficial ownership and legal arrangements,' was upgraded to Largely Compliant as a result of the UAE's development of the National Economic Register and the establishment of a set of harmonized beneficial ownership regulations and practices across the country that require UAE-based legal entities to provide verifiable information on beneficial owners.

Similar reforms continue on all fronts. In July, the CBUAE also issued new guidance on AML/CFT for its regulated entities on the implementation of Targeted Financial Sanctions (TFS). The guidance, which came into effect on 8 July 2021 and requires licensed financial institutions to demonstrate compliance with its requirements by August 2021, will assist the understanding and effective implementation by regulated entities of their statutory AML/CFT obligations. Collectively, these upgrades and new policy measures reflect the dedication of the UAE's authorities to combat financial crime. With criminals constantly adapting their methods, there is always more work to be done.

# UAE ENHANCES APPROACH TO RISK-BASED SUPERVISION



Effective risk-based supervision is at the core of the UAE's strategy to mitigate financial crime. As a global hub for innovation, trade, and investment, the UAE's continued growth requires regulatory stability and clarity in a way that aligns with international best practices and local drivers of business activity. It is also no surprise that the UAE's commercial attractiveness, which on one hand is highly conducive to growth and entrepreneurship, carries certain risks of financial crime as defined in the National Risk Assessment for AML/CFT.

Yet the UAE's regulatory authorities have made it clear – and continue to make clear – that, while the UAE welcomes legitimate commercial activity, illicit gains have no place in the local or international economy. Similarly, weak financial crime frameworks within regulated firms are being scrutinized closely and carry significant fines for non-compliance. While the UAE is continuing to build a culture of compliance amongst private industry as a whole, supervisors are taking a risk-based approach to tackling the problem of illicit financial flows. From a compliance perspective, key areas of attention for the Central Bank of the UAE (CBUAE), Securities and Commodities Authority (SCA), Ministry of Economy (MoE), Dubai Financial Services Authority (DFSA), and Financial

Services Regulatory Authority (FSRA), amongst other onshore and offshore regulators, include the extensive work being done to ensure that firms improve their internal controls and customer due diligence (CDD) processes, which have historically proven to be a key concern. The overarching objective of this heightened supervisory activity and engagement with the private sector – financial institutions and DNFBPs alike – on AML/CFT matters is to foster a shared understanding that industry must play its part in monitoring, detecting and reporting the proceeds of crime, while upholding their regulatory obligations to minimize risk and potential weaknesses in the system.

In recent months, the UAE has strengthened its risk-based approach to AML/CFT by rolling out compliance trainings, carrying out inspections, and administering fines. In doing so, one of the focal areas has been the development and delivery of comprehensive compliance workshops to UAE-based professionals to ensure awareness of regulation and financial crime risks relevant to their sectors. In this respect, more than 100 regulatory officials and senior executives from industry have taken part in recent financial crime compliance sessions, covering AML/CFT, governance,

cybersecurity, financial stewardship, and market conduct risks. This wide range of trainings has been made possible through extensive cooperation between the UAE and its partners both domestically and internationally, including the CBUAE's partnership with the Institute of Banking in Ireland, the SCA's partnership with the non-profit Gulf Cooperation Council Board Directors Institute, and collaboration between regulators and private firms such as the DFSA and Thomson Reuters. Many courses have been made fully accessible by offering them in both Arabic and English in order to garner the widest possible audience.

This crucial knowledge-building expands the growing efforts of the CBUAE's AML/CFT Supervision Department (AMLD), which continues to complete financial crime examinations at pace and is on track to complete inspections as per the approved risk-based supervisory calendar. To date, examinations have focused on the tools and processes necessary to maintain an effective AML/CFT framework, including but not limited to risk assessments, risk tolerance, governance, expertise, transaction monitoring, and CDD processes. Inspection priorities are determined by the CBUAE's market monitoring tools, having conducted extensive data collection to risk-rate regulated firms in previous months. Equally, outreach to compliance officers is a key facet of ensuring effective implementation of UAE regulations, and the CBUAE continues to hold regular Compliance Officer Forums to discuss issues relating to regulatory compliance and consumer protection, as well as to share best practices. The CBUAE's AMLD department also works in collaboration with other UAE regulatory and law enforcement authorities, such as the UAE's Financial Intelligence Unit (FIU) and the UAE Banks Federation (UBF) to promote the uptake of regulatory

standards. For example, in June 2021, the CBUAE issued joint AML/CFT guidance for regulated financial institutions and DNFBPs alongside the DFSA, MoE, Ministry of Justice (MoJ), FSRA and SCA. Harmonizing the UAE's approach to supervision also ensures that the regulatory community is collectively engaged in pursuing joint inspections and sharing information, discussing common challenges, and participating in joint workshops with their domestic and foreign counterparts.

Moreover, banks and regulated financial institutions are not the only sector subject to closer scrutiny under the UAE's risk-based approach. The CBUAE and SCA, as well as the UAE's offshore supervisors are keeping a close watch over adherence to international standards around the regulation of virtual assets, including the adoption of the FATF travel rule. Both onshore and offshore regulators are working together to issue guidance in this area, and the Dubai Airport Free Zone Authority (DAFZA) has recently signed an agreement with the SCA to regulate, trade, license, and supervise virtual asset entities. The agreement stipulates strict punishments for non-compliance and illicit activity involving virtual assets, including prison terms and fines between AED -250,000AED 1 million (c. US68,000\$ - US270,000\$).

In addition, the MoE and MoJ are targeting higher risk non-financial sectors, such as corporate service providers and brokers/dealers in precious metals and stones. The MoE has focused on carrying out a UAE-wide series of 80 money laundering awareness workshops on AML/CFT obligations for designated non-financial businesses and professions (DNFBPs), supported by 38 local licensing authorities and non-financial free zones, which focused on ensuring that DNFBPs raise appropriate suspicious transaction



A critical part of the CBUAE's mandate is to ensure that all licensed financial institutions have a deep comprehension of other role in mitigating and addressing the risk of illicit activities in the UAE's financial system. This guidance serves as a key point of reference for those providing services to real estate and precious metals and stones sector.

**H.E. KHALED  
MOHAMED BALAMA,**  
Governor of the Central Bank of the UAE



reports (STRs) with the goAML system. Links between DNFBPs and financial institutions are also under close scrutiny. In June, the CBUAE issued new guidance requiring corporate service providers and law firms to report suspicious activity to the FIU through the goAML system as soon as possible and within 35 days of detecting said activity, also with significant penalties for non-compliance. Driven by the CBUAE, the guidance requires regulated financial institutions servicing DNFBPs, legal persons and arrangements to conduct appropriate business risk assessments and regularly refresh their AML/CFT compliance programs to ensure they are appropriately risk-weighted. Similar rules issued in recent months target financial institutions working with dealers of precious metals and stones, emphasizing the importance of conducting CDD and filing STRs. Furthermore, banks working with this sector are required to adequately assess the financial crime risks of their clients and develop robust AML/CFT controls to mitigate risks specific to sectors such as precious metals and stones, with key responsibilities assumed by the Money Laundering Reporting Officer (MLRO) for ensuring that customer risk in this sector is adequately assessed and mitigated.

Within the UAE, the regulatory authorities coordinate closely to exchange information on potential non-compliance and impose penalties under the enforcement powers delegated to each supervisory entity. Importantly, the MoE recently announced that administrative fines for failing to develop effective AML/CFT controls have increased to AED 50,000 to AED 1 million (c. US272,000\$ – 13,600\$), with criminal

fines up to AED 5 million (c. US1.36\$ million), including imprisonment. After expiry of the final grace period in May, the MoE carried out follow-up inspections and uncovered at least 100 such violations by DNFBPs by 10 June, issuing fines totaling AED 5 million (c. US1.36\$ million) in order to dissuade similar behaviors in the future. Additionally, in April the CBUAE imposed a penalty of more than AED 496,000 (c. US135,000\$) on an exchange house with a poor compliance history and significant shortcomings in its AML/CFT controls. On a separate occasion, in May, the FSRA penalized eight DNFBPs with fines of between US5,000\$ and US10,000\$, which were imposed for failing to submit mandatory yearly AML/CFT forms. The MoE has also appointed a new Head of Inspections to aid future field visits and follow-ups, while reporting that more than 13,000 enterprises have registered in the FIU's goAML system to aid the submission of SARs/STRs (a compliance rate of 70 percent, which is expected to rise in the coming months).

Financial crime is adjusting to regulation fast and we are pursuing a moving target. Through these measures, the UAE realizes that its effective risk-based approach to supervision requires constant improvements and updating in line with local and international standards, reflecting the need to confront the evolving, cross-border nature of financial crime. The UAE's supervisors will continue to oversee the effective implementation of AML/CFT rules and regulation, in cooperation with the private sector and international partners, to mitigate the dangers emanating from financial crime and the weaknesses that enable it.





# UAE ACHIEVES SUCCESSES IN FINANCIAL INVESTIGATIONS

Conducting effective end-to-end investigations that link the regulatory, prosecution, and enforcement components of the UAE's financial crime compliance framework is a key priority in the UAE's strategy for combatting illicit finance. As part of this focus, the UAE is using every opportunity to strengthen existing cooperation channels, sources of information, training, and resource-building among the UAE's Financial Intelligence Unit (FIU), Ministry of Interior (Mol), Public Prosecutors (PPs), and law enforcement agencies (LEAs), particularly in relation to complex money laundering, fraud, sanctions, and terrorist financing risks. In particular, the UAE's FIU has played an instrumental role in gathering intelligence and freezing funds for further investigation in relation to recent prosecution cases, including major convictions for money laundering and fraud that were widely covered in the UAE and international media. In each of these cases, the UAE's FIU has been at the center of efforts to coordinate with LEAs both in the UAE and abroad, leading to the successful conclusion of the cases.

To this end, the UAE's historical strengths in investigating and disrupting terrorist financing networks has proven to be a launchpad for exchanging knowledge in other areas, such as organized crime, with the results of major investigations coming to fruition in recent months. Amongst other areas, these improvements have been made possible by expanding the FIU's role in passing on actionable intelligence to law enforcement. Whilst terrorist financing has been historically driven by robust cooperation between the UAE's State Security, Mol, and law enforcement agencies, with additional inputs received from the FIU. In doing so, the FIU is assuming a central role in driving the receipt, analysis, and dissemination of financial intelligence in relation to the combating of terrorist financing and complex money laundering schemes often controlled by organized criminal groups entering the UAE. The FIU is in constant communication with the Mol, LEAs, and prosecutors across the UAE highlighting cases of relevance, informing law

enforcement activities through the operational analysis and dissemination of STRs and intelligence products, and coordination with the judicial authorities in the process of prosecuting terrorist financing and money laundering crimes. The FIU's objective with such efforts is to drive the actioning of disseminations into investigation, working with regulated entities to improve the quality of STRs submitted, liaising with foreign counterparts to identify patterns that require action on behalf of UAE law enforcement and the provision of supporting evidence in a judicial context. Much as the UAE has achieved strong conviction rates for terrorist financing in recent years, with completed and ongoing investigations indicating that the UAE moving a similar direction to strengthen the approach towards prosecuting money launderers.

The outcomes of these cases are critical, and the UAE is working to not only gather information, investigate, and prosecute but also to convict, confiscate, and recover assets that are the proceeds of crime. As an intermediate phase, asset tracing in particular is an area where UAE government agencies have directed resources in order to identify and take legal action against criminal activity and associated tangible and intangible assets. Similarly, where investigations lead to the freezing of assets subject to targeted financial sanctions (TFS), the UAE's Committee for Goods and Material Subject to Import and Export Control has issued guidance for the private sector to apply TFS effectively by mandating that firms apply a freezing order to all funds under control of the listed individuals and entities. In recent months, UAE banks have frozen assets in several major cases in collaboration with the UAE's FIU following requests for cooperation from authorities abroad. These cases, some of which are highlighted below, indicate that the private sector – in coordination with the FIU – can ensure that it can provide sophisticated analysis in line with the UAE's strategic priorities of combating foreign predicate offenses and meeting operational needs of foreign counterparts.

Yet international investigations are a complex challenge and, as such, the UAE is forging cooperative relationships with counterparts in other jurisdictions. Among the UAE's recent critical steps was the ratification of cooperation agreements and memoranda of understanding (MOUs) with FIUs in Asia, Africa, and Europe, which will aid bilateral cooperation focused on tackling high-profile corruption, misappropriation, and money laundering cases. Furthermore, in June, the Central Bank of the UAE (CBUAE) signed an MoU with the Central Bank of Egypt on surveillance and improvement of information flows to facilitate cooperation against financial crime. Importantly, international agreements on their own are not enough for the extraditions to take place, and capabilities of domestic state institutions and law enforcement agencies are vital to capturing individuals engaged in transnational financial crime schemes. Other recent successes include several high-profile captures of international criminals, a testament to the UAE as a reliable partner in tackling complex investigations. Two cases deserve special attention. In May, a British national was arrested by the Dubai Police on suspicions that the importation of drugs from Latin America to Europe was being planned. Moreover, an arrest of a high-profile Nigerian fraudster and money launderer by Dubai Police in June 2020 resulted in a guilty plea to accusations of money laundering in a US court, with the US authorities acknowledging the substantial cooperation with UAE police. The UAE will continue to pursue deep collaboration with international partners in order to further increase the success rate in unraveling high-profile international threats and apprehending criminals and their illicit proceeds.

Obtaining and deploying data in financial investigations is a central component of the UAE's financial investigations, and recent regulatory changes have offered the authorities additional sources of information. In this vein, the UAE created a unified ultimate beneficial ownership (UBO) database, which can be accessed by the police, security agencies, and any other entities involved in financial crime investigations. Since 30 June, more than 500,000 UAE-based firms have been required to disclose information on their beneficial owners. During the 10th meeting of the Higher Committee Overseeing the National Strategy on AML/CFT, Director General of the Executive Office on AML/CFT H.E. Hamid Al Zaabi noted that real beneficiary data has been collected from 89 percent of businesses registered in the UAE as of July and is expected to rise further in the coming months.

UBO regulations will apply to both mainland-based companies, as well as companies in the free zones. This will have a wide-scale impact across the UAE's financial system, making investigations more effective in reducing financial crime risks. Already, multiple authorities are utilizing the information on beneficial ownership through appropriate legal procedures to understand interconnected entities on several confidential, high-profile investigations.



The ministry seeks to enhance understanding and raise awareness among these establishments ... [about] the dangers of money laundering, their methods and means of protection against it. [UBO declaration is] one of the main requirements for completing disclosure and transparency requirements from enterprises and individuals within the anti-money laundering system in the country.”



## **SAFEYA AL SAFI,**

Director of the Anti-Money Laundering Department,  
UAE Ministry of Economy

In addition to tackling international threats, the UAE's institutions have demonstrated successful cooperation and effectiveness in dealing with high-profile domestic violations of AML/CFT frameworks. In July, nine individuals and six Abu-Dhabi-based companies were convicted in a high-profile money laundering case involving cryptocurrency trading. As a result of the investigation and prosecution, four individuals were sentenced in absentia to 10 years in prison, received individual fines of AED 10 million (c. US\$2.72 million), and will be deported after they have served their sentences. Companies affiliated with these individuals failed to abide by the regulations and received fines of AED 50 million each (c. US\$13.6 million), with further seizure of funds involved in money laundering schemes. In April, an exchange house subject to a financial crime

investigation was fined AED 496,000 (c. US\$135,000) for failing to abide by the UAE's AML/CFT rules. In May, a Dubai-based gold trader was fined AED 1.35 million (c. US\$367,000) for eight breaches of AML/CFT laws following a regulatory inspection and subsequent investigation, with failures to adopt measures for risk estimation and failures in internal policies as among the major ones.

Finally, close relationships with the public are of crucial importance in expanding the UAE's capabilities for tackling financial crime risks and having a truly systemic, inter-agency approach to the problem. Proactive engagement has been achieved through new whistleblowing rules, when potential problems are flagged right from the onset and before they deal significant damage. Such monitoring has started at the heart of the system – that is the Central Bank. Therefore, the CBUAE introduced an online tool that allows external stakeholders and members of the public to report financial misconduct by CBUAE employees, contractors, or bank representatives to be investigated and disciplined as appropriate. Looking ahead, DFSA is working on introducing whistleblowing measures to DFSA-based firms, DNFbps, and Registered Auditors and issued a consultation paper with a deadline for comments in the beginning of September. Furthermore, efforts on preventing collaboration with criminals have already been implemented. According to the Abu Dhabi Department of Justice, individuals helping with financial transfers to anonymous accounts will be held liable for

assistance with illegal activities. Tipping off subjects of an investigation by UAE authorities is similarly an offence in the UAE, and law enforcement and regulators are taking appropriate steps to inform the public of their responsibilities in this regard.

These significant milestones, as outlined above, are keeping the UAE's trajectory on a positive track. Despite these successes, we are looking forward to even greater achievements ahead, with a deep commitment of the jurisdiction's law enforcement authorities to continue pursuing complex investigations whilst meeting the needs of domestic and international stakeholders in investigating and prosecuting major cases of financial crime.

# SPOTLIGHT STORIES

# FURTHER READING

## **International and domestic cooperation**

### **MENAFATF raises UAE's technical compliance in three important areas**

WAM, 12 June 2021

### **New PPP sub-committee formed under the leadership of the Executive Office**

WAM, 10 August 2021

### **EU-UAE Structural Dialogue on AML/CFT**

Ministry of Foreign Affairs and International Cooperation, 13 July 2021.

### **UAE delegation visits Saudi Arabia to strengthen anti-money laundering, countering financing of terrorism efforts**

WAM, 25 July 2021

### **UAE engages onshore and offshore DNFBPs to combat money laundering and terrorist financing.**

WAM, 12 July 2021

### **UAE, UK seek to identify, tackle money laundering and terrorist financing**

Zawya, 21 June 2021

## **High-profile criminal cases**

### **British fugitive Michael Moogan arrested in UAE over drugs plot**

BBC News, 9 May 2021

### **Six Indicted in International Scheme to Defraud Qatari School Founder and then Launder over 1\$ Million in Illicit Proceeds**

US Department of Justice, 28 July 2021

### **Hushpuppi: Nigerian influencer pleads guilty to money laundering**

BBC News, 29 July 2021

## Fines

**Abu Dhabi Criminal Court convicts 9 accused, 6 companies for money laundering, cryptocurrency trading**

WAM, 28 July 2021

**Dubai gold trader fined Dh1.35m for failing to comply with anti-money laundering and terrorism financing laws**

The National News, 23 May 2021

**DNFBPs fined by the ADGM Financial Services Regulatory Authority for breaching regulatory reporting requirements**

Abu Dhabi Global Market, 2 June 2021

## Guidance and regulation

**CBUAE issues guidance for its licensed financial institutions on anti-money laundering and combatting the financing of terrorism**

Central Bank of the UAE, 12 June 2021

**CBUAE issues new guidance on financial institutions' implementation of targeted financial sanctions**

Zawya, 26 July 2021

**Violations of anti-money laundering procedures may amount to AED1 million: Ministry of Economy**

WAM, 31 May 2021

**UAE's real estate, precious metals and stones business to face stringent anti-money laundering scrutiny**

Gulf Time News, 30 June 2021

**UAE's economy ministry begins inspections to ensure businesses follow rules on financial crimes**

The National News, 27 April 2021

**Firms face owner disclosure as UAE acts to avoid dirty money list**

Reuters, 30 June 2021

## Education and capacity building

**CBUAE celebrates first 25 graduates of its Executive Certificate for Risk-Based Supervision Professionals Programme**

WAM, 23 May 2021

**CBUAE introduces whistleblowing portal to anonymously report misconduct**

Central Bank of the UAE, 7 June 2021