

The 26th Asian Export Control Seminar

Panel Discussion

**"Further enhancement of effective export control systems
(enforcement: with focus on new development)"**

Proliferation Finance and Export Controls

**Jonathan Brewer
King's College London
Jonathan.Brewer@kcl.ac.uk**

Financing of Proliferation

Funds or financial services

Used for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of...

nuclear, chemical or biological weapons and means of delivery...

and related materials (technologies and dual use goods used for non-legitimate purposes)

In contravention of national laws or international obligations

(FATF working definition 2010)

Financing of Proliferation

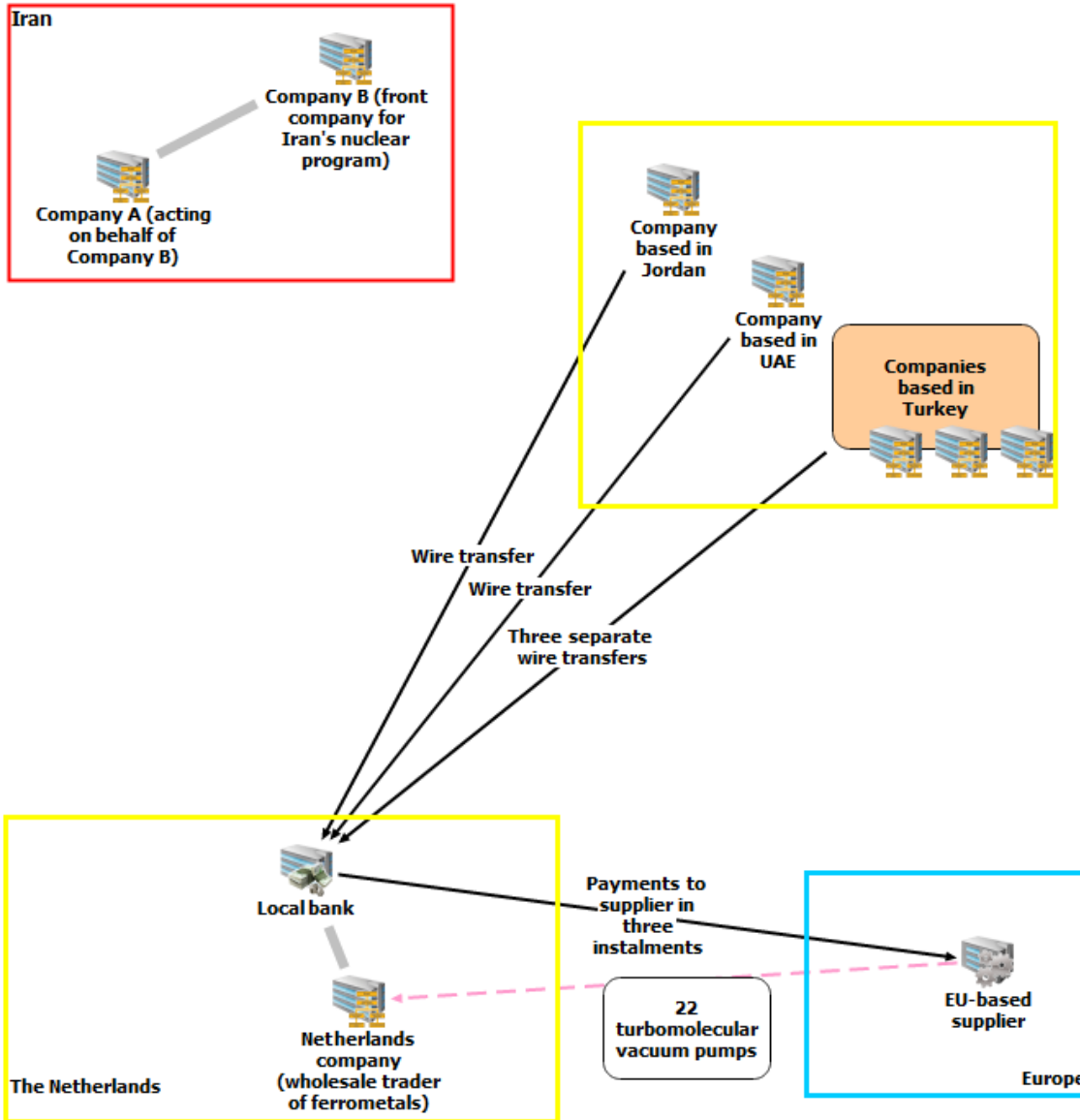
What governments can do to mitigate risk

- **Conduct national PF risk assessments**
- **Ensure national policies, laws and regulations are in place**
- **Ensure these are effectively monitored and enforced**
- **Put in place channels for domestic and international coordination**
- **Conduct outreach to private sector**
- **Share information (UN Committees, FATF, Egmont Group, etc.)**

Financing of Proliferation

What financial institutions can do to mitigate risk

- **Conduct PF risk assessments (modified ML/TF assessments)**
- **Screen transactions**
 - **Sanctions (usually compulsory)**
 - **Goods (difficult)**
 - **PF indicators (in addition to ML/TF indicators)**
- **Regularly update CDD**
- **Correlate law enforcement leads with database**
- **Submit reports to regulators and law enforcement**
- **Where possible share information with other financial institutions**



King's College London PF Typologies Report October 2017

Case Study 26

Some indicators

- Involvement of small trading company in Europe;
- Trading company apparently did little substantive business;
- Received funds from possible front companies overseas (lacked websites).

Case Study 26: Payments schedule

Date	Payment received from different companies in:	Amount (€)	Description attached to payment received	Action by trading company
March 2011	Turkey	36,185.00	Invoice No...	
March 2011				Payment to supplier
11 April 2011	UAE	44,926.00	Business transaction	
14 April 2011	Turkey	25,000.00		
14 April 2011	Jordan	55,480.00	Purchase	
15 April 2011				Payment to supplier
2 June 2011	Turkey	68,220.00	Based on First Glass	
12 July 2011				Payment to supplier
May 2012				Attempted export of vacuum pumps

Thank you
Questions?

Jonathan.Brewer@kcl.ac.uk

Proliferation Financing: Some useful references (not exhaustive)

- Countering Proliferation Finance: An Introductory Guide for Financial Institutions, Emil Dall, Tom Keatinge and Andrea Berger, RUSI Guidance Paper, April 2017
- Risky Business: A System-Level Analysis of the North Korean Proliferation Financing System, C4ADS, 12 June 2017
- Study of Typologies of Financing of WMD Proliferation Final Report, Jonathan Brewer, King's College London, 13 October 2017
- Countering North Korean Procurement Networks Through Financial Measures: The Role of Southeast Asia, Eda Erol and Sandy Spector, Occasional Paper 35, James Martin Center for Non Proliferation Studies, 11 December 2017
- The Financing of Nuclear and Other Weapons of Mass Destruction, Jonathan Brewer, Center for New American Security, Jan 2018
- The Implementation of Financial Provisions of United Nations Security Council Resolutions to Counter the Proliferation of Weapons of Mass Destruction, 28 February 2018, FATF
- Challenges with implementing proliferation financing controls: How export controls can help, Togzhan Kassenova, May 2018, WorldECR
- North Korea Sanctions & Enforcement Actions Advisory: Risks for Businesses with Supply Chain Links to North Korea, 23 Jul 2018, US Department of the Treasury, Department of State, Department of Homeland Security
- The Financing of WMD Proliferation, Conducting Risk Assessments, Jonathan Brewer, Center for New American Security, Oct 2018
- US National Proliferation Finance Risk Assessment, US Department of Treasury 2018