



(JAFIC)
Japan Financial Intelligence Center



Annual Report 2011



National Police Agency

Introduction

Crime syndicates such as Boryokudan gangsters gain criminal proceeds by way of various crimes, and allocate them to commitment of other crimes and procurement of weapons in order to maintain and strengthen the syndicates. To weaken and destroy crime syndicates, taking measures such as identifying and confiscating criminal proceeds as much as possible and using them for the recovery of damage are extremely important. In response, criminals carry out so-called money laundering, i.e., consecutive transfers of criminal proceeds to conceal the source and beneficial owner, in an attempt to avoid the detection of the proceeds and arrest by investigative agencies.

To counter these criminals' movement, the efforts to prevent or detect such transfers and to confiscate the criminal proceeds have been made through cooperation with specified business operators such as financial institutions. For example, based on the Act on Prevention of Transfer of Criminal Proceeds, they ensure the traceability of the proceeds by customer identification and record-keeping, and report the transactions suspected of money laundering to the administrative agencies.

It has been about four years since the total enforcement of the Act on Prevention of Transfer of Criminal Proceeds. During this period, the number of reported suspicious transactions has continued to rise and so has the number of arrests triggered by such reports, which suggests the steady establishment of law enforcement.

Meanwhile, techniques of money laundering have become more complex and more sophisticated, resulting in abuse of business operators not specified in the Act on Prevention of Transfer of Criminal Proceeds and cases of specified business operators' overlooking money laundering due to failure to detect suspicious transactions. The Financial Action Task Force (FATF) that leads the international measures against money laundering has pointed out that Japan's Customer due diligence systems are inadequate. Taking into account this and other domestic and international situations, the bill for amendment of the Act on Prevention of Transfer of Criminal Proceeds was passed at the 177th session of the Diet in April 2011 and promulgated.

Chapter 2 provides an overview of the amended law. It is important that we continue to firmly implement measures against criminal proceeds while accurately understanding the criminal situation or international demands regarding money laundering. This requires the understanding and cooperation not only of specified business operators and related institutions, but also of the broad public of Japan. We hope that this annual report will help the public better understand our crime prevention efforts.

(note)

Strictly speaking, administrative work related to the enforcement of the Act on Prevention of Transfer of Criminal Proceeds is carried out by the Director for Prevention of Money Laundering or an employee of the agency with such occupational title, but in this article, the organization, including employees of the agency, is described as the "Director for Prevention of Money Laundering" for convenience, except in special instances.

Furthermore, this organization is referred to under its common international title, JAFIC (Japan Financial Intelligence Center).

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Table of Contents

Chapter1	History of Anti-Money Laundering Measures	1
Section1	Anti-Money Laundering Measures in International Society	1
1	Anti-Money Laundering Measures as International Countermeasures against Narcotic Drugs	1
2	Anti-Money Laundering Measures as Countermeasures against International Organized Crime and Terrorism	1
3	Countermeasures to Sophistication of Modus Operandi of Money Laundering	2
Section2	Anti-Money Laundering Measures in Japan	2
1	Enforcement of "the Anti-Drug Special Provisions Law"	2
2	Enforcement of the Act on Punishment of Organized Crimes	2
3	Enforcement of "the Act on Punishment of Financing of Offences of Public Intimidation" and "Customer Identification Act", and the Revision of "Act on Punishment of Organized Crimes"	3
4	Enforcement of "the Act on Prevention of Transfer of Criminal Proceeds"	3
Chapter2	Legal Systems of Countermeasures against Money Laundering	5
Section1	Outline of the Anti-Drug Special Provisions Law and The Act on Punishment of Organized Crimes	6
1	Anti-Drug Special Provisions Law	6
	(1) Punishment of money laundering	6
	(2) Confiscation, collection of equivalent value and securance measures (Article 11 through 13, 19, 20)	6
2	The Act on Punishment of Organized Crimes	7
	(1) Punishment of money laundering (Article 9 through 11)	7
	(2) Confiscation, collection of equivalent value and securance measures (Article 13 through 16, 22, 23, 42, 43)	7
Section2	Outline of the Act on Prevention of Transfer of Criminal Proceeds	7
1	Purpose of the Act (Article 1)	7
2	Criminal Proceeds (Paragraph 1 of Article 2)	8
3	Specified Business Operators (Paragraph 2 of Article 2)	8
4	Responsibilities of the National Public Safety Commission and FIU (Article 3)	8
5	Measures by Specified Business Operator	9
6	Dissemination of Information on Suspicious Transactions (Article 11 and 12)	12
7	Supervisory Measures (Article 13 through 17, 23, 24, 27)	12
8	Penal provisions regarding Reception / Delivery / Provision of Deposit / Savings Passbooks, Exchange Transaction Cards etc. (Article 26 and 27)	12
Section3	Recent legal amendments	14
1	Amendment of the Act on Prevention of Transfer of Criminal Proceeds	14
	(1) Background of amendment	14
	(2) Overview of amendment	14
2	Amendment of the enforcement regulation for the Act on Prevention of Transfer of Criminal Proceeds associated with the Great East Japan Earthquake	16
3	Amendment of the enforcement regulation of the Act on Prevention of Transfer of Criminal Proceeds according to the enactment of ordinances of the Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Economy, Trade and Industry (METI), and other related ministries associated with the enforcement of the Act to Partially Amend the Commodity Exchange Act and the Act for Regulations of Business Concerning Commodities Investment and the enforcement of ordinances related to interim measures	16
Chapter3	Establishment of the Japan Financial Intelligence Center (JAFIC) and Police Activities	17
Section1	Background of Establishment of JAFIC	17
Section2	Mission and Structure	18
Section3	JAFIC and Partners	19
Section4	Countermeasures against Criminal Proceeds by the Police	20
Section5	Efforts in Cooperation with Business Operators, and the Public, and Related Authorities Made in 2011	22
Paragraph1	Explanation and Provision of Information etc. on Seminars Targeting Specified Business Operators	22
1	Explanation on Seminars for Postal Receiving Service Providers	22
2	Explanation on Workshops for Fund Transfer Business Operators	22
3	Explanation on Workshops for Real Estate Agents	22
4	PR on Website	23
Paragraph2	Requests Made to Specified Business Operators following the Resolution of the United Nations Security Council	23
1	Measures based on the resolutions of the United Nations Security Council	23
2	Measures based on the FATF Public Statement	24
Section 6	Progress of the collection of reports and opinion statements in 2011	24
Section 7	Efforts of Specified Business Operators	25
1	Efforts of Banking Industry	25
2	Efforts of Securities Industry	25
3	Efforts of Real Estate Industry	26
4	Efforts of Lawyers Associations	26

Chapter4	Reports of Suspicious Transactions	27
Section1	Outline of the Suspicious Transaction Reporting System	27
1	Purpose	27
2	Cases in which Reporting is Required	27
3	Announcement of List of Reference Cases of Suspicious Transactions (Guideline)	27
4	Analysis of Bank Account used for Crime	28
5	Flow of Suspicious Transactions Reporting	28
6	Information Security Measures	28
Section2	Situation of Suspicious Transaction Reports in 2011	29
1	The change in the number of reported cases	29
2	Number of Reports by Business Types	30
3	Number of notification cases classified by notification methods	32
Section3	Use of Suspicious Transaction Reports in 2011	32
Paragraph1	Dissemination to Investigative Authorities	32
Paragraph2	Outlook of How STRs are Used	32
Chapter5	Promotion of International Cooperation	37
Section1	Activities of International Institutions	37
Paragraph1	FATF	37
1	FATF	37
2	Activities of FATF	37
3	Participation of JAFIC in FATF	38
Paragraph2	APG	39
1	APG	39
2	Activities of APG	39
3	Participation of JAFIC in APG	39
Paragraph3	Egmont Group	39
1	Egmont Group	39
2	Various Meeting of the Egmont Group	40
3	Participation of JAFIC in the Egmont Group	40
Section2	Progress of the International Cooperation in 2011	40
Paragraph1	Participation in the Activities of International Organizations	40
Paragraph2	Status of Information Exchange with Foreign FIUs	41
1	Establishment of the Framework for Exchange of Information	41
2	Status of Information Exchange with Foreign FIUs	42
3	Discussions with foreign FIUs	43
Paragraph3	FATF Mutual Evaluation of Japan	43
1	Implementation of the Third FATF Mutual Evaluation of Japan	43
2	Outline of the Mutual Evaluation Results	44
3	Follow-up of the Mutual Evaluation Results	44
	(1) Follow-up Procedures	44
	(2) Report on Improvement	44
Chapter6	Trends in Offences Related to Money Laundering in 2011	46
Section1	Arrests made for the violation of the Act on Prevention of Transfer of Criminal Proceeds (illicit transfer of savings passbooks etc.)	46
Section2	Cleared Cases of Money Laundering	47
Paragraph1	Cleared Cases of Money Laundering under the Act on Punishment of Organized Crimes	47
1	Number of Cleared Cases	47
2	Modus Operandi of Money Laundering observed in Cleared Cases	48
3	Money Laundering cases related to Members of the Boryokudan gangsters	50
4	Money Laundering conducted by Foreign Visitors to Japan	52
Paragraph2	Cleared Cases of Money Laundering under the Anti-Drug Special Provisions Law	53
Section3	Temporary Restraining Order for Confiscation of Criminal Proceeds before Institution of Prosecution	53
Paragraph1	Temporary Restraining Order under the Act on Punishment of Organized Crimes	54
Paragraph2	Temporary Restraining Order under the Anti-Drug Special Provisions Law	56
Section4	Application of Provisions of Confiscation and Collection of Equivalent Value	57
Paragraph1	Application of Provisions of Confiscation and Collection of Equivalent Value under the Act on Punishment of Organized Crimes	57
Paragraph2	Application of Provisions of Confiscation and Collection of Equivalent Value under the Anti-Drug Special Provisions Law	58

Chapter 1

History of Anti-Money Laundering Measures

Money-Laundering activities, which hide the source or attribution of criminal proceeds is a highly covert activity, which is extremely difficult to detect.

The international society has been enhancing and developing systems to prevent and detect money laundering, as well as cooperating with each other to deal with this issue. Japan is also reinforcing anti-money laundering measures in line with international initiatives. Various activities centered on the police described in this report have also delivered positive results through such international cooperation.

Section 1 Anti-Money Laundering Measures in International Society

1 Anti-Money Laundering Measures as International Countermeasures against Narcotic Drugs

In the 1980s, the global spread of narcotics abuse was taken as a crisis in the international society. One of the main causes was the existence of transnational drug-trafficking organizations linking production of narcotics to the consumption of them. It was recognized as important to inflict damage on the source of their funds, by all measures, such as confiscating illegal proceeds from drug manufacturing and trafficking and effectively preventing their money laundering activities. In this context, "the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances" (hereinafter referred to as "UN New Narcotics Convention") was adopted in December 1988 and required each state to criminalize activities such as hiding drug crime proceeds and to establish relevant regulations to confiscate such proceeds, which made clear an internationally consistent effort.

In addition, at the Arch Summit in July 1989, the major developed countries decided to establish the FATF to take concerted actions for anti-money laundering. In April 1990, urged by the need for standardizing measures in different countries, the FATF proposed "The 40 Recommendations", as standards for anti-money laundering measures to be applied in the fields of law enforcement, criminal justice, and the financial system. "The 40 Recommendations" required early ratification of "the UN New Narcotics Convention", development of domestic laws stipulating anti-money laundering measures, and establishment of measures such as obligations to conduct customer identification and the report of suspicious transactions by financial institutions.

2 Anti-Money Laundering Measures as Countermeasures against International Organized Crime and Terrorism

In the 1990s, the international expansion of organized crime was recognized as a phenomenon which could threaten each country's security, and therefore an international convention against international organized crimes was considered mainly by the United Nations. At the Halifax Summit in June 1995, it was pointed out that effective measures to prevent the hiding of proceeds not only from drug-trafficking but also from serious crimes were necessary for successful countermeasures against transnational organized crimes. In accordance with these movements, the FATF revised, in June 1996, a part of "The 40 Recommendations," and recommended that the scope of predicate offences be extended from drug crimes to serious crimes.

Further, at the Birmingham Summit in May 1998, it was agreed by the participating countries to create FIUs (Financial Intelligence Units), which are dedicated to collect, analyze and disseminate money laundering information, as a measure to utilize the suspicious transaction reports for criminal investigation effectively.

Later, in response to the terrorist attacks in the US in September 2001, the FATF held an emergency session, where it issued "The 8 Special Recommendations" including criminalizing terrorist financing and freezing terrorist assets considering it necessary to include anti-terrorist financing measures within the scope of anti-money laundering measures. In 2004, a new recommendation related to the measure to prevent the physical cross-border transportation of funds was added to these recommendations, which made them "The 9 Special Recommendations".

3 Countermeasures to Sophistication of Modus Operandi of Money Laundering

In accordance with development of anti-money laundering measures, the trend of money laundering itself has also been changing. The FATF put the highest emphasis in its consideration on the hiding of funds using business sectors other than financial institutions. As a result, the FATF revised again in June 2003 "The 40 Recommendations" by extending the scope of operators required to take measures including customer identification etc. The FATF has been studying new methods of money laundering engineered in various countries and regions in the world since then, such as money laundering using new payment systems, alternative remittance systems, trade-based money laundering etc. and providing multiple advice on countermeasures through publishing reports and other methods.

Section2 Anti-Money Laundering Measures in Japan

1 Enforcement of "the Anti-Drug Special Provisions Law"

Anti-money laundering measures in Japan have been developed step by step in accordance with initiatives of the international society. Firstly, "the Law concerning Special Provisions for the Narcotics and Psychotropics Control Law etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation" (hereinafter referred to as "the Anti-Drug Special Provisions Law") was enforced in 1992 as one of the domestic laws implementing "UN New Narcotics Convention", aiming mainly at dealing with drug crime proceeds. This law criminalized money laundering activities connected with drug crimes for the first time in Japan and established the suspicious transaction reporting system (regarding drug crime proceeds) by financial institutions etc. in response to "the FATF 40 Recommendations."

2 Enforcement of the Act on Punishment of Organized Crimes

The FATF mutual evaluation of Japan in 1994 pointed out a negative view on the limit of predicate offences for money laundering to illegal drug crimes. It was difficult for financial institutions etc. to determine if each transaction was actually related to drug crimes in reporting suspicious transaction, resulting in the fact that the suspicious transaction reporting system did not work effectively. To rectify these problems, the "Act on Punishment of Organized Crimes and Control of Crime Proceeds" (hereinafter referred to as "Act on Punishment of Organized Crimes") was adopted (enforced in Feb. 2000) in Japan based on the FATF recommendations as revised in June 1996. This law represented progress in regulations against criminal proceeds on several points. One such progress is that the scope of predicate offences for money laundering was extended and the other is that the scope of the crimes which are subject to the suspicious transaction reports regime was extended include other serious crimes besides illegal drug crimes. In addition, the law designated the Financial Supervisory

Agency (later, the Financial Services Agency) as the FIU of Japan, where money laundering information shall be collected, arranged and analyzed to be disseminated to investigative authorities etc.

3 Enforcement of "the Act on Punishment of Financing of Offences of Public Intimidation" and "Customer Identification Act", and the Revision of "Act on Punishment of Organized Crimes"

As a major development after the terrorist attacks in US, the "Act on the Punishment of Financing of Offences of Public Intimidation" was adopted (enforced in July 2002) as a domestic law to implement "the International Convention for the Suppression of the Financing of Terrorism". At the same time as the adoption of "the Act on Punishment of Financing Offences of Public Intimidation", the "Act on Punishment of Organized Crimes" was partly revised, so that the terrorist financing offence was included into predicate offences. Moreover, terrorist funds were stipulated as criminal proceeds, so financial institution etc. shall report suspicious transactions pertaining to assets suspected of terrorist financing. Also, to implement the customer identification regime required under the said Convention and the FATF recommendations, "the Law on Customer Identification by Financial Institutions etc." was adopted (enforced in Jan. 2003).

Because of frequent abuse of bank accounts under other or fictitious names for offences such as "Furikome" Fraud, the Law on Customer Identification by Financial Institutions etc. was revised in Dec. 2004 as "the Act on Confirmation of Customers Identification by Financial Institution etc. and Prevention of Unauthorized Use of Deposit Account etc." (hereinafter referred as "the Customer Identification Act") that provides sanctions to selling and buying of passbooks etc. soliciting, or the like.

4 Enforcement of "the Act on Prevention of Transfer of Criminal Proceeds"

Based on the fact that the FATF re-revised "The 40 Recommendations" in 2003 to extend the scope of business operators required to implement customer identification etc. to operators other than financial institutions, "the Headquarters for Promotion of Measures Against Transnational Organized Crime and International Terrorism", with the Chief Cabinet Secretary as head thereof, publicized "the Action Plan for Prevention of Terrorism" including the implementation of the re-revised Recommendations in December 2004. In November 2005, "the Headquarters for the Promotion of Measures Against Transnational Organized Crime and International Terrorism" decided that the National Police Agency would make a draft of law for implementation of the re-revised Recommendations and that the FIU would be transferred from the Financial Services Agency to the National Public Safety Commission / the National Police Agency.

The National Police Agency drafted a bill in cooperation with relevant ministries and agencies and submitted it to the 166th National Diet session in February 2007. "The Act on Prevention of Transfer of Criminal Proceeds" was then adopted in March of that year. Partial enforcement of the law stipulating the transfer of the FIU was carried out in April of the same year, while the remaining, such as the extension of the scope of application to business operators required to implement customer identification was enforced in March, 2008.

Since then, the National Police Agency with the cooperation of concerned government ministries, has amended the Act on Prevention of Transfer of Criminal Proceeds and its sub-regulations in order to appropriately respond to changes in social conditions.

The main amendments in 2011 will be detailed in Chapter 2 (Legal Systems of Countermeasures against Money Laundering).

History of Anti-Money Laundering Measures

Global Events		Events in Japan
December 1988	Adoption of "UN New Narcotics Convention" (Criminalization of money laundering activities related to illegal proceeds derived from drug crimes.)	
July 1989	Arch Summit (Establishment of the FATF (Financial Action Task Force on Money Laundering))	
April 1990	FATF issued "the 40 Recommendations" - Customer identification by financial institutions - Reporting of suspicious transactions to financial regulatory authorities	June 1990 Notices issued on the requirement of customer identification etc. (by the Director-General of the Banking Bureau, Ministry of Finance etc.)
June 1996	FATF revised "the 40 Recommendations" - Extending the scope of predicate offences to serious crimes became compulsory.	July 1992 Enforcement of "the Anti-Drug Special Provisions Law" (Creation of the "Suspicious transaction report" system relating to drug crime proceeds)
May 1998	Birmingham Summit (Agreement on establishment of FIU)	
September 2001	Terrorist attacks in the US	February 2000 Enforcement of "the Act on the Punishment of Organized Crimes" (Extension of the scope of predicate offences to certain serious crimes, establishment of the Japan FIU, etc.)
October 2001	FATF issued "Special Recommendations on terrorist financing" - Criminalization of terrorist financing, Reporting of suspicious transactions related to terrorism.	
		July 2002 With the enforcement of "the Act on Punishment of Financing to Offences of Public Intimidation" and "the revised Act on Punishment of Organized Crimes", terrorist financing offence was added to predicate offences.
June 2003	FATF re-revised "the 40 Recommendations" -Application of recommendations to non-financial businesses (real estate agents, dealers in precious metals, dealers in precious stones, etc.) and professionals (lawyers, accountants, etc.)	January 2003 Enforcement of "the Customer Identification Act" (Obligation of identification of customers, etc. by financial institutions, etc. is legislated.)
		December 2004 "The Headquarters for the Promotion of Measures Against Transnational Organized Crime and International Terrorism" decided on "the Action Plan for Prevention of Terrorism".
		November 2005 "The Headquarters for the Promotion of Measures Against Transnational Organized Crime and International Terrorism" decided on "the Development of laws for implementation of the FATF Recommendations"
		March 2007 Adoption of "the Act on Prevention of Transfer of Criminal Proceeds"
		April 2007 Partial enforcement of the Act on Prevention of Transfer of Criminal Proceeds Transfer of the function of FIU (from the Financial Services Agency to the National Public Safety Commission / the National Police Agency)
		March 2008 Enforcement of the customer identification obligation etc. to non-financial business operators etc.
		April 2010 Amendments of "the Act on Prevention of Transfer of Criminal Proceeds" (addition of funds transfer companies as specified business operators etc.)
		April 2011 Enactment of the amended Act on Prevention of Transfer of Criminal Proceeds (addition of call forwarding service providers to specified business operators, addition of matters to be confirmed when engaging in a transaction, increase in the penalties on illicit transfer of savings passbooks etc.)
		May 2011 Partial enforcement of the amended Act on Prevention of Transfer of Criminal Proceeds (increase in the penalties on illicit transfer of savings passbooks etc.)

Chapter 2

Legal Systems of Countermeasures against Money Laundering

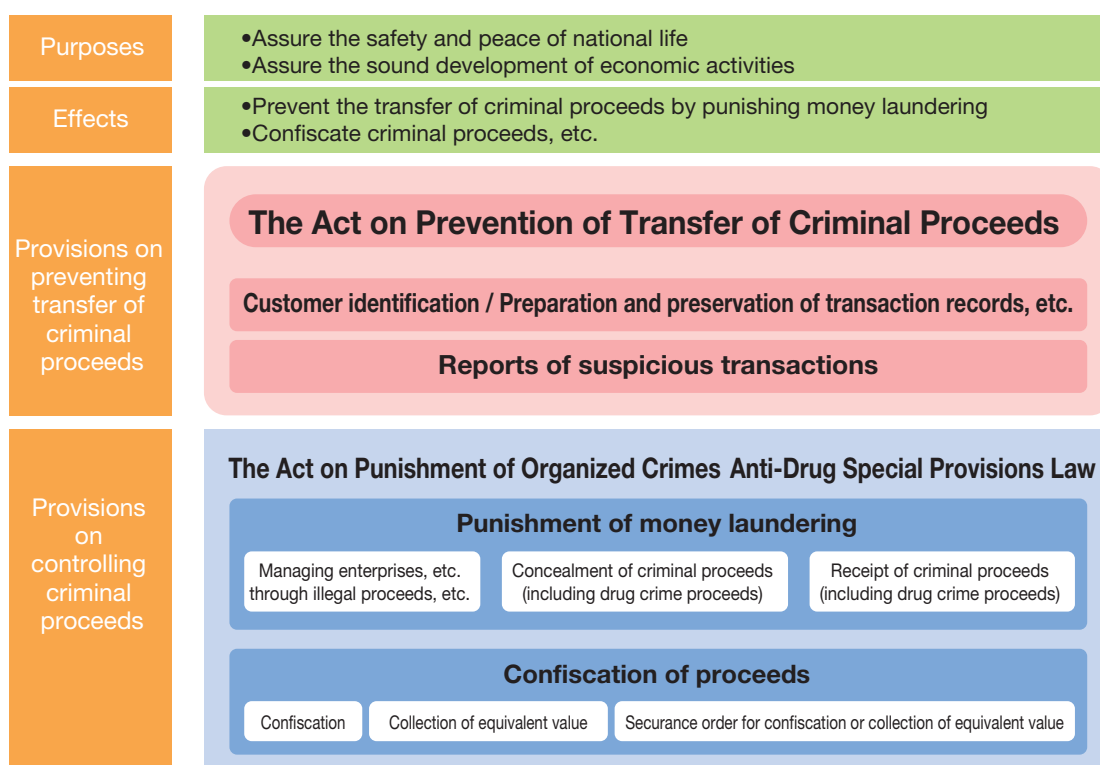
As described in the preceding chapter, legal systems on money laundering both in Japan and foreign countries have realized a gradual development since the 1980s and generally contain the following three elements:

- (1) Criminalization of money laundering
- (2) Confiscation of criminal proceeds
- (3) Obligation of a certain range of business operators to take preventative measures such as, customer due diligence.

Among these standards, (1) and (2) are aimed at the direct effects of weakening, in particular, the financial foundations of criminal organizations to target assets generated through crimes, while (3) is aimed at preventing money laundering itself by making it easier to trace the transfer of illegal funds and making it more difficult to avoid prosecution and confiscation.

In Japan the standards (1) and (2) above are realized mainly by the Anti-Drug Special Provisions Law and the Act on Punishment of Organized Crimes, and the standard (3) is realized by the Act on Prevention of Transfer of Criminal Proceeds.

Figure 2-1 Relationships of the Act on Prevention of Transfer of Criminal Proceeds, Act on Punishment of Organized Crimes, and the Anti-Drug Special Provisions Law



Section 1 Outline of the Anti-Drug Special Provisions Law and The Act on Punishment of Organized Crimes

1 Anti-Drug Special Provisions Law

As described in Chapter 1, the Anti-Drug Special Provisions Law was enacted for the purpose of blocking cycles of illegal proceeds derived from drug crimes, directly triggered by the UN New Narcotics Convention adopted in 1988 and the FATF "40 Recommendations" issued in 1990, and enforced on July 1, 1992. This law contains two items with regard to measures against drug crime proceeds as below.

The Anti-Drug Special Provisions Law included, at the time of enactment, provisions on reports of suspicious transactions, which have been taken over by the Act on Punishment of Organized Crimes, then by the Act on Prevention of Transfer of Criminal Proceeds.

(1) Punishment of money laundering

The Anti-Drug Special Provisions Law defines the act of money laundering as a new crime in that it has such aspects as encouraging further (drug) crimes.

a. Concealment of drug crime proceeds etc. (Article 6)

The following acts are criminalized by this article: (i) Act of "disguising facts with respect to acquisition or disposition of drug crime proceeds etc." (ii) Act of "concealing drug crime proceeds etc." and (iii) Act of "disguising facts with respect to the source of drug crime proceeds etc."

Examples of the act (i), "Act of disguising facts with respect to acquisition" is the act of depositing drug crime proceeds etc. under the name of another person, the act of manipulating the books by pretending profits were gained by legitimate business activities, or the like.

An example of the act (i), "Act of disguising facts with respect to disposition" is the act of purchasing goods under the name of another person, using drug crime proceeds etc. or the like.

Examples of the act (ii), "concealing" is actions such as physically concealing and sending money to a country or region where it is considerably difficult to trace the funds, or the like.

An example of the act (iii), "Act of disguising facts with respect to the source" is the drug purchaser's act of pretending the payment for purchase is a repayment of a fictitious debt.

b. Crime of receipt of drug crime proceeds etc. (Article 7)

The act of "knowingly receiving drug crime proceeds etc." is criminalized by this article.

An act in which a main member of Boryokudan group receives money as part of a protection racket, knowing that the money has been obtained from drug crime, is an example of this case.

(2) Confiscation, collection of equivalent value and security measures (Article 11 through 13, 19, 20)

Drug crime proceeds shall be confiscated. If it cannot be confiscated because, for example, it has already been consumed or the right thereof has been transferred, collection of equivalent value will be ordered. The system of confiscation and collection of equivalent value provided in Anti-Drug Special Provisions Law has been strengthened compared to the existing system of confiscation and collection of equivalent value in the Penal Code in that the target is not limited to tangible property, but is extended to deposit claims etc. and that confiscation and collection of equivalent value are compulsory. Moreover, it can be prohibited by court order to dispose of drug crime proceeds which should be confiscated prior to court decision in order to ensure the confiscation of the proceeds. As the risk of disposal by a criminal will be raised if he/she knows of the commencement of investigation, the court can issue a security order even before the prosecution upon request of a police officer etc. with a fixed period of 30 days, which could be renewable.

2 The Act on Punishment of Organized Crimes

As described in Chapter 1, the Act on Punishment of Organized Crimes was enacted based on the extension of predicate offences in the revised FATF "40 Recommendations" and the international agreement on the establishment of an FIU, and was enforced in February 2000. In terms of criminal proceeds regulations, this law is characterized by the extension of the scope of predicate offences from drug crimes stipulated in the Anti-Drug Special Provisions Law to certain serious crimes.

(1) Punishment of money laundering (Article 9 through 11)

According to the Act on Punishment of Organized Crimes, in addition to acts of disguising, concealing, and receiving stipulated in the Anti-Drug Special Provisions Law, changing a director etc. as a means of managing an enterprise etc. by using criminal proceeds shall be punished as another type of money laundering crime. The range of crimes that generate criminal proceeds is stipulated in the attachment to the Act on Punishment of Organized Crimes, to which illicit businesses such as unauthorized entertainment and amusement business and unlicensed banking were added in the amendment to the law enforced in July 2011.

(2) Confiscation, collection of equivalent value and securance measures (Article 13 through 16, 22, 23,42,43)

The system of confiscation and collection of equivalent value provided in the Act on Punishment of Organized Crimes is subject to the discretion of the court, unlike the system provided in the Anti-Drug Special Provisions Law. However, it has been strengthened compared to the existing system in the Penal Code in that the target is extended to monetary claims, assets obtained as the fruit of criminal proceeds are also within the scope, securance measures have been established, and so on.

At the time of the enactment of the Act on Punishment of Organized Crimes, it was stipulated that so-called "Crime victim property", such as proceeds obtained through crime concerning property etc. may not be confiscated in consideration of damage claims by victims. However, the law was partially revised (enforced in Dec. 2006) to enable confiscation in certain cases where the crime is considerably organized or it will be difficult to recover the damage by civil proceedings due to money laundering or other reasons.

Section2 Outline of the Act on Prevention of Transfer of Criminal Proceeds

As described in Chapter 1, the Act on Prevention of Transfer of Criminal Proceeds is a new act created on the basis of existing acts, i.e. the whole part of the Customer Identification Act and a part of the Act on Punishment of Organized Crimes and also in response to the revised FATF "40 Recommendations" of 2003 and sophistication of money laundering techniques. The act provides for a system to prevent transfer of criminal proceeds, including customer identification, preparation and preservation of transaction records, suspicious transaction reporting etc. to be implemented by a certain range of business operators.

For the fundamental structure of the act, please refer to Fig. 2-3.

1 Purpose of the Act (Article 1)

The purpose of this act is to prevent the transfer of criminal proceeds and to ensure the appropriate enforcement of international treaties concerning the prevention of financing terrorism etc. and thereby, to ensure the safety and peace of national life and to contribute to the sound development of economic activities by way of devising such measures as the identification of customers, preservation of

transaction records or the like, and reporting of suspicious transactions by specified business operators, as described in 3, coupled with other measures stipulated by the Act on Punishment of Organized Crimes and the Anti-Drug Special Provisions Law.

2 Criminal Proceeds (Paragraph 1 of Article 2)

The term "criminal proceeds" as used in this Act means criminal proceeds etc. prescribed in Article 2, paragraph 4 of the Act on Punishment of Organized Crimes or drug-related criminal proceeds etc. prescribed in Article 2, paragraph 5 of the Anti-Drug Special Provisions Law.

3 Specified Business Operators (Paragraph 2 of Article 2)

Business operators, required to take measures like customer identification by this act, are called "Specified business operator," the scope of which is defined in line with the FATF Recommendations as well as in consideration of business practices in Japan. Generally, financial institutions etc. had already been obliged to undertake identical measures by the Customer Identification Act (abolished by enforcement of the Act on Prevention of Transfer of Criminal Proceeds) and other regulations.

- Financial institutions, etc. (Item 1 through 33):
Bank; Shinkin bank; Federation of Shinkin banks; Labor bank; Federation of labor banks; Credit cooperative; Federation of credit cooperatives; Agricultural cooperative; Federation of agricultural cooperatives; Fishery cooperative; Federation of fishery cooperatives; Fishery processing cooperative; Federation of fishery processing cooperatives; Norinchukin Bank; Shokochukin Bank; Development Bank of Japan; Insurance company; Foreign insurance company, etc.; Small-claims/short term insurance business operator; Federation of fishery cooperatives for mutual aid; Financial instruments business; Securities finance company; Specially permitted business notifying person; Trust company; Self-trusted companies; Real estate specified joint enterprise operator; Mutual loan company; Money lender; Call money market broker; Fund transfer companies, Futures commission merchant; Book-entry, transfer institution; Account management institution; electronic receivables recording organizations; Management Organization for Postal Savings and Postal Life Insurance; Currency exchanging operator
- Financial leasing operator (Item 34)
- Credit card operator (Item 35)
- Real estate agents (Item 36)
- Dealers in precious metals and stones (Item 37)
- Postal receiving service providers or a service of receiving telephone call (Item 38)
- Lawyer or legal profession corporation (Item 39)
- Judicial scrivener or judicial scrivener corporation (Item 40)
- Certified administrative procedures specialists or administrative scrivener corporation (Item 41)
- Certified public accountant or audit firm (Item 42)
- Certified public tax accountants or certified tax accountant corporation (Item 43)

4 Responsibilities of the National Public Safety Commission and FIU (Article 3)

This Act provides that the National Public Safety Commission has responsibilities to endeavor 1)to enhance public awareness on the importance of the prevention of the transfer of criminal proceeds in

order to ensure specified business operators take appropriate actions, and 2) to promptly and appropriately collect, arrange and analyze information on criminal proceeds including information on suspicious transactions reported by specified business operators so that such information can be effectively utilized in criminal investigation and related international cooperation. Government organs that perform collection, arrangement and analysis of suspicious transaction reports and disseminate them to investigative authorities are generally called FIUs. Japanese FIU used to belong to the Financial Services Agency. Under the new law, the National Public Safety Commission took over this function from the Financial Services Agency, in connection with the extension of the scope of specified business operators. For this purpose, the Japan Financial Intelligence Center (JAFIC) was established in the National Police Agency, in charge of police administration under the control of the National Public Safety Commission, on April 1, 2007. The outline of the structure of JAFIC will be detailed in Chapter 3.

**Figure 2-2 Responsibilities of the National Public Safety Commission
(Article 3 of the Act on Prevention of Transfer of Criminal Proceeds)**

Support such as provision of information on modus operandi, contributing to the implementation of measures by specified business operators, and enhancement of public awareness

Collection, arrangement and analysis of information on criminal proceeds contributing to criminal investigation and international exchange of information

5 Measures by Specified Business Operator

By the act, specified business operator is obliged to conduct the following:

(1) Customer Identification (Article 4)

In conducting a certain transaction, verify identification data of a customer such as the name and domicile by asking for his/her driver's license or other identification documents;

(2) Preparation of customer identification records (Article 6)

Prepare and keep the record of identification data and measures taken for customer identification etc. for seven years from the day when the transactions were completed or terminated;

(3) Preparation of transaction records etc. (Article 7)

Prepare and keep the record of the date and contents etc. of transactions concerned for seven years;

(4) Reporting of suspicious transactions (Article 9)

Report transactions that are suspected of being related to criminal proceeds to the competent authority, except for judicial scriveners, certified administrative procedures specialists, certified public accountants, certified public tax accountants and lawyers;

(5) Notification pertaining to foreign exchange transactions (Article 10)

In conducting a cross-border payment, notify the receiving institutions of certain items such as the name and the account number. This article is applied only to financial institutions etc., that can conduct exchange transactions;

(6) Measures by lawyers (Article 8)

It is established by special provision, that lawyers shall conduct measures relevant to those described in (1) through (3) above based on The Rule of the Japan Federation of Bar Associations in line with cases of judicial scrivener etc.

These obligations are classified by the types of business operators in Table 2-1. Also, "Specified Business Affairs" subject to obligations and "Specified Transactions" subject to customer identification obligation are listed in Table 2-2.

Customer identification, preparation and preservation of customer identification records and transaction records described in (1) through (3) above are expected to work as warnings against persons who attempt to transfer criminal proceeds and to enable tracing proceeds afterwards. Suspicious transaction reports described in (4) will be used for investigations into money laundering offences and predicate offences and will prevent criminals from abusing economic and financial systems, so that its soundness can be assured. The purpose of notification pertaining to foreign exchange transactions described in (5) is to enable tracing funds internationally and also to respond to the FATF Special Recommendations regarding terrorist financing.

Table 2-1 Measures of Specified Business Operators Obligated by the Act

Specified Business Operators (Paragraph 2 of Article 2)	Customer identification (Article 4)	Preparation and preservation of customer identification records (Article 6)	Preparation and preservation of transaction records (Article 7)	Reporting of suspicious transactions (Article 9)
Financial Institutions etc. (Item 1 through 33)				
Financial Leasing Operators (Item 34)				
Credit Card Operators (Item 35)				
Real Estate Agents (Item 36)				○
Dealers in Precious Metals and Stones (Item 37)				○
Postal Receiving Service Providers (Item 38)	○	○	○	
Telephone Receiving Service Providers				
Judicial Scriveners (Item 40)				X
Certified Administrative Procedures Specialists (Item 41)				
Certified Public Accountants (Item 42)				
Certified Public Tax Accountants (Item 43)				
Lawyers (Item 39)	To be prescribed in the Rules of the Japan Federation of Bar Associations in line with cases of judicial scriveners etc. (Article 8)			

Table 2-2 Scope of "Specified Business Affairs" Subject to Obligations and "Specified Transactions" Requiring Customer Identification

	Specified Business Affairs	Specified Transactions
Financial Institutions etc.	Business affairs conducted by financial institutions, etc. (limited to business affairs regarding finance)	Conclusion of deposit/savings contracts (which means contracts for the acceptance of deposits or savings, large cash transactions exceeding 2,000,000 yen, cash remittance exceeding 100,000 yen etc.
Financial Leasing Operators	Financial leasing business affairs (limited to transactions which cannot be terminated earlier than the end of a contract, and to cases where the lessor enjoys the benefit associated with use of leased product and bears the cost)	Conclusion of lease contracts of goods whose lease fee exceeds 100,000 yen per payment
Credit Card Operators	Credit card business affairs	Conclusion of contracts for the delivery or issuance of a credit cards
Real Estate Agents	Business affairs which pertain to the buying and selling of building lots or buildings, or agent work or intermediation thereof	Conclusion of contracts for buying and selling building lots or buildings, or agent work or intermediation thereof
Dealers in Precious Metals and Stones	Business affairs which pertain to the buying and selling precious metals (gold, platinum, silver and alloy of these metals) and jewelry (diamond and other precious stones, semiprecious stones and pearls)	Conclusion of contracts for buying and selling precious metals etc. whose payment amount exceeds 2,000,000 yen by cash
Postal Receiving Service Providers	Business affairs for providing a service of receiving postal mail on behalf of a customer	Conclusion of contracts for the provision of service *Conclusion of contracts including a clause stating that a postal mail without description on the destination such as a company name, with which one could easily recognize the receiver as the agent, will not be received is excluded.
Telephone Receiving Service Providers	Business affairs for providing a service for receiving telephone calls on behalf of a customer	Conclusion of contracts for the provision of service *Conclusion of a contract including a clause stating that the operator will clearly specify the company name of the agent when receiving a telephone call is excluded. *Conclusion of a contract for call center business, etc. is excluded.
Judicial Scriveners Certified Administrative Procedures Specialists Certified Public Accountants Certified Public Tax Accountants	Business affairs which pertain to agent or deputy work for the following acts: - Acts or procedures concerning the buying and selling of building lots or buildings -Acts or procedures concerning the establishment, merger etc. of companies, etc. -Management or disposition of cash, deposits, securities and other property *Payment of tax, penalty, fine, etc. is excluded. * Management or disposition of others' property as a duty of a person appointed by the court or the competent administrative authority, such as a guardian of an adult etc. is excluded.	Conclusion of contracts for carrying out agent work etc. for the following acts - Acts or procedures concerning the buying and selling of building lots or buildings -Acts or procedures concerning the establishment, merger etc. of companies, etc. -Management or disposition of cash, deposits, securities and other property whose value exceeds 2,000,000 yen *Conclusion of a contract for a voluntary guardian is excluded.
		A transaction with a customer already identified is excluded, however, transaction suspect of in the guise of another person is not excluded.

6 Dissemination of Information on Suspicious Transactions (Article 11 and 12)

In order to make use of information on suspicious transactions for domestic and overseas investigation etc., the National Public Safety Commission may disseminate information to authorities in charge of investigating criminal cases such as public prosecutors assistant officers to prosecutors, judicial police officials (police officers, narcotics control agents and coast guards), customs officers and personnel of the Securities and Exchange Surveillance Commission and to a foreign FIU under certain conditions. The STR regime will be detailed in Chapter 4 (Reports of Suspicious Transactions) and Chapter 5(Promotion of International Cooperation).

7 Supervisory Measures (Article 13 through 17, 23, 24, 27)

The law provides inspection power to competent administrative authorities so that they can detect irregularities by specified business operators. The authorities can also employ various supervisory methods etc. such as guidance, advice, suggestion, and order for rectification in the case of violation for a better compliance by specified business operators.

Persons who have failed to submit reports or materials, or submit false reports or materials, or who refused on-site inspections, shall be punished with imprisonment with labor for not more than one year or a fine of not more than three million yen or both. A person who violates an order for rectification shall be punished with imprisonment with labor for not more than two years or a fine of not more than three million yen or both.

Moreover, to complement supervisory function, the National Public Safety Commission is authorized to state its opinion to competent administrative authorities (and make necessary inspections on business operators) when it detects violations.

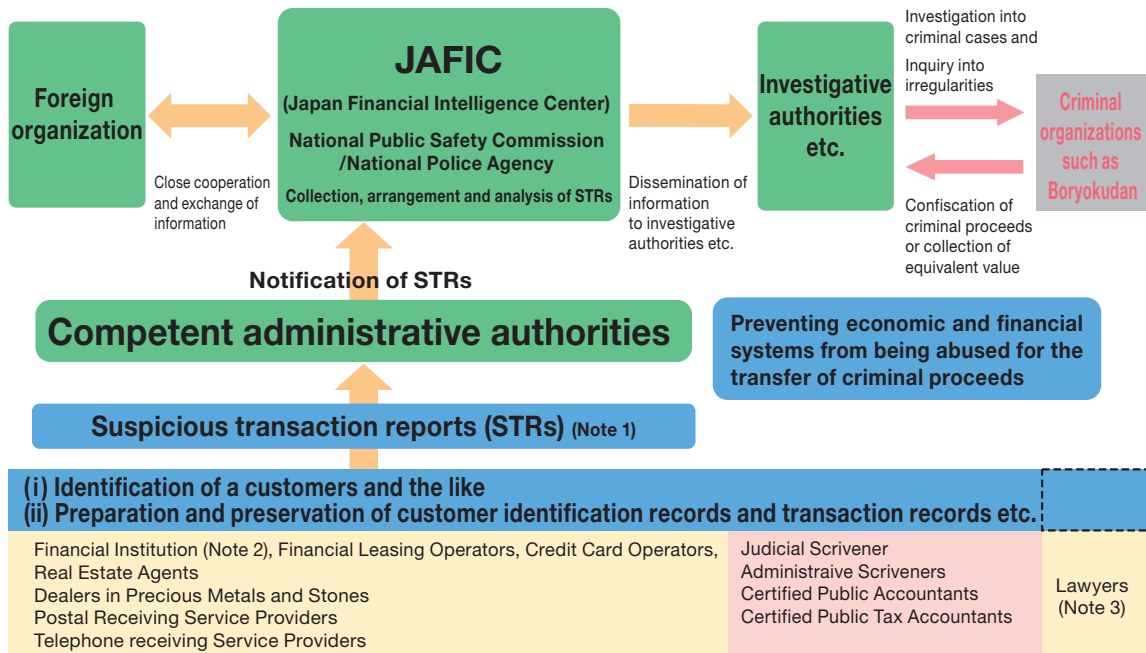
8 Penal Provisions regarding Reception/Delivery/Provision of Deposit/Savings Passbooks, Exchange Transaction Cards etc. (Article 26 and 27)

Sold or bought deposit/savings passbooks, ATM cards, Exchange Transaction Cards etc. can be sold, bought, and misused in various crimes such as money laundering. In order to prevent this, this act regulates persons who take over, receive or obtain a deposit/savings passbook etc. for value or for free, shall be punished with imprisonment with labor for not more than one year or a fine of not more than one million yen or both and a man who has committed, as a business, these crimes shall be punished by imprisonment with work for not more than three years or a fine of not more than five million yen or both.

Furthermore, persons who invite or solicit another party to assign, deliver or provide a deposit/savings passbook etc., for value or onerously, shall be punished imprisonment with labor for not more than one year or a fine of not more than one million yen or both.

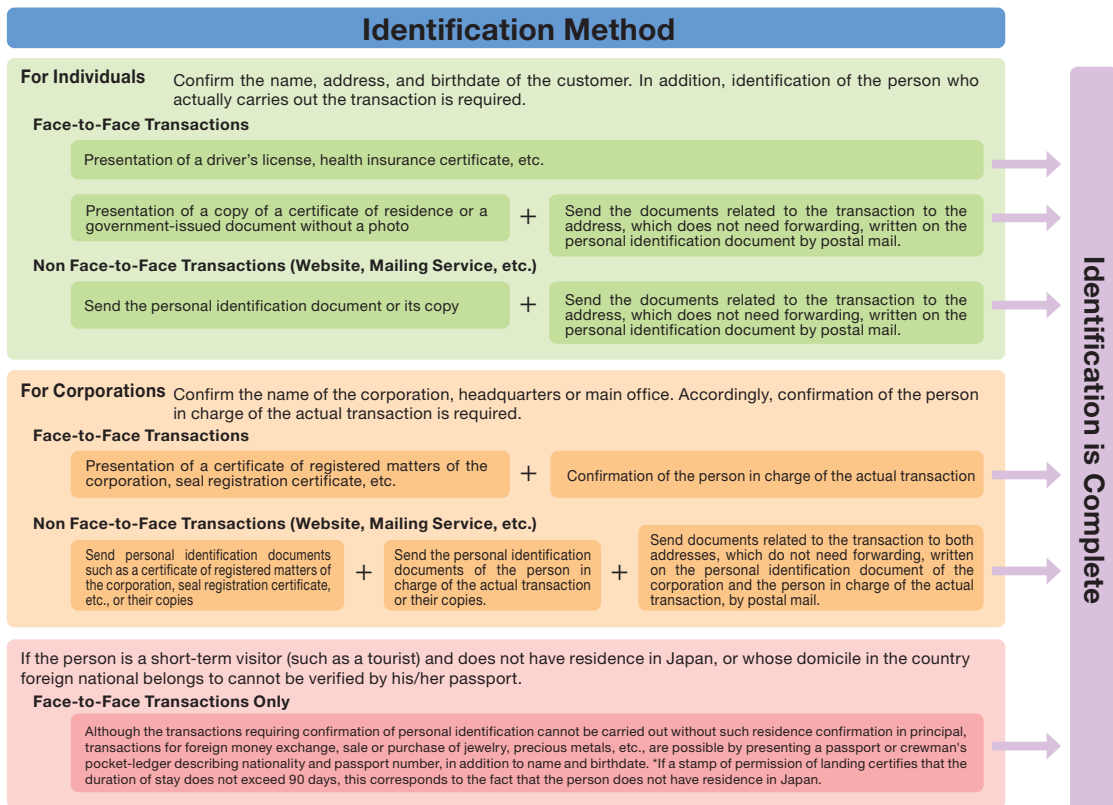
As mentioned in the next Section, penalties for such crimes have been increased since May 2011.

Figure 2-3 Outline of the Act on Prevention of Transfer of Criminal Proceeds



Note 1: Lawyers, Judicial Scriveners, Administrative Scriveners, Certified Public Accountants and Certified Tax Accountants are not subject to the obligation of suspicious transaction reporting.
 Note 2: Among financial institutions, business operators involved in exchange transactions are obliged to notify information on money senders.
 Note 3: Measures by lawyers corresponding to the measures of customer identification, preparation and preservation of customer identification records and transaction records shall be prescribed by the Rules of the Japan Federation of Bar Associations undertaken in line with cases of judicial scriveners etc. set forth by the Act on Prevention of Transfer of Criminal Proceeds.

Figure 2-4



Section 3 Recent legal amendments

Necessary amendments to the Act on Prevention of Transfer of Criminal Proceeds and its subsidiary laws have been made as appropriate to respond to social changes and amendments of other laws in view of the prevention of money laundering and related crimes. In 2011, the Act on Prevention of Transfer of Criminal Proceeds was amended for the first time since its enactment in 2007, and its subsidiary laws were also amended as necessary.

1 Amendment of the Act on Prevention of Transfer of Criminal Proceeds

(1) Background of amendment

The government has repeatedly considered improvement in the areas pointed out by the Third FATF Mutual Evaluation of Japan (refer to Section 2-3 of Chapter 5) conducted on Japan between 2007 and 2008. As for the recommendation regarding customer due diligence, various discussions were made in the meeting of business operators on customer due diligence for measures against money laundering, which was participated by experts and businesspeople and was established in the National Police Agency in January 2010. The results of the discussions were subsequently reported in July of the same year.

Meanwhile, a close look at the damage of Furikome Fraud that remains at a high level suggests the frequent use of call forwarding service providers (described later) in the crimes and ongoing issues of illicit transfers of savings passbooks as tools for such crimes.

Taking into account the abovementioned report and recent trends in the damage of Furikome Fraud and other crimes in the country, a bill on amendments to the Act on Prevention of Transfer of Criminal Proceeds was submitted to the 177th session of the Diet in April 2011, and a law for the amendment of the Act on Prevention of Transfer of Criminal Proceeds was enacted on the 27th of the same month, which was promulgated on the following 28th.

(2) Overview of amendment

(A) Addition of matters to be confirmed in the transactions of specified business operators (This will be enforced within two years from the day of the promulgation.)

In addition to identification information, specified business operators excluding professions such as lawyers and judicial scriveners must confirm the following when engaging in certain transactions with their customers:

- Purposes of the transaction
- Details of the customer's occupation (if the customer is a nature person) or his/her business (if the customer is a legal person)
- The beneficial owner (if the customer is a legal person)

Further, a requirement for the confirmation of assets and income was added to the above for certain transactions exposed to a high risk of money laundering such as those suspected of identity fraud.

(B) Addition of call forwarding service providers to specified business operators (This will be enforced within two years from the day of the promulgation.)

Those business operators providing the service of lending their own telephone numbers to customers and automatically forwarding the calls to such numbers to other numbers specified by customers (call forwarding service providers) were added to the group of specified business operators.

(C) Strengthening penalties for illicit transfer of savings passbooks (This was enforced in May 2011)

Prison term (may be combined with a fine) for acts such as illicit transfer of savings passbooks was introduced, and both the fines and maximum terms for such wrongdoing committed as a business were increased.

Figure 2-5 Overview of the amendment of the Act on Prevention of Transfer of Criminal Proceeds (FATF-related section)

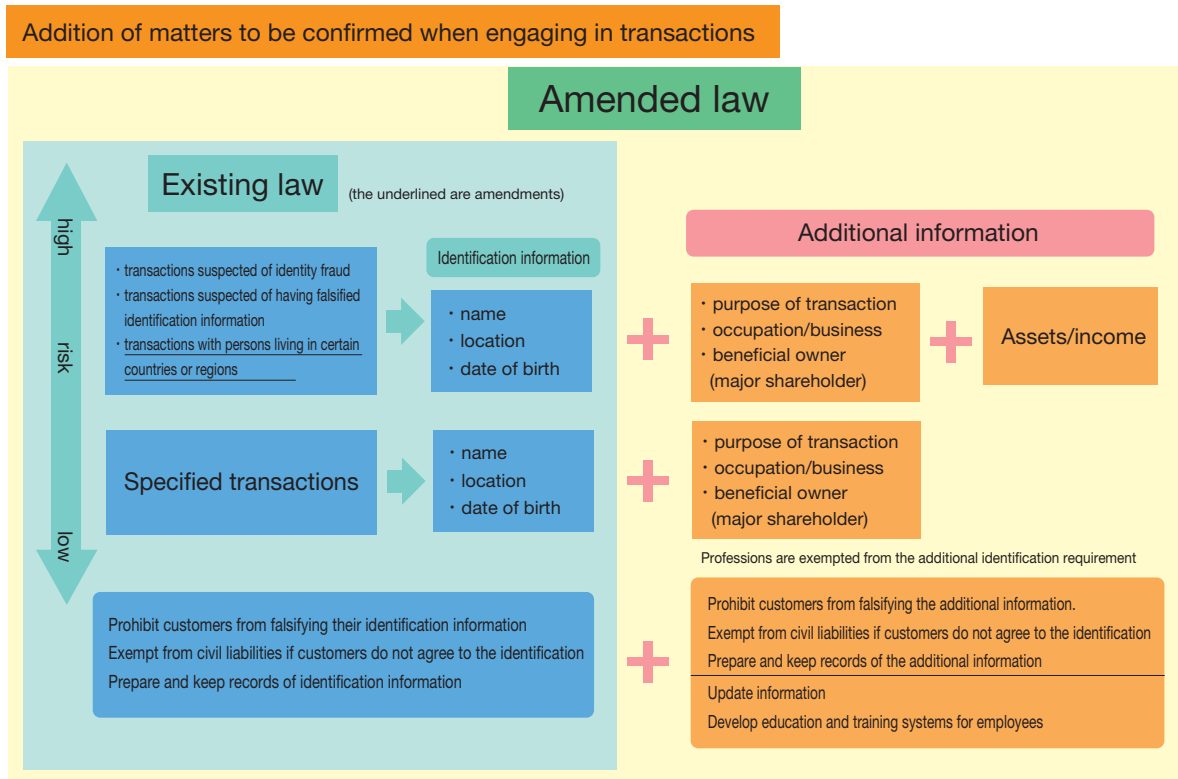
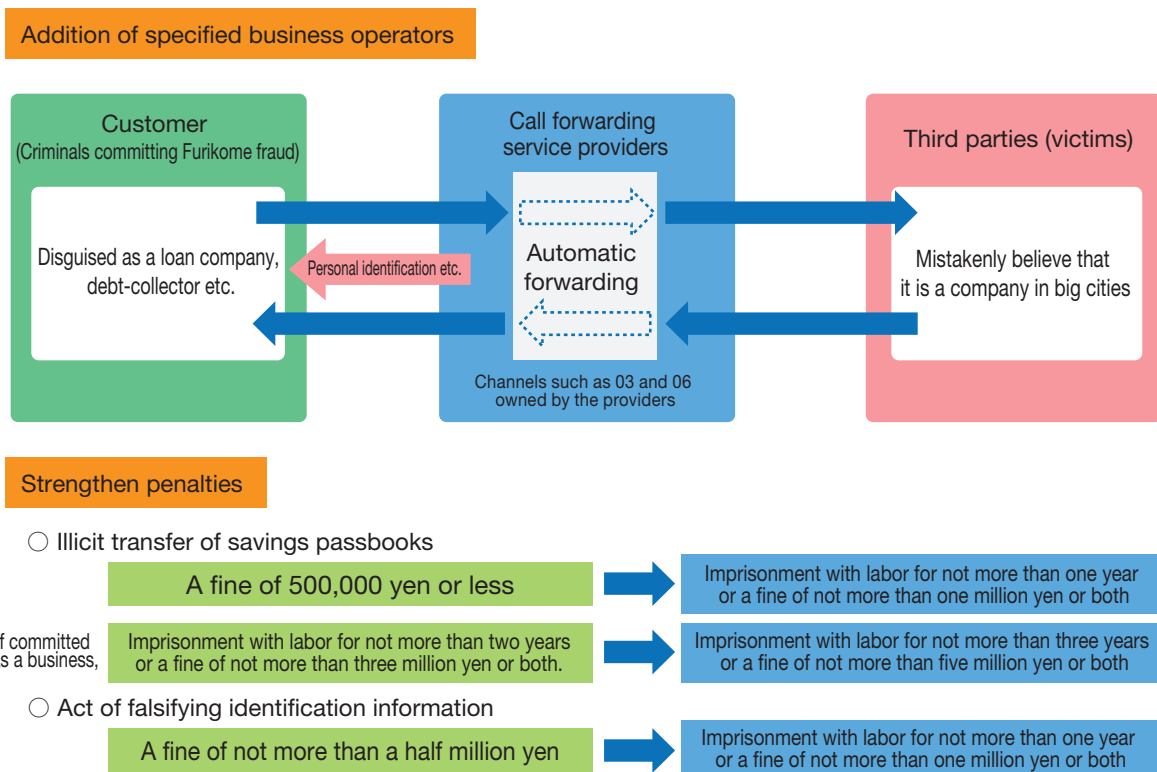


Figure 2-6 Overview of the amendment of the Act on Prevention of Transfer of Criminal Proceeds (section other than FATF-related)



2. Amendment of the enforcement regulation for the Act on Prevention of Transfer of Criminal Proceeds associated with the Great East Japan Earthquake

In view of the damage caused by the Great East Japan Earthquake, the enforcement regulation for the Act on Prevention of Transfer of Criminal Proceeds was amended in March 2011 to establish an exception to the methods of personal identification that would allow those customers of whom identification based on the formal methods would be difficult due to reasons such as a loss of all of their identification documents in the disaster to identify themselves through declaration for the time being.

In addition, cash remittance to bank accounts opened for the purpose of receiving donations for the victims of the disaster in an amount not more than two million yen would be excluded from the transactions subject to personal identification.

3. Amendment of the enforcement regulation of the Act on Prevention of Transfer of Criminal Proceeds according to the enactment of ordinances of the Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Economy, Trade and Industry (METI), and other related ministries associated with the enforcement of the Act to Partially Amend the Commodity Exchange Act and the Act for Regulations of Business Concerning Commodities Investment and the enforcement of ordinances related to interim measures

The enforcement regulations of the Act on Prevention of Transfer of Criminal Proceeds was amended in June 2011 in connection with the enactment of ordinances of the MAFF, METI, and other related ministries associated with the enforcement of the Act to Partially Amend the Commodity Exchange Act and the Act for Regulations of Business Concerning Commodities Investment to exclude the trust agreements signed by commodity futures traders with trust companies for the margins deposited by their customers from the transactions subject to personal identification.

Chapter 3

Establishment of the Japan Financial Intelligence Center (JAFIC) and Police Activities

On April 1, 2007, JAFIC was established within the Organized Crime Department, the Criminal Investigation Bureau of the National Police Agency, when the Act on Prevention of Transfer of Criminal Proceeds came into force. JAFIC is an institution playing a central role in the enforcement of the said law mainly by collecting, arranging and analyzing suspicious transaction reports (STRs) filed by specified business operators and disseminating such information to public prosecutors etc. As shown in the structure of the Act on Prevention of Transfer of Criminal Proceeds, understanding and cooperation of the public, especially specified business operators are indispensable for JAFIC to exercise its function.

Section 1 Background of Establishment of JAFIC

Many countries have institutions equivalent to JAFIC. They are generally called FIUs. Egmont Group, established in 1995 as a forum for exchanging information between FIUs, defines an FIU as a "central, national agency responsible for receiving, analyzing and disseminating to the competent authorities, disclosures of financial information: (1) concerning suspected proceeds of crime and potential financing of terrorism, or (2) required by national legislation or regulation, in order to combat money laundering and terrorism financing".

In Japan, although reporting suspicious transactions was made obligatory by the Anti-Drug Special Provisions Law, which came into effect in July 1992, it did not establish the system for centralization and dissemination of the information. Japan's first FIU was established within the Financial Supervisory Agency (reorganized into the Financial Services Agency in July 2000), when the Act on Punishment of Organized Crimes came into effect in February 2000, and it had the responsibility to handle information on suspicious transaction and exchange information with foreign counterparts under this Act.

The scope of suspicious transaction reports was to be extended as well, as the scope of business operators required to rate anti-money laundering measures was extended by the Act on Prevention of transfer of Criminal Proceeds from financial institutions etc. to those and real estate agents, dealers in precious metals and stones etc. Therefore, it was thought that not the Financial Service Agency which supervises financial institutions, but the National Police Agency which makes use of reported information for investigation or countermeasures against organized crime and terrorism is suited for the renewed function of FIU which centers on arrangement and analysis of the extended STRs.

This idea was unveiled in November 2005, when Government's "Headquarters for the Promotion of Measures against Transnational Organized Crime and Other Relative Issues and International Terrorism" decided to draft the bill of the new AML/CFT law

The Act on Prevention of Transfer of Criminal Proceeds clarified that the National Public Safety Commission (NPSC), which controls the National Police Agency and is aided by it, is responsible for prompt and appropriate collection, arrangement and analysis of suspicious transaction reports filed from specified business operators. The Act also granted the NPSC a function related to the handling of

STRs including their dissemination to foreign FIUs as well as a function to complement supervisory measures against specified business operators. JAFIC was established within the Organized Crime Department, the Criminal Investigation Bureau of the National Police Agency, as a new Japan's FIU to perform these functions.

Section2 Mission and Structure

JAFIC is in charge of the following tasks provided in the Act on Prevention of Transfer of Criminal Proceeds:

- Collection, arrangement, analysis and dissemination of information on suspicious transactions to investigative authorities etc.
- Dissemination of information to foreign FIUs;
- Provision of information and complement of supervisory measures by administrative authorities to ensure that specified business operators take required measures;

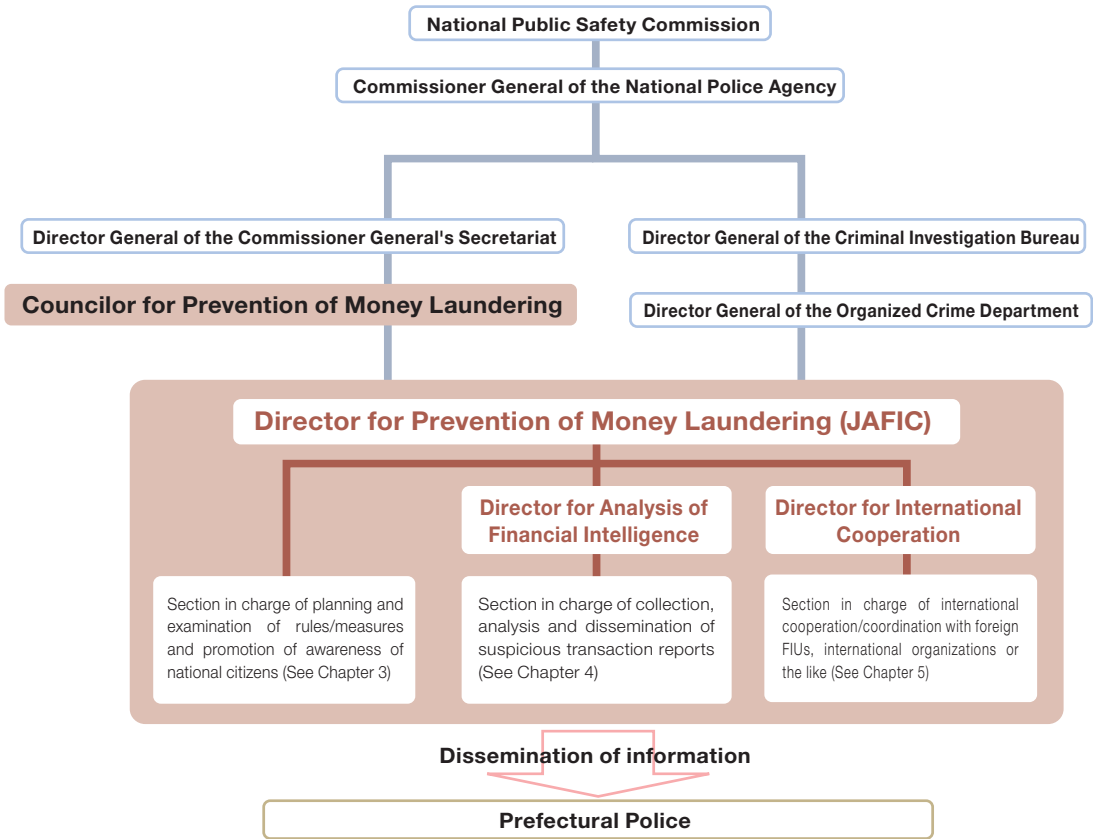
JAFIC also plans and examines the legal system related to AML and various measures such as "the Guideline for Promotion of the Criminal Proceeds Control" etc. described in Section 4. It also participates in discussion of international standards related to AML measures.

Among these tasks, the status of the analysis and dissemination of STRs will be explained in Chapter 4, while cooperation with foreign FIUs and international institutions will be described in Chapter 5.

The structure of JAFIC is illustrated in Fig. 3-1. It is currently composed of about 90 employees under the Director for prevention of Money Laundering.

On the other hand, the "Task Force specializing in resolving criminal proceeds" is established in each Prefectural Police in charge of tracing criminal proceeds and investigating money laundering crimes etc.

Figure3-1 Structure of JAFIC

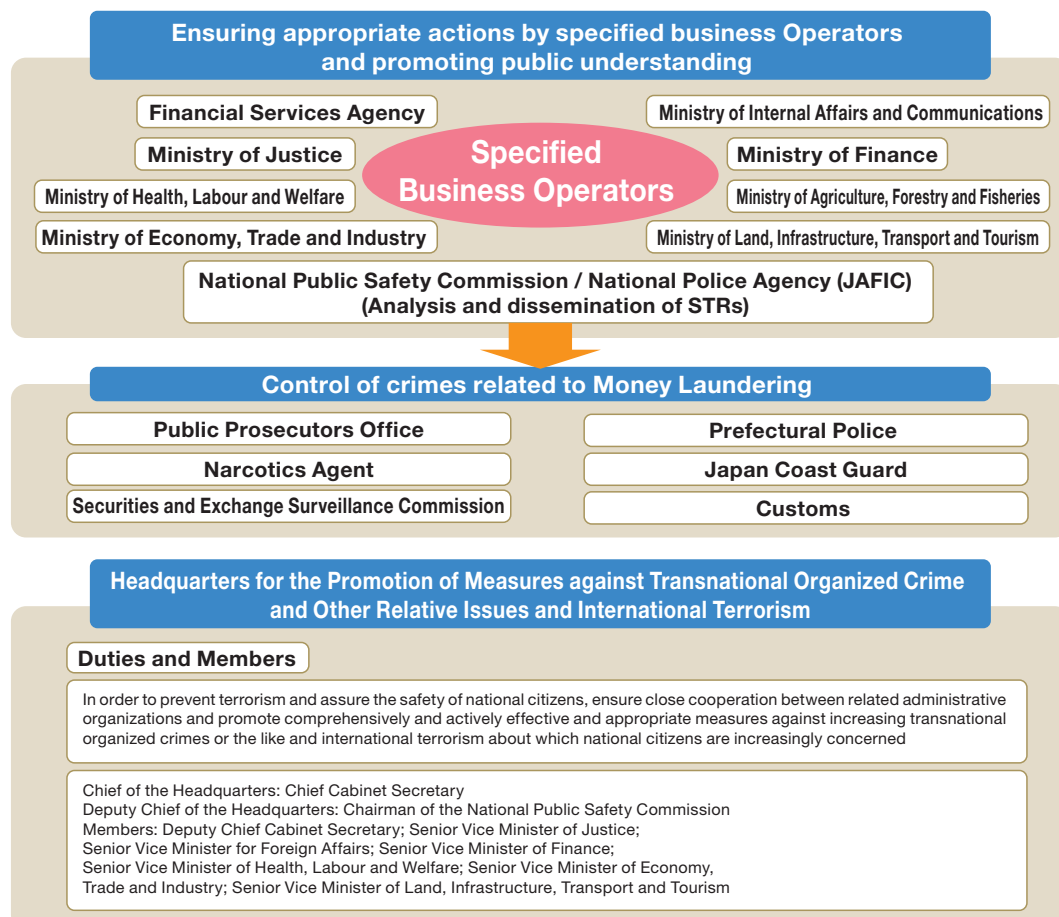


Section3 JAFIC and Partners

Specified business operators including financial institutions should take initial anti-money laundering measures according to the Act on Prevention of Transfer of Criminal Proceeds. As stated in this chapter separately, in addition to the analysis of financial intelligence, JAFIC endeavors to publicize the actual conditions of money laundering and legal systems and relevant countermeasures so that specified business operators can take the proper actions and gain cooperation from the public. Relevant ministries and agencies in charge of supervising business operators not only exercise the supervisory function to secure the fulfillment of obligations, but also provide supports by issuing Lists of Reference Cases of Suspicious Transactions and holding seminars in cooperation with industry organizations. On the other hand, investigative authorities, such as the police, detect money laundering offences and predicate offences and, as a result, confiscate criminal proceeds within their respective jurisdictions. These ministries and agencies carry out their duties in each position, while also cooperating with each other by exchanging useful information, discussing issues in preventing money laundering and other ways.

Also, for the purpose of promoting effective and appropriate measures against transnational organized crimes and international terrorism in a comprehensive and active manner, the "Headquarters for the Promotion of Measures against Transnational Organized Crime and International Terrorism" was established in a Cabinet Meeting in August 2004. In addition, the "Ministerial Meeting Concerning Measures against Crime" which was started by the cabinet meeting agreement in September 2003, frequently discusses anti-money laundering measures.

Figure 3-2 Anti-money Laundering Measures in Each Governmental Organization



Section 4 Countermeasures against Criminal Proceeds by the Police

From the perspectives of damaging the financial bases of criminal organizations, the police have been promoting countermeasures against criminal proceeds by, among others, cracking down on illegal acts and other fund raising activities undertaken by Boryokudan. The Act on the Prevention of Transfer of Criminal Proceeds is expected to make these countermeasures more effective with the cooperation of a wide range of business operators who may deal with criminal proceeds. The National Police Agency, playing a central part in enforcing the law, issued "the Guideline for Promotion of the Criminal Proceeds Control" with the notice of the Deputy Commissioner General of the National Police Agency in April 2007 with a view to enhancing countermeasures against criminal proceeds taken by police departments across the country

Fundamental items in carrying out measures against criminal proceeds indicated by "the Guideline for Promotion of the Criminal Proceeds Control" are composed of four principles and six promoting items as follows:

1 Principles for Countermeasures against Criminal Proceeds

- (1) Promotion of voluntary efforts by specified business operators and the promotion of public awareness
- (2) Analysis and utilization of information on criminal proceeds
- (3) Promotion of crackdown on of crimes related to criminal proceeds and deprivation of criminal proceed
- (4) Promotion of international cooperation on criminal proceeds control

2 Promoting Items of Countermeasures against Criminal Proceeds

- (1) Arrangement of the system for the promotion of countermeasures
The National Police Agency and each prefectural police should develop a system necessary for countermeasures against criminal proceeds. Each prefectural police establish a Task Force for fact-finding concerning criminal proceeds and develop the investigation system of crimes related criminal proceeds in each relevant division.
- (2) Promotion of voluntary efforts by specified business operators and public awareness
The police should provide information on the transfer of criminal proceeds, instruction and advice to specified business operators and conduct public information and educational activities to deepen general understanding about importance of criminal proceeds control.
- (3) Collection, arrangement and analysis of information on criminal proceeds
The National Police Agency should collect, arrange, analyze and disseminate information on criminal proceeds. Each prefectural police should collect the information necessary for effective countermeasures against criminal proceeds by maintaining close cooperation among relevant divisions.
- (4) Promotion of countermeasures against criminal proceeds
The National Police Agency should provide instruction to and coordinate among prefectural police departments which investigate crimes related to criminal proceeds, as well as clarify actual conditions of criminal organizations etc. In order to cut off the source of funds for criminal organizations etc., each prefectural police department should promote investigation where STRs are utilized, and attempt to make arrests in a proactive manner by applying the Act on Punishment of Organized Crimes, the Anti-Drug Special Provisions Law and other laws, while it should also promote information collection activities.

(5) Promotion to deprive Criminal Proceeds

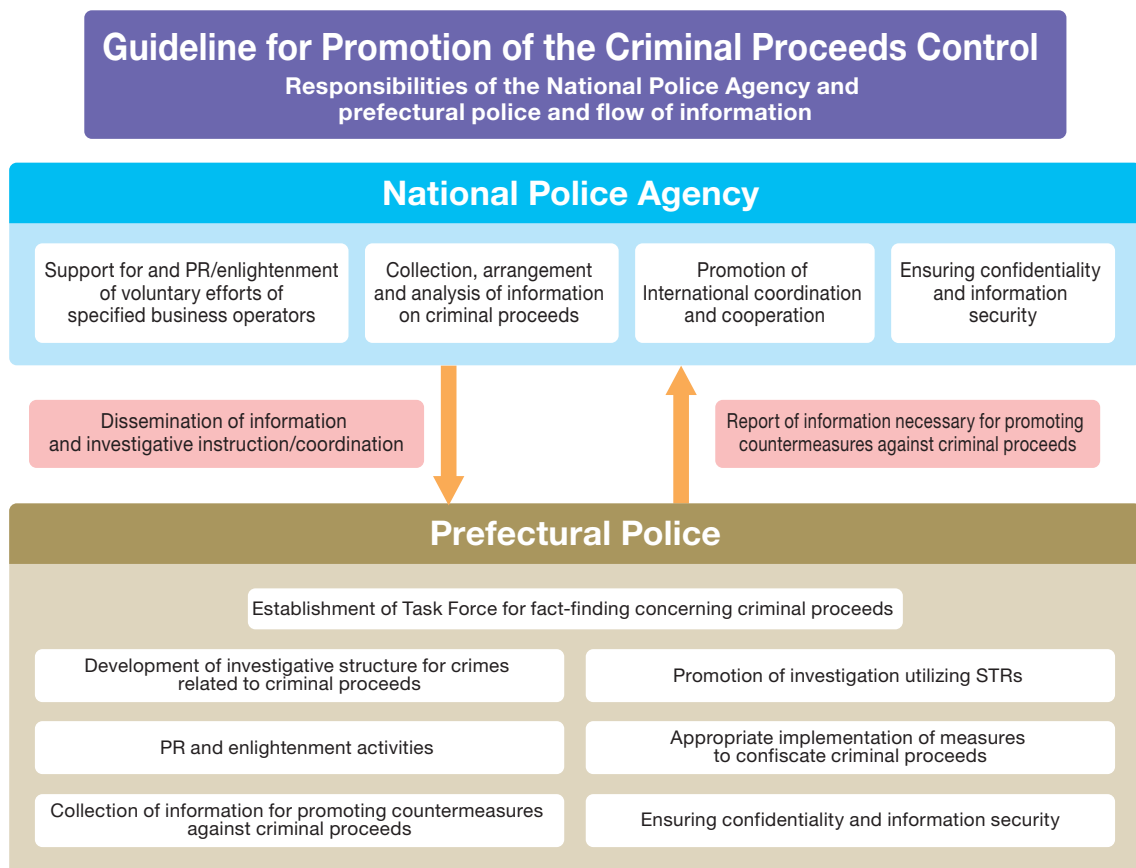
Measures to prevent the transfer of criminal proceeds shall be properly carried out, by not only arresting suspects, but also by detecting criminal proceeds and utilizing temporary restriction order before institution of prosecution. Also, close coordination with the Public Prosecutor's Office shall be further strengthened with regards to the deprivation of criminal proceeds.

(6) Promotion of international cooperation

The police should strengthen international cooperation by various ways such as exchanging information with foreign FIUs, responding to revisions of international recommendations, and supporting foreign countries in implementing international recommendations.

The police has already put into practice, actively as described in Chapter 6, the policies indicated by "the Guideline for Promotion of the Criminal Proceeds Control" through criminal investigations and other ways after the Act on Prevention of Transfer of Criminal Proceeds came into force.

Figure 3-3 Overview of the Promotion Outline of Measures against Criminal Proceeds



Section5 Efforts in Cooperation with Business Operators, and the Public, and Related Authorities Made in 2011

Paragraph1 Explanation and Provision of Information etc. on Seminars Targeting Specified Business Operators

1 Explanation on Seminars for Postal Receiving Service Providers

Between February and March 2011, the “Briefing on the Act for the Prevention of Transfer of Criminal Proceeds” seminars was held by the Ministry of Economy, Trade and Industry, at ten locations in Japan, and JAFIC officials explained the outline of the law, obligations imposed on specified business operators etc.



Explanation at a Seminar

2 Explanation on Workshops for Fund Transfer Business Operators

In February 2011, the Japan Payment Service Association held a seminar in Tokyo for all of its members that are fund transfer business operators throughout Japan, and JAFIC officials explained the outline of the Act on Prevention of Transfer of Criminal Proceeds, obligations imposed on specified business operators etc.

3 Explanation on Workshops for Real Estate Agents

The NPA jointly held with the Financial Services Agency, “Suspicious Transactions Reporting” seminars for financial institutions 18 times, in total at 12 places around the country, from September to November 2011, where cases of STRs, utilized by investigative authorities, and points which should be kept in mind when filing the report etc., and provided them with information related to suspicious transactions reporting by way of answering questions made by employees of financial institutions.

In December 2011, a seminar for foreign banks was held in Tokyo, and JAFIC officials gave a lecture regarding the elimination of antisocial forces, obligations of specified business operators etc.

4 PR on Website

The website of JAFIC has been created in the National Police Agency website, which publicizes the annual report, JAFIC's activities, and description of the Act on Prevention of Transfer of Criminal Proceeds.



Website of JAFIC



Annual Report

Website of the National Police Agency

<http://www.npa.go.jp>

Website of JAFIC

<http://www.npa.go.jp/sosikihanzai/jafic/index.htm>



Leaflet

Paragraph2 Requests Made to Specified Business Operators following the Resolution of the United Nations Security Council

When, the United Nations Security Council newly adopts a resolution on measures for freezing the assets related to person or organization deemed to be involved in terrorism etc., the National Police Agency, in cooperation with relevant Ministries and Agencies, shall disseminate the content to specified business operators and request the thorough implementation of the fulfillment of customer identification obligation and suspicious transaction reporting obligation on the person or organization whose assets etc. can be targeted for freezing. And, the targeted persons or organizations of the said measures shall be listed on the website.

1. Measures based on the resolutions of the United Nations Security Council

Japan imposes asset freezing measures on parties associated with the Taliban according to the resolutions of the United Nations Security Council. Every time the list of such parties is revised, the National Police Agency requires specified business operators through supervisory authorities to fulfill

their obligation of customer due diligence and ensure the reporting of all suspicious transactions through related government offices. Such a requirement was made in a total of six times in 2011.

2. Measures based on the FATF Public Statement

The Plenary Meeting of the FATF held in February 2011 adopted the Statement which calls on all FATF members and other jurisdictions to apply countermeasures to protect the financial system from the money laundering and terrorist financing risks emanating from Islamic Republic of Iran and North Korea. In response, the National Police Agency has required through supervisory authorities that specified business operators fulfill their obligation of customer due diligence and ensure the reporting of all suspicious transactions.

The FATF Plenary Meetings held in June and October 2011 also adopted a statement concerning the jurisdictions having strategic deficiencies in the measures against money laundering and terrorist funding. The National Police Agency consequently made the same requirement through supervisory authorities.

Section 6 Progress of the collection of reports and opinion statements in 2011

When suspicion surfaces during the investigation of Frikome fraud or other crimes by the Prefectural Police with regard to the violation of the obligation of customer identification and other matters prescribed in the Act on Prevention of Transfer of Criminal Proceeds, the National Public Safety Commission/the National Police Agency (JAFIC) makes requests to the alleged specified business operator for submission of reports or gives directions to the relevant prefectural Police on necessary inquiry.

In 2011, the National Public Safety Commission/the National Police Agency made 5 requests to submit report to Postal Receiving Service Providers etc., and gave 3 directions to Prefectural Police Departments to make the necessary inquiry. In addition, based on the result of the past report collection, the National Public Safety Commission/the National Police Agency made 10 opinion statements to encourage the Ministry of Economy, Trade and Industry to take necessary measures which will rectify the violation of the Act by its supervised specific business operators. In accordance with the previous opinion statements of the National Public Safety Commission / the National Police Agency, the Minister of Economy, Trade and Industry issued 9 rectification orders to postal receiving service providers.

No on-site inspections were performed in 2011.

Table 3-1 Implementation of Request to submit report etc. by the National Public Safety Commission/ the National Police Agency

	2008	2009	2010	2011
Number of request to submit reports to the specified business operators	11	16	7	5
Number of direction to conduct inquiry to the prefectural police	1	2	10	3
Number of stating opinion to the competent administrative agencies	4	9	13	10

Note: The reports and statements of 2008 are those made after March 1.

Section 7 Efforts of Specified Business Operators

1 Efforts of Banking Industry

The "Japanese Bankers Association" (hereinafter referred to as "JBA"), of which most of the banks operating in Japan are members, established the "Working Committee on Money Laundering Issues" within JBA in 1990 and, since then, has been taking anti-money laundering and combating the financing of terrorism (AML/CFT) measures, such as preparing and providing notices on items to keep in mind regarding the procedures of customer due diligence and suspicious transaction reporting, preparing and distributing seminar handbooks to its members, giving seminars for its members, and so on.

Furthermore, JBA prepares leaflets, posters or the like to be provided to customers regarding customer due diligence procedure etc. In addition, JBA is promoting organizational measures on issues related to money laundering and terrorist financing inside and outside of Japan by following, at all times, the development of AML and CFT measures at FATF, exchanging and sharing of information constantly with foreign bankers associations or the like, making responses to FATF mutual evaluations of Japan, and so forth. As an example of JBA playing a leading part in the efforts of the banking industry, it incorporated provisions on compliance including money laundering prevention and confrontation with antisocial forces into the JBA "Code of Conduct," (revised in November, 2005), and prompted its members to put such into practice.

2 Efforts of Securities Industry

The securities industry has made efforts to eliminate Boryokudan. from securities transactions and to promote anti-money laundering measures.

The Japan Securities Dealers Association and each stock exchange, together with relevant authorities including the Financial Services Agency and the National Police Agency, established the "Securities Safety Liaison Committee" and the "Securities Safety Liaison Committee Working-level Conference" in November 2006 to examine further measures to eliminate the Boryokudan from the industry. In July, 2007, "Elimination of Antisocial Forces from Securities Transactions and the Securities Market" was published as an interim report of the examination results of abovementioned working-level conference. Likewise, in February 2008, the "Concept of Reporting Suspicious Transactions" was summarized to ensure effective reporting, clarifying the need to further strengthen countermeasures against money laundering, such as the prompt reporting of suspicious transactions.

Moreover, relevant organizations such as securities companies, the Japan Securities Dealers Association, Stock Exchange, Financial Bureau, Prefectural Police, the prefectural Center for Elimination of Boryokudan and the Bar Association established the "Securities Police Liaison Council" in each prefecture, and have improved the effectiveness of the elimination of the Boryokudan from the industry and of the prevention of money laundering, through information exchange of the field level and seminars.

Additionally, the Japan Securities Dealers Association established the "Securities Safety Countermeasure Support Center" in March 2009. It is registered as the information management organizations for wrongful demands based on the Law Concerning Prevention of Unjust Acts by Boryokudan, by the National Public Safety Commission/ the National Police Agency. It carries out operations to receive inquiries and consultations from securities companies.

Moreover, Japan Securities Dealers Association established the "Rules regarding Severing Relationships with Anti-social Forces" in May 2010, and obligated each member to 1) introduce articles regarding Boryokudan elimination in their transaction clauses etc, 2) screen new and existing clients, and 3) introduce articles regarding assurance by customer, "that he/she is not an antisocial force" when opening securities account.

3 Efforts of Real Estate Industry

In December 2007, the real estate industry established the "Liaison Council for Preventing Transfer of Criminal Proceeds and Preventing Damage by Antisocial Forces in the Real Estate Industry" so that the real estate industry as a whole, can promote collective efforts to prevent the transfer of criminal proceeds and eliminate antisocial forces. It proceeds with taking measures to share the information regarding the operation of systems including the Act on Prevention of Transfer of Criminal Proceeds, through efforts such as discussing the development of a responsibility system within relevant business operators, and preparing and distributing brochures etc. for the purpose of enlightenment.

4 Efforts of Lawyers Associations

The Japan Federation of Bar Associations had been examining the relation between anti-money laundering measures and the duties of a lawyer, recognizing the importance of the measures, and established with a resolution of the general assembly meeting in March 2007, the "Rules on Identification of Clients and Record-Keeping" which stipulates the obligations of a lawyer; e.g., confirming the identity of a client, preserving the records for certain practices, and not accepting a request if suspected to be used for transfer of criminal proceeds. The rule was put into effect on July 1, 2007.

Every year, the Japan Federation of Bar Associations holds workshops, provides videos of the workshops and distributed materials over the Internet, and offers training videos and educational materials such as FAQs to each bar association for the purpose of raising awareness of the rules. Moreover, an instruction manual of the rules is placed on its website for members and its journal which is sent to all members.

Chapter 4

Reports of Suspicious Transactions

The Act on Prevention of Transfer of Criminal Proceeds requires specified business operators to file a report to a competent administrative authority if a transaction is suspected to be related to criminal proceeds. This measure was made obligatory for the first time in the Anti-Drug Special Provisions Law and was taken over to the Act on Prevention of Transfer of Criminal Proceeds through the Act on Punishment of Organized Crimes.

Section 1 Outline of the Suspicious Transaction Reporting System

1 Purpose

The Suspicious Transaction Reporting System aims, to support investigation on money laundering and its predicate offences, to prevent criminals' illegal use of the services of specified business operators and to ensure soundness and trust of business activity.

2 Cases in which Reporting is Required

Specified business operators are required to file an STR to a corresponding supervising authority, when they suspect, during the course of their businesses (types of the businesses listed in table 2-2), that assets they received are criminal proceeds or that their client commits an offence of concealment of criminal proceeds.

3 Announcement of List of Reference Cases of Suspicious Transactions (Guideline)

Specified business operators are expected to judge whether the concerned transaction is a suspicious transaction with their own knowledge and experience at their industries, taking into account the form of transaction, client attributes, conditions surrounding the transaction and other factors. It may well be the case, however, that some operators simply lack adequate understanding of money laundering and find it difficult to make an appropriate judgment. Therefore, in Japan, since the enforcement of the Anti-Drug Special Provisions Law, "List of Reference Cases of Suspicious Transactions," has been issued for specified business operators as a guideline for reporting. It is often called the "Reporting Guideline." After full enforcement of the Act on Prevention of Transfer of Criminal Proceeds, which covers a wider variety of specified business operators than before, competent administrative authorities have announced reference cases of suspicious transactions, based on the characteristics of respective specified business operators.

These reference cases are just, as clarified in the introduction thereof, samples of suspicious transactions and are intended merely for reference. This means, it is for the specified business operators to judge whether an individual case is a suspicious transaction, taking into account the client's attributes, conditions surrounding the transaction and other specifics of the transaction. All the transactions that appear to match the listed samples do not necessarily have to be reported as suspicious, while transactions that do not fall within any of them may still be suspicious and subject to reporting.

4 Analysis of Bank Account used for Crime

JAFIC has carried out operations to statistically abstract the characteristics of bank accounts used for crime in cooperation with the Prefectural Police etc. in order to make use of it in arranging and analyzing information regarding STRs, and as part of information provision to the specified business operators that is regulated in the Act on Prevention of Transfer of Criminal Proceeds, Article 3.

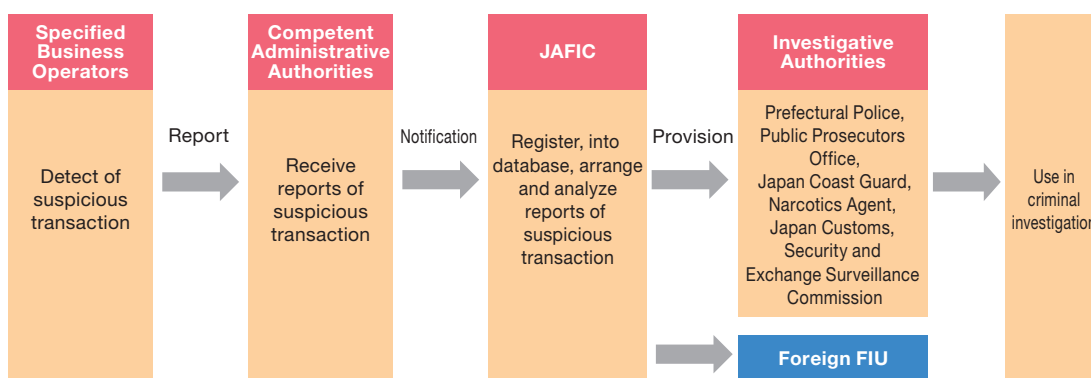
5 Flow of Suspicious Transactions Reporting

Information reported by specified business operators is collected at the National Public Safety Commission / the National Police Agency (JAFIC), via the competent administrative authorities. JAFIC arranges and analyzes STRs, check the importance of them, and then disseminates the useful STRs to investigative authorities such as the Prefectural Police, the Public Prosecutors Office etc.

The investigative authorities receive and use STRs as clues for criminal investigation, and for countermeasures against organized crime such as detection of criminal proceeds and tracing the source of illicit funds. JAFIC also provides foreign FIUs with information of overseas transactions if needed, in order for them to trace criminal proceeds transferred across international borders.

Furthermore at JAFIC, a detailed analysis of STRs is carried out by using the information gathered by the police for organized crime countermeasures etc. and the results of analysis are disseminated to related Prefectural Police and other agencies.

Figure 4-1 Flow of STRs from Specified Business Operators, through JAFIC to Investigative Authorities



6 Information Security Measures

Since STRs include sensitive information on individuals and business activities, JAFIC carries out due information security measures to prevent leakage, loss, damage, or other misconduct. The handling of relevant information is set forth in the regulations of the National Public Safety Commission. In particular, since a large amount of information is stored in the database system which manages suspicious transactions, sufficient security measures need to be taken. Various security measures put in place at JAFIC are as follows.

(1) Management of Entering and Exiting

Terminals that can access information stored in the JAFIC database are located in a room with doors that are controlled by a biometric authentication system. Only a limited number of staff members are permitted to enter the room.

(2) Three steps of Authentication

In order to access the information in the JAFIC database, three levels of authentication are required. In other words, information can be reached only after authentication is carried out 3

times, in 3 different ways. During the authentication procedure, if more than one mistake occurs, access to the terminal is denied to prevent unauthorized use.

(3) Surveillance of Terminal

All processing operated at the terminals, such as file inquiries and printing, is monitored and recorded by the surveillance software. This allows for tracing in case of wrongful operation, and prevents improper use of information within the organization.

(4) Physical Measures of Terminals

Each terminal is firmly affixed to a desk with a security wire, to prevent theft.

(5) Strengthening of Server Management

The server that contains reported information is located in a server room with adequate security measures, and only qualified staffs are allowed to enter.

(6) Encryption of Terminal's Hard Disk Drive Information

The hard disk drives on the terminals that are used to access the database system are all encrypted. Therefore, even if the hard disk drives are removed and taken out, the information recorded in the hard disk drive and all related programs will still be inaccessible.

(7) Encryption of Circuit

Transmission between the server and the terminals is encrypted with a special circuit.

Section2 Situation of Suspicious Transaction Reports in 2011

1 The change in the number of reported cases

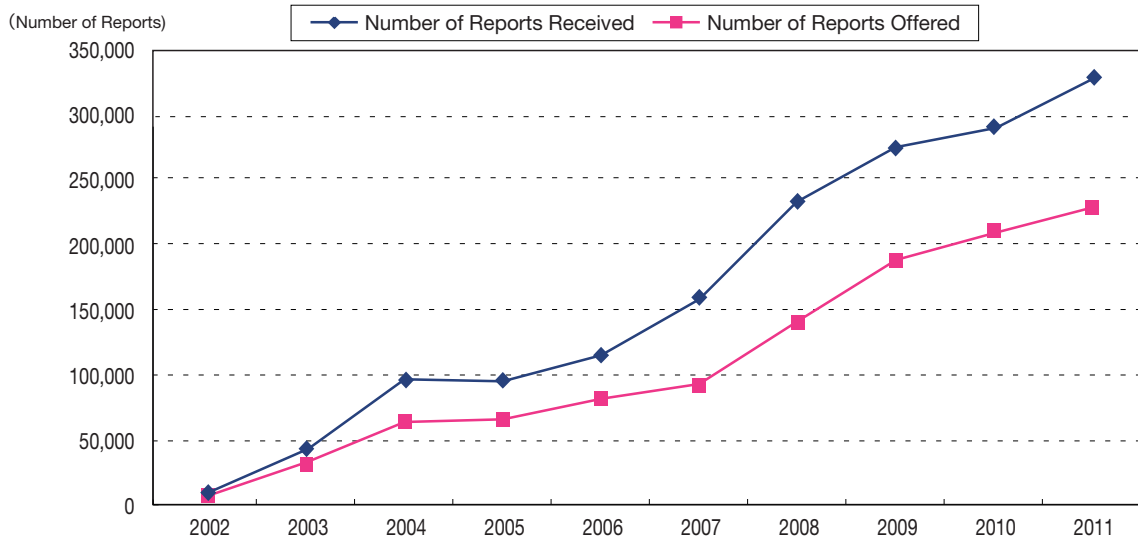
As described in Chapter 1, although the suspicious transaction reporting system was established with the enforcement of the Anti-Drug Special Provisions Law in 1992, less than 20 cases were reported each year between 1992 and 1998, largely because the subjects of reporting was limited to proceeds derived from drug-related crimes. Under these conditions, that reporting system could not be considered to be fully functional. However, since the enactment of the Act on Punishment of Organized Crimes in 1999 (enforced in February 2000), crimes which are subjects of suspicious transaction reports were expanded from drug-related crimes to serious crimes, and the number of reports exceeded 1,000 cases in 1999. Since the enforcement of the Act on Punishment of Organized Crimes in the year 2000, the number of reports has increased each year, and has rapidly increased since the enforcement of the Act on Prevention of Transfer of Criminal Proceeds in 2007. The number of reports in 2011 was 337,341, an increase of 43,036 cases (14.6%) compared to the previous year, or approximately 2.1 times the number of reported cases in 2007 (see Table 4-1 and Figure 4-2). The number of cases in which information on suspicious transactions was eliminated by the Director for Prevention of Money Laundering in 2011 was zero in 2011.

Table 4-1 Trend Diagram of Number of Reports of Suspicious Transactions (1992-2001)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Yearly number of Reports Received	12	17	6	4	5	9	13	1,059	7,242	12,372

Note: The reports of 1992 are those made after July, when the reporting system was established.

Figure 4-2 Trend Diagram of Number of Reports of Suspicious Transactions (2002-2011)



Yearly Number of Reports Received	18,768	43,768	95,315	98,935	113,860	158,041	235,260	272,325	294,305	337,341
Yearly Number of Reports Offered	12,417	30,090	64,675	66,812	71,241	98,629	146,330	189,749	208,650	234,836

Note 1: "Number of Reports Received" (2002-2011) is the total number of the reports received by the Financial Services Agency(JAFIO) from January 2002 to March 2007 and those received by the National Public Safety Commission/the National Police Agency (JAFIC) after April 2007.

Note 2: "Number of Reports Offered" (2002-2011) is the total number of the reports offered by JAFIO to the National Police Agency from January 2002 to March 2007 and those offered by JAFIC to investigative authorities etc. after April 2007.

The factors contributing to the increase in reporting numbers can be thought to be

- The monitoring system for antisocial forces and illegal funds transfer has been reinforced by financial institutions, with the progress of compliance awareness in society.
- The repeated education on the cases of suspicious transactions (guidelines) through seminars for financial institutions etc. (see Paragraph 1 of Section 5 of Chapter 3) in the past has a positive effect.

Moreover, financial institutions etc. have taken various measures, both tangibly and intangibly. In particular, some financial institutions whose STRs have been increased, have promoted training on countermeasures against money laundering by using resources, such as handbooks for employees, to improve the ability of individual employees, while having strengthened the system to identify suspicious transactions, by increasing personnel in charge of money laundering countermeasures and the introduction of the detection systems for suspicious transactions.

2 Number of Reports by Business Types

The number of suspicious transaction reports that each category of business operators filed in 2011 is shown in table 4-2. Banks etc. have the highest number of reports with 311,298 cases, or 92.3% of all

reports, followed by Shinkin bank and Credit cooperative (12,453 cases, 3.7%), and financial instrument business operators (6,758 cases, 2.0%) (see Table 4-2).

The number of reports filed by business operators who were newly required to report suspicious transactions in accordance with full enforcement of the Act on Prevention of Transfer of Criminal Proceeds in March 2008 (Financial Leasing Operators, Credit Card Operators, Real Estate Agents, Dealers in Precious Metals and Stones, Postal Receiving Service Providers, and Telephone Receiving Service Providers) totaled 2,438, an increase of 662 cases (37.3%) from the previous year.

Table 4-2 Number of Suspicious Transaction Reports by Each Business Type

Category	Year	2010		2011		Increase/Decrease rate	
		Number of reports	%	Number of reports	%	Number of reports	%
Financial Institutions etc.		292,529	99.4%	334,903	99.3%	42,374	14.5%
Banks etc.		272,215	92.5%	311,298	92.3%	39,083	14.4%
Shinkin Banks and Credit Cooperative		11,156	3.8%	12,453	3.7%	1,297	11.6%
Labour Banks		243	0.1%	248	0.1%	5	2.1%
Norinchukin Banks etc.		357	0.1%	601	0.2%	244	68.3%
Insurance Companies		202	0.1%	677	0.2%	475	235.1%
Financial Instruments Business		5,666	1.9%	6,758	2.0%	1,092	19.3%
Money Lending Business		634	0.2%	581	0.2%	-53	-8.4%
Fund Transfer Companies		73	0.0%	344	0.1%	271	371.2%
Commodity Futures Traders		13	0.0%	5	0.0%	-8	-61.5%
Currency Exchanging Operators		1,970	0.7%	1,937	0.6%	-33	-1.7%
Electronic Monetary Claim Recording Institutions		0	0.0%	1	0.0%	1	—
Financial Leasing Operators		83	0.0%	45	0.0%	-38	-45.8%
Credit Card Operators		1,617	0.5%	2,350	0.7%	733	45.3%
Real Estate Agents		21	0.0%	5	0.0%	-16	-76.2%
Dealers in Precious Metals and Stones		19	0.0%	4	0.0%	-15	-78.9%
Postal Receiving Service Providers		36	0.0%	34	0.0%	-2	-5.6%
Telephone Receiving Service Providers		0	0.0%	0	0.0%	0	—
Total		294,305	100.0%	337,341	100.0%	43,036	14.6%

3 Number of notification cases classified by notification methods

According to notifications of suspicious transaction by notification method, notification by electronic application using the e-governance on-line window (e-Gov), and notification other than by electronic application (for example, sending documents etc. to the supervising administrative government agency) are described in Table 4-3.

Table 4-3 Number of Reports by Each Notification Method

Notification Methods	2008		2009		2010		2011	
	Number of reports	%	Number of reports	%	Number of reports	%	Number of reports	%
Electronic Application	111,921	47.6%	156,291	57.4%	172,394	58.6%	184,774	54.8%
Other Methods	123,339	52.4%	116,034	42.6%	121,911	41.4%	152,567	45.2%
Total	235,260	100.0%	272,325	100.0%	294,305	100.0%	337,341	100.0%

Notification rate by electronic application in 2011 was 54.8%, a decrease of 3.8 points over the previous year. JAFIC has made efforts to publicize notification by electric application through workshops targeting specified business operators in order to reduce the load of the notifying person.

Section3 Use of Suspicious Transaction Reports in 2011

Paragraph1 Dissemination to Investigative Authorities

JAFIC stores all STRs and provides investigative authorities with the STRs reported by specified business operators that have been judged to be conducive to the investigation of money laundering offences or predicate offences. Investigative authorities are Prefectural Police, Public Prosecutors Office, Narcotics Control Department, Japan Coast Guard, Japan Customs and Securities and Exchange Surveillance Commission.

The number of reports on suspicious transactions provided to investigative authorities has been growing every year since the enforcement of the Act on Prevention of Transfer of Criminal Proceeds in 2007, which was 234,836 in 2011, an increase of 26,186 cases (12.6%) from the previous year and approximately 2.4 times the number in 2007. (See figure 4-2). There was no request for reading, duplicating, or sending copies of records of the information on suspicious transactions made by any investigative authority.

The number of disseminated reports in 2011 accounts for 69.6 % of all the STRs and this percentage is a decrease of 1.3 points over the previous year. The disseminated information is used by investigative authorities to assist investigations concerning money laundering offences and predicate offences and for anti organized crime measures including deprivation of criminal proceeds.

Paragraph2 Outlook of How STRs are Used

The number of cases cleared by prefectural police that were initiated with information in STRs (“STR-initiated cases”) has been growing every year since the enforcement of the Act on Prevention of

Transfer of Criminal Proceeds in 2007, which was 570 in 2011, an increase of 180 cases (46.2%) from the previous year and approximately 5.8 times the number of arrests in 2007.

Table 4-4 shows the STR-initiated cases categorized by crime type.

Table 4-4 Number of STR-initiated cases by type of crime

Crime	Year	2007	2008	2009	2010	2011
Fraud		81	132	265	258	360
Violation of Act on Prevention of Transfer of Criminal Proceeds		6	15	48	76	145
Violation of Financial Instruments and Exchange Act		2	1	2	0	1
Violation of Stimulants Control Act		0	0	0	16	17
Violation of Stimulants Control Act and Cannabis Control Act		0	0	0	0	1
Violation of Pharmaceutical Affairs Act		0	0	0	0	2
Violation of Money Lending Business Act		2	3	1	2	3
Violation of Money Lending Business Act and Investment Deposit and Interest Rate Act		0	6	5	2	5
Violation of Investment Deposit and Interest Rate Act		1	3	3	5	2
Use of forged securities and fraud		0	0	0	0	3
Sharing of unauthorized creation of electromagnetic records of payment cards and fraud		0	0	0	0	1
Falsification and supply of electromagnetic records of officially authenticated documents		2	2	0	3	3
Forgery and/or use of a private document with signature or seal		0	0	1	1	1
Use of counterfeit currency		0	0	0	0	1
Violation of Local Tax Act		0	0	0	0	1
Violation of Immigration Act		1	3	4	5	6
Violation of Worker Dispatching Act		0	0	0	1	4
Violation of Banking Act		1	3	1	2	3
Violation of Prostitution Prevention Act		0	0	0	2	1
Distribution of obscene literature		0	0	0	0	2
Extortion		0	1	2	2	2
Receipt of stolen goods		1	0	0	2	1
Illegal entry into a building		0	0	0	0	1
Violation of Foreign Exchange Act and Customs Act		0	0	0	0	1
Violation of Customs Act		0	0	0	0	1
Violation of Trademark Act		0	1	0	2	1
Violation of Waste Disposal and Public Cleansing Act		0	0	0	1	1
Other		2	5	5	10	0
Total		99	175	337	390	570

Note 1: The formal titles of the laws are as follows:

- The Immigration Act is the Immigration Control and Refugee Recognition Act
- The Investment Deposit and Interest Rate Act is the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates.
- The Worker Dispatching Act is the Act on Securing the Proper Operation of Worker Dispatch Business and Improvement of Working Conditions for Dispatched Workers.
- The Foreign Exchange Act is the Foreign Exchange and Foreign Trade Act.

Note 2: "Violation of the Act on Prevention of Transfer of Criminal Proceeds" includes violation of the Customer Identification Act, and "Violation of the Financial Instruments and Exchange Act" includes violation of the Securities and Exchange Act.

The following describes each type of the violation.

- The number of fraud-related cases (fraud, violation of the Act on Prevention of Transfer of Criminal Proceeds and the Financial Instruments and Exchange Act) is 506, the largest number that comprises 88.8% of all cases. Among the frauds, the number of arrests in the cases of fraud or transfer of savings passbooks is the largest, comprising 84.6%. In addition, arrests have been made in fraud cases using internet auctions, insurance frauds committed by *Boryokudan* members, and frauds committed on the pretext of purchasing unlisted stocks, among other cases.
- Drug-related cases (violation of the Stimulants Control Act, the Cannabis Control Act, and the Pharmaceutical Affairs Act) totaled 20, in which arrests were made for the possession and/or smuggling of stimulants and unauthorized sale of pharmaceuticals in violation of the Pharmaceutical Affairs Law.
- The number of cases related to black market finance (violation of the Money Lending Business Act and the Investment Deposit and Interest Rate Act) was 10, which included arrests for unregistered business operation and high-interest lending in violation of the Money Lending Business Act and the Investment Deposit and Interest Rate Act.
- Forgery-related cases (use of forged securities and fraud, sharing of unauthorized creation of electromagnetic records of payment cards and fraud, falsification and supply of electromagnetic records of officially authenticated documents, forgery and/or use of a private document with signature or seal, use of counterfeit currency, and violation of the Local Tax Law) totaled 10, including arrests in travelers check forgery and illicit diesel oil production.
- The total number of overstay-related cases (violation of the Immigration Act) was six, in which foreign visitors to Japan who have stayed in Japan beyond the period of stay authorized were arrested for the violation of the Immigration Act.
- Four cases were related to the Worker Dispatching Act (violation of the Worker Dispatching Act). Arrests were made for making workers engage in a construction project in which the assignment of dispatched workers was prohibited, thereby violating the Worker Dispatching Act.
- Cases related to underground banks (violation of the Banking Act) totaled three, in all of which foreigners in Japan were arrested for violating the Banking Act by committing unauthorized overseas remittance.
- Three cases were related to prostitution and obscenity (violation of the Prostitution Prevention Act, distribution of obscene literature etc.). Arrests were made for the violation of the Prostitution Prevention Act committed at a massage parlor, sale of pornographic DVDs etc.
- There were two extortion-related cases (extortion), in which arrests were made for extortion committed by *Boryokudan* on the pretext of protection fees.
- Theft-related cases included two (receipt of stolen goods and illegal entry into a building), in which the dealers who had been purchasing stolen goods were arrested.
- Two cases were related to illegal export (violation of the Foreign Exchange Act and the Customs Act). Arrests were made for violation of the Foreign Exchange Act and the Customs Act by exporting goods without approval.

- There was one case related to violation of intellectual property rights (violation of the Trademark Act), in which a mail-order business operator selling counterfeit branded goods was arrested for the violation of the Trademark Act.
- There was one case related to illegal dumping (violation of the Waste Disposal Law), in which an arrest was made for illegal burying of waste that violated the Waste Disposal Law.

The number of cracked cases of money laundering from the STR-initiated cases in 2011 was 17 cases. STR-initiated cases by crime type shows that fraud, violation of the Money Lending Business Law, and violation of the Investment Deposit and Interest Rate Act accounted for 82.4% (see Table 4-5).

Table 4-5 The number of cases in which STR-initiated cases led to the arrest for the cases of money laundering

Crime	Year	2007	2008	2009	2010	2011
	Fraud		6	2	4	8
Violation of Money Lending Business Act		0	0	1	2	1
Violation of Money Lending Business Act and Investment Deposit and Interest Rate Act		1	6	3	0	3
Violation of Investment Deposit and Interest Rate Act		0	0	0	2	1
Violation of Prostitution Prevention Act		0	0	0	1	1
Distribution of obscene literature		0	0	0	0	1
Violation of Trademark Act		0	1	1	0	1
Other		2	0	0	4	0
Total		9	9	9	17	17

The number of STRs used for investigation by prefectural police has been growing since the enforcement of the Act on Prevention of Transfer of Criminal Proceeds in 2007, which was 105,777 in 2011, an increase of 17,717 cases (20.1%) from the previous year and approximately 4.4 times the number in 2007 (see Table 4-6).

Table 4-6 Number of STRs Used

Category \ Year	2007	2008	2009	2010	2011
Number of STRs used for investigation of initiated cases	907	668	1,261	1,642	2,674
Number of STRs used for investigation of cases other than above mentioned	23,079	44,199	68,680	86,418	103,103
Total	23,986	44,867	69,941	88,060	105,777

Note 1: "Number of STRs used for investigation of initiated cases" includes the number of all STRs used for arrest.

Note 2: In cases where investigations have been initiated by using STRs but still ongoing, these STRs are counted as "STRs used for investigation of cases other than above mentioned".

Also in the investigations not initiated with STRs, many STRs are used for criminal investigation that started from a different source, for investigation into other crimes, and for locating criminal proceeds. In addition, they are used as essential intelligence to promote anti organized crimes measures, such as for revealing sources of income or operation of Boryokudan's fund.

Moreover, JAFIC tries to obtain a realistic view of the movement of funds of the antisocial forces such as Boryokudan by comprehensive analysis of information contained in the STRs of customers, by matching them with other STRs related to the same customers that were reported in the past; information accumulated for organized crime, countermeasures as well as publicly available information.

These analyses have revealed that antisocial forces make use of Boryokudan affiliated companies and investment partnerships, utilize their funds in various ways and transfer a large amount of funds overseas.

Although it can be assumed that the resources of a large part of the funds handled by antisocial forces originate from criminal proceeds, there are many cases that their involvement in particular predicate offences is obscured because various fund activities or utilization in various ways make its source unclear.

As recent cases of arrests typically show, antisocial forces often use affiliated companies as cover, feign normal transactions that hide any connection with Boryokudan, receive cooperation from others who have various information and specialized knowledge, and thus use their funds. This is one of the main factors which make the fund-raising activity by antisocial forces opaque.

Therefore, in order to have a clearer vision of the actual conditions of fund-raising activities, JAFIC is convinced that it is important to continue to monitor and trace the movement of funds of antisocial forces, and to enhance the control of illegal activities committed in the course of fund-raising activities through the utilization of the analysis of STRs as well as close cooperation with authorities concerned, such as, investigative authorities, Japan Customs, Securities and Exchange Surveillance Commission and foreign FIUs.

Chapter 5

Promotion of International Cooperation

Economy and financial services becoming more widely globalized today, and money transfers can be made instantly across borders. There are a number of cases in which criminal and terrorist organizations attempt to evade law enforcement authorities' investigations by transferring criminal proceeds to foreign countries, or funding terrorists through third-party nations.

Non-cooperative jurisdictions, or those taking insufficient AML/CFT measures are likely to be misused as loopholes for money laundering or terrorist financing. Taking these situations into consideration, it is essential for relevant authorities in each jurisdiction to cooperate closely with each other and it is also important for all jurisdictions, based on the latest *modi operandi* of money laundering and terrorist financing, to take necessary and sufficient measures all together with a view to detect money laundering and terrorist financing by tracing accurately the transfer of criminal proceeds across borders, and to prevent the abuse of international financial system by criminal organizations for money laundering and terrorist financing.

Therefore, measures against money laundering and terrorist financing have been taken by various international institutions including FATF.

Since the inception of the Japan Financial Intelligence Office (JAFIO), Japan FIU has actively participated in the discussions at FATF and other international institutions.

JAFIC, which is a Japan's second FIU and was established in April 2007, is expected to seek to collaborate even more vigorously with other countries in promoting implementations of global and effective AML/CFT measures.

Section1 Activities of International Institutions

Paragraph1 FATF

1 FATF

FATF is an intergovernmental body established following the "Economic Declaration" of the 1989 Archa Summit Communique to promote international cooperation on AML measures. After the September 11th US terrorist attacks of 2001, FATF has also taken the initiative in the promotion of international CFT measures.

FATF has 34 member jurisdictions (including Japan) and 2 international institutions as of December 2011.

2 Activities of FATF

(1) Main Activities of FATF

1. Formulation and review of international standards in the "FATF Recommendations" concerning

- AML/CFT measures
- 2. Monitoring the status of compliance with the FATF Recommendations in FATF member jurisdictions (Mutual Evaluations)
- 3. Promotion of compliance with the FATF Recommendations to non-member jurisdictions
- 4. Study on trends and modus operandi of money laundering and terrorist financing

(2) The FATF Recommendations

a) FATF 40 Recommendations

In 1990, FATF laid out standards in "the 40 Recommendations", to be applied by each jurisdiction in the field of law enforcement, criminal justice, and financial regulations. In 1996, FATF revised the Recommendations to make the Suspicious Transaction Report obligatory, and for other matters. With cooperation from private sectors, FATF started a re-evaluation process of the Recommendations in 2001 to improve AML/ CFT measures against the worldwide increasing sophistication and complexity of money laundering. The Recommendations was revised again and was publicized in June 2003.

The new "40 Recommendations" contained following additional elements.

- Clear definition and expansion of scope of money laundering offense
- Undertaking customer due diligence including customer identification
- Measures to prevent unlawful use of legal persons in relation to ML
- Application of preventive measures to designated non-financial businesses (real estate agents, dealers in precious metals and stones) and professions (lawyers, accountants and other professions)
- National and international cooperation among FIUs, supervisory authorities, law enforcement authorities and other governmental organizations handling issues related to money laundering

b) FATF 9 Special Recommendations

In October 2001, a month after the September 11th US terrorist attacks, FATF held an Emergency Session to discuss countermeasures against terrorist financing. The agreement of the session was reflected in "the Special Recommendations" and was made public. Since FATF added a new recommendation on "cash couriers" to this in October 2004, it is now called "the 9 Special Recommendations on Terrorist Financing." Main components of the 9 Special Recommendations are as follows:

- Criminalization of the financing of terrorism
- Requiring suspicious transaction reporting related to terrorism
- Requiring financial institutions to include accurate and meaningful originator information (name, address and account number) on fund transfers etc.

c) Revision of FATF Recommendations

FATF 40 Recommendations and 9 Special Recommendations have been further revised for the Forth Mutual Evaluation.

(3) Mutual Evaluations

FATF employs a peer review approach to encourage its members to implement the Recommendations. Member jurisdictions are evaluated by other members from various viewpoints such as law, regulation or control regime for anti-money laundering and terrorist financing, and arrest for money laundering crime. Mutual Evaluation of Japan was conducted three times in the past, in 1994, 1998, and 2008 (as for the Third Mutual Evaluation of Japan, See Paragraph 3 of Section 2).

3 Participation of JAFIC in FATF

As one of the founding members of FATF, Japan has been a very active contributor to its work since its

establishment in 1989. Japan chaired the plenary between July 1998 and June 1999 and the former FIU of Japan, JAFIO, which had been established within the Financial Services Agency, participated in tri-annual Plenary Meetings and working groups which conduct analysis of money laundering typologies. Even after the functions of FIU were transferred from JAFIO to JAFIC, JAFIC has continued to actively participate in the discussion for new frameworks of AML/CTF measures and send staff members to the Plenary and working group meetings held every year.



FATF Plenary Meeting

Paragraph 2 APG

1 APG

APG (Asia/Pacific Group on Money Laundering) is an international cooperative body whose establishment was decided in February 1997 at the FATF 4th Asia/Pacific Money Laundering Symposium held in Thailand to promote anti-money laundering measures in non-FATF member jurisdictions in the Asia/Pacific region. As of the end of December 2011, the APG consists of 41 jurisdictions, including Japan.

2 Activities of APG

The main activities of APG are as follows.

1. Promotion of compliance with the FATF Recommendations in the Asia/Pacific region
2. Promotion of legislation on AML/CFT in the APG member jurisdictions
3. Mutual Evaluations on APG member jurisdictions
4. Information exchange and analysis on the trend of money-laundering in the Asia/Pacific region

3 Participation of JAFIC in APG

Japan is one of the founding members of APG and has been actively contributing to the activities of APG, much as it has with FATF. For example, the first Plenary Meeting and second typology meeting were both held in Tokyo in March 1998 and March 1999 respectively and Japan took the role of co-chair with Australia between July 2004 and June 2006. This approach has not been changed even after the functions of FIU were transferred to JAFIC. Since its establishment, JAFIC has continued to send staff members to the Plenary Meeting and the typology meetings to participate in the study on the best practice of information analysis conducted by FIUs and on the latest modus operandi and trend of money laundering.

Paragraph 3 Egmont Group

1 Egmont Group

The Egmont Group is an international forum established mainly by FIUs of several European nations and the United States in April 1995 with the goal of promoting cooperation on information exchange trainings and expertise between FIUs around the world engaging in AML measures. The group is named after the Egmont castle in Belgium where the first plenary session was held. Although the Egmont Group was established as an informal forum at the beginning, it has become an internationally recognized official body at present, through the adoption of the Egmont Group Charter at the May 2007

annual plenary in Bermuda and the establishment of its permanent Secretariat in Toronto, Canada. The Egmont Group consists of FIUs of 127 jurisdictions as of the end of December 2011.

2 Various Meetings of the Egmont Group

In addition to the annual Plenary Meeting which representatives from all member FIUs attend, the Egmont Group has the following working groups, which are held about two times a year.

1. The Legal Working Group (LWG) reviews the candidacy of potential members and handles all legal aspects and matters of principle within Egmont members.
2. The Outreach Working Group (OWG), which works to create a global network of FIUs by identifying candidates for membership and working with those countries to ensure that they meet international standards
3. The Training Working Group (TWG) develops training methods for FIU personnel, and conducts training seminars for Egmont members as well as for non-Egmont jurisdictions.
4. The Operational Working Group (OpWG) seeks to bring FIUs together on typologies development and long-term strategic analytical project.
5. The IT Working Group (ITWG) provides advice and research analysis support software for IT systems of the new and existing FIUs.

3 Participation of JAFIC in the Egmont Group

Upon establishing JAFIO in February 2000 within the Financial Supervisory Agency (later the Financial Services Agency) as a Japanese version of FIU, Japan applied for membership in the Egmont Group, and was granted it in May 2000 at the 8th annual plenary held in Panama.

Since then, JAFIO had actively participated in the activities of the Egmont Group. It sent staff members to working group meetings and the Plenary Meetings, and took part in the drafting of the Egmont Group Charter. JAFIO also undertook the role of sponsor FIU (in co-sponsorship with the Thailand FIU) in the application procedures for Myanmar FIU, which is currently not yet an Egmont Group member.

JAFIC, which took over the functions of Japan FIU from JAFIO in April 2007, was granted the Egmont Group membership as the new Japan FIU at the 15th Plenary Meeting held in Bermuda in May 2007.

After joining the Egmont Group, JAFIC has sent its members to both the annual meetings and working groups to participate in the discussions on the principles related to information exchange between FIUs and other matters.

Moreover, JAFIC has taken over the role of sponsor FIU for the FIU of Myanmar in the application procedures into the Egmont Group from JAFIO and accepted the role of sponsor FIU for Pakistan FIU at the request of the Egmont Group in 2011.



Egmont Group Meeting (Armenia)

Section2 Progress of the International Cooperation in 2011

Paragraph1 Participation in the Activities of International Organizations

Table 5-1 presents that JAFIC has been actively participating in the activities of international organizations by sending its members to each occasion.

Table 5-1 Participation in the activities of international organizations in 2011

	Month	Name of meeting	Location
FATF	February	Plenary Meeting	Paris (France)
	Late March – Early April	Working Group	Cape Town (South Africa)
	May	Working Group	Paris (France)
	June	Plenary Meeting	Mexico City (Mexico)
	September	Working Group	Rome (Italy)
	October	Plenary Meeting	Paris (France)
	December	Working Group	Busan (S. Korea)
APG	July	Annual Meeting	Cochin (India)
	December	Typology Meeting	Busan (S. Korea)
Egmont Group	March	Working Group	Oranjestad (Aruba)
	July	Annual Meeting	Yerevan (Armenia)

Paragraph2 Status of Information Exchange with Foreign FIUs

1 Establishment of the Framework for Exchange of Information

It is necessary to exchange information on suspicious transactions with foreign FIUs timely in order to detect money laundering and terrorist financing by appropriately tracing criminal proceeds or terrorist financing transferred across borders.

On the other hand, Article 12 of the Act on Prevention of Transfer of Criminal Proceeds stipulates that JAFIC may disseminate information on suspicious transactions to foreign FIUs on condition that there is a framework governing the restrictions on the use of the disseminated information in foreign countries. In response, JAFIC has established the necessary framework by exchanging a document specifying the restrictions on the use of provided information and other matters with foreign FIUs. This document is called the Memorandum of Understanding (MOU).

JAFIC has been coping with the negotiations for setting the frameworks for information exchange with numerous foreign FIUs in order to constructively exchange necessary information with them.

From its establishment of April 2007 till the end of 2010, JAFIC has set the frameworks for information exchange with the FIUs of 26 jurisdictions. Moreover, in 2011, JAFIC has newly established frameworks with 8 FIUs (see Table 5-2).

Table 5-2 [34 jurisdictions which has set the Frameworks for Information Exchange between FIUs, which Japan]

Year of Agreement	Jurisdictions
2007	Hong Kong, Thailand, Malaysia, Belgium, Australia, U.S., Singapore, Canada, Indonesia, U.K., Brazil, Philippine
2008	Switzerland, Italy, Portugal, South Korea, Rumania
2009	Paraguay, France, Qatar
2010	Turkey, Mexico, Luxemburg, Chile, Finland, India
2011	Nigeria, China, Cambodia, Macau, Cyprus, Argentina, Spain, San Marino

2 Status of Information Exchange with Foreign FIUs

JAFIC exchanges suspicious transaction information with foreign FIUs in a positive and expeditious manner.

JAFIC has been strengthening the systems of analysis and as a result, requests to foreign FIUs have increased.

In 2011 regarding strange or unreasonable money transfers to and from foreign countries, which analyses on information of suspicious transaction have revealed, JAFIC, for further analysis, made 136 requests to relevant foreign FIUs for information such as the flow of funds transferred out of Japan, the source of remittance from abroad etc.

Table 5-3 The number of requests for information between JAFIC and foreign FIUs

Category	Year	2007	2008	2009	2010	2011
	Number of requests for information from foreign FIUs to JAFIC (foreign country => Japan)		33	60	47	54
Number of requests for information from JAFIC to foreign FIUs (Japan => foreign country)		16	30	51	78	136

Note: The number of requests for 2007 is data after April 1.

In addition to these requests for information, FIUs in various countries are voluntarily exchanging information which are considered beneficial in preventing money laundering and terrorist financing in other countries.

The number of cases where JAFIC exchanged information with foreign FIUs in 2011 totaled 226, an increase of 74 cases (48.7%) from the previous year, which was the largest since the enforcement of the Act on Prevention of Transfer of Criminal Proceeds in 2007.

Table 5-4 The number of cases where JAFIC exchanged information on criminal proceeds with foreign FIUs

Category	Year	2007	2008	2009	2010	2011
	Provision of information from foreign FIUs (foreign country => Japan)		22	63	70	89
Provision of information at the request of JAFIC		12	21	52	66	128
Voluntarily provision of information		10	42	18	23	18
Provision of information to foreign FIUs (Japan => foreign country)		33	61	50	63	80
Provision of information at the request of foreign FIUs		33	58	44	56	64
Voluntarily provision of information		0	3	6	7	16
Total		55	124	120	152	226

Note 1: Information on criminal proceeds includes STRs and other related information such as publicly etc.

Note 2: The number of requests for 2007 is data after April 1.

In order to facilitate exchange of information, JAFIC has actively carried out various activities such as learning how foreign FIUs analyze information and how foreign investigative authorities utilize the funds information etc. JAFIC has also conducted meaningful discussions, for the activation of future exchange of information by visiting FIUs of jurisdictions where there is a need for close coordination especially from the viewpoint of countermeasures against money laundering and terrorism financing, as well as FIUs of other jurisdictions where there still is no framework for information exchange.

3 Discussions with Foreign FIUs

The following presents the discussions held with foreign FIUs in 2011:

March	Discussion with China FIU (Beijing)
April	Information exchange with U.S. FIU (Washington D.C.)
June	Information exchange with Malaysia FIU (Kuala Lumpur)
	Information exchange with Indonesia FIU (Jakarta)
	Information exchange with Hong Kong FIU (Hong Kong)
September	Information exchange with Italy FIU (Rome)
	Information exchange with U.S. FIU (Tokyo)
	Information exchange with Canada FIU (Ottawa)
	Discussion with Colombia FIU (Bogotá)
October	Discussion with Peru FIU (Lima)
November	Information exchange with South Korea FIU (Seoul)
	Discussion with New Zealand FIU (Wellington)

Note: locations of the meetings are in parentheses ()



Information Exchange with Canada FIU



Discussion with New Zealand FIU

Paragraph 3 FATF Mutual Evaluation of Japan

1 Implementation of the Third FATF Mutual Evaluation of Japan

The FATF Mutual Evaluation of Japan was conducted three times; and the third round, the most recent one, was conducted from late 2007 to late 2008 with JAFIC and related government agencies responding. The main process and procedure of the FATF Mutual Evaluation of assessed countries are as follows:

1. response to the Mutual Evaluation Questionnaire (MEQ),
2. On-site visit to directly confirm the actual status by assessors,
3. discussion at the FATF Plenary Meeting.

Japan provided the response to the MEQ in January 2008, and underwent on-site visit in Tokyo and Osaka in March of the same year. In October 2008, at the Plenary Meeting in Brazil, the third round of Mutual Evaluation of Japan was concluded. Since the results of every evaluation are to be published, the results of the evaluation of Japan are also published on the FATF website (<http://www.fatf-gafi.org/>) and the Ministry of Finance website (http://www.mof.go.jp/jouhou/kokkin/fatfhoudou_201030.htm).

2 Outline of the Mutual Evaluation Results

For each of 49 Recommendations there are four possible levels of compliance; namely, C (Compliant), LC (Largely Compliant), PC (Partially Compliant) and NC (Non-Compliant). As the results of Mutual Evaluation of Japan are shown in Table 5-5, C was received for 4 recommendations, LC for 19, PC for 15, and NC for 10 (Furthermore, Japan has one recommendation that did not apply (N/A)).

As for the recommendation regarding the FIU (Recommendation 26), the need to further strengthen human resource was pointed out, while the transfer of FIU functions from the Financial Services Agency to the National Public Safety Commission / the National Police Agency was positively evaluated. (Rating: LC).

As for the recommendation regarding customer due diligence by financial institutions (Recommendation 5), assessors pointed out that the measures such as certification of beneficial owner and purpose of transaction, and ongoing customer due diligence, should be directly regulated by law or the like, and the additional customer identification methods should be introduced in case of identifying a customer without a photo ID (Rating: NC).

3 Follow-up of the Mutual Evaluation Results

(1) Follow-up Procedures

In the context of the procedures regulated by FATF, those assessed countries that have received at least one PC or NC in the important recommendations (Recommendations 1, 5, 10, and 13 and Special Recommendations II and IV) are subject to follow-up, and they must periodically report the progress of improvement and overall statistics at Plenary Meetings.

And in the case where the Plenary agrees that the assessed countries have implemented 16 Recommendations (in addition to 6 core Recommendations, Recommendation 3, 4, 23, 26, 35, 36, 40 and Special Recommendation I, III, V) at a level essentially equivalent to a C or LC, the countries will be removed from the follow-up process. FATF members are encouraged to make necessary improvements and to seek removal from the follow-up process within three years after the adoption of Mutual Evaluation.

(2) Report on Improvement

Regular Follow up procedures apply to Japan under Recommendation 5 rated NC and Special Recommendation II rated PC. Since the Mutual Evaluation, Japan has been actively making efforts to remedy the deficiencies identified in the Mutual Evaluation by, for instance, holding "the Related Ministry Liaison Conference regarding Implementation of FATF Recommendations".

Especially with regard to customer due diligence which was rated NC, the Act to Partially Amend the Act on Prevention of Transfer of Criminal Proceeds was promulgated on April 28, 2011, to make the confirmation of the purpose of transactions and beneficial owner. This has led to the considerable improvement of the deficiencies identified in Mutual Evaluation. Following the first follow-up report in October 2010, the second follow-up was reported on the improvement primarily in these areas at the Plenary Meeting held in Paris in October 2011. This will be followed again by the third follow-up report in June 2012, which will focus on the development of regulations to enforce the Act and the progress of other areas besides Customer due diligence.

Table 5-5 Results of the Third FATF Mutual Evaluation of Japan

Recommendation	Outline of Recommendation	Rating	Recommendation	Outline of Recommendation	Rating
1	Money laundering offence	LC	25	Guideline & feedback	LC
2	Money laundering offence -mental element and corporate liability	LC	26	FIU	LC
3	Confiscation and provisional measures	LC	27	Investigation for money laundering and terrorist financing	LC
4	Secrecy laws consistent with the Recommendations	C	28	Power of competent authorities	C
5	Customer due diligence (financial institutions)	NC	29	Supervisory authorities	LC
6	Individuals who are or have been entrusted with prominent public function in a foreign country	NC	30	Resources, integrity and training	LC
			31	National cooperation	LC
7	Correspondent banking	NC	32	Statistics	LC
8	Misuse of new technologies & non face-to-face business	PC	33	Legal person-beneficial owners	NC
9	Rely on third parties and introducers for Customer due diligence	N/A	34	Legal arrangements (trust) - beneficial owners	NC
10	Obligation to maintain records of customer identification and transaction record	LC	35	Convention	PC
11	Obligation to pay special attention for unusual transaction	PC	36	Mutual legal assistance	PC
12	Customer due diligence by DNFBP (designated non-financial businesses and professions)	NC	37	Dual criminality	PC
13	Suspicious Transaction Report by financial institutions	LC	38	Mutual legal assistance on confiscation and freezing	LC
14	Obligation to protect reporter	LC	39	Extradition	PC
15	Obligation to maintain internal controls	NC	40	International cooperation (information exchange with foreign counterparts)	LC
16	Suspicious Transaction Report by DNFBP	PC	I	Implement United Nation instruments	PC
17	Sanction for non-compliance	LC	II	Criminalise terrorist financing	PC
18	Shell bank (bank incorporated in a jurisdiction in which it has no physical presence)	PC	III	Freeze and confiscate terrorist assets	PC
19	Other forms of reporting	C	IV	Suspicious transaction reporting related to terrorism	LC
20	Other DNFBP & secure transaction technique	C	V	International cooperation for terrorism	PC
21	Special attention for higher risk countries	NC	VI	Money/value transfer services	PC
22	Foreign branches & subsidiaries	NC	VII	Wire transfer rules	LC
23	Supervisory obligation for financial institutions	LC	VIII	Non profit organization	PC
24	Supervisory obligation for DNFBP	PC	IX	Cross border declaration & disclosure (Cash courier)	NC

Chapter 6

Trends in Offences Related to Money Laundering in 2011

In order to take effective AML measures, it is essential to understand the scale and modus operandi of money laundering. Accordingly, Section 1 of this Chapter reviews the arrests made for illegal trade of savings passbooks allegedly used as tools for money laundering and Section 2 describes the current state based on the cleared cases of money laundering.

As explained in Chapter 2, money laundering defined in Japan consists of control of management of enterprises of legal persons and other entities through illicit proceeds (Article 9), concealment of criminal proceeds etc. (Article 10) and receipt of criminal proceeds etc. (Article 11) each stipulated in the Act on Punishment of Organized Crimes, and also concealment of drug-related criminal proceeds etc. (Article 6) and receipt of drug-related criminal proceeds etc. (Article 7) each stipulated in the Anti-Drug Special Provisions Law. They include typical money laundering activities such as transferring criminal proceeds to a certain place so that these proceeds would not be traceable and depositing criminal proceeds in a bank account under the name of another person, although all the activities to transfer criminal proceeds are not yet covered.

The AML achievement in Japan could be grasped to some extent by looking into the number of cleared cases of money laundering. The amounts of confiscation of criminal proceeds following the cleared cases could also reflect the effectiveness of the AML measures. Sections 3 and 4 of this Chapter consequently describe the situation of confiscation of criminal proceeds.

Section 1 Arrests made for the violation of the Act on Prevention of Transfer of Criminal Proceeds (illicit transfer of savings passbooks etc.)

As described in Section 2, deposit or savings passbooks in a name other than the user are misused in a number of money laundering offences. Article 26 of the Act stipulates penalties on the trade of savings passbooks, and the police is enhancing its effort to crack down on such practices. The number of arrests for the violation of this law made in 2011 was 1,261, an increase of 496 (64.8%) from the previous year and the largest number since the enforcement of the Act in 2007.

Table 6-1 Number of cleared cases of Money Laundering under the Act on the Punishment of Organized Crime

Category \ Year	2007	2008	2009	2010	2011
Transfer etc. of savings passbooks (business)	23	56	68	30	18
Transfer etc. of savings passbooks (non-business)	219	474	851	727	1,221
Solicitation	0	9	25	8	22
Total	242	539	944	765	1,261

(Note) The numbers in brackets represent the number of cases conducted by Boryokudan members etc. (known to the National Police Agency)

Section 2 Cleared Cases of Money Laundering

Paragraph 1 Cleared Cases of Money Laundering under the Act on Punishment of Organized Crimes

1 Number of Cleared Cases

There were 243 cases (38 more than the previous year) cleared of money laundering under the Act on Punishment of Organized Crimes in 2011, consisting of 1 case of managing enterprises through illicit proceeds (same as the previous year), 150 cases of concealment of criminal proceeds etc. (note) (11 more than the previous year), and 92 cases of receipt of criminal proceeds etc. (27 more than the previous year). The total number of the cleared cases was the largest since the enforcement of the Act in 2000 (see Table 6-2).

The list of predicate offences attached to the Act on Punishment of Organized Crimes was drastically revised on July 14, 2011, in connection with the partial enforcement of the Act to Amend the Penal Code etc. to Cope with Sophistication of Information Processing etc., to which Article 49-1 (crime of unauthorized business) of the Act on Control and Improvement of Adult Entertainment Businesses, Article 61-1 (unlicensed business) of the Banking Act, and other crimes were added as predicate offences. By the end of 2011, one each arrest had been made for the crime of concealing and the crime of receiving criminal proceeds associated with the crime of unauthorized adult entertainment business.

(note) Criminal proceeds etc. means proceeds from criminal activities, assets deriving from criminal proceeds, or assets mixed with other assets.

Table 6-2 Number of cleared cases of Money Laundering under the Act on Punishment of Organized Crimes

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Management Control through Illicit Proceeds (Article 9)	0 (0)	0 (0)	0 (0)	0 (0)	1 (0)	0 (0)	1 (1)	0 (0)	1 (0)	1 (0)
Concealment of Criminal Proceeds etc. (Article 10)	19 (9)	45 (25)	50 (29)	65 (21)	91 (18)	137 (35)	134 (41)	172 (49)	139 (46)	150 (43)
Receipt of Criminal Proceeds etc. (Article 11)	9 (7)	11 (10)	15 (11)	42 (27)	42 (35)	40 (25)	38 (21)	54 (41)	65 (44)	92 (38)
Total	28 (16)	56 (35)	65 (40)	107 (48)	134 (53)	177 (60)	173 (63)	226 (90)	205 (90)	243 (81)

(Note) Each number in brackets represents the number of cases conducted by Boryokudan members etc.

In 2011, the four major categories of the cases of money laundering under the Act on Punishment of Organized Crimes were fraud such as "Furikome Fraud" (49 cases), acceptance for value of stolen properties (40 cases), "loan sharking offences" (39 cases) such as violations of the Investment Law and the Money Lending Business Law, theft (37 cases) and distribution of obscene objects etc. (20 cases) such as indecent DVDs and child pornography. (Regarding the number of cleared cases of money laundering under the Anti-Drug Special Provisions Law, please refer to Paragraph 2 of this section).

2 Modus Operandi of Money Laundering observed in Cleared Cases

(1) Examples of Concealment of Criminal Proceeds

Cases cleared in 2011 included one in which the offender deceived the victims that they had unpaid fees for the use of pornographic websites and had them deposit money into a bank account in someone else's name (Case 1), a case in which the offender made customers deposit their repayments for loan-sharking into multiple bank accounts in other people's names (Case 2), a case in which a fire insurance benefit paid before the bankruptcy of a company was deposited into multiple bank accounts in the names of the company owner's relatives through the account of his brother-in-law (Case 3), a case in which a watch stolen in a burglary was pawned while the offender's identity was falsified (Case 4), and a case in which an adult entertainment business operated without authorization made its customers deposit their payments into a bank account in someone else's name (Case 5). These cases illustrate the various ways in which the offenders attempted to escape the investigation of the authorities.

Especially, with respect to in the cases such as "Furikome Fraud", "loan sharking offences" and selling of pornographic DVDs etc., there is a trend with respect to that a suspect tries to make a victim deposit money in a bank account in another person's name, and such bank account is still the main infrastructure for money laundering in non-face-to-face crimes like these.

[Case 1] Concealment of criminal proceeds etc. from fraudulent billing on the pretext of collecting fees for the use of pornographic websites

Company workers disguised themselves as contractors of a pornographic website operator and deceived the victims by charging them fictional unpaid fees for the use of the website. They defrauded many victims who believed the story of a total of approximately 18 million yen by making them deposit the money into a bank account in someone else's name. They were arrested for violation of the Act on Punishment of Organized Crimes (concealment of criminal proceeds etc.)

(Yamagata, in February)

[Case 2] Concealment of criminal proceeds etc. from loan-sharking

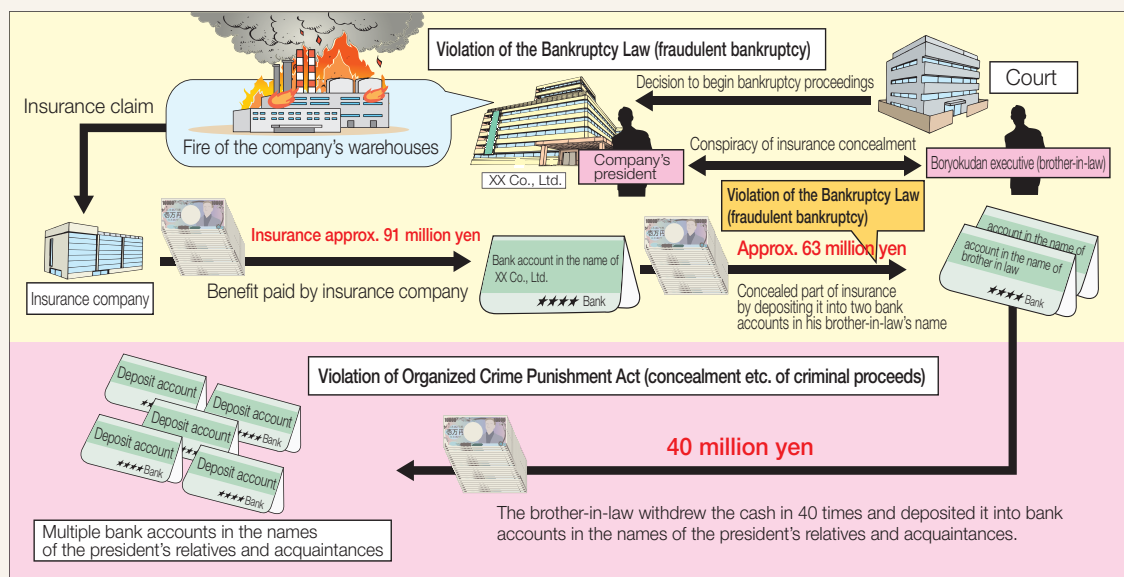
A man running an unregistered money-lending business and others were giving illegal high-interest loans and had the victims deposit a total repayment of approximately 120 million yen into multiple bank accounts in other people's name. They were arrested for violation of the Act on Punishment of Organized Crimes (concealment of criminal proceeds etc.).

(Hokkaido, in March)

[Case 3] Concealment of criminal proceeds etc. from a fire insurance benefit paid to a bankrupt company

In conspiracy with his brother-in-law who was an executive of an organization affiliated with the Rokudaime Yamaguchi-gumi, a man who was the president of a company that was ordered by the court to begin a bankruptcy proceeding concealed part of insurance benefit paid for a fire of a company's warehouse by transferring the money to his brother-in-law's bank accounts. He subsequently made 40 withdrawals totaling 40 million yen which was a part of the insurance and transferred it to multiple bank accounts in the names of the president's relatives and acquaintances. He was arrested for violation of the Act on Punishment of Organized Crimes (concealment of criminal proceeds etc.)

(Chiba, in July)



[Case 4] Concealment of criminal proceeds etc. from a burglary

An unemployed man falsified his identity by showing a pawnshop's clerk a forged driver's license when he pawned an expensive watch that he had stolen during a burglary for 80,000 yen in cash. He was arrested for violation of the Act on Punishment of Organized Crimes (concealment of criminal proceeds etc.)

(Gifu, in September).

[Case 5] Concealment of criminal proceeds etc. from unauthorized adult entertainment business

A woman operating an unauthorized adult entertainment business (bar) prepared a bank account in another person's name. The account was used to receive customers' credit-card payments and payments on credit, and a total of approximately 14 million yen was deposited. The woman was arrested for the violation of the Act on Punishment of Organized Crimes (concealment of criminal proceeds etc.)

(Osaka, in October)

(2) Examples of Receipt of Criminal Proceeds etc.

Cases cleared in 2011 included one in which a landlady was receiving part of proceeds from a store running prostitution as a rent with the awareness of the illicit business (Case 6) and a case in which the offender was purchasing illegally obtained bankbooks of accounts for receiving proceeds from Furikome Fraud (Case 7), which illustrate the diverse ways in which the criminal proceeds made by the offenders spread to other individuals.

[Case 6] Receipt of criminal proceeds at a massage parlor (brothel) in violation of the Prostitution Prevention Act

A female president of a company that owned a building whose tenants included a massage parlor had received a total of approximately 38 million yen as monthly rent from the massage parlor, knowing that it included proceeds from prostitution run at the store. She was arrested for violation of the Act on Punishment of Organized Crimes (receipt of criminal proceeds etc.)

(Hyogo, in July)

[Case 7] Receipt of criminal proceeds etc. from bank account fraud

For the purpose of acquiring bank accounts used for a fraud, as a so-called "tool provider," a man in a construction business and others told their acquaintances that they would buy bankbooks. They purchased illegally obtained bankbooks and cash cards for 60,000 yen from people who had joined the plot and deceived banks into opening bank accounts. They were arrested for violation of the Act on Punishment of Organized Crimes (receipt of criminal proceeds etc.)

(Shizuoka, in September)

3 Money Laundering cases related to Members of the Boryokudan gangsters.

There were a total of 81 cases cleared (9 less than the previous year) of money laundering related to Boryokudan members and associates (note) (hereafter referred to as Boryokudan gangsters) under the Act on Punishment of Organized Crimes in 2011, consisting of 43 cases of concealment of criminal

proceeds etc. (3 less than the previous year), and 38 cases of receiving of criminal proceeds etc (6 less than the previous year). This number accounts for 33.3% of all cases cleared of money laundering. Observation of the proportion of the cases related to Boryokudan gangsters in each type of money laundering cases shows that it was 28.7% in the concealment of criminal proceeds etc. and 41.3% in the receipt of criminal proceeds etc.

In each type of cases of money laundering related to Boryokudan gangsters, there were 17 cases of fraud such as "Furikome Fraud", 16 cases of "loan sharking offences", 11 cases of acceptance for value of stolen properties, 10 cases of prostitution offences, 8 cases of theft. This indicates that Boryokudan gangsters commit money laundering by a variety of predicate offences.

(Note) "Associates" are those who are not necessarily members of a Boryokudan, but have a relationship with a Boryokudan and attempt unlawful and violent actions with the power of the Boryokudan behind them or those who cooperate with and support the activities of Boryokudans by supplying funds, weapons etc. or are associated with Boryokudans or Boryokudan members.

(1) Examples of Money Laundering cases related to Fraud conducted by Boryokudan gangsters

The cases in which Boryokudan gangsters were involved accounted for 34.7% of all cases cleared of money laundering related to fraud including "Furikome Fraud" during 2011.

Boryokudan gangsters who commit fraud conceals criminal proceeds artfully by various methods such as depositing inheritances defrauded by using forged wills into bank accounts under other people's names (Case 8).

[Case 8] Concealment of criminal proceeds etc. from inheritance fraud using forged will

A man associated with the Rokudaime Yamaguchi-gumi and others plotted to swindle an inheritances of a woman who had died of illness, defrauded the administrator of cash and other properties in the woman's inheritance by using forged will and other means, and deposited a total of approximately 153 million yen as part of the inheritance into bank accounts under the other people's name and a religious corporation administered by them. They were arrested for violation of the Act on Punishment of Organized Crimes (concealment of criminal proceeds etc.)

(the Metropolitan Police Department, in September)

(2) Examples of Money Laundering related to "Loan Sharking Offences" conducted by Boryokudan gangsters

The cases in which Boryokudan gangsters were involved accounted for 41.0% of all cases cleared of money laundering related to "loan sharking offences" during 2011.

Boryokudan gangsters operating loan-sharking concealed criminal proceeds artfully by means such as having borrowers deposit their repayments into bank accounts under other people's names (Case 9).

[Case 9] Concealment of criminal proceeds from loan-sharking

A man associated with Kyushu Seido-kai, who were operating an unregistered money-lending business, and others were having their customer deposit their repayments of approximately 46 million yen in total into bank accounts in other people's names under their control. They were arrested for violation of the Act on Punishment of Organized Crimes (concealment of criminal proceeds etc.)

(Fukuoka, in January)

(3) Examples of receipt of criminal proceeds etc. related to Boryokudan gangsters.

In cleared cases of receipt of criminal proceeds etc. by Boryokudan gangsters in 2011, there were 11 cases of acceptance for value of stolen properties, 10 cases of distribution of obscene material etc., 5 cases of fraud, 3 cases of theft and 3 cases of habitual gambling and running a gambling place for the purpose of profit. Cases of receipt of criminal proceeds etc. included one in which a parking fine for the offender's parking violation was paid by proceeds from bucketing* committed by his subordinate gangsters (Case 10) and other cases in which money was collected on various pretexts such as protection money from illegal businesses including prostitution.

Note: Violation of each of the four laws related to public races, including the Horse Racing Act, Bicycle Racing Act, Small-Sized Motor Vehicle Racing Act, and Motorboat Racing Act

[Case 10] Receipt of criminal proceeds etc. from bucketing

A man who heads an organization affiliated with the Rokudaime Yamaguchi-gumi left the parking ticket for his parking violation with his subordinate gangsters and had them pay 33,000 yen by the proceeds from bucketing in bicycle racing. He was arrested for violation of the Act on Punishment of Organized Crimes (receipt of criminal proceeds etc.)

(Osaka, in May)

4 Money Laundering conducted by Foreign Visitors to Japan

In cleared cases of money laundering under the Act on Punishment of Organized Crimes in 2011, there were 14 cases related to foreign visitors to Japan (3 more than the previous year), representing 5.8 % of all cases. In each criminal type of money laundering, there were 6 cases of concealment of criminal proceeds etc. (1 less than the previous year) and 8 case of receipt of criminal proceeds etc. (4 more than the previous year). In each type of cases of money laundering committed by foreign visitors to Japan, there were 7 cases of acceptance for value of stolen properties, 2 cases each of fraud and violation of the Trademark Act, 1 case each of prostitution, violation of the Pharmaceutical Affairs Law, and marriage fraud.

In February, Kanagawa Prefectural Police Department arrested a Chinese national living in Japan for selling counterfeit branded goods on the internet auctions and having the purchasers deposit their payments into a bank account under a fictitious name (Case 11). The offender committed money laundering artfully by opening an account at a bank in Japan under a fictitious name by using a forged identification document before the crime.

[Case 11] Concealment of criminal proceeds from sale of counterfeit branded goods by using Internet auctions committed by a Chinese national

A Chinese man who was a computer programmer sold counterfeit branded sunglasses, wallets, and other products by using internet auctions and had the purchasers deposit their payments totaling approximately 1.6 million yen into a bank account opened under a fictitious name by using a forged identification document. He was arrested for violation of the Act on Punishment of Organized Crimes (concealment of criminal proceeds etc.)

(Kanagawa, in February)

Paragraph 2 Cleared Cases of Money Laundering under the Anti-Drug Special Provisions Law

The total number of cleared cases of money laundering under the Anti-Drug Special Provisions Law in 2011 was 8, a decrease of one case (11.1%) from the previous year (see Table 6-3).

In some cases, money laundering is artfully committed for funds acquired through drug offences such as smuggling of stimulants by using the Internet, in which purchasers' payments are deposited into a bank account under a fictitious name (Case 12)

Table 6-3 Numbers of cleared cases of money laundering under the Anti-Drug Special Provisions Law

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Concealment of drug-related criminal proceeds (Article 6 of the Law)	0 (0)	8 (2)	5 (3)	3 (2)	5 (3)	5 (4)	10 (4)	5 (1)	8 (4)	8 (3)
Receipt of drug-related criminal proceeds (Article 7 of the Law)	0 (0)	2 (2)	0 (0)	2 (2)	5 (2)	2 (1)	2 (1)	5 (3)	1 (1)	0 (0)
Total	0 (0)	10 (4)	5 (3)	5 (4)	10 (5)	7 (5)	12 (5)	10 (4)	9 (5)	8 (3)

Note: Each number in brackets represents the number of cases conducted by Boryokudan gangsters etc. (known to the National Police Agency)

[Case 12] Concealment of drug-related criminal proceeds related to cases of trafficking of stimulant drugs by using the internet

A man who were selling stimulant drugs illegally by using internet bulletin boards and others were arrested for violation of the Stimulants Control Law (joint possession for profit), which was initiated by information provided by the Internet Hotline Center*. In addition, the subsequent investigation discovered that these men used an internet bank account of someone else's name, under their control, as an exclusive account for trafficking of stimulant drugs, into which a total of approximately 1 million yen had been deposited by their customers. The suspects were then arrested for violation of the Anti-Drug Special Provisions Law (concealment of drug-related criminal proceeds etc.)

(Osaka, in May)

Note: The National Police Agency began the operation of the Internet Hotline Center in June 2006, which receives reports on information related to illegal or harmful activities from general internet users. It alerts such information to police and requests the administrators of websites to delete such information stored in the domestic servers.

Section3 Temporary Restraining Order for Confiscation of Criminal Proceeds before Institution of Prosecution

In order to prevent criminal proceeds from being used to maintain and expand the powers of criminal organizations and being used to invest in future criminal activities, it is important to deprive them. Confiscation and collection of equivalent value of criminal proceeds are conducted based on the court

order. To ensure that criminal proceeds are not concealed or spent before the order is given, the police use the system of "Temporary Restraining Order for Confiscation before Institution of Prosecution" (hereafter referred as Temporary Restraining Order) stipulated in the Act on Punishment of Organized Crimes and the Anti-Drug Special Provisions Law in order to confiscate criminal proceeds effectively.

Paragraph 1 Temporary Restraining Order under the Act on Punishment of Organized Crimes

1 Application of Provisions of Confiscation and Collection of Equivalent Value

The number of "Temporary Restraining Orders" issued under the Act on Punishment of Organized Crimes in 2011 (on the request of judicial police officers) was 101, an increase of 31 orders (44.3%) from the previous year and the largest number since the enforcement of the Act in 2000.

A breakdown of this figure by type of offence includes 19 cases of prostitution, 15 cases of violation of the Adult Entertainment Business Act, 14 cases of Habitual Gambling and Running a Gambling Place for the Purpose of Profit, 12 cases of loan-sharking offences, and 9 cases of obscene goods distribution etc. (see Table 6-4).

Table 6-4 Amounts and numbers of Temporary Restraining Orders issued under the Act on Punishment of Organized Crimes

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
5 (4)	7 (3)	7 (5)	8 (0)	9 (3)	21 (7)	44 (21)	54 (23)	70 (36)	101 (30)

Note 1: Only the cases requested by judicial police officers

Note 2: Each number in brackets represents the number of cases related to Boryokudan gangsters etc.

Year	Total amount of credit	Other
2002	¥4,304,999	
2003	¥12,809,068	Land 6,600m ²
2004	¥12,079,511	
2005	¥564,953,561	
2006	¥52,680,512	
2007	¥268,801,546	
2008	¥314,239,728	
2009	¥270,188,760	Foreign currencies 750US dollars
2010	¥160,597,150	Land 605.95m ² Building 1 Car 2 Necklace 1
2011	¥134,764,985	

From 2007 onward, the number of the Orders has increased substantially year by year. One of the reasons for this trend is that "Confiscation and Collection of Equivalent Value of the Crime Victim Property" related to crimes such as fraud, loan sharking offences, theft, and acceptance of stolen properties, which had not been subjects to be confiscated or collected, are now available due to the enforcement of the amended Act on Punishment of Organized Crimes in December 2006, and that the provision of the Article 13, Paragraph 3 of the Act (confiscation of crime victim property) has been

applied. As noted in 1 of Paragraph 1 of Section 2 of this Chapter, in July 2011, unauthorized adult entertainment business and unlicensed banking business were added to the predicate offences and the range of assets subject to confiscation increased. Therefore the opportunities to apply the procedures for "Temporary Restraining Order" specified in the Act are expected to increase in the future. The system of a "Temporary Restraining Orders" under the Act on Punishment of Organized Crimes which enables judicial police officers to deprive criminal proceeds is an important measure. It is expected that the police, in good coordination with the public prosecutors office, will use the system effectively and prevent criminal organizations from using criminal proceeds etc.

The police should actively make use of "Temporary Restraining Orders" to ensure the enforcement of confiscation orders for the purpose of the recovery of crime victim property by the public prosecutor under the "Act on the Provision of Compensation for Crime Victim Property etc."

"Temporary Restraining Orders" issued in 2011 include one against pecuniary claims such as a claim of payment for cash surrender value of whole life insurance which used part of assets defraud from elderly people by deceiving them into making fictitious investments (Case 13), an order against a claim on deposits including repayment acquired from gambling (bicycle racing) by using proceeds from loan-sharking (Case 14), an order against proceeds from unauthorized bar business (Case 15), and an order against a claim on deposits as funds for operating underground bank (Case 16).

[Case 13] "Temporary Restraining Order" against criminal proceeds etc. related to cases of fraud targeting the elderly on the pretext of investment

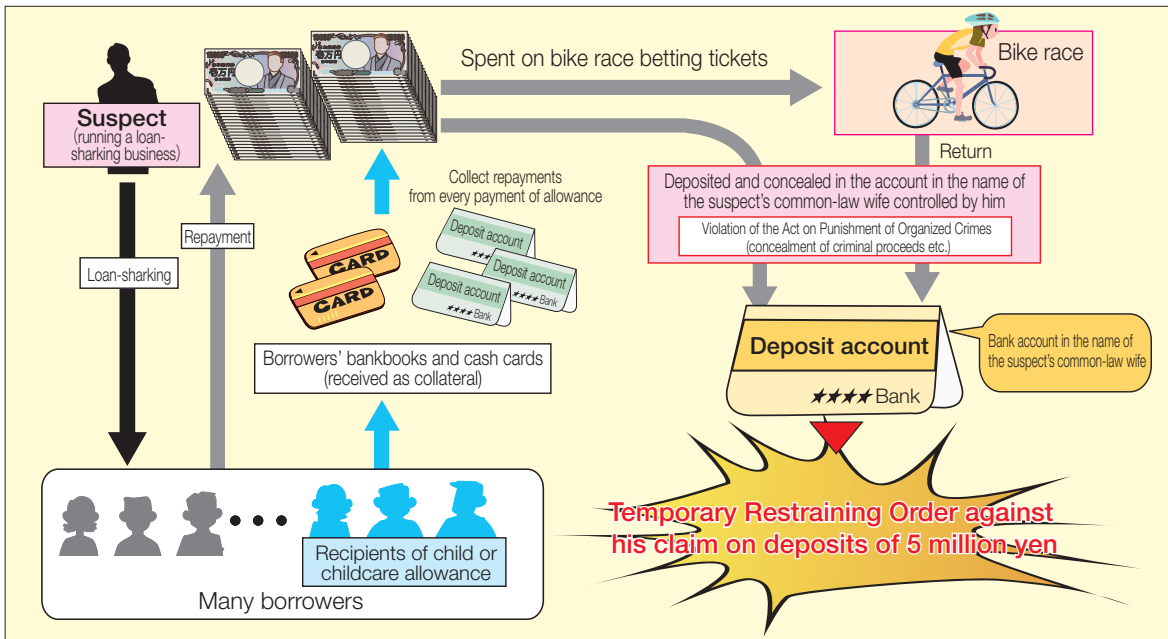
A man running a company selling financial derivatives and others deceived a large number of elderly people into making fictitious investments and defraud them of a large amount of cash and checks. Since part of such assets was used to purchase whole life insurance coverage and was deposited into accounts under the names of affiliated companies, Temporary Restraining Order was issued against the total pecuniary claims of 17 million yen, including cash surrender value of the insurance and claim on deposits.

(Osaka, in June)

[Case 14] Temporary Restraining Order against criminal proceeds etc. related to cases of loan-sharking.

A man operating an unregistered money-lending business loan-sharking retained bankbooks and cash cards of the borrowers as loan collateral when he lent money at a high interest rate to recipients of child or childcare allowances from the government. When the allowance was paid, he would withdraw nearly all of the amount to collect repayments and make profits. He then deposited the proceeds into an account in the name of his common-law wife while spending some of the funds on gambling (bicycle racing) and depositing the returns into the same account. Therefore, Temporary Restraining Order was issued against his claim on deposits of approximately 5 million yen, including returns.

(Hokkaido, in July)



[Case 15] Temporary Restraining Order against criminal proceeds etc. related to a case of violation of the Adult Entertainment Business Act

Since a Thai woman running unauthorized adult entertainment business (bar) and others had possessed cash including its sales, Temporary Restraining Order was issued against sales of approximately 1 million yen, a portion of the cash.

(Nagano, in October)

[Case 16] Temporary Restraining Order against criminal proceeds etc. related to a case of violation of the Banking Act

A Filipina hostess at a bar who was running unlicensed banking business (so-called underground bank) stored pooled funds for the underground bank operation in a bank account under her own name and also concealed cash in a tissue box in an attempt to send it to the Philippines by EMS. Therefore, Temporary Restraining Order against such funds of approximately 400,000 yen in total was issued.

(Shimane, in November)

Paragraph 2 Temporary Restraining Order under the Anti-Drug Special Provisions Law

The number of Temporary Restraining Orders issued under the Anti-Drug Special Provisions Law in 2011 was 14, an increase of 1 order (7.7%) from the previous year (see Table 6-5).

For example, a Temporary Restraining Order was issued against proceeds (claim on deposits) obtained from trafficking of stimulant drugs which were purchased via door-to-door delivery and sold illegally by hand(Case 17).

Table 6-5 Amounts and numbers of Temporary Restraining Orders issued under the Anti-Drug Special Provisions Law

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
7 (3)	8 (2)	5 (2)	8 (5)	3 (2)	4 (3)	7 (5)	8 (5)	13 (7)	14 (4)

Note 1: Only the cases requested by judicial police officers

Note 2: Each number in brackets represents the number of cases related to Boryokudan gangsters etc.

Year	Total amount of credit	Other
2002	¥305,619,061	
2003	¥47,839,109	
2004	¥67,440,983	
2005	¥92,619,024	
2006	¥10,432,915	
2007	¥45,032,829	
2008	¥23,344,267	
2009	¥29,215,674	
2010	¥33,591,421	Traveler's Check 11,500 US dollar Necklace 1 Wristwatch 2 Car 1
2011	¥11,678,611	Foreign currencies 11,500US dollars Car 3 Key 1

[Case 17] Temporary Restraining Order against criminal proceeds etc. related to a case of trafficking of stimulant drugs where ship crew members were customers

A group of men were selling stimulant drugs illegally as business by purchasing them via door-to-door delivery and then handing them divided into small packages to ship crew members who were their customers. The traffickers were arrested for violation of the Stimulants Control Act (possession for profit etc). The same suspects were arrested again for violation of the Anti-Drug Special Provisions Law (transfer of stimulant drugs as business) as a result of the subsequent investigation and a Temporary Restraining Order was issued against their claims on deposits of 2 million yen that was identified as drug-related criminal proceeds from trafficking of stimulant drugs.

(Chiba, in August)

Section 4 Application of Provisions of Confiscation and Collection of Equivalent Value

Paragraph 1 Application of Provisions of Confiscation and Collection of Equivalent Value under the Act on Punishment of Organized Crimes

The details of application of Provisions of Confiscation and Collection of Equivalent Value under the Act on Punishment of Organized Crimes in general court procedures general (first trials) are shown in the following Table 6-6.

Table 6-6 Statistics of the application of Provisions of Confiscation and Collection of Equivalent Value under the Act on Punishment of Organized Crimes in general first trials

Year	Confiscation		Collection		Tota	
	Persons	Amount	Persons	Amount	Persons	Amount
2006	27	150,406	75	1,869,842	102	2,020,248
2007	29	104,020	67	603,680	96	707,700
2008	40	335,721	79	560,791	119	896,512
2009	98	105,774	129	3,414,672	227	3,520,446
2010	54	81,136	101	1,445,143	155	1,526,280

Note 1: Data is based on the White Paper on Crime.

Note 2: Units are yen in thousands (amounts less than one-thousand yen are rounded down).

Note 3: When Confiscations and Collections of Equivalent Value were ordered in duplicate for accomplices, the amount was calculated excluding the duplicated amount.

Note 4: Foreign currencies were exchanged into Japanese yen at the exchange rate of the date of the ruling.

Paragraph 2 Application of Provisions of Confiscation and Collection of Equivalent Value under the Anti-Drug Special Provisions Law

The details of application of Provisions of Confiscation and Collection of Equivalent Value under the Anti-Drug Special Provisions Law in general court procedures general (first trials) are shown in the following Table 6-7.

Table 6-7 Statistics of the application of Provisions of Confiscation and Collection of Equivalent Value under the Anti-Drug Special Provisions Law in general first trials

Year	Confiscation		Collection		Tota	
	Persons	Amount	Persons	Amount	Persons	Amount
2006	62	79,264	373	1,740,761	435	1,820,025
2007	53	153,830	285	1,128,689	338	1,282,519
2008	61	93,695	362	1,391,545	423	1,485,240
2009	68	34,087	350	1,428,732	418	1,462,820
2010	46	27,660	328	1,260,916	374	1,288,576

Note 1: Data is based on the White Paper on Crime.

Note 2: Units are yen in thousands (amounts less than one-thousand yen are rounded down).

Note 3: When Confiscations and Collections of Equivalent Value were ordered in duplicate for accomplices, the amount was calculated excluding the duplicated amount.

Note 4: Foreign currencies were exchanged into Japanese yen at the exchange rate of the date of the ruling.