

**STRATEGIC ANALYSIS AND DATA COLLECTION IN THE
ILLICIT ASSETS RECOVERY**

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ABSTRACT

The article analyzes the legal and institutional architecture of strategic analysis and data collection, the initial stage of the illicit assets recovery. The research focus is on the mechanisms for financial and other supervised organizations to comply with Know Your Customer/Customer Due Diligence (KYC/CDD) requirements, identify suspicious transactions through internal controls, and submit suspicious transaction reports (STRs) in a timely manner. The international criteria are the FATF standards on CDD (Customer Due Diligence), STR (Suspicious Transaction Report), PEP (Politically Exposed Person), high-risk countries, beneficial ownership transparency, and the UNCAC rules that establish assets recovery as a fundamental principle. The problem areas are proposed to improve the quality of beneficial ownership data, early detection of nominee/nominator schemes, segmentation of offshore risks, and acceleration of information exchange.

KEYWORDS

Illicit assets, illicit assets recovery, strategic analysis, data collection, KYC, CDD, internal control, suspicious transaction, STR, beneficial owner, nominee, nominator, PEP, offshore jurisdictions, front company, shell company

The main task of strategic analysis and data collection as an initial stage in assets recovery is to identify the patterns of risk and study the signals of the movement of illicit assets (from financial monitoring, search and seizure, investigation, judicial and international cooperation channels) in a unified

approach. This approach is consistent with the definition of assets recovery as a fundamental principle in UNCAC and the requirement for broad cooperation along the assets identification-trace-freezing-deprivation-confiscation-return chain.

The sequence of actions in the illicit assets recovery and the correct functioning of the chain undoubtedly serve as the main key to success in the illicit assets recovery. There are various ways in which suspicions arise for the recovery of assets. This process is associated with the activities of financial institutions, search and seizure measures, investigation, judicial, international cooperation, etc.

In this case, it is important for financial and separately regulated organizations to act on the principle of “Know your customer” (KYC¹). The meaning of this term is the due diligence and banking supervision that must be carried out by financial institutions and other regulated entities in order to identify customers and collect relevant information necessary for conducting financial relations with them². This term is used in a number of regulatory legal acts, mainly in the context of banking activities³, the securities market⁴, lotteries and gambling⁵, and the capital market⁶.

Among the measures aimed at combating the legalization of proceeds from criminal activities, one can note measures for internal control and due diligence of customers⁷. Such measures are carried out by organizations that

¹ Eurasian Group on Combating Money Laundering and Financing of Terrorism. *Mutual Evaluation Report on Anti-Money Laundering and Combating the Financing of Terrorism: The Republic of Uzbekistan*. Eurasian Group (EAG), 2022. PDF available at <https://www.eurasiangroup.org/en/mutual-evaluation-reports> (Second Mutual Evaluation report on AML/CFT – Uzbekistan).

² Sotiropoulou, Aikaterini, Jean-Paul Brun, Laura Gray, Charles Scott, and K. M. Stephenson. *Asset Recovery Handbook: A Guide for Practitioners.*, 2nd ed., StAR Initiative, World Bank, 2021, <http://hdl.handle.net/10986/34843>

³ *Regulation on the Procedure for Opening, Maintaining and Closing Bank Accounts*. Decision No. 30/18, Management Board of the Central Bank of the Republic of Uzbekistan, 4 Jan. 2023. Lex.uz, <https://lex.uz/docs/6379336>

⁴ *On the approval of the regulation on the procedure for remote digital identification of clients in the securities market*. Resolution No. 238, Cabinet of Ministers of the Republic of Uzbekistan, 26 Apr. 2024. Lex.uz, <https://lex.uz/docs/6899504>

⁵ *Regulation on the Procedure for Opening, Maintaining and Closing Bank Accounts*. Decision No. 30/18, Management Board of the Central Bank of the Republic of Uzbekistan, 4 Jan. 2023. Lex.uz, <https://lex.uz/docs/6379336>

⁶ *On the approval of the regulation on the procedure for remote digital identification of clients in the securities market*. Resolution No. 238, Cabinet of Ministers of the Republic of Uzbekistan, 26 Apr. 2024. Lex.uz, <https://lex.uz/docs/6899504>

⁷ *Article 12 of the Law on countering the legalization of proceeds from criminal activities, the financing of terrorism and the financing of the proliferation of weapons of mass destruction*, No. 660-II, Republic of Uzbekistan, 26 Aug. 2004. Lex.uz, <https://lex.uz/docs/283717#283816>

carry out operations with funds or other property. A number of organizations that carry out operations with funds or other property have been identified⁸.

Such organizations are assigned a number of tasks, and it would be appropriate to consider Articles 13-16 of the Law of the Republic of Uzbekistan dated August 26, 2004⁹. In particular, in the activities of collecting and analyzing information, these organizations must monitor all operations with funds and property, identify suspicious operations and analyze them in depth, and collect detailed information about the parties to the operation.

In addition, in terms of identification and verification tasks, financial organizations must implement customer identification and identity verification procedures, verify and regularly update information about customers and their owners. It is also required to take all possible steps to identify the owners and controlling persons of the customers (beneficial beneficial owners) and to verify their identity.

In terms of taking preventive measures, if there is no possibility to take measures to properly check the client, it is necessary to refuse to open an account, carry out an operation, enter into business relations, and terminate the existing business relations.

Paragraph 4¹⁰ of the Regulation, approved by Resolution No. 402 of the Cabinet of Ministers of the Republic of Uzbekistan dated June 29, 2021, which is aimed at determining additional measures for the implementation of this Law, is worth noting. According to it, organizations must provide the Department with information not only on suspicious transactions carried out, but also on attempts to carry them out. In addition, a person who is one of the parties or a beneficial owner of the transactions carried out and is a permanent resident, resident or registered in a state (territory) called upon by international specialized organizations recognized by the Republic of Uzbekistan to take measures to protect the international financial system from the threat of money laundering; transactions involving states not participating in international cooperation; Information on transactions with a high level of risk and the results of checks conducted to determine whether there are organizations and

⁸ Law on countering the legalization of proceeds from criminal activities, the financing of terrorism and the financing of the proliferation of weapons of mass destruction, No. 660-II, Republic of Uzbekistan, 26 Aug. 2004. Lex.uz, <https://lex.uz/docs/283717#283816>

⁹ Article 12, Law on countering the legalization of proceeds from criminal activities, the financing of terrorism and the financing of the proliferation of weapons of mass destruction, No. 660-II, Republic of Uzbekistan, 26 Aug. 2004. Lex.uz, <https://lex.uz/docs/283717#283816>

¹⁰ Internal Control Rules for AML/CFT in Commercial Banks. Decision No. 343-V and 14, Central Bank of Uzbekistan & Department for Combating Tax, Currency Crimes and Legalization of Criminal Income, 17 Apr. 2017. Lex.uz, <https://lex.uz/docs/3212190>

individuals among the clients whose funds or other assets should be frozen should also be sent.

Accordingly, the concept of suspicious transactions is reflected in a number of internal control rules, and although all sectoral definitions are expressed differently, their general legal formula is the same. That is, suspicious transactions cover the cycle of “preparation - execution - execution” and link suspicion to the internal control process. These internal control rules are applicable to banks, non-bank credit organizations,

In addition, the principle of accounting for sectoral risks is of particular importance in each sector. In this regard, what are the internal control rules adopted for banks¹¹, non-bank credit organizations¹², organizations carrying out lottery activities¹³, auditing organizations¹⁴, organizations providing leasing services¹⁵, real estate organizations¹⁶, payment system operators, electronic money system operators and payment organizations¹⁷, the national postal operator¹⁸, commodity and raw material exchanges¹⁹, entities operating with precious metals²⁰, professional participants in the securities market²¹, crypto-

¹¹ *Internal Control Rules for AML/CFT in Commercial Banks*. Decision No. 343-V and 14, Central Bank of Uzbekistan & Department for Combating Tax, Currency Crimes and Legalization of Criminal Income, 17 Apr. 2017. Lex.uz, <https://lex.uz/docs/3212190>

¹² *Internal Control Rules for AML/CFT in Non-Bank Credit Organizations*. Decision No. 344-V and 26, Central Bank of Uzbekistan & Department for Combating Tax, Currency Crimes and Legalization of Criminal Income, 9 Aug. 2017. Lex.uz, <https://lex.uz/docs/3330007>

¹³ *AML/CFT Internal Control Rules for Organizations Conducting Lotteries*. Decisions No. 34 & 23, Ministry of Finance & Department on Combating Economic Crimes, 17 Jun. 2021. Lex.uz, <https://lex.uz/docs/5460737>

¹⁴ *AML/CFT Internal Control Rules for Auditing Organizations*. Decision No. 145, Ministry of Finance & Department on Combating Economic Crimes, 14 Nov. 2018. Lex.uz, <https://lex.uz/docs/4107007>

¹⁵ *AML/CFT Internal Control Rules for Leasing Service Providers*. Decision No. 56 & 28, Ministry of Finance & Department for Combating Tax, Currency Crimes and Legalization of Criminal Income, 25 Aug. 2011. Lex.uz, <https://lex.uz/docs/1870506>

¹⁶ *AML/CFT Internal Control Rules for Real Estate Agencies*. Decision No. 01/19-18/04 & 27, 8 Aug. 2011. Lex.uz, <https://lex.uz/docs/1859044>

¹⁷ *AML/CFT Internal Control Rules for Payment System Operators, E-Money System Operators and Payment Institutions*. Decision No. 357-V & 13, Central Bank & Department on Combating Economic Crimes, 24 Jun. 2020. Lex.uz, <https://lex.uz/docs/4912273>.

¹⁸ *AML/CFT Internal Control Rules for the National Postal Operator*. Decision No. 176-mh & 28, Ministry of Digital Technologies & Department on Combating Economic Crimes, 5 Jul. 2018. Lex.uz, <https://lex.uz/docs/3886570>

¹⁹ *AML/CFT Internal Control Rules for Members of Commodity Exchanges*. Decision No. 01/19-18/24 & 43, 13 Oct. 2009. Lex.uz, <https://lex.uz/docs/1541754>

²⁰ *AML/CFT Internal Control Rules for Businesses Dealing with Precious Metals and Stones*. Order No. 36, 13 Oct. 2009. Lex.uz, <https://lex.uz/docs/1539795>

²¹ *AML/CFT Internal Control Rules for Professional Participants in the Securities Market*. Decision No. 2009-43 & 38, 13 Oct. 2009. Lex.uz, <https://lex.uz/docs/1539509>

assets²², insurance activities²³, as well as notary offices and advocates²⁴, establish the criteria and signs for recognizing suspicious transactions.

At the same time, in addition to a suspicious transaction in the activities of banks²⁵ and non-bank credit organizations²⁶, the concept of a suspicious transaction and the criteria for considering transactions as suspicious have also been strengthened, and a transaction that occurred before the decision was made to include (not include) it in the category of suspicious transactions is considered a suspicious transaction.

These internal control rules are fully consistent with international standards. In particular, they comply with the requirements set forth in FATF Recommendations 10, 20, 22 and 23²⁷.

Financial organizations are required to send such reports to the Department no later than one business day after their detection in accordance with the procedure established by Resolution No. 402 of the Cabinet of Ministers of the Republic of Uzbekistan dated 29.06.2021²⁸. In this case, in order to conduct operational activities in a short time, reports on suspicious transactions, except for information constituting state secrets, are submitted using an automated software product²⁹.

²² AML/CFT Internal Control Rules for Operators in the Crypto-Asset Sphere. Decision No. 3 & 16, National Agency for Project Management & Department on Combating Economic Crimes, 8 Jun. 2021. Lex.uz, <https://lex.uz/docs/5450933>

²³ AML/CFT Internal Control Rules for Insurers and Insurance Intermediaries. Decision No. 104 & 41, 13 Oct. 2009. Lex.uz, <https://lex.uz/docs/1540496>

²⁴ AML/CFT Internal Control Rules for Notarial Offices and Advocacy Structures. Decision No. 10 & 39, 13 Oct. 2009. Lex.uz, <https://lex.uz/docs/1528787>

²⁵ Central Bank of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Commercial Banks*. Decision No. 343-V and No. 14, 17 Apr. 2017. Lex.uz, <https://lex.uz/docs/3212190>.

²⁶ Central Bank of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Non-Bank Credit Organizations*. Decision No. 344-V and No. 26, 9 Aug. 2017. Lex.uz, <https://lex.uz/docs/3330007>.

²⁷ Financial Action Task Force (FATF). *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations*. FATF, 2012–2025, www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html.

²⁸ Cabinet of Ministers of the Republic of Uzbekistan. *On additional measures to implement the Law of the Republic of Uzbekistan "On Combating the Legalization of Proceeds from Criminal Activities, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction"* Resolution No. 402, 29 June 2021. Lex.uz, <https://lex.uz/docs/5482456#5487067>.

²⁹ Cabinet of Ministers of the Republic of Uzbekistan. *On additional measures to implement the Law of the Republic of Uzbekistan "On Combating the Legalization of Proceeds from Criminal Activities, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction"* Resolution No. 402, 29 June 2021. Lex.uz, <https://lex.uz/docs/5482456#5487067>.

A standard form of a report on suspicious transactions and the information attached to it, as well as a list of documents, are established³⁰.

In addition, financial and other regulated entities should also verify beneficial ownership. The need to verify beneficial ownership is reflected in paragraph (b) of FATF Recommendation 10³¹, and the requirement to verify them is reinforced in the internal control rules referred to above. The results of the EOG study also noted that it is necessary to pay attention to the activities of accountants and legal service providers (not lawyers)³².

In this case, attention should also be paid to nominees (FATF Recommendation 24³³), and our national legislation requires only commercial banks³⁴, non-bank credit institutions³⁵, payment system operators, electronic money system operators and payment institutions³⁶ to verify such persons. Here, a nominee is understood as a person appointed to act on behalf of another person or legal entity, and a nominator is a person who has delegated to a nominee to act on his behalf. According to the FATF, a nominee is never a beneficial owner. However, in many other industries, especially in the fields of securities, real estate, crypto-assets, precious metals and stones, notary

³⁰ Department on Combating Economic Crimes under the Prosecutor General's Office of the Republic of Uzbekistan. *Order on Approval of the Model Form of a Report on Suspicious Transactions Related to Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction and the List of Attached Documents*. Registered 7 Feb. 2023, No. 3419. Lex.uz, <https://lex.uz/docs/6378063>.

³¹ Financial Action Task Force (FATF). *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations*. FATF, 2012–2025, www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html.

³² Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG). *Mutual Evaluation Report of the Republic of Uzbekistan*. EAG, 2022.

³³ Financial Action Task Force (FATF). *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations*. FATF, 2012–2025, www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html.

³⁴ Central Bank of the Republic of Uzbekistan, and Department on Combating Economic Crimes under the Prosecutor General's Office of the Republic of Uzbekistan. *On Introducing Additions and Amendments to the Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Commercial Banks*. Registered 4 Apr. 2025, No. 2886-11. Lex.uz, <https://lex.uz/docs/7469544>.

³⁵ Central Bank of the Republic of Uzbekistan, and Department on Combating Economic Crimes under the Prosecutor General's Office of the Republic of Uzbekistan. *On Introducing Additions and Amendments to the Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Non-Bank Credit Organizations*. Registered 28 Feb. 2025, No. 2925-9. Lex.uz, <https://lex.uz/docs/7414526>.

³⁶ Central Bank of the Republic of Uzbekistan, and Department on Combating Economic Crimes under the Prosecutor General's Office of the Republic of Uzbekistan. *On Introducing Additions and Amendments to the Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Payment System Operators, Electronic Money System Operators and Payment Organizations*. Registered 28 Mar. 2025, No. 3266-4. Lex.uz, <https://lex.uz/docs/7454210>.

services, stock exchanges, and lotteries, the lack of internal control regulations on nominees and nominees increases the risk of acquisition of illicit assets.

In addition, according to FATF Recommendation 24³⁷, countries should not allow nominees to own shares and act as directors. Resolution No. 66 of the Cabinet of Ministers of the Republic of Uzbekistan dated 09.02.2017 requires business entities to enter and regularly report information on beneficial owners when registering, and also warns that such entities will be “held liable in accordance with the procedure established by law”³⁸ for submitting documents for state registration by fictitious persons. However, neither the Criminal Code nor the Code of Administrative Responsibility provides for administrative or criminal liability for such actions³⁹.

The group of persons that should be separately examined also includes “public official” (“Public official”), “foreign public official”), “official of a public international organization” (“Official of a public international organization”) as provided for in the UNCAC⁴⁰.

In accordance with FATF Recommendation 12, financial and other supervised entities should separately monitor foreign public officials (as clients or beneficial owners), as well as such persons at the national level, as well as their family members and close associates.

In our national legislation, the term “public official” is used in only one document⁴¹, while the relevant internal control regulations use the term “senior official”. This is defined differently in different documents, and the terms provided for in UNCAC are partially covered. The critical analysis carried out showed that there are many ambiguities in the internal control regulations.

³⁷ Financial Action Task Force (FATF). *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations*. FATF, 2012–2025, www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html. Accessed 20 Feb. 2026.

³⁸ Cabinet of Ministers of the Republic of Uzbekistan. *On measures for the implementation of the decree of the president of the Republic of Uzbekistan dated October 28, 2016, No. RP-2646 "On the improvement of the system of state registration and accounting of business entities"* Resolution No. 66, 9 Feb. 2017. Lex.uz, <https://lex.uz/docs/3111347>.

³⁹ United Nations. *United Nations Convention against Corruption*. Adopted by the General Assembly, 31 Oct. 2003, United Nations Headquarters, New York.

⁴⁰ Financial Action Task Force (FATF). *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations*. FATF, 2012–2025, www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html.

⁴¹ President of the Republic of Uzbekistan. *On approval of the Strategy for the Development of the national system of the Republic of Uzbekistan for countering the legalization of proceeds from criminal activity, financing of terrorism and financing the proliferation of weapons of mass destruction*. Decree No. PF-6252, 28 June 2021. Lex.uz, <https://lex.uz/docs/5482727>.

For example, only one document includes senior officials of all national, foreign and international levels, without any connection with a foreign state⁴². In all other documents, senior officials are connected with a legislative, executive, administrative, judicial or military body of a foreign state, an international organization, foreign state enterprises, political parties.

In the text of some documents, in addition to the term "high-ranking official", the terms "family members of high-ranking officials" and "persons close to high-ranking officials"⁴³ are used, and in others, the term "close relatives of high-ranking officials" is also used⁴⁴.

⁴² Central Bank of the Republic of Uzbekistan, and Department on Combating Economic Crimes under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Payment System Operators, Electronic Money System Operators and Payment Organizations*. Decision No. 357-V and No. 13, 24 June 2020. Lex.uz, <https://lex.uz/docs/4912273>.

⁴³ Ministry of Finance of the Republic of Uzbekistan, and Department on Combating Economic Crimes under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Auditing Organizations*. Annex 1 to Joint Decision No. 145 and No. 45, 14 Nov. 2018. Lex.uz, <https://lex.uz/docs/4107007>.

Ministry for Development of Information Technologies and Communications of the Republic of Uzbekistan, and Department on Combating Economic Crimes under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for the National Postal Operator*. Annex 1 to Joint Decision No. 176-mh and No. 28, 5 July 2018. Lex.uz, <https://lex.uz/docs/3886570>.

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Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Persons Conducting Operations with Precious Metals and Precious Stones*. Annex to Order No. 36, 13 Oct. 2009. Lex.uz, <https://lex.uz/docs/1539795>.

Ministry of Justice of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Notarial Offices and Advocacy Structures*. Annex to Joint Decision No. 10 and No. 39, 13 Oct. 2009. Lex.uz, <https://lex.uz/docs/1528787>.

Ministry of Finance of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Insurers and Insurance Intermediaries*. Annex to Joint Decision No. 104 and No. 41, 13 Oct. 2009. Lex.uz, <https://lex.uz/docs/1540496>.

⁴⁴ Central Bank of the Republic of Uzbekistan, and Department on Combating Economic Crimes under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Payment System Operators, Electronic Money System Operators and Payment Organizations*. Annex to Joint Decision No. 357-V and No. 13, 24 June 2020. Lex.uz, <https://lex.uz/docs/4912273>. Accessed 20 Feb. 2026.

Central Bank of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Commercial Banks*. Annex to Joint Decision No. 343-V and No. 14, 17 Apr. 2017. *Lex.uz*, <https://lex.uz/docs/3212190>.

Central Bank of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Non-Bank Credit Organizations*. Annex to Joint Decision No. 344-V and No. 26, 9 Aug. 2017. *Lex.uz*, <https://lex.uz/docs/3330007>.

National Agency for Project Management under the President of the Republic of Uzbekistan, and Department on Combating Economic Crimes under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Persons Operating in the Sphere of Crypto-Assets Circulation*. Annex to Joint Decision No. 3 (8 June 2021) and No. 16 (7 June 2021). *Lex.uz*, <https://lex.uz/docs/5450933>.

Ministry of Finance of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Leasing Service Providers*. Annex to Joint Decision No. 56 and No. 28, 25 Aug. 2011. *Lex.uz*, <https://lex.uz/docs/1870506>.

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Some documents define “persons close to senior officials”⁴⁵, while others do not provide for such a definition at all⁴⁶.

⁴⁵ Ministry of Finance of the Republic of Uzbekistan, and Department on Combating Economic Crimes under the Prosecutor General’s Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Auditing Organizations*. Annex 1 to Joint Decision No. 145 and No. 45, 14 Nov. 2018. Lex.uz, <https://lex.uz/docs/4107007>.

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Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General’s Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Persons Conducting Operations with Precious Metals and Precious Stones*. Annex to Order No. 36, 13 Oct. 2009. Lex.uz, <https://lex.uz/docs/1539795>.

Ministry of Justice of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General’s Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Notarial Offices and Advocacy Structures*. Annex to Joint Decision No. 10 and No. 39, 13 Oct. 2009. Lex.uz, <https://lex.uz/docs/1528787>.

Ministry of Finance of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General’s Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Insurers and Insurance Intermediaries*. Annex to Joint Decision No. 104 and No. 41, 13 Oct. 2009. Lex.uz, <https://lex.uz/docs/1540496>.

Ministry of Finance of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General’s Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Leasing Service Providers*. Annex to Joint Decision No. 56 and No. 28, 25 Aug. 2011. Lex.uz, <https://lex.uz/docs/1870506>.

State Committee for Management of State Property of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General’s Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Real Estate Organizations*. Annex to Joint Decision No. 01/19-18/04 and No. 27, 8 Aug. 2011. Lex.uz, <https://lex.uz/docs/1859044>.

State Committee for Management of State Property of the Republic of Uzbekistan, Center for Coordination and Control of Securities Market Activity, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General’s Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Professional Participants of the Securities Market*. Annex to Joint Decision No. 2009-43 and No. 38, 13 Oct. 2009. Lex.uz, <https://lex.uz/docs/1539509>.

⁴⁶ Central Bank of the Republic of Uzbekistan, and Department on Combating Economic Crimes under the Prosecutor General’s Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Payment System Operators, Electronic Money System Operators and Payment*

Considering the above, the lack of a single and clear definition of senior officials in national legislation increases the risk of lagging behind international standards in the field of financial monitoring, customer identification and anti-corruption. Therefore, it is urgent to harmonize the concepts of “senior official” and “public official” as provided for in the UNCAC, to establish a uniform procedure for the definition of family members and close associates, and to introduce mandatory enhanced monitoring in accordance with the FATF recommendations.

Other people are also included in the list of persons subject to separate monitoring, and the internal control rules define different categories of persons. In almost all areas, people permanently residing, staying or registered in countries that do not participate in international cooperation or in offshore territories are recognized as dangerous, which is consistent with FATF Recommendation 19.

Banks, audit organizations, participants in crypto-asset trading, the national postal operator, real estate organizations, and members of commodity exchanges should also study residents and non-residents who have accounts in offshore territories. In our opinion, it is expedient to expand the scope of such measures, considering the widespread nature⁴⁷ of the current use of offshore territories to acquire illicit assets.

Organizations and individual entrepreneurs whose real address does not correspond to the documents are subject to separate control in banks, non-bank

Organizations. Annex to Joint Decision No. 357-V and No. 13, 24 June 2020. *Lex.uz*, <https://lex.uz/docs/4912273>.

Central Bank of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General’s Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Commercial Banks*. Annex to Joint Decision No. 343-V and No. 14, 17 Apr. 2017. *Lex.uz*, <https://lex.uz/docs/3212190>.

Central Bank of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General’s Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction in Non-Bank Credit Organizations*. Annex to Joint Decision No. 344-V and No. 26, 9 Aug. 2017. *Lex.uz*, <https://lex.uz/docs/3330007>.

National Agency for Project Management under the President of the Republic of Uzbekistan, and Department on Combating Economic Crimes under the Prosecutor General’s Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Persons Operating in the Sphere of Crypto-Assets Circulation*. Annex to Joint Decision No. 3 (8 June 2021) and No. 16 (7 June 2021). *Lex.uz*, <https://lex.uz/docs/5450933>.

⁴⁷ Transparency International. *Opacity Unlimited: How Anonymous Companies Fund Corruption, Crime and Terrorism*. Transparency International, 2020, www.transparency.org. Financial Action Task Force (FATF). *Virtual Assets: Red Flag Indicators of Money Laundering and Terrorist Financing*. FATF, 2021, www.fatf-gafi.org/publications/fatfrecommendations/documents/virtual-assets-red-flag-indicators.html.

credit organizations, insurance, securities, precious metals, real estate, leasing and other sectors (except for the activities of audit and payment system operators). This, in turn, helps to combat “front companies”⁴⁸ and “shell companies”⁴⁹.

In most sectors (except for notaries and lawyers), attention is paid to clients who have made suspicious transactions “two or more times within three months” or “consecutively” and are regularly helps to identify suspicious transactions early. In most sectors (except for the commodity sector), non-residents are included in the high-risk group.

In addition, in various sectors, there are additional special elements in the risk assessment, for example, the most extensive list is established for commercial banks, as well as foreign structures that are not legal entities (including postal operators and audit organizations), legal entities that have changed their managers and founders/beneficial owners at the same time, persons with 20 or more bank cards (including payment system operators, electronic money system operators and payment organizations), clients using software packages that do not have the ability to properly verify the client (including in the real estate sector).

In the notary, advocacy, commodity and real estate sectors, new organizations whose operating period does not exceed one quarter of the financial year are identified as high-risk.

Separately examines customers who intend to fulfill more than the amount of their obligation in cash. The national postal operator specifically notes money transfers for which the sender's information is not fully provided.

When checking these cases, it is also necessary to pay attention to other “red flag”⁵⁰ indicators, which should be constantly carried out by responsible persons in each area. Different scholars give different lists of such indicators, for example, Chaikin D. offshore territories⁵¹, Sotiropoulou A., Brun J.-P., Gray L., Scott C. and Stephenson K. M. foreign governments that have lost power, countries with a very high level of corruption, regions with unrest and

⁴⁸ Costa, João. *Revealing the Networks behind Corruption and Money Laundering Schemes: An Analysis of the Toledo–Odebrecht Case Using Social Network Analysis and Network Ethnography*. Working Paper No. 36, Basel Institute on Governance, 2021, baselgovernance.org/publications/working-paper-36-revealing-networks-behind-corruption-and-money-laundering-schemes.

⁴⁹ Silver, Molly, and Jean-Pierre Brun. *Going for Broke: Insolvency Tools to Support Cross-Border Asset Recovery in Corruption Cases*. StAR Initiative, World Bank, 2020, <http://hdl.handle.net/10986/32596>

⁵⁰ Sotiropoulou, Aikaterini, et al. *Asset Recovery Handbook: A Guide for Practitioners*. 2nd ed., StAR Initiative, World Bank, 2021, <http://hdl.handle.net/10986/34843>.

⁵¹ Chaikin, David A. “Risk-Based Approaches to Combating Financial Crime.” *Journal of Law and Financial Management*, vol. 8, no. 2, 2009, pp. 20–27. SSRN, <https://ssrn.com/abstract=1560228>.

political instability, other scholars⁵² emphasize the need for a separate approach to the movement of crypto-assets⁵³.

It should be noted that Article 20² of the Rules of Internal Control⁵⁴ in the Real Estate Sector stipulates that increased attention should be paid to “organizations and individual entrepreneurs whose location does not correspond to the address indicated in the constituent or registration documents” and “organizations and individual entrepreneurs whose actual location does not correspond to the information indicated in the constituent or registration documents”. It is clear that this is an error in the document and should be noted only in one form.

Financial and other supervised organizations must compare participants in financial transactions with a list of persons involved in terrorist activities or the proliferation of weapons of mass destruction or suspected of participating in them⁵⁵. The list is formed and maintained by the Department⁵⁶. However, this does not correspond to the beneficial ownership register envisaged in FATF Recommendation 24, and unlike countries such as the USA⁵⁷, Great Britain⁵⁸, and Singapore⁵⁹, such a register is not maintained in our country (the legislation of these foreign countries also provides for liability measures for providing incorrect information to such registers).

Thus, the inspection in this direction is carried out in the form of financial monitoring⁶⁰. In some countries, such activities are carried out in a centralized

⁵² Financial Action Task Force (FATF). *Virtual Assets Red Flag Indicators of Money Laundering and Terrorist Financing*. Sept. 2020, www.fatf-gafi.org/content/dam/fatf-gafi/reports/Virtual-Assets-Red-Flag-Indicators.pdf

⁵³ Sotiropoulou, Aikaterini, et al. *Asset Recovery Handbook: A Guide for Practitioners*. 2nd ed., StAR Initiative, World Bank, 2021, <http://hdl.handle.net/10986/34843>.

⁵⁴ State Committee for Management of State Property of the Republic of Uzbekistan, and Department for Combating Tax, Currency Crimes and Legalization of Criminal Income under the Prosecutor General's Office of the Republic of Uzbekistan. *Internal Control Rules for Combating the Legalization of Proceeds of Crime, the Financing of Terrorism and the Financing of Proliferation of Weapons of Mass Destruction for Real Estate Organizations*. Annex to Joint Decision No. 01/19-18/04 and No. 27, 8 Aug. 2011. *Lex.uz*, <https://lex.uz/docs/1859044>.

⁵⁵ Republic of Uzbekistan. *Law on countering the legalization of proceeds from criminal activities, the financing of terrorism and the financing of the proliferation of weapons of mass destruction*. No. 660-II, 26 Aug. 2004, art. 12. *Lex.uz*, <https://lex.uz/docs/283717#283816>.

⁵⁶ Prosecutor General of the Republic of Uzbekistan. Annex to Order No. 53-B, 30 July 2021. *Lex.uz*, <https://lex.uz/docs/5688107>.

⁵⁷ United States. *31 U.S. Code § 5336 – Beneficial Ownership Information Reporting Requirements*. Legal Information Institute, Cornell Law School, www.law.cornell.edu/uscode/text/31/5336.

⁵⁸ United Kingdom. *The Information about People with Significant Control (Amendment) Regulations 2017*. legislation.gov.uk, www.legislation.gov.uk/ukxi/2017/693/contents.

⁵⁹ Singapore. *Companies Act 1967*. Statutes of the Republic of Singapore, sso.agc.gov.sg/Act/CoA1967.

⁶⁰ Kunev, Denis A. *Protivodeystvie Peremeshcheniyu Prestupnykh Aktivov za Rubezh i Ikh Vozvrat v Rossiyskuyu Federatsiyu: Ugolovno-Protsessualnye Aspekty*. PhD diss., Moscow State Institute of International Relations, 2019.

manner, for example, in the USA by FinCEN (Financial Crimes Enforcement Network)⁶¹, in Germany by Zentralstelle für Finanztransactionuntersuchungen⁶², in France by TRACFIN⁶³, and in the Russian Federation by Rosfinmonitoring⁶⁴. However, the Central Bank of the Republic of Uzbekistan has a Financial Monitoring Department⁶⁵, the activities of which are limited only to organizations licensed by the Central Bank⁶⁶.

The next possible situation in which information may be received is through operational search measures carried out by the Investigative Committee in the process of identifying predicate crimes in accordance with the Law of the Republic of Uzbekistan “On Operational Investigative Activities”⁶⁷ and the investigative process⁶⁸ carried out in accordance with the Criminal Procedure Code.

Information may also be received directly through newly discovered circumstances identified during the trial, which are considered in accordance with the grounds provided for in the Criminal Procedure Code⁶⁹.

Another important area in this regard is requests received within the framework of international cooperation⁷⁰. Considering the requirements of Article 14 of the Criminal Procedure Code, these actions are carried out in accordance with international treaties of the Republic of Uzbekistan or based on reciprocity⁷¹. In addition, international cooperation in this area is provided by several courts, Investigative Committees, ministries and departments⁷².

⁶¹ <https://www.fincen.gov/>

⁶² <https://www.bfdi.bund.de/DE/Buerger/Inhalte/Polizei-Strafjustiz/National/FIU.html>

⁶³ <https://www.economie.gouv.fr/tracfin>

⁶⁴ <https://www.fedsfm.ru/>

⁶⁵ <https://cbu.uz/oz/about/central-office/divisions/kredit-tashkilotlarida-moliyaviy-monitoringni-muvofiqlashtirish-departamenti-1/>

⁶⁶ Law of the Republic of Uzbekistan. “On introducing amendments and additions to the Law of the Republic of Uzbekistan “On the Central Bank of the Republic of Uzbekistan” (new edition), No. ORQ-582. Lex.uz, <https://lex.uz/ru/docs/4590452>.

⁶⁷ Republic of Uzbekistan. Law of the Republic of Uzbekistan “On operational investigative activities”, No. ORQ-344, 25 Dec. 2012. Lex.uz, <https://lex.uz/docs/2107763>.

⁶⁸ Republic of Uzbekistan. Criminal Procedure Code of the Republic of Uzbekistan. Adopted 22 Sept. 1994, entered into force 1 Apr. 1995. Lex.uz, <https://lex.uz/docs/111460>.

⁶⁹ Republic of Uzbekistan. Criminal Procedure Code of the Republic of Uzbekistan. Adopted 22 Sept. 1994, entered into force 1 Apr. 1995. Lex.uz, <https://lex.uz/docs/111460>.

⁷⁰ Kunev, Denis A. *Protivodeystvie Peremeshcheniyu Prestupnykh Aktivov za Rubezh i Ikh Vozvrat v Rossiyskuyu Federatsiyu: Ugolovno-Protsessualnye Aspekty*. PhD diss., Moscow State Institute of International Relations, 2019.

⁷¹ Republic of Uzbekistan. Criminal Procedure Code of the Republic of Uzbekistan. Adopted 22 Sept. 1994, entered into force 1 Apr. 1995. Lex.uz, <https://lex.uz/docs/111460>.

⁷² Cabinet of Ministers of the Republic of Uzbekistan. On additional measures to implement the Law of the Republic of Uzbekistan "On Combating the Legalization of Proceeds from Criminal Activities, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction". Annex 2 to Resolution No. 402, 29 June 2021. Lex.uz, <https://lex.uz/docs/5482456#5487585>.

The EO highly appreciated the indicators of execution of requests from foreign countries by courts and Investigative Committees within the framework of mutual legal assistance of Uzbekistan⁷³. Such information can also be obtained through informal requests, and communication through informal channels is usually quick and free of many procedural requirements⁷⁴.

⁷³ Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG). *Mutual Evaluation Report of the Republic of Uzbekistan*. EAG, 2022.

⁷⁴ Helfer, Laurence R., et al. "Flexible Institution Building in the International Anti-Corruption Regime: Proposing a Transnational Asset Recovery Mechanism." *American Journal of International Law*, vol. 117, no. 3, 2023, pp. 559–600. Cambridge University Press, <https://doi.org/10.1017/ajil.2023.32>.