



VinciWorks

A guide to money laundering compliance in Latin America & the Caribbean

The region's AML laws and challenges

How to use this guide

This guide is designed to support businesses who currently operate in Latin America and the Caribbean, or who are planning to, or seeking to expand to new countries in the region. This guide provides an overview of some of the key AML challenges and issues and includes a country-by-country assessment of AML risks and laws.

This guide was compiled by VinciWorks, a company with significant expertise in AML training, compliance and software solutions. It is accurate and up to date as of the date of publication.

Data and sources

Data has been compiled from national risk assessments (NRAs) and mutual evaluation reports (MERs) conducted on countries. Information is also sourced from the FATF, GAFILAT and CFATF, as well as regional and international reports, news stories and published research.

Financial estimates of money laundering for each country are taken from what is known as the consensus range for criminal proceeds, suggesting between two to five percent of a country’s GDP is illicit, with around 70% of that being laundered. This consensus estimate is widely used by the United Nations Office on Drugs and Crime and the FATF.

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What are the regions’ AML challenges?

Corruption remains by far and away the most prevalent financial crime in Latin America and the Caribbean. This means corruption, often by public officials, is also the largest source of illicit funds that have to be laundered, even more than cash generated by drug trafficking and people smuggling.

The primary channels for laundering cash are financial institutions, real estate and pure cash smuggling. This means connected institutions, from banks to property brokers, money transfer businesses and luxury goods merchants, are key entry points to laundering illicit gains.

While many countries in the region have made improvements to their AML laws in recent years, implementation remains patchy. Regulatory authorities are often under-resourced, and political will varies between countries.

Although every country’s context is unique, there are shared challenges throughout the region. Businesses already operating in Latin America and the Caribbean can learn from the experiences of others. Money laundering compliance challenges faced by a real estate broker in Barbados can overlap with the challenges faced by one in Brazil. A luxury goods dealer in Argentina may have clients from Honduras, or a company incorporated in Panama may have an outsize holding in a key industry in Chile.

While AML experts continue to consider the region as a whole as having a weak compliance regime, this does vary by country and concerted efforts are being made to improve the situation. The key thing for any business already operating in the region, or planning to, is to take a holistic approach to risk assessments.



Regulatory and regional bodies

GAFILAT

The Financial Action Task Force of Latin America (GAFILAT) is a regional organization bringing together 17 countries in South, Central and North America. It was created to prevent money laundering, terrorist financing and the proliferation of weapons of mass destruction. The group is the regional division of the FATF, focusing on the 40 recommendations and supporting members to implement them into national laws.

GAFILAT undertakes training and technical assistance measures, alongside mutual evaluations to ensure a high level of AML compliance among its members and in Latin America more widely.

OAS

The Organization of American States is focused on promoting democracy and election monitoring in the region. It monitored the 2019 Bolivian election, describing the result as fraudulent which led to the ouster of former President Evo Morales.

CFATF

CFATF is an organization of 27 jurisdictions of the Caribbean Basin that have all agreed to implement the international standards to combat money laundering and terrorist financing established by the Financial Action Task Force Recommendations.

CARICOM

The Caribbean Community is an intergovernmental organization of 15 member states in the Caribbean. It operates as a single market for the region and settles trade disputes.

IMPACS

The Implementation Agency for Crime and Security is the regional framework for crime and security established by CARICOM. It aims to support policing and criminal justice in the Caribbean.

CARSI

Central America Regional Security Initiative is an effort to tackle narcotics and arms trafficking, organized crime and tackle the criminal infrastructure which enables that. CARSI is supported by the US and USAID, and works alongside national bodies and civil society to address policing and justice.

Egmont Group

This is a global association of 167 Financial Intelligence Units (FIUs) aimed at providing a platform for the secure sharing of expertise and information to combat money laundering and terrorist financing.

Basel AML risk index score

The Basel AML index is an assessment of 16 different indicators combining corruption, financial standards, and the rule of law, to attempt to measure and assess the risk of money laundering and terrorist financing in different countries. The assessments incorporate publicly available sources including the FATF, Transparency International, the World Bank and the World Economic Forum. These rankings are designed to serve as a starting point for further investigation by those undertaking CDD or assessing country-level risk.

Each jurisdiction is scored, with 0 being the best possible score, and 10 being the highest. These scores are not based on quantitative data, instead the score is used to indicate the risk level. The higher the number, the higher the risk.

What this means for you

Incorporate the country risk assessments into the wider client due diligence processes. If a customer's source of funds is from a business in Nicaragua for instance, this could warrant further investigation and potentially enhanced due diligence. Other risk factors and red flags must also be taken into account, however. The fact a client is from Chile, the lowest country on the list, does not necessarily mean simplified due diligence can automatically occur. The client should be investigated in the round to understand if other risk factors are there. For instance, a cash-intensive business in Chile with an obscured beneficial owner and opaque structure would likely present a higher risk than a publicly traded company from Bolivia with well-developed AML procedures.



Key AML issues in the region



Country - Mexico
Key issues - The drug trade

Mexico is struggling to deal with rampant, violent drug cartels and endemic corruption in government and regulatory bodies. The Mexican authorities are working with US Drug Enforcement Agency officers to identify destinations for laundered criminal proceedings, and new legislation is aiming to crack down on drug lords who are laundering an estimated \$10bn through the country every year. New legislation limits the amount of pesos which can be exchanged for dollars, however the sheer volume of the drug trade in Mexico makes it a prime money laundering concern.



Country - Argentina
Key issues - Compliance enforcement

Argentina has experienced significant financial disruption in recent years. It defaulted on billions of dollars of sovereign debt, and the FATF threatened to put the country on its grey list - a severe sanction. In response, Argentina promised to implement new laws and crack down on money laundering activities. But enforcement remains lax. Additional resources, such as training investigators and prosecutors, are required and have often been overlooked. Laws might be on the books, but enforcement still remains elusive.



Country - Colombia
Key issues - New institutions

Colombia has been on the positive side of money laundering enforcement in recent years, with the country implementing SARLAFT - the System for the Administration of Money Laundering and Financing to Terrorism Risks. This has created better channels of communication between obligated entities, supervisors and financial intelligence units to create a more efficient system when a high-risk situation occurs. Processes like reporting on the use of ATMs, debit cards and money transfers and bringing entities under one supervisory body have helped Colombia crack down on money laundering.



Country - Brazil
Key issues - Finance industry

Brazil is ramping up AML enforcement in its burgeoning finance industry. New rules have been issued specifying what securities and portfolio managers must report on in their compliance report, including specific tests they must conduct. They must note policy updates, conflict of interest procedures, and their risk management processes must be deemed capable and adequate. Sanctions range from the issuance of an alert letter to termination of licenses.



Country - El Salvador
Key issue - Bitcoin

President Nayib Bukele has made Bitcoin the central plank of his economic agenda, making it legal tender despite dozens of concerns around KYC. Without a strong regulatory framework, the country could become a hotbed of money laundering in Bitcoin. Salvadoran banks do not meet international standards like Basel II or III. International criminals such as those who conduct ransomware attacks and demand payment in Bitcoin could exploit the country's economy to turn the digital tokens into hard cash or buy high value items, concealing their illicit origin.



Country - United States
Key issues - AMLA

The US remains a key stakeholder in Latin American economies, with rules and regulations emanating from Washington having a considerable impact across the region. The US Anti-Money Laundering Act 2020 (AMLA) has given renewed vigor to a crackdown on corruption and bribery cases against companies and public officials in Latin America via money laundering statutes. AMLA has made it easier for the FCPA unit at the Department of Justice to obtain evidence from financial institutions which can be used in FCPA cases, for example by expanding the government's authority to subpoena evidence from foreign banks with a presence in the US. Information sharing with foreign regulators has also been made easier. The US has committed additional resources to target corruption in El Salvador, Guatemala and Honduras through the Northern Triangle Enhanced Engagement Act, with the law requiring the State Department to identify individuals engaged in corruption in these three countries. The State Department have already submitted 55 names to the Engel List of corrupt officials.

Case study - digital wallets take off in Colombia

Cash is no longer king, at least in Colombia. The country's digital banking space grew by nearly 60% in 2020. At the height of the pandemic, digital wallets and contactless payments became the only option many customers had for paying. Where Colombia leads, other Latin American countries are following. Across the region, cash payments accounted for around 80% of transactions in 2018. But by the end of 2020, this had nosedived to around 25%.

More than 1.6 million Colombians downloaded and activated a digital wallet for the first time last year, with younger generations the most enthusiastic adopters. Despite rapid growth and popularity, the industry is regulated. Each wallet provider must be certified to meet the payment card industry (PCI) compliance standards. Traditional banks have also entered the space, offering customers a more reliable and trusted name.

Digital payments are growing across the region. El Salvador recently legalized bitcoin as a currency. The region is staking a claim as land of digital-first currencies and crypto payments. As customers increasingly embrace online payments, everyone with an AML concern, from merchants to banks, fund managers to law firms, will have to adapt to the Latin American reality that *digital* cash is now king.

Case study - Closing down Brazil's Operation Car Wash

After five years, R\$26 billion in recovered assets and 183 convictions, Operation *Lava Jato* (Car Wash) the Brazilian Federal Prosecution Service (MPF) announced an end to one of Latin America's most significant, and successful, AML operations. The operation centered on corruption allegations at Petrobras, where executives accepted bribes in return for awarding contracts at inflated prices. But the initial investigation was sparked by suspicions of money laundering at a petrol station in Brasilia. The scandal ensnared senior politicians and business leaders, including former Brazilian president Lula.

Lava Jato began life investigating money laundering allegations at a petrol station in the capital, Brasilia. The petrol station raised suspicions because it didn't have an attached car wash it was supposed to. Police soon realized they were onto something bigger when they discovered black market money dealers using the 'car wash' to launder money were working on behalf of an executive at Petrobras. Between 1-5% of every deal between Petrobras and construction, rig and refinery companies were paid into a secret slush fund. That dirty money was then used to blatantly bribe politicians, even bankrolling whole election campaigns to keep the governing party in power.

It wasn't just the politicians who benefited. Everyone connected to the dodgy deals received a kick back, including luxury cars, expensive art, Rolex watches, yachts and even helicopters. Cash was deposited in Swiss bank accounts or laundered through overseas property deals to smaller companies. Cash was transferred in small amounts to keep it under the threshold or sent with elderly money mules to fly from city to city with cellophane-wrapped bricks of cash strapped to their bodies. Although *Lava Jato* has been wound up, many believe it has failed to properly change the culture of corruption in Brazil. It has, however, pioneered new techniques and a new boldness in tackling bribery, and may at least act as a powerful warning to politicians and executives across the region.

Regional money laundering channels

Tackling money laundering in Latin America and the Caribbean is a huge challenge, and one that is ongoing with support from international groups. Countries in the region vary extensively by size and scope of their economies, alongside fundamental differences in the approach to AML, from serious efforts to counter threats, to outright illegal regimes profiting from criminal enterprises.

There is also a critical lack of financial intelligence across much of the region. Some systems are still paper based, and cross-border information sharing is seen as lacking in many respects.

Trade-based money laundering (TBML) remains one of the primary channels used to launder proceeds of criminal activity. Importers and exporters are particularly vulnerable to TBML, with some freight companies, couriers and customs brokers willfully involved in illegal schemes. For instance container port supervisors can be involved in facilitating TBML by helping clear fraudulent shipments.

The region’s relationship with the United States is also one of both support for improving efforts, but also exploiting vulnerabilities. At least half of all real estate money laundering cases in the United States involve illicit cash from Latin America and the Caribbean, with half of all those cases involving politically exposed persons.

For example, the Panama Papers shows that 123 shell companies in Nevada were linked to Lázaro Báez, a close friend of former Argentina President Cristina Fernández de Kirchner. Báez is alleged to have received millions of dollars in bribes from government contracts.

Efforts to tackle money laundering in the region have often focused on improving institutional capacity and expanding laws, often done through US assistance. All countries in the region have carried out a national risk assessment, and many are moving towards a risk-based approach when dealing with money laundering and obligated entities. Countries have also worked to overhaul their domestic AML regimes to comply with FATF standards.

Yet deficiencies still remain. It is incumbent on everyone doing business in the region to sufficiently understand the money laundering risks posed, and be able to effectively put in place mitigation efforts and conduct better due diligence where the risks are greatest.

Key channels used for money laundering in Latin America and the Caribbean include:

-  **Banks and online banking**
-  **Remittance services**
-  **Designated Non-Financial Business and Professions (DNFBPs)**
-  **Real estate**
-  **Construction**
-  **Free Trade Zones**
-  **Misinvoicing and international trade**
-  **Cryptocurrency**
-  **Political and campaign financing**
-  **Shell and front companies**
-  **Gold and minerals**
-  **Mining**
-  **Gas stations**
-  **State-owned enterprises**
-  **Gambling**
-  **Luxury goods, particularly vehicles**
-  **Money exchanges**

Country-by-Country guide

Key terms:

- DNFBP** – Designated Non-Financial Business and Professions
- NRA** – National Risk Assessment
- FIU** – Financial Intelligence Unit
- MER** – Mutual Evaluation Report
- SAR** – Suspicious Activity Report
- STR** – Suspicious Transaction Report
- CBI** – Citizenship by Investment
- EU** – European Union
- KYC** – Know Your Customer
- CDD** – Client / Customer Due Diligence
- PEP** – Politically Exposed Person
- USAID** – the United States Agency for International Development
- UNODC** – United Nations Office on Drugs and Crime

Note: GDP is based on PPP estimates (purchasing power parity) using the latest available data (2019 or more recent). Population is based on the most recent United Nations data.





Antigua and Barbuda

Population - 97,928

GDP per capita - \$29,298

Capital - Saint John's

Language - English

Currency - East Caribbean Dollar (XCD)

Key risks

- **Citizenship by Investment (CBI)** - corruption risks within the CBI have been highlighted by the US, but it remains politically sensitive for the government to tackle.
- **Drug trafficking** - cocaine and cannabis are the most commonly trafficked drugs.
- **Fraud and tax evasion** - after drug trafficking these are the cases most often referred for further investigations, particularly when connected to the entertainment industry.
- **Human trafficking** - victims often enter the situation voluntarily, and are then forced into exploitation, and is reported to often occur in plain sight.
- **Cybercrime** - phishing and account takeover scams, payment redirection to illegitimate sites and 'mystery shopper' scams are a growing concern.



Criminal proceeds

An estimated \$34 million - \$86 million of criminal proceeds is laundered every year in Antigua and Barbuda.

AML policy summary

Antigua and Barbuda is seen as having a too narrow focus on drug trafficking, and is considered weak in prevention and detection of money laundering crime. It does however have strong enforcement.

Legal summary

Antigua and Barbuda was one of the first countries in the Caribbean region to reform its AML framework. This reform occurred after the country's 2008 mutual evaluation. The focus since then has been on training reporting entities.

The supervisory agencies are considered to be well-informed of AML requirements and risks.

Banks in the country have implemented a risk-based approach and have a high degree of knowledge in the sector. The main laws include:

- The Misuse of Drugs Act 1974
- The Proceeds of Crime Act 1993
- The Money Laundering Prevention Act of 1996
- The Prevention of Terrorism Act of 2005

Weaknesses

The key conduits for financial crime include professional services such as lawyers, accountants, real estate and money services businesses. Car dealerships and international banks are also considered risky. In particular the used car industry is unregulated and unsupervised. Almost all cars in the country are part of the second-hand market and drug traffickers have a history of abusing this market for money laundering.

Coordination between authorities is lacking, and Antigua and Barbuda's AML efforts are hampered by very low numbers and low-quality SARs from financial institutions, and in particular designated non-financial business and professions.

The narrow focus of the Royal Police Force of Antigua and Barbuda on drug trafficking means that a financial crime investigation is unlikely to occur if the case does not have a connection to drugs. The US focus on drug trafficking in the region, and US-backed interventions and financial support in this area make it difficult for the country to expand its focus.

Strengths

The country is seen as having a strong political will to tackle financial crime, along with the technical knowledge and capacity in the finance sector. Recently the country has worked with Interpol and the Canadian government to tackle human trafficking.



Argentina

Population - 45,605,826

GDP per capita - \$22,997

Capital - Buenos Aires

Language - Spanish

Currency - Argentine Peso (ARS)

Key risks

- **Economic instability** - around half of the workforce is informally employed, with high levels of poverty meaning many people do not report profits or pay taxes. Inflation is a major issue.
- **Cash markets** - most financial transactions occur outside the regulated banking system. Properties are known to have been purchased in cash, sometimes in foreign countries.
- **Porous borders** - the long Tri-Border area with Paraguay and Brazil is a large source of drug trafficking and smuggling.
- **Corruption** - there is systemic corruption in the public and private sectors, with the judiciary in particular. Doing business with the government often involves bribery and siphoning funds.
- **Drug trafficking** - as well as refining cocaine for export, increasing synthetic drugs suggest a growing domestic market, with borders being an entry and distribution point.



Criminal proceeds

An estimated \$6.3 billion - \$15.7 billion is laundered every year in Argentina.

AML policy summary

Argentina is seen as having a **lack** of resources, political will and sufficient laws to tackle money laundering. It is also **weak** at prosecuting financial crimes. It does have **strong** prevention and detection procedures.

Legal summary

Argentina has been strengthening its AML laws since 2016, but political will and judicial ability given widespread

corruption is seen as a barrier and makes the country still vulnerable to financial crime. There is in general a lack of oversight, human resources and capacity in AML training for agencies.

Agencies in Argentina do work together to tackle money laundering, including the federal courts, the Office of the Prosecutor for Economic Crime and Money Laundering (PROCELAC) and the police. But in the last decade only a few dozen money laundering cases have been prosecuted. Most are in regard to drugs and half were in Buenos Aires, suggesting the authorities have limited capabilities to tackle cases outside the capital.

Relevant sections of the Criminal Code include:

- **Law 26.268** on terrorist financing crimes
- **Law 23.737** on narco-trafficking
- **Law 26.683** on regulations
- **Law 25.246** on obligated persons and entities

Weaknesses

Argentina is not keeping up with the rapidly changing nature of financial crime. The laws on the books are mainly in regard to fraud, tax crimes and corruption, and lack a holistic approach to tackling money laundering head on. There is often a significant delay between investigation of financial crimes and the ultimate prosecution, resulting in few convictions. A politicized judiciary often involved in its own corruption scandals have reduced overall confidence.

Information sharing is often low-tech. Digitization is almost non-existent which has made prosecuting financial crimes during the pandemic increasingly difficult. In general there is a high level of impunity for suspects in cases, with elites hoarding hundreds of billions of dollars offshore.

Strengths

The Argentine Tax Authority has strengthened rules on beneficial ownership to combat illicit activities. There is a National Anti-Corruption Plan (NAP) in place until 2023, and increased coordination between government agencies in the fight against money laundering. The US is offering support on tackling AML and terrorist financing.



The Bahamas

Population - 393,248

GDP per capita - \$33,494

Capital - Nassau

Language - English

Currency - Bahamian Dollar (BSD)

Key risks

- **Trade-based schemes** - the National Risk Assessment identifies trade-based schemes as a particular money laundering concern. Little is done in terms of prevention, detection or enforcement of these schemes.
- **Fraud** - over 100 suspicious transaction reports were filed under fraud, the highest of any category. Fraud is considered to be the most prevalent predicate money laundering offense in The Bahamas. Forgeries, counterfeits, stealing by reason of employment and fraud by false pretenses are typical.
- **Human trafficking** - The Bahamas is a major transit for trafficked people and migrants attempting to enter the US. People smugglers operate extensively in the country, with forced labor also rife in the country's construction, agriculture, fisheries and domestic labor sectors.
- **Drug trafficking** - cannabis and cocaine are the most common drugs smuggled, often via fast boats and small aircraft which are transported to the US, Haiti, Jamaica and Panama.



Criminal proceeds

An estimated **\$179 million - \$448 million** is laundered every year in The Bahamas

AML policy summary

The Bahamas is seen as having **untested** AML laws given many are newly enacted. It is also **weak** in terms of prosecution but is **strong** in prevention and detection.

Legal summary

The Bahamas have overhauled their AML and financial crime regulatory framework in recent years. In December 2020 the country was taken off the FATF grey list in a major milestone. This was in part thanks to significant work by the government in the areas of a national AML/CTF risk assessment in 2017. The Bahamas enacted a Proceeds of Crime Act which empowered police, customs and the judicial branch in AML investigations as well as a Beneficial Ownership Register Act in 2018.

Also in 2018 they updated the Financial Transactions Reporting Act to impose stronger responsibilities on banks and financial institutions to verify customers' identity and legitimacy before doing business. This amendment expanded the scenarios where obliged entities must carry out CDD and EDD. The country updated their Anti-Terrorism Act in 2018 to comply with UN resolutions.

Weaknesses

Designated non-financial businesses and professions (DNFBPs) report suspicious transactions through a paper-based system. It is not electronic which has a negative impact on reporting and analysis. The judicial system of The Bahamas is seen as very slow moving. Most defendants who do not plead guilty must wait for years. Some drug cases have been pending for over a decade. The relationship between law enforcement and the regulated sector is informal and consultative.

There is also little publicly available information on beneficial ownership, or data on the effectiveness of the wider AML program. There is concern that the country was more invested in a tick-box exercise to get off the FATF's grey list, as opposed to properly investing in an AML regime.

Software and human resources in these departments is also lacking. Financial intelligence is therefore patchy and difficult to disseminate given the paper-based system and lack of coordination between newly created agencies with untested authority.

Strengths

Following the country's fourth round mutual evaluation in 2017, The Bahamas redoubled their efforts at tackling financial crime. This resulted in a raft of new laws and clear political will to make the necessary changes, even if much of the legislation remains untested.



Barbados

Grey listed

Population - 287,025

GDP per capita - \$18,798

Capital - Bridgetown

Language - English

Currency - Barbadian Dollar (BBD)

Key risks

- **Grey listed** - Barbados is black / grey listed by several international institutions including the FATF. This means the country has strategic deficiencies in its AML regime and was until recently regarded as non-cooperative by the EU.
- **Drug trafficking** - there are hundreds of drug trafficking related offenses per year. Barbados is a transit point for cocaine and cannabis, with low domestic consumption.
- **Fraud** - fraudulent cheques, false invoicing, document forgery and ATM skimming are common forms of fraud.
- **Professional services** - lawyers, corporate services and trust providers have been identified as high-risk channels for money laundering. Commercial and international banks, deposit-taking companies and real estate are also considered high risk.



Criminal proceeds

An estimated **\$72 million - \$182 million** is laundered every year in Barbados.

AML policy summary

Barbados is seen as having **absent** AML laws and **poor** implementation. It is **weak** in detecting, preventing and prosecuting financial crime.

Legal summary

Sweeping reforms were implemented in 2019 to address financial crime, however much of these are still inadequate to address international concerns. The forms

which have been implemented include a new national risk assessment. The Companies Act was amended in 2019 to create beneficial ownership requirements for Barbadian legal entities. But these are incomplete and law enforcement does not have adequate access.

The Anti-Money Laundering Act 2019 mandated a risk-based approach for financial institutions and placed some professional services firms like lawyers under reporting requirements. The Proceeds and Instrumentalities of Crime Act 2019 created a mechanism for asset seizure.

Weaknesses

There is an absence of effective supervision for financial institutions and other obliged entities. Law enforcement does not have adequate access to the beneficial ownership register, which is in itself deficient. There is a lack of capacity and lack of quality information which agencies can share. This is in part caused by poor technology. Law enforcement itself is understaffed, and the legal system is inefficient.

Trade-based money laundering is a growing threat given Barbados' membership of the Caribbean Basin Initiative, which permits duty free entry of many goods into certain markets, including the US. There is a lack of publicly available information to assess the government's performance and effectiveness of AML reforms. Understaffing, under-resourcing and a lack of will in the judiciary and law enforcement to tackle money laundering remains a serious concern.

Strengths

The country is making a concerted effort to be removed from the FATF's grey list.



Belize

Population - 419,000

GDP per capita - \$9,576

Capital - Belmopan

Language - English

Currency - Belize Dollar (BZD)

Key risks

- **Drug trafficking** - Belize is a hub for cocaine transit, with narcotics from Venezuela and Colombia moving through the country, then via land to Guatemala and Mexico destined for the US. Mexican cartels operate widely in the country, hiring local gangs and capitalizing on corrupt law enforcement.
- **Violent crime** - Belize is plagued by gang violence and it has one of the worst per capita murder rates in the world.
- **Corruption** - as a small country there is an interconnected, often familial relationship between politicians, business and organized crime. Nepotism and patronage hamper effective reforms.
- **Customs fraud** - misinvoicing and trade fraud is a common financial crime used to evade customs duties on imports and exports.
- **Smuggling** - this has a long history in the country given its history as a British colony set up for regional plunder. The location of the country facilitates border smuggling.
- **Porous borders** - borders between Mexico and Guatemala see drugs, money, migrants and contraband pass relatively freely through the country. Guatemalans often cross the border to engage in illegal mining and trafficking, which is difficult for Belize to police but easy for Guatemalans to access.



Criminal proceeds

An estimated **\$26 million - \$66 million** is laundered every year in Belize.

AML policy summary

Belize is seen has **lacking** in political will and technical capacity, as well as implementation of AML laws. It has **weak** detection and prosecution procedures, but is **strong** in the areas of investigation and prevention.

Legal summary

The primary legislation in Belize is the Money Laundering and Terrorism (Prevention) Act of 2011, which criminalizes money laundering and sets out AML supervision procedures. It also provides for asset seizing. The Prevention of Corruption In Public Life Act 2000 established financial disclosure requirements for officials and corruption offenses. However the Integrity Commission which this law set up was dormant until 2017.

The Financial Crimes Working Group and the National Anti-Money Laundering Committee are the two FIU's established by the government to tackle money laundering. Belize is expected to begin its fourth-round evaluation in 2021 - 2022.

Weaknesses

There is yet to be a successful prosecution under the Prevention of Corruption in Public Life Act, despite rife allegations of bribery and wrongdoing at the highest level. There has been little to criminal investigations on money laundering either. Free trade zones in the country remain a significant vulnerability to AML efforts. These are privately managed, high revenue and high client risk bases, involve high amounts of cash trading and cross-border activity.

Major scandals in the real estate sector such as the Belize Sanctuary scam have failed to result in any regulation of the sector, although there are reporting requirements on real estate. There is no register of beneficial ownership, nor any laws on identifying who they are.

Strengths

The country does participate in various regional cooperation initiatives and collaborated with the US Government. The upcoming mutual evaluation could also provide impetus for further change.



Bolivia

Population - 11,428,245

GDP per capita - \$7,790

Capital - Sucre

Language - Spanish

Currency - Boliviano (BOB)

Key risks

- **Drug trafficking** - Bolivia is a major producer of cocaine, with drugs then smuggled across the border to Brazil and Peru.
- **Corruption** - Public and private corruption is a key risk, particularly in public investment projects. Judicial corruption has led to only half of money laundering cases being investigated.
- **Real estate** - property scams and fraud, in particular related to large developments in La Paz and Santa Cruz are highly suspicious and considered to be conduits for money laundering.
- **Pawn shops** - while these came under regulation by the Financial Supervisory Authority in 2018, violence and criminality have prevented effective regulation and enforcement.



Criminal proceeds

An estimated **\$573 million - \$1.4 billion** is laundered every year in Bolivia.

AML policy summary

Bolivia is considered to have a **lack** of political will to tackle money laundering, as well as structural deficiencies and **weak** prosecution efforts. It does do **better** in prevention, however.

Legal summary

Bolivia has banned the use of cryptocurrency since 2014 in order to counter scams and money laundering risks, however Bolivians still actively access it through foreign accounts or PayPal. Anti-corruption laws are not well enforced, and corruption is considered to be endemic, particularly in key sectors such as mining and law enforcement.

Judges are elected after being nominated by the legislature, meaning the judiciary is heavily subjected to political influence and bribery. Access to justice is excruciatingly difficult and out of reach for most people, with successive governments mainly concerned with prosecuting political opponents.

The key money laundering laws in Bolivia include:

- The Marcelo Quiroga Law on Corruption
- **Law 974** on Transparency Units and Corruption
- **Law 393** on Financial Services
- **Law 262** and Supreme Decree 1553 on freezing of terrorist assets
- **Supreme Decree 29681** on foreign exchange
- **Law 1008** on social and controlled substances

Weaknesses

Despite the cryptocurrency ban, widespread use has driven both legitimate and illegitimate users underground. Activity surpasses regional neighbors and local crypto users are themselves considered criminals as a result of the ban.

Bribery is endemic, and there is little judicial appetite to tackle corruption issues. Law enforcement is also prone to corruption.

The main facilitators for money laundering are lawyers, with the key channels being real estate, remittances, crypto currency and cash. Fraud and identity theft are key aspects of criminal behavior, as well as trafficking of minerals to and from Brazil and Peru.

Strengths

The country is increasing cooperation with Chile and Brazil to tackle drug trafficking. A new ministry was established in 2013 to fight corruption, with transparency units established in most public entities. Banking is also being made more accessible to Bolivians, meaning more AML supervision is possible as more of the economy is formalized.

The FIU undertakes workshops and training for obligated entities to expand knowledge and encourage reporting. Cooperation with US authorities has led to joint training on money laundering investigation techniques.



Brazil

Population - 210,147,125

GDP per capita - \$15,642

Capital - Brasília

Language - Portuguese

Currency - Brazilian Real (BRL)

Key risks

- **Terrorist financing** - organized crime groups are known to have links with terrorist entities, in particular the FARC and Hezbollah. Proceeds from drugs, robberies and kidnappings have been funneled into terrorist activities.
- **Corruption** - the decentralized public procurement system differs state by state, creating vulnerabilities in tackling crime and corruption. Political interference in corruption investigations and institutions has also set back efforts to tackle financial crime.
- **Information sharing** - this varies in quality and state to federal information sharing, and coordination between authorities in different states is not seen as being particularly effective.
- **State-owned enterprises** - key sectors of the economy including energy, banking and construction are in public ownership, creating opportunities for public corruption and bribery in awarding contracts.
- **Drug trafficking** - the Tri-Border Area between Brazil, Argentina and Paraguay is a key area of financial crime, where organized crime traffics drugs, minerals and people with impunity.



Criminal proceeds

An estimated **\$25.8 billion - \$64.4 billion** is laundered every year in Brazil.

AML policy summary

Brazil is seen to be **weak** in AML knowledge of obligated entities, and **weak** in prosecution. Although it is **stronger** in prevention and investigation.

Legal summary

Brazil has a mature money laundering framework with

a strong institutional basis for financial intelligence and information sharing across state and federal enforcement agencies, although in practice it may sometimes lag.

Brazilian authorities, including the Private Insurance Superintendence have formed a working group to prepare an NRA.

The main money laundering laws in Brazil are:

- **Law 9.613/1998** - this designs money laundering
- **Law 13.260/2016** and **Law 13.170/2015** tackle terrorist financing
- **Law 13.810/2019** enforces terrorist asset freezing measures
- Central Bank of Brazil Circular 3.978/2020 promotes AML/CTF frameworks

Weaknesses

Lawyers are seen as the top facilitators of financial crime in Brazil. Real estate, gas stations and shell companies are key conduits for money laundering. While prosecutors and authorities often have political will to tackle financial crimes, powerful business interests and politicians can obstruct the justice system. Jurisdictional delays can result in justice disappearing. Operation Car Wash is an important example of Brazil's 'many moving parts' justice system which can hinder effective law enforcement.

Brazil has a very low conviction rate for financial crimes. Out of nearly 5,000 investigations in a two-year period, only 11 resulted in a conviction. State-owned companies remain a hotbed of corruption, with some states having significantly less technical capabilities and resources to tackle financial crime.

Prosecutors can only target individuals for money laundering crimes, not legal entities. This creates loopholes for wrongdoing to go unpunished. A lack of independent and neutral pathways to report wrongdoing in the government or private sector is also hampering progress.

Strengths

Brazil has been strengthening its legislation in recent years. It established a risk-based approach for financial entities, along with comprehensive monitoring and money laundering regulation.

New procedures for identifying and freezing terrorist assets have demonstrated to the FATF that Brazil is making substantial progress and addressing its deficiencies. The National Strategy for Combat Against Corruption and Money Laundering (ENCCLA) has toughened accountability requirements for lawyers and accountants who are otherwise not subject to AML obligations.



Chile

Population - 17,574,003

GDP per capita - \$23,455

Capital - Santiago

Language - Spanish

Currency - Chilean Peso (CLP)

Key risks

- **Political instability** - despite conclusive elections and a new constitution, the country has faced recent waves of popular protests over deep economic inequality.
- **Real estate** - Chile faces a real estate bubble, with inflated prices for properties which often remain vacant when purchased. This suggests properties are being used to launder money.
- **Customs fraud** - misinvoicing and trade fraud is a common financial crime used to evade customs duties on imports and exports. There is a lack of automatic exchange of customs information.
- **Drug smuggling** - Chile is a transit country for cocaine from Peru and Bolivia being smuggled to Europe. It also has a growing domestic market for synthetic drugs.



Criminal proceeds

An estimated **\$4 billion - \$9.9 billion** is laundered every year in Chile.

AML policy summary

Chile is seen to have a **lack** of political will to tackle money laundering cases, with **weak** prosecution efforts. It does however have **strong** prevention measures.

Legal summary

Chile has a strong regulatory framework regarding money laundering. The FIU has specialized units for combating drug trafficking and organized crime, and has a specialist Economic Crime Unit focusing on financial crimes. There is a Specialized Anti-Corruption unit within the Public Prosecution Office which focuses on corruption and economic crimes.

The main money laundering laws in Chile are:

- Law 20.818/2015 which develops mechanisms of prevention, detection, control, investigation and prosecution of money laundering crimes
- Law 20.507/2007 tackles people trafficking
- Law 20.393/2018 and the 2020 amendments are concerned with criminal responsibility for legal persons regarding money laundering and bribery

Weaknesses

Lawyers and front companies used to obscure the beneficial owner are the most common facilitators. Most AML cases include front companies and individuals used to disguise the beneficial owners. Offshore accounts are often used to disguise the source of funds.

There are deep connections between politicians and the economy, which impact on public procurement and political will to tackle new and emerging financial crime hotspots. Governance changes through widespread civil unrest, a new constitution and frequent changes in government create opportunities for corruption and money laundering weaknesses to be exploited.

The country's three free-trade zones have been linked to public corruption cases and smuggling. While the police have long been seen as one of the most respected national institutions, involvement in corruption, drug smuggling, gangs and organized crime have eroded public trust.

Tax officers are also lacking in power to rapidly freeze assets or confiscate assets without a conviction, and there is a lack of resources to effectively counter misinvoicing.

Strengths

The legal framework is a strength, as are the country's solid national institutions and strong interagency cooperation. Chile is seen as successfully enforcing foreign court rulings as well.



Colombia

Population - 50,372,424

GDP per capita - \$16,264

Capital - Bogotá

Language - Spanish

Currency - Colombian Peso (COP)

Key risks

- **Civil conflict** - Colombia has a long and complex security situation with widespread terrorist organizations using resources for organized crime, presenting significant money laundering risks.
- **Drug trafficking** - cocaine continues to present a major problem for AML. Sophisticated organized crime networks traffic drugs from Colombia and seek to launder the proceeds.
- **False invoicing** - this is a common method of money laundering, particularly for professional services, and is often seen in the banking and trade sectors.
- **Dollar economies** - some of Colombia's neighbors are de facto or de jure dollar economies, presenting a key challenge in bulk cash smuggling.
- **Mineral trafficking** - illegally mined gold and minerals are trafficked from neighboring Venezuela and Peru, with Colombia acting as a regional trade and finance hub.



Criminal proceeds

An estimated **\$14.7 billion - \$17 billion** is laundered every year in Colombia.

AML policy summary

Colombia is seen as having a relatively **weak** legal framework, with **high** levels of corruption and **weak** prosecution. It is considered to have **strong** prevention and detection methods.

Legal summary

Colombia has low numbers of prosecutions and convictions for financial crimes, despite a high level of crime. The legal framework has been described by the FATF as not fully or optimally implemented. Colombia is aiming to join the OECD and is awaiting the next round of GAFILAT mutual evaluations, which may provide avenues for a strengthened system.

The main money laundering laws in Colombia are:

- **Law 190 of 1995** which criminalizes asset laundering, and now includes over 60 predicate offences.
- **Law 1121 of 2006** outlines the ways to prevent, detect, and prosecute terrorist financing, and sets out the responsibilities of the Colombian FIUs
- **Law 1941 of 2018** created a Center for Coordination on Financing by Criminal and Terrorist Groups to enhance inter-agency collaboration.
- **Bill 341/20 of 2020** has been introduced to Congress to strengthen anti-corruption measures and create a beneficial ownership registry.

Weaknesses

There are conflicting definitions of beneficial ownership and no registry. This creates significant vulnerabilities in regard to shell and front companies, and their use in asset laundering. There is a severe lack of whistleblower protections which makes anti-corruption efforts much harder.

There is a lack of highly trained, specialized staff to work on financial crime cases, and more serious charges of money laundering are often replaced with 'illicit enrichment' which has a lower burden of proof. This means criminal networks are less likely to be dismantled. Assets are often seized instead of a more complex money laundering investigation, which still leaves the organized criminals intact.

The Colombian tax and customs authority is not seen as being strongly integrated into the fight against money laundering, and some authorities have been criticized as acting more like a think tank than a law enforcement agency.

Strengths

Colombia works closely with the United States on counternarcotics, and has a strong track record of seizing illicit goods, even if this means the criminal networks remain largely intact. SARs are detailed and track illicit enrichment, even if this has been criticized as more of a PR effort than a serious fight against criminal gangs laundering money.



Costa Rica

Population - 5,094,118

GDP per capita - \$18,651

Capital - San José

Language - Spanish

Currency - Costa Rican colón (CRC)

Key risks

- **Cryptocurrency** - the Liberty Reserve scandal operated out of the country, which processed over \$8 billion in dubious cryptocurrency transactions.
- **Narcotics laundering** - Costa Rica faces similar risks as neighboring Central American countries, particularly laundering the proceeds of narcotics trafficking.
- **Bulk cash smuggling** - the NRA highlights concerns about the sheer volume of US dollars in circulation, with SARs from one year showing nearly \$1 billion in cash around.
- **Pineapples** - this commodity is seen as a particular high risk for money laundering, with corrupt customs agents being a money laundering gatekeeper. Drugs are often hidden in pineapples as well.



Criminal proceeds

An estimated **\$2.2 billion - \$4.2 billion** is laundered every year in Costa Rica.

AML policy summary

Costa Rica is seen as having **few** convictions, **weak** enforcement and **outdated** legislation. There is also **weak** prosecution efforts.

Legal summary

Costa Rica is seen as a regional leader in beneficial ownership transparency for corporate structures. The lack of whistleblower protections or strong anti-corruption measures is also a factor in a less well-developed regulatory framework. However, the country does have strong democratic institutions and a reputational for generally good governance. This presents its own

challenges as money coming from Costa Rica appears more reputable.

The main money laundering laws in Costa Rica include:

- **Law 8204** which covers narcotics, money laundering and terrorist financing
- **Law 8754** focuses on organized crime
- **Law 9416** on Fiscal Fraud establishes a beneficial ownership registry
- **Law 9699** and Law 8422 lay out legal responsibilities for legal persons and civil servants on anti-corruption

Weaknesses

Too many SARs and not enough analysis makes proper financial intelligence a challenge. Cases can also take years to move from investigation to prosecution, which discourages reporting.

Detection efforts are also somewhat lacking. Despite a former president being jailed for embezzlement, the legal systems didn't detect or prevent it, nor were any SARs filed.

There is also a lack of connection between reporting, investigations and prosecution. Banking, real estate, corporate structures, tourism and bulk-cash smuggling are key channels for layering

Strengths

Costa Rica is working with US authorities to seize cocaine being shipped to and from the country. It is also receiving assistance to modernize its border control systems and better train law enforcement. Sex trafficking is also being targeted in Costa Rica with crackdowns by local authorities.



Cuba

Population - 11,181,595

GDP per capita - \$22,237

Capital - Havana

Language - Spanish

Currency - Cuban Peso (CUP)

Key risks

- **US sanctions** - the United States maintains various travel and business embargos on Cuba, despite some roll-back of sanctions under the Obama Administration. Sanctions adds a significant money laundering risk to doing business with Cuba.
- **Currency** - until 2021, Cuba maintained two currencies which was then unified. Tourist zones also increasingly accept Euros and pounds, meaning large amounts of foreign hard currency are common.
- **Corruption** - corruption significantly impacts most aspects of Cuban life, given the serious economic scarcity for certain foods and medicines.
- **Informal remittances** - Cuba receives around \$1.5 billion in remittances every year from Cubans abroad transferring money back to family. Around 50% is informal, but that percentage is likely to increase given difficulties using money transfer services like Western Union.
- **State control of the economy** - the government maintains control over most economic activity, however the closed nature of the economy makes it unattractive for large scale money laundering



Criminal proceeds

An estimated **\$1.4 billion - \$3.5 billion** is laundered every year in Cuba.

AML policy summary

Cuba is seen as having a **lack** of technology to properly manage money laundering risks, and a **lack** of implementation of AML procedures.

Legal summary

The Directorate General of Financial Transactions Investigations based in the Central Bank of Cuba is the country's FIU. However, it only supervises a small financial sector, with few commercial banks and financial institutions. A general lack of telecoms services has hampered the switch to digital services, with most inter-agency cooperation being paper based.

There are no casinos, no real estate sector, and no registered dealers in minerals or precious metals.

The main laws against money laundering in Cuba are:

- **Law decree 317/2013** On the Prevention and Detection of Operations Combatting Asset Laundering, Terrorism Financing, Arms Proliferation and Movement of Illicit Assets - this requires relevant agencies to submit SARs
- **Regulation 51/2013** - this includes regulatory guidance
- **Law decree 118/2014** - this regulates foreign investment

Weaknesses

Cuba is seen to have a weak SAR process, with no relevant money laundering suspicious transaction reports being submitted, and no intelligence being generated as a result. Money laundering prosecutions remain low, despite the developing regulatory framework. There have only been two money laundering cases brought to trial since 1999.

Strengths

Given the closed nature of the Cuban economy and the lack of opportunities for layering ill-gotten gains through the usual channels like private business or real estate, Cuba is seen as being a very unfriendly destination for money laundering.

Cuba is working with EU agencies combating drug trafficking and organized crime. Cuba is a member of GAFILAT, which provides technical assistance and support for Cuban authorities. Engagement with GAFILAT is helping Cuba strengthen its AML capacities.



Dominica

Population - 71,625

GDP per capita - \$9,726

Capital - Roseau

Language - English

Currency - East Caribbean Dollar (XCD)

Key risks

- **Drug trafficking** - the nation is a key shipment point connecting South American drug producers and European markets, acting as a conduit between Venezuela and France, given its proximity to the French overseas departments of Martinique and Guadeloupe.
- **Fraud** - Pyramid and Ponzi schemes are common, with the FIU taking action to warn residents about their risks. ATM skimming is also common.
- **Human trafficking** - Dominica has been seriously impacted by the flow of migrants and refugees from Venezuela, creating a significant risk of human trafficking and exploitation.
- **CBI** - the country's citizenship by investment program is seen as being a key money laundering risk. It promotes the scheme as being the fastest and least expensive in the world, with a minimum investment being as little as \$100,000. There is little transparency about the program and applicants are rarely rejected, even if they provide false information.
- **Corruption** - senior government officials have recently been indicted for fraudulently providing forged work permits to Haitian citizens, and there are ongoing investigations regarding large amounts of cash stolen from the national treasury.
- **Bulk cash smuggling** - Euros and dollars are the primary function of illicit proceeds and are smuggled in bulk by couriers to and from the island.
- **Front businesses** - car dealerships and other cash-intensive businesses are common places to layer cash, with money often not directly deposited into the formal financial system.



Criminal proceeds

An estimated **\$8 million - \$21 million** is laundered every year in Dominica.

AML policy summary

Dominica is seen as having **ineffective** implementation of AML procedures and laws, a **lack** of political will and **insufficient** capacity to detect or prevent money laundering.

Legal summary

Dominica is lacking in effective AML laws, as well as effective anti-corruption governance. For example, the Integrity in Public Office Act was passed in 2003, but did not come into operation until 2008, and the office it created is essentially formant. Dominica does not have laws regarding mandatory reporting of beneficial ownership information by companies

Dominica's main money laundering laws are:

- Money Laundering (Prevention) Act 2011 - outlines offenses and regulatory requirements
- Proceeds of Crime Act 1993 - provides for asset forfeiture
- Suppression of the Financing of Terrorism Act 2003 - tackles terrorist financing
- Integrity in Public Office Act 2003 - established a code of conduct for public officials and outlines bribery offenses.

Weaknesses

Despite Dominica seizing assets in 21 different money laundering cases in a two year period until 2018, it only prosecuted seven cases, suggesting asset seizure under money laundering laws is being used for other purposes. There is also conflicting evidence on whether any individuals have been convicted of money laundering offenses. All these cases are related to drug trafficking, which although is the principal source of illicit cash, is far from the only criminal activity in the country.

The CBI program is another key weakness. There is little oversight or transparency, and it does not appear to have rigorous standards for application or assessment. Dominica's institutions are also severely under-resourced. A staff of six oversees the CBI program, regulates the non-banking financial sector, and is the AML supervising authority for all entities.

Strengths

Dominica has strong legal assistance and extradition treaties with the US and participates in various Caribbean security and governance assistance programs.



Dominican Republic

Population - 10,878,246

GDP per capita - \$20,625

Capital - Santo Domingo

Language - Spanish

Currency - Dominican Peso (DOP)

Key risks

- **Tourism** - the country's tourist sector is worth over \$7 billion a year, but is a key risk for the trafficking of goods, people and money.
- **Drug trafficking** - the country has a key location along several major drug trafficking corridors, with significant routes for illicit entry and exit including eight international airports, 16 seaports and a long, porous border with Haiti.
- **Misinvoicing** - a large amount of tax and customs is evaded through misinvoicing. An estimated \$2.6 billion worth of international trade is missing due to misinvoicing.
- **Financial crime** - public procurement, real estate, banking, casinos, the informal sector and shell companies are considered key channels for money laundering.
- **Corruption** - bribery, influence peddling, extortion and coercion by business leaders, politicians and the judiciary is seen as a key risk.



Criminal proceeds

An estimated **\$1.3 billion - \$3.1 billion** is laundered every year in the Dominican Republic.

AML policy summary

The Dominican Republic is seen as being **weak** regarding implementation and application of AML laws. Some sectors are seen as having a **lack** of AML knowledge, and the country is **weak** regarding prosecutions of money laundering.

Legal summary

The key money laundering law in the Dominican Republic is Law 155 of 2017, the Law Against Asset Laundering and Terrorist Financing. This replaced an older, outdated law from 2002 and represented a significant step forward for the country, bringing it into line with international standards and FATF recommendations.

This law included predicate offenses, increased the number of obligated businesses with AML reporting requirements, and included legislative guidance.

Weaknesses

There are severe weaknesses in the country's AML framework regarding PEPs, asset forfeiture, and DNFBPs. While legislation has brought them under AML reporting requirements, implementation is lacking.

Relatively few money laundering convictions have been achieved, in particular against drug trafficking which remains the largest of illegal activities in the country.

Strengths

The Dominican Republic has a series of legal agreements with the US for mutual assistance on various financial crimes, and authorities cooperate regularly. Technical assistance is heavily focused on counter-narcotics, however.

The country is a member of the Caribbean Basin Security Initiative which provides training and assistance to law enforcement, and the US Department of Justice trains judges in the country.



Ecuador

Population - 17,715,822

GDP per capita - \$11,701

Capital - Quito

Language - Spanish

Currency - United States Dollar (USD)

Key risks

- **Drug trafficking** - the country is in close proximity to drug producing states including Peru and Colombia, and is a major drug transit hub given its proximity to the Pacific Ocean. Ecuadorian officials seized nearly 130 tons of illegal drugs in 2020, breaking the previous record of 110 tons in 2016. Around a third of Colombia's cocaine production is exported to Ecuador, where it transits to the US, Europe and Asia. Cocaine production in Colombia has also soared in recent years thanks to better farming techniques and more harvests.
- **Dollar economy** - the dollar being the national currency means the country is a hub for cash smuggling to neighboring countries including Colombia, Peru and Venezuela where dollars are highly valued.
- **Front companies** - Ecuador has very lax company creation regulations, so a large amount of financial crime is facilitated through front and shell companies.
- **Luxury goods** - the high-end car market, as well as real estate and banking are key channels to layer illicit cash into the economy.
- **Corruption** - this is a key issue for the country and is prevalent across the public sector. Customs and duties are a key measure of institutional corruption, with recent research noting a \$2.5 billion value gap between official exports and recorded trade.



Criminal proceeds

An estimated **\$1.5 billion - \$3.8 billion** is laundered every year in Ecuador.

AML policy summary

The country is seen as having a **severe lack** of political

will to prevent money laundering and is **weak** in regard to prosecuting cases as well.

Legal summary

Ecuador has been strengthening its AML and financial crimes framework in recent years. It has been working with the US to increase the capacity of its AML efforts. This has included the creation of a new inter-agency AML unit involving the police, attorney general and the FIU, alongside the US DEA and State Department. Ecuador is also working with neighboring Colombia and Chile to coordinate intelligence sharing.

Ecuador's main money laundering laws are:

- Law and Regulation for the Prevention of Money Laundering and Crime Financing 2020
- The Financial Economic Analysis Unit Resolutions 2017-0002 and 2017-0009
- Domain Exchange Law 2021
- Executive Decree No. 85 in 2021

Weaknesses

Lawyers, notaries and real estate agents are seen as key facilitators of financial crime. The ease of creating shell companies is also noted. The professional services infrastructure required to facilitate company creation has significant weaknesses in integrity and money laundering prevention.

The operation of Mexican cartels in the country is also a rising security threat. Identity theft and public corruption have also exploded during the Covid-19 pandemic. The 2021 NRA also identified that human trafficking victims are unlikely to report their experiences and Ecuador is lacking a high-level, coordinated unit to tackle human trafficking.

Prosecutions tend to result in more fines than prison sentences, and there is a severe lack of court officers and prosecutors who have specialized knowledge in financial crime. Criminal justice resources are concentrated in the capital Quito, which lowers the effectiveness of the legal system elsewhere in the country.

Despite new legislative efforts in recent years, the overall AML legal framework is still considered weak and supervisory entities are under-resourced.

Strengths

In 2019 the IMF approved a New Economic Plan for Ecuador which included \$4.2 billion to improve transparency and tackle corruption. The country also works closely with the US to strengthen public institutions and fight corruption.



El Salvador

Population - 6,830,000

GDP per capita - \$8,388

Capital - San Salvador

Language - Spanish

Currency - Bitcoin (BTC), United States Dollar (USD)



Criminal proceeds

An estimated **\$378 million - \$946 million** is laundered every year in El Salvador.

AML policy summary

The country is seen as having **weak** implementation of AML laws, and suffers from **rampant** political impunity from prosecution.

Legal summary

The country is considering significant reforms to its AML regime given serious concerns raised by the international community on its effectiveness. The FATF has warned El Salvador about grey-listing due in large part to the Bitcoin law. Enforcing Bitcoin as legal tender means there are at least 27 FATF regulations regarding virtual-asset transactions which cannot be conducted by businesses in El Salvador. For instance, it will be very difficult for a business to undertake proper KYC requirements when forced to accept Bitcoin for any transaction. It can also make it far easier for criminals with the digital currency to exchange it into hard currency or launder it through other goods or real estate.

The US has banned dozens of El Salvadorians from the United States for corruption reasons, several of which are senior members of President Bukele's administration. Some have also been indicted for money laundering and accepting bribes. President Bukele shows no sign of stepping back from his controversial reforms, however, and has previously used the military to force legislation through congress and has ousted five supreme court judges who ruled against him. If grey listed, the country could then be blacklisted by the FATF, joining only Iran and North Korea.

El Salvador's main money laundering laws are:

- The Law on Money and Asset Laundering
- The Special Law Against Acts of Terrorism
- The Banking Law
- The Law on Citizen Participation
- The Law on Access to Public Information
- The Bitcoin Law

Weaknesses

The need for rapid updates to the country's AML regime but the lack of political will to do so is a major weakness for El Salvador. Additionally, regulatory and compliance difficulties around the Bitcoin law and KYC procedures threaten the country's international reputation and could result in grey listing by the FATF.

There is a lack of beneficial ownership transparency, and anti-corruption efforts are being rolled back. Investigations and prosecutions by the country's authorities are woeful. Around 90% of financial crime and corruption cases referred to the country's prosecutor will not result in any action.

Strengths

El Salvador works closely with the US in training judges and improving efficiency in the judicial process. The US also offers assistance and development to El Salvadoran municipalities. The government has requested technical assistance from the World Bank to develop a regulatory framework for Bitcoin.

Key risks

- **Dollar economy** - the country uses the dollar as its main currency, alongside Bitcoin, which opens the door for bulk cash smuggling. However any currency in El Salvador can be considered legal tender if mutually agreed upon, which makes it easier to launder foreign cash.
- **Cryptocurrency** - President Bukele has driven investment in cryptocurrency, making Bitcoin legal tender and announcing plans to build a geo-thermal powered bitcoin mining facility at the base of a volcano. The dramatic fluctuations in the currency's value present financial stability concerns, along with regulatory concerns given that financial institutions in the country must accept Bitcoin.
- **Chinese influence** - significant Chinese investment in the country has driven key corruption and money laundering risks, as there has been an influx of investment in construction and trade, resulting in increased vulnerabilities for layering.
- **Political interference** - despite the anti-corruption rhetoric of the Bukele administration, the government has terminated cooperation with the OAS anti-corruption body and prohibited banks from closing accounts of people being investigated for financial crimes, perceived as a way to protect corrupt government officials.
- **Extortion** - the country is riven by gang violence, although the murder rate has dropped by as much as 60% after the Bukele administration reached a non-aggression pact with gangs. Extortion costs businesses as much as \$756 million a year, about 3% of GDP.
- **Potential grey listing** - the FATF has warned the country could be grey listed if it does not demonstrate more AML progress.



Grenada

Population - 112,519

GDP per capita - \$16,604

Capital - Saint George's

Language - English

Currency - East Caribbean Dollar (XCD)

Key risks

- **Drug trafficking** - the country sits on well-traveled drug trafficking routes between St. Vincent and the Grenadines. Like many Caribbean islands the country has many miles of unprotected beach and poor border controls that provides criminal gangs easy ways to traffic drugs.
- **CBI program** - Grenada maintains a popular Citizenship by Investment program which presents a key money laundering and corruption risk.
- **Beneficial ownership** - Grenada doesn't have strong laws on beneficial ownership



Criminal proceeds

An estimated **\$16 million - \$42 million** is laundered every year in Grenada.

AML policy summary

Grenada is seen to have a **low** awareness of AML requirements and its compliance obligations. It is also seen as having **weak** investigation and prosecution procedures, but it does have a **strong** legal framework.

Legal summary

Following the financial crisis in 2008, Grenada, along with other Caribbean financial centers, reformed its AML approach and enacted strict laws to regulate banking. While other nations have lowered their corporate tax rates to zero, Grenada has not and is estimated to have less than 0.001% of the global offshore market. This means Grenada has a significantly lower money laundering risk than neighboring countries.

Grenada's key AML law is contained inside the Proceeds of Crime Act 2012, which allows authorities to confiscate assets and property related to drug trafficking or other relevant offenses. In 2018, this law was amended and introduced new provisions requiring registration of all entities with AML obligations. This was due in part to the fact many obliged entities were simply unaware.

A key piece of anti-corruption legislation is the Integrity in Public Life Act 2013, which requires public servants to disclose their assets and income for review.

Weaknesses

There is very low awareness about AML requirements among obligated entities, which Grenada has taken steps to address through new registration requirements. Given that Grenada is a small country, informal networks raise the risk of 'tipping off.' There is also a lack of beneficial ownership laws which require companies to record and file such information.

A lack of resources given over to monitoring maritime routes and coastlines mean the country is vulnerable to smuggling operations.

Commercial banks and the country's CBI program are the highest risk sectors, followed by credit unions and insurance companies.

Strengths

Grenada is working closely with China and Jamaica to share information and support investigations and prosecutions of money laundering suspects. Grenada is making use of the Egmont Group to make requests and honor requests for information. Grenada sent requests to jurisdictions as diverse as the US, UK, Saudi Arabia and Australia.

Grenada is also investing in vetting employees of the FIU, enrolling staff in accreditation programs for financial investigators and training staff in how to carry out risk assessments.



Guatemala

Population - 17,263,239

GDP per capita - \$8,413

Capital - Guatemala City

Language - Spanish

Currency - Quetzal (GTQ)

Key risks

- **Unequal and outdated AML rules** - Guatemala is described as having a 'sprawling, diverse and complex' AML system that is outdated, and implementation is uneven. AML requirements are seen as very strict for normal people, but lax and flexible for those in power.
- **Extortion** - this occurs at the highest rate of any Central American country and is an important migration driver. According to USAID estimates, extortion could amount to \$400 million annually.
- **Political interference** - President Morales expelled CICIG - an international body tasked with investigating serious crime in Guatemala - in 2019, and has dismissed special prosecutors appointed to tackle corruption and money laundering.
- **Corruption** - Corruption is a serious problem in Guatemala affecting all levels of society. Anti-corruption laws tend to be used against political opponents of the regime. There is an opaque network of private companies, public contracts and government officials. 11 of the past 13 ministers of communication and housing have been accused or convicted of serious corruption.
- **Economic inequality** - less than half the population has a bank account and around 20% of the population do not have identification. 91% of the population lives in poverty.



Criminal proceeds

An estimated **\$1.1 billion - \$ 2.7 billion** is laundered every year in Guatemala.

AML policy summary

Guatemala is seen as being **seriously** corrupt, as having a **lack** of political will, **weak** institutions and an **outdated** legal framework. It also has **weak** prevention and detection capabilities, however investigation and prosecution systems are seen as **stronger**.

Legal summary

In 2020 lawyers and notaries were designated as obligated subjects regarding AML. However the legal framework is seen as severely outdated. Guatemala does not have any beneficial ownership legislation, a fintech law, and some financial institutions are completely unregulated.

Guatemala's main money laundering laws are:

- **Law 67-2001** - this is the country's foundation AML law
- **Law 58-2005** - this tackles terrorist financing
- **Law 55-2010** - this allows for asset forfeiture and requires individuals accused of illicit enrichment to prove their assets were legally acquired
- **Law 58-2020** - this obligated lawyers and notaries under AML

Weaknesses

Key vulnerabilities in the economy for money laundering are credit unions, vehicle sales, real estate, NGOs and the country's armored car services.

A wide variety of channels are used to launder money in Guatemala. These are varied and diverse and represent significant weaknesses in AML procedures. Key methods of laundering include banks, political campaigns, shell companies, construction and infrastructure, misinvoicing, supermarkets, gas stations and even churches have been caught up in money laundering schemes.

A complex web of facilitators including bankers, lawyers, notaries, politicians and political operatives makes money laundering fairly easy in Guatemala. Efforts by President Morales to interfere with and undermine anti-corruption and anti-money laundering efforts demonstrate criminal collusion at the highest political levels.

Guatemalan law does not regulate a wide number of critical financial institutions including microfinance, credit unions, fintech, mobile money providers and some remittance services. These are vital services for more than half the country which is unbanked.

Preventing financial crime is not high on the political agenda and efforts at improving transparency and anti-corruption have been rolled back by the Morales administration.

The judiciary is also seen as highly corrupt, with the guild responsible for nominating judges is known for bribery,

Strengths

The US has a significant role in supporting Guatemala, however aid was cut during the Trump administration which harmed anti-corruption efforts.



Guyana

Population - 786,559

GDP per capita - \$23,258

Capital - Georgetown

Language - English

Currency - Guyanese Dollar

Key risks

- **Informal economy** - the large informal and illegal economy is a breeding ground for criminal activity, violence, drug and human trafficking, illegal logging and the illicit gold trade.
- **Previously grey listed** - Guyana was grey listed by the FATF until 2016, when the country was recognized for implementing a significant amount of AML laws. However limited capacity, expertise and a lack of financial resources severely hamper enforcement.
- **Corruption** - corruption affects the country's ports and helps facilitate the shipment of drug and mineral trafficking as Guyana occupies a key strategic location with trading links between South America, the US and Europe.
- **Porous borders** - Guyana has long, porous borders with key drug trafficking countries including Venezuela and Brazil which act as a key smuggling route into the country.
- **Human trafficking** - people are trafficked for sex and forced labor through Guyana, with criminal gangs maintaining the country as a key route in the exploitation of human beings. Neighboring Venezuela's political crisis has exacerbated this problem. Forced labor is a serious problem inside the country, particularly in mining, agriculture, domestic service and retail.
- **Drug smuggling** - alongside mineral smuggling, Guyana is a transshipment point for illegal drugs, minerals and resources such as illegal logging and gold which pass through its porous borders and ports.



Criminal proceeds

An estimated **\$59 million - \$149 million** is laundered every year in Guyana.

AML policy summary

Guyana is seen as having a **low** awareness of AML requirements and frequent scandals have plagued the country's institutions including the FIU. Guyana also has **weak** prevention and detection measures, and is **weak** at prosecuting cases.

Legal summary

Guyana was previously considered to have an underdeveloped AML framework. This meant the country was grey listed by the FATF, but it was removed in 2016 after implementing a much stronger AML regime.

The Ministry of Legal Affairs conducts frequent AML outreach seminars and has developed a new Special Organization Crime Unit (SOCU) to help coordinate the fight against money laundering.

The main money laundering laws in Guyana are:

- AML/CFT Act 2009 (and amendments)
- Integrity Commission Act 1997
- Guyana Gold Board Act 1981

Weaknesses

The country's unregulated currency exchange houses and dealers in precious metals and stones present a key risk for AML failures. The banking sector is also a significant threat for laundering. There is also a great deal of unregulated lawyers, real estate agents, used car dealers and NGOs which offer laundering opportunities for criminal gangs.

The country has a developing oil sector which has been identified as a significant area of risk for money laundering. This could impact on associated construction projects, shipment, labor and exports.

Despite outreach efforts there is still low awareness in Guyana of money laundering requirements on businesses and the wider AML regulatory framework. The country has limited resources for enforcement and investigation, as well as prevention through better maritime security.

There is a lack of beneficial ownership legislation and no requirement on companies to record this.

SOCU, Guyana's main investigative body for financial crime, has been plagued by scandal including charges

of falsifying evidence. Lawyers and accountants are considered key facilitators of money laundering, and still lack awareness or enforcement of their AML obligations.

Strengths

Recent efforts have focused on re-drafting laws to remove Guyana from the FATF grey list, and is currently preparing for its next round of mutual evaluations by the CFATF. These efforts have included working towards better and increased data collection.

Guyana, along with neighboring Suriname, has joined the UNODC-WCO Container Control Program to enhance port security. This is aimed at preventing the use of sea containers for smuggling.

The EU is working with Guyana on addressing strategic AML deficiencies, and the US and OAS are working with authorities to tackle gold smuggling and trace the proceeds. The Canadian government is working with Guyana on human trafficking.



Haiti

Grey listed

Population - 11,439,646

GDP per capita - \$2,962

Capital - Port-au-Prince

Language - Haitian Creole, French

Currency - Haitian Gourde (HTG)

Key risks

- **Political instability** - the corrupt former president was assassinated in July 2021 and the rule of law has crumbled since then. Even during his tenure, the US sanctioned many Haitian officials for outright collusion with gangs and resulting human rights abuses
- **Trafficking** - trafficking of drugs, humans, and arms have flourished in the wake of frequent natural disasters, rampant gang violence and the country edging towards failed state status. The country is a key transit point for cocaine and cannabis heading to the US, as well as weapons, women and children.
- **Casinos** - this presents a major money laundering risk, with the industry essentially unregulated. The Haitian government reports 24 licensed casinos in the country, with only two registered. However the MER identified at least 157 licensed casinos.
- **Oligarchs** - government positions are bought by leading criminals who then enjoy diplomatic immunity to facilitate their illegal activities. Six families control the Haitian economy and political system and abuse systems such as consulships to maintain their grip on power.
- **Aid** - billions in international aid have flowed into Haiti in recent years, much of which is siphoned off by corrupt actors in the public and private sectors.
- **Misinvoicing** - this has particularly affected the petroleum industry. An investigation found profits are misreported, costing the government up to \$1.2 billion a year.
- **Corruption** - this is endemic in the country and individuals and entities accused are rarely, if ever, prosecuted. Various agencies recommended charges against government officials for the \$2 billion looting of the PetroCaribe fund set up after the 2010 earthquake, but no charges were ever filed.



Criminal proceeds

An estimated **\$201 million - \$501 million** is laundered every year in Haiti.

AML policy summary

Haiti is seen as having **severe** AML deficiencies including a **lack** of political will, **rampant** political interference, **weak** institutions and a **lack** of implementation or enforcement.

Legal summary

Haiti's AML framework was updated in 2016 to meet some international regulatory standards as well as combating terrorist financing. However enforcement and implementation is almost non-existent. A new penal code was introduced in 2020, but this is not expected to have much effect as enforcement ceases after legislation.

An Anti-Corruption Commission was established in 2004, but it lacks in resources and political will and is considered ineffective.

Weaknesses

Severe systemic weaknesses are built into Haiti's political system. Members of parliament are granted immunity while they are in office which cannot be waived, resulting in increasing numbers of criminals being elected and maintaining their criminal enterprises from top levels of government.

Haiti does not require cross-border currency declarations, so large amounts of cash can be smuggled relatively easily. There is no supervision of DNFBPs, as well as notaries, who have been identified as key facilitators of financial crime.

The judiciary is ineffective and corrupt, meaning there is little administration of justice, particularly for financial crimes. There is also a fear of reprisals or outright active participation in corruption by the judiciary.

There have been no successful prosecutions or convictions for money laundering offenses for at least seven years.

Strengths

The US Embassy in Haiti funded the installation of AML software to strengthen receipt of aid money and analysis of suspicious transaction reports, however there is no mechanism for such reports to actually be made.



Honduras

Population - 9,587,522

GDP per capita - \$5,817

Capital - Tegucigalpa

Language - Spanish

Currency - Honduran Lempira (HNL)

Key risks

- **State-sponsored drug trafficking** - the US has named former president Juan Orlando Hernández as a 'state-sponsor' of drug trafficking. The new president, Xiomara Castro, is a former first lady whose husband, former president Manuel Zelaya, has been accused of taking \$500,000 in bribes from drug traffickers. Drug trafficking gangs are protected by the political system, which has allowed local production to flourish in Honduras, beyond the country only being a transit point.
- **Corruption** - corruption is endemic in Honduras, with the country ranking 146th out of 180 countries and receiving the second lowest score in Central America. Hondurans have deteriorating confidence in their institutions and anti-corruption efforts. Corruption costs around \$2 billion a year, 12.5% of the country's GDP.
- **Organized crime** - Honduras is one of the most violent countries in the region. Violence is frequent and conducted by local drug trafficking groups, criminal gangs, drug cartels from Mexico and Colombia, as well as corrupt security forces.
- **Extortion** - this is a common problem in Honduras and the estimated value of such activity is at least \$200 million a year.



Criminal proceeds

An estimated **\$351 million - \$878 million** is laundered every year in Honduras.

AML policy summary

Honduras is seen to have a **lack** of political will to deal with money laundering and **weak** institutions. It also has **weak** prosecution and investigation efforts, however it is seen as having **stronger** detection and prevention measures.

Legal summary

There are concerns of backsliding in the legal framework. A new criminal code lowers the sentences for corruption and drug trafficking cases from as high as 20 years to as little as four years. Stricter slander and defamation laws have muzzled reporting about crimes and corruption, and seriously threaten freedom of expression and of the press.

The main money laundering laws in Honduras are:

- **The 2015 Special Law on Asset Laundering** - this updates and establishes systems of prevention and control to combat money laundering
- **The 2015 Law Regulating Designated Non-Financial Activities and Professions** - established measures to regulate DNFBPs
- **The 2010 Law on Definitive Deprivation of the Domain of Goods of Illicit Origin** - focused on identifying, locating, and securing goods or assets with illicit origins.

Weaknesses

Endemic corruption hampers the country at all levels. During the height of the pandemic, the head of the government agency tasked with procuring medical supplies sold off five of seven mobile hospitals and pocketed \$47 million.

Drug money is also endemic in the system, particularly in politics. There is a lack of beneficial ownership information, as well as ownership of assets used to facilitate drug smuggling such as aircraft and boats.

The justice system has often sided with the corrupt as well. Former first lady Rosa Elena Bonilla de Lobo was convicted on charges of fraud and embezzlement, but that decision was later overturned by the supreme court. An appeals court also ended prosecution of public officials charged with a vast corruption scheme in which millions of government funds were embezzled for political purposes, using sham nonprofits linked to the family of former President Hernández.

Lawyers are seen as key gatekeepers to the financial system, giving an easy point of entry for money laundering. Honduras is heavily involved in money laundering schemes involving real estate in Panama and the US.

Honduras ended the mandate of the Support Mission against Corruption and Impunity in Honduras, which had investigated significant networks of public and private corruption and aimed to strengthen the regulatory system. US technical assistance has also stuttered.

Strengths

The election of leftist Xiomara Castro could mark a turning point. Her victory broke 12 years of rule by the National Party which had become synonymous with drug trafficking and corruption under the previous Hernández administration.

Castro acknowledges that drug gangs have ‘captured’ state institutions, but disentangling and dismantling criminal structures deeply embedded in the state by the National Party, and supported by corrupt security forces, will be a key challenge.



Jamaica

Grey listed

Population - 2,726,667

GDP per capita - \$9,434

Capital - Kingston

Language - English

Currency - Jamaican Dollar (JMD)

Key risks

- **Drug trafficking** - the country is a major source country for drug trafficking and a transshipment point. This generates significant amounts of criminal and gang activity including corruption, extortion, and the guns-for-drugs trade. Cocaine is trafficked from Colombia through Jamaica then onto the US and Europe. Jamaica is still one of the largest producers of cannabis.
- **Drugs-for-guns** - there is a significant drugs-for-guns trade running through Haiti, where narcotics from Jamaica are traded for weapons from Haiti. This has fueled worsening gang violence and created one of the highest homicide rates in the world.
- **Political will** - Jamaica suffers from serious shortcomings in enforcement, political will and resources to fight financial crimes. Although it has taken steps to address legislative gaps in recent years, the country remains on the FATF grey list.
- **Fraud** - serious fraudulent activity is endemic, including advance-fee scams and lottery scams. Lottery scams alone are estimated to cost at least \$1 billion per year. Fraud is particularly targeted at the US and are rapidly increasing in sophistication.
- **Corruption** - this plagues the political system, alongside nepotism, cronyism and illicit enrichment. Corruption scandals have led to the resignation of the former prime minister Bruce Golding, and have ensnared various government ministries and the state-owned oil company Petrojam. There have been very few convictions as a result.



Criminal proceeds

An estimated \$230 million - \$576 million is laundered every year in Jamaica. Although this is a highly conservative estimate and the true figure could be much higher.

AML policy summary

Jamaica is seen as having a **lack** of resources to tackle money laundering, a **lack** of political will and a **weak** investigation, detection and prevention system. It does appear to have **stronger** investigation and prosecution systems in place.

Legal summary

Despite the country being grey listed, Jamaica is seen as having relatively strong financial crime legislation, although implementation and enforcement is considerably weaker. Laws require public servants to disclose how they obtained assets, and strong disclosure requirements for politicians creates a decent anti-corruption framework. However implementation is lacking with less than half of public officials having submitted the required declarations.

Although lawyers (as well as notaries who must also be lawyers) were obligated for AML reporting under the Proceeds of Crime Act, the legal profession secured an injunction arguing it would violate attorney-client privilege. The government has been unable to challenge this so lawyers and notaries, including many trust and company service providers, are not obligated to report AML violations.

- Process of Crime Act 2007 - this criminalized money laundering and provides procedures for asset forfeiture.
- Microcredit Act 2021 - this regulates the microfinance industry which was notably vulnerable to AML
- Terrorism Prevention Act 2005
- Corruption Prevention Act 2002
- Banking Services Act 2014

Collectively these other pieces of legislation provide stronger enforcement powers to the Bank of Jamaica and the Financial Services Commission, and it enables better information sharing with foreign entities.

Weaknesses

The real estate and property development sectors are seen as the most popular channels for laundering illicit proceeds. The lack of reporting requirements for lawyers also creates large gaps in the country’s AML efforts. Jamaica is also a key transshipment point for cargo

containers which leaves it vulnerable to trade-based money laundering and drug trafficking.

The political class are seen as being the main beneficiaries of corruption, which reduces political will to tackle endemic corruption. The judicial system is notably slow, with critical shortages of judges, lawyers and prosecutors, as well as a lack of access to training. Money laundering charges are often never even brought against drug traffickers or corrupt officials.

There is poor awareness of the country’s money laundering laws and regulations and a lack of resources in the system to tackle these deficiencies.

Strengths

Jamaica works closely with the US to tackle organized crime, with mutual assistance, extradition and enforcement of maritime security. Jamaica also participates in the Caribbean Basin Security Initiative.



Mexico

Population - 126,014,024

GDP per capita - \$21,362

Capital - Mexico City

Language - Spanish

Currency - Mexican Peso (MXN)

Key risks

- **Drug trafficking** - the country is a key transit point for drugs from Latin and Central America going towards the United States. The border region has seen significant narco operations and severe gang and criminal violence.
- **Security** - several states are plagued by gang violence carried out by cartels. This results in severe political instability and a complete lack of policing in certain areas.
- **Institutional effectiveness** - there’s a lack of communication and coordination between government agencies, alongside minimal reporting requirements for gatekeepers of the system such as lawyers and accountants. Weak institutions have led to low levels of prosecution for financial crimes.
- **Corruption** - this hampers efforts to report on AML violations. Corruption occurs at all levels of the state, in particular police and the judiciary. At least 34% of Mexican officials reported having paid a bribe in the last year. Around 10% of all trade is connected to corrupt activities.



Criminal proceeds

An estimated **\$18 billion - \$44 billion** is laundered every year in Mexico.

AML policy summary

Mexico is seen as having **poor** implementation of money laundering laws, as well as a **lack** of political will and institutional **weakness**. Prosecution efforts

are particularly **weak**, but prevention and detection measures are seen as **stronger**.

Legal summary

Mexico is strengthening its regulatory framework with proposed reforms to create beneficial ownership identification rules and require PEP identification for vulnerable activities. Mexico restricted the use of USD in cash to tackle money laundering and address bulk cash smuggling.

Two main laws tackle money laundering in Mexico. The Federal Law for the Prevention and Identification of Operations with Resources of Illicit Origin 2012, and the National Law for Asset forfeiture 2019.

Weaknesses

Proposed laws to require the Mexican Central Bank purchase USD from financial institutions have raised concerns that bulk cash smuggling of USD will become easier.

There is a lack of coordination between government agencies, particularly between the FIU and prosecutors. The physical security challenges in areas where cartels operate present key difficulties in tackling money laundering.

Notaries are also considered weak points in the AML system.

Strengths

The US is supporting Mexico’s AML efforts through training and equipment. Mexico is also beginning to measure more frozen or seized assets.



Nicaragua

Grey listed

Population - 6,486,201
GDP per capita - \$5,683
Capital - Managua
Language - Spanish
Currency - Nicaraguan Córdoba (NIO)

Key risks

- **Political repression** - President Daniel Ortega has politicized AML efforts, arresting opposition leaders on trumped up money laundering charges and using the country's FIU as a spy agency to monitor the finances of dissidents. Deficiencies in the AML regime are being addressed, but at the expense of human rights and pro-democracy groups. He is banned from entering the United States.
- **Dollar economy** - the Nicaraguan economy is effectively dollarized, making it a key risk factor as many criminal proceeds are collected in USD, making it easier to evade AML procedures and clean laundered cash.



Criminal proceeds

An estimated **\$175 million - \$438 million** is laundered every year in Nicaragua.

AML policy summary

Nicaragua is seen as having a **problematic** political situation, and **serious** deficiencies in implementation and enforcement. The country has **weak** investigation and prosecution efforts, but is seen to have **stronger** prevention and detection methods.

Legal summary

The main legal concerns are the fact that the regime of Daniel Ortega abuses the legal system to attack opponents. Money laundering efforts have been used against dissidents and human rights groups.

The main money laundering laws in Nicaragua are:

- **Law 1035 of 2020** - this requires beneficial ownership information be recorded.
- **Law 976 of 2018** - this regulated the role of the FIU
- **Law 976 amendment of 2019** - this extended the responsibility to file SARs to notaries and lawyers
- **Law Regulating Foreign Agents of 2020** - requires registration of foreign agents, and has hampered NGO work
- **Law 977 of 2018** - this tackles terrorist financing and weapons of mass destruction and strengthened AML mechanisms, seeking to bring Nicaragua more into line with international standards

Weaknesses

High risk channels include nonprofits, remittance companies and currency exchanges. Banks, real estate and international trade are key facilitators of financial crime, with lawyers acting as the primary gatekeepers. The oil, agriculture and real estate sectors are particularly at high risk for money laundering and financial crime.

The US does not provide assistance to Nicaragua, and civil society efforts to tackle corruption and other associated money laundering risks are weakening. Several NGOs have been stripped of their status by the regime and others are hounded or targeted for collaborating with the US.

The government has banned banks from closing accounts of individuals under US sanctions. The country is an effective dictatorship on par with Cuba, Venezuela and North Korea, so meaningful action against money laundering is non-existent under the current regime.

Strengths

None identified.



Panama

Grey listed

Population - 4,379,039
GDP per capita - \$28,456
Capital - Panama City
Language - Spanish
Currency - Panamanian Balboa (PAB), United States Dollar (USD)

Key risks

- **Grey listing / blacklisting** - Panama was grey listed by the FATF in 2014, removed in 2016, and returned in 2019. It has been blacklisted by the EU as a non-cooperative tax jurisdiction.
- **Political will** - despite a sense Panama knows what needs to be done to improve, there is a lack of political will to progress stemming from political stalemate and a lack of inter-agency coordination.
- **Financial sector** - the country is a finance hub for the region, but its financial sector is a key risk, with corporate services, real estate, and remittance services being key channels for money laundering. Foreign funds are more likely to be sent to the country and laundered than domestic sources. There is a well-documented nexus between anonymous shell companies, aircraft registration, and drug smuggling.
- **Corruption** - corruption is seen as the main illicit activity that generates dirty money. Panama is rated as 111 out of 180 in the corruption perception index.
- **Misinvoicing** - the value gap of trade due to misinvoicing amounts to at least \$2.6 billion each year. Trade based money laundering plays a prominent role in generating illicit funds.



Criminal proceeds

An estimated **\$935 million - \$2.3 billion** is laundered every year in Panama.

AML policy summary

Panama is seen as having a **weak** AML regime, with laws existing on paper rarely being enforced. There is a **lack** of inter-agency coordination and a **poor** rate of convictions.

Legal summary

Panama passed a host of new AML laws in an effort to be removed from the FATF grey list, although

implementation is severely lacking. Panama recently adopted beneficial ownership registries, a vital legislative step given vulnerabilities in corporate structures, however significant loopholes and the slow pace of implementation mean corporate ownership structures remain a key vehicle to launder money.

Panamanian money laundering laws are often designed to be weak, as often those writing the laws are working to ensure they can never be used against them given the endemic corruption in politics. Enforcement is also severely lacking.

Panama's main money laundering laws are:

- **Law 23 of 2015** - this is aimed at preventing money laundering and the proliferation of weapons of mass destruction
- **Law 11 of 2015** - this deals with international judicial assistance in criminal cases
- **Law 21 of 2017** - this adopted rules to regulate trusts under the supervision of the banking sector regulatory
- **Law 70 of 2017** - this criminalized tax evasion as a predicate crime
- **Law 129 of 2020** - this approved the creation of a beneficial ownership registry

Weaknesses

Lawyers are seen as the key facilitator in money laundering. Banking, real estate, international trade and bulk cash smuggling are also key weaknesses. Fake and fraudulent corporate structures are often used to conceal illicit funds. It's strategic role as a financial hub links almost every country in the Western Hemisphere to Panama's financial system.

Unlicensed money remittance services are the tip of an unregulated, poorly supervised iceberg. Professional services are highly influential in the economic and political life of Panama, but efforts to bring them under the AML regime are described as timid. Nominee shareholders are another key vulnerability, as is the ongoing failure to implement a beneficial ownership register.

The US has criticized the country's anti-terror efforts, saying that Panama "does not have comprehensive counterterrorism legislation or a robust counter terrorism framework."

Strengths

The UK and US are working with Panama on building investigative capacity to tackle money laundering. The US is also engaging with Panama through the Corporate Transparency Act passed in the US, which aims to improve collaboration on corporate structures and beneficial ownership.



Paraguay

Population - 7,359,000
GDP per capita - \$15,030
Capital - Asunción
Language - Spanish
Currency - Paraguayan Guaraní (PYG)

Key risks

- **Corruption** - corruption is a common way of doing business in Paraguay, with officials adding an 'administrative cost' to transactions. Embezzlement, bribery, and cronyism is common. This severely hampers effective AML implementation.
- **Political will** - political will to tackle money laundering is seen as severely lacking, despite the administration of President Mario Abdo's efforts to tackle corruption and trafficking. There is also a lack of judicial independence which hampers money laundering efforts.
- **Informal economy** - the informal economy stands at nearly 70% in Panama. Despite VAT being low at 10%, this is still frequently evaded.
- **Porous borders** - the Tri-border Area with Argentina and Brazil is known as a center of illicit activity including smuggling, drug cultivation, and counterfeiting.



Criminal proceeds

An estimated **\$534 million - \$1.33 billion** is laundered every year in Paraguay.

AML policy summary

Paraguay is seen to have a **lack** of political will to tackle money laundering, and **insufficient** resources. Prosecution is also considered **weak**, however prevention is seen as its **strongest** area.

Legal summary

Paraguay is implementing reforms to address money laundering and financial crimes. An AML package approved in 2019 tackled organized crime, terrorist financing, the managing of seized assets, alongside

amendments to the criminal code.

The main money laundering laws in Paraguay include:

- **Resolution 70** - this established a risk-based approach for regulated banks and financial institutions
- **Law 5295** - this prohibits nepotism by public officials
- **Law 2794** - this regulates exchange houses
- **Law 5876** - this improves the management of seized assets

Weaknesses

Betting houses and casinos, real estate, exchange houses and front companies are common channels for layering. Lawyers, accountants, auditors and informal money changers (doleiros) are significant facilitators of money laundering.

Corruption remains a key barrier to effectively tackling money laundering. The political and business elite is seen as being heavily corrupt, which makes implementation of the legal framework useless in many regards.

There is a lack of knowledge of financial crimes and resources to deal with it, and little inter-agency cooperation in investigations.

Strengths

The banking system is considered fairly robust and not a typical vehicle for financial crimes. A new agency - SENABICO - was created in 2017 to manage seized and confiscated property which was a previous challenge. The new package of legislative AML measures passed in 2019 have also strengthened the regulatory system.

Paraguay is working closely with the US to tackle misinvoicing, false information and improve the tracking of origins of productions. The National Anti-Corruption Secretariat has also launched a public consultation on tackling corruption.



Peru

Population - 34,294,231
GDP per capita - \$11,516
Capital - Lima
Language - Spanish
Currency - Sol (PEN)

Key risks

- **Enforcement** - despite a relatively robust commitment to AML, alongside strong national plans and policies, enforcement is still lacking, with investigations and prosecutions not meeting expected standards.
- **Informal economy** - the informal sector employed around 70% of the population prior to the Covid-19 pandemic, with the attendant risks of tax evasion, corruption and money laundering that go with such a large amount of the economy being informal. However there has been a lack of research since to understand the scope and challenges of the sector.
- **Illegal mining** - mining constitutes a significant sector of the economy, contributing to around 10% of GDP and over 60% of exports. Illegal mining is driven by poverty and a lack of government oversight in key areas of natural resources. Copper, zinc, gold and other precious metals are mined in Peru, presenting a significant risk for money laundering and corruption. Nearly half of the financial intelligence reports in the last decade were connected to illegal mining.
- **Drug trafficking** - Peru is the second largest producer of cocaine in the world and serves as a key transit point for drugs being trafficked into North America and Europe.
- **Porous borders** - Peru has long and porous borders which allow illegal goods and money to transit.



Criminal proceeds

An estimated **\$3.2 billion - \$7.9 billion** is laundered every year Peru.

AML policy summary

Peru is seen as having **high** levels of corruption and a **lack** of knowledge. It is **weak** in terms of prosecution but has **stronger** prevention methods.

Legal summary

Peru has a National Plan Against Money Laundering and Terrorist Financing which seeks to address money laundering risks across the economy.

The main money laundering laws in Peru are:

- **Legislative Decree 1106** - this sets out the legal framework for money laundering, illegal mining and organized crime
- **Law Decree 25475** - this regulates terrorist financing prevention methods
- **Law 30737** - this requires reparations to the state in the case of corruption
- **Law 28950** - this is concerned with human trafficking
- **Law 22095** - this is concerned with drug trafficking
- **Legislative Decree 1327** - this provides protection for corruption whistleblowers
- **Legislative Decree 1372** - this established beneficial ownership registers

Weaknesses

Cash traders, banks and real estate are seen as key channels for financial crimes and laundering cash. Mining is a significant contributor to the Peruvian economy, with illegal mining operations drawing in organized crime.

Remittances from abroad are a key risk factor for increasing opportunities for money laundering. The informal economy is awash with cash which allows financial crimes to continue undetected. There is also insufficient knowledge of financial crime and resources for supervisory authorities and law enforcement to tackle it.

Public financed projects are susceptible to money laundering and corruption, alongside government assistance to vulnerable populations and political campaigning, despite these being regulated. The education, health and law enforcement sectors are at a high risk for corruption given the low pay.

Cryptocurrency is a growing area of concern. Peru is one of the top three countries in Latin America for cryptocurrency use, which presents significant money laundering challenges the country is under-resourced to address.

Legal mining companies have been known to engage in illegal or informal mining practices for periods of time. Trafficking of people, sex work, drug trafficking and money laundering are key risks for areas of high mining activity.

Strengths

Peru is considered broadly compliant with most of GAFILAT's technical recommendations. Peru has committed to strengthening transparency, information sharing, as well as citizen participation in the fight against corruption.



St. Kitts and Nevis

Population - 53,192

GDP per capita - \$31,095

Capital - Basseterre

Language - English

Currency - East Caribbean Dollar (XCD)

Key risks

- **CBI program** - the Citizenship by Investment program presents key money laundering risks to the country.
- **Political fragmentation** - the country is federated with two jurisdictions. While most legislation is federal, the island of Nevis has high autonomy which makes concerted national efforts to tackle money laundering difficult.
- **Drug trafficking** - this is the principal crime generating illicit proceeds. The islands are a principal transshipment point, sitting between drug producing states in the south and the drug markets in the north. Fast boats and air couriers are involved in transit, with large coastal areas unguarded or unmonitored.
- **Company formation** - Nevis has 'doubled down' on company secrecy, bucking the global trend towards more tax transparency.



Criminal proceeds

An estimated **\$15 million - \$37 million** is laundered every year in St. Kitts and Nevis.

AML policy summary

St. Kitts and Nevis is seen as having **weak** institutional capacity and **low** political will to tackle money laundering risks. It also has **weak** detection and investigation procedures, but has **stronger** prosecution and prevention methods.

Legal summary

The Financial Services Regulatory Commission of St Kitts and the Nevis Financial Services (Regulation and Supervision) Department are the key authorities for

AML in the country. In 2020, an Anti-Money Laundering National Committee was established to coordinate national AML efforts.

The key pieces of money laundering legislation in St. Kitts and Nevis are:

- The Proceeds of Crime Act 2000
- The Anti-Money Laundering Regulations 2011
- The Anti-Terrorism Act 2002
- The Integrity in Public Life Act 2013
- The Organized Crime (Prevention and Control) Act 2002
- The Cannabis Act 2020 - this decriminalized the possession of small amounts of cannabis and allowed for cultivation for personal use.

Weaknesses

Cash couriers are often involved in smuggling bulk cash. Shell companies, online transactions and cryptocurrencies are also considered as key risk areas for money laundering. Lawyers, in particular lawyers involved in company formation, are a key facilitator of money laundering.

The CBI program is seen as the most obvious route for corruption. The main customers using the program are from China, Russia, Sudan, Iraq and Kuwait. There is little transparency over the program, with no information on revenue, numbers of passports or a breakdown of nationalities, presenting critical money laundering risks.

Companies incorporated in Nevis have been at the center of large-scale financial crimes, including billions of dollars of tax fraud and payday loan scams. Offshore banking also presents a critical risk.

Money laundering prosecutions are relatively rare despite several risk factors including drug smuggling and a thriving offshore industry. Convictions are even rarer. No charges were laid between 2015 and 2019, however since then, eight individuals have been charged with money laundering offenses.

The country is seen as 'playing catch-up' regarding money laundering prevention, and not taking time to examine the root causes behind financial crimes.

There is no legislation on beneficial ownership and little political will to address corporate transparency.

Strengths

St. Kitts and Nevis work closely with the US authorities on digitizing police records, training judges and other stakeholders in money laundering cases.



St. Lucia

Population - 184,401

GDP per capita - \$13,708

Capital - Castries

Language - English

Currency - East Caribbean Dollar (XCD)

Key risks

- **Lack of resources** - the country has limited technical and technological resources available to tackle money laundering, and lacks a comprehensive national AML strategy.
- **Geographic location** - St. Lucia sits at a strategic geographic cross-roads between the Caribbean, Latin and North America. This makes it an important transit point for drugs and cash smuggling.
- **Drug trafficking** - this is the key predicate offense for money laundering. Proximity to Latin America is the major cause.
- **CBI program** - the Citizenship by Investment program of St. Lucia is promoted in jurisdictions known to be terrorist hot spots, including Syria, Iraq and Afghanistan. A St. Lucian passport requires a minimum investment of \$300,000 in real estate development, granting the holder visa-free travel to much of the world, including the EU.
- **Company formation** - St. Lucia has a relatively small offshore financial center that nevertheless has set up over 4,000 businesses.



Criminal proceeds

An estimated **\$29 million - \$74 million** is laundered every year in St. Lucia.

AML policy summary

St. Lucia is seen as having a **lack** of capacity to enforce its AML framework, and **weak** detection and supervision methods.

Legal summary

St. Lucia introduced an obligation to record very basic beneficial ownership information in 2018, but this is seen as lacking, with authorities unable to access data, with

no systems in place to ensure the information is either accurate or up to date.

St. Lucia updated its anti-terrorism laws in 2019 after a review by the National Anti-Money Laundering Oversight Committee.

The main money laundering laws in St. Lucia are:

- Money Laundering (Prevention) Act
- Proceeds of Crime Act
- Anti-Terrorism Act
- Counter-Trafficking Act
- Customs Act

Weaknesses

There is a general lack of understanding of terrorist financing risks. There has never been a terrorist financing prosecution, and no national strategy to counter terrorist financing activity despite the country actively promoting its CBI program in areas of significant terrorist activity.

There is very little AML oversight by the Financial Intelligence Authority. There have been no AML inspections since 2014, nor have there been any sanctions applied to reporting entities.

There is a critical lack of beneficial ownership information, with entities having little to no requirements to keep this information updated.

Given St. Lucia's significant strategic location and role as an international financial center, this poses significant money laundering risks.

Strengths

St. Lucia participates in various regional frameworks to combat financial crime. It also has several treaties with the US, including maritime law enforcement and extradition, and is part of the Caribbean Basin Security Initiative.

The UNODC launched a three-year program in St. Lucia aimed at building anti-money laundering capacity. It has been training staff at the FIU, and working to create integrity checks for its CBI program.



St Vincent and the Grenadines

Population - 100,455

GDP per capita - \$12,431

Capital - Kingstown

Language - English

Currency - East Caribbean Dollar (XCD)

Key risks

- **Drug trafficking** - the country is located at a key strategic position for drug shipments. It is also one of the main producers and exporters of cannabis in the region.
- **Human trafficking** - the country is a major source, transit point and destination for human trafficking, including forced labor and sex trafficking.
- **Financial center** - the country is an international offshore center without strong laws on beneficial ownership and AML vulnerabilities which can be exploited. Over 5,500 businesses are registered in the country.



Criminal proceeds

An estimated **\$11 million - \$28 million** is laundered every year in St. Vincent and The Grenadines.

AML policy summary

St. Vincent and The Grenadines is seen as having an **absence** of critical AML frameworks like beneficial ownership. It has **weak** regulation of DNFBPs, but does have the **strongest** FIU in the region, with **strong** detection and information exchange mechanisms.

Legal summary

The country is seen as having a comprehensive AML framework. Authorities are able to issue confiscation orders against those who engage in criminal conduct and can prohibit property dealing when obtained through unlawful conduct.

The country made significant changes to its offshore regime in 2018 to comply with commitments made

to the EU and avoid being listed as a non-cooperative jurisdiction. Bearer shares can no longer be issued, the names of shareholders and directors must be registered, and businesses are subject to income tax. However enforcement of beneficial ownership rules is patchy.

The main money laundering laws in St. Vincent and The Grenadines are:

- The Proceeds of Crime Act 2013
- The Anti-Money Laundering Terrorist Financing Code and Regulations of 2017
- The Anti-Terrorist Financing and Proliferation Act

Weaknesses

Key vulnerabilities in the money laundering regime include cash smuggling, money remittance businesses and paying third parties to obscure the true owners of assets.

Registered agents dealing with trust and company formation are a key entry point for money laundering into the system. However this is far less prevalent than other countries in the region.

There is limited CDD compliance monitoring and little to no supervision of the DNFBP sector.

Strengths

St. Vincent and The Grenadines does not have a zero percent corporate tax rate and does not have corporate tax exemptions for international businesses and trusts based there. St. Vincent and The Grenadines therefore has less than 0.001% of the market for offshore services, so the money laundering risks are relatively low.

The FIU is seen as the best functioning one in the Caribbean, and frequently cooperates with other countries, exchanging information with other countries in the region and the US. St. Vincent and The Grenadines was also the first country in the region to use asset forfeiture in criminal proceedings.

The country is part of the Caribbean Basin Security Initiative and receives training and technical assistance from the US to improve capacity and counter maritime risks.



Suriname

Population - 575,990

GDP per capita - \$15,845

Capital - Paramaribo

Language - Dutch

Currency - Surinamese Dollar (SRD)

Key risks

- **Poor regulation** - Suriname is seen as a 'money launderers paradise' given the lack of regulations, weak institutions, low technical capacity and lack of implementation of laws. The governor of the central bank and the finance minister were charged for a slew of financial crimes for brazenly stealing \$200 million.
- **Corruption** - Suriname has endemic corruption at all levels of government. This is the largest financial crime affecting the country and the primary source of criminal proceeds. A litany of scandals have involved ministries and political leaders. The former president was convicted of murder and drug trafficking and still pulls the strings in the current administration. Patronage is deeply entrenched.
- **Drug trafficking** - Suriname is a key transit country and broker for cocaine moving from Colombia and Venezuela to Europe, particularly the Netherlands of which Suriname is a former colony. The former head of the anti-terror unit was convicted in a US court for drug trafficking and funneling the profits to Hezbollah.
- **Mineral trafficking** - along with gold smuggling, illegal logging and timber trafficking is a key risk. Gold is the country's largest export, representing nearly 80% of all trade and netting more than \$2 billion. Mineral trafficking is enormous given endemic corruption and non-existent regulation. Responsibility for collecting tax on gold exports was sold by the government in 2015 to a UAE-based gold company acting as a front for money launderers.
- **Porous borders** - frontiers with Brazil and Guyana allow for easy smuggling of illegal gold and cocaine.
- **Used cars** - used cars are a key method of transaction-based laundering, with cars being imported and sold on to hide dirty cash.



Criminal proceeds

An estimated **\$56 million - \$139 million** is laundered every year in Suriname,

AML policy summary

Suriname is seen as having **no** political will to tackle money laundering or criminality, with **rampant** corruption at all levels of government.

Legal summary

Despite passing updated anti-corruption laws and having money laundering statutes on the books, these are not implemented and the mandated Anti-Corruption Commission has not been established. Convicted criminals operate their enterprises with impunity from the heart of the government.

Weaknesses

The banking sector is one of the key weaknesses in AML efforts. Banks are seen as unwilling to put compliance over profit and lack the technical knowledge and expertise to tackle money laundering. This risks Suriname being cut off from the rest of the world given its poor banking practices, keeping the economy largely cash based.

Lawyers, notaries, and car dealers are key facilitators for money laundering. Currency exchanges are often completely unregulated, with supermarkets acting as currency dealers. Fintech, DNFBPs and the jewelry industry also present risks. The car industry and the jewelry industry refused to participate in the national risk assessment, which labeled them as key channels of money laundering.

Drugs are trafficked wholesale in container ships, but small boats and planes are also used. Drug and mineral trafficking is undertaken in plain sight, with large container ships moving huge quantities of illegal goods. The country is considered as a black market broker, acting as a forum of exchange for wholesale buyers and sellers.

The case of the gold export tax authority demonstrates the depth of blatant corruption in Suriname. In 2015, the government gave a private company, Kaloti Suriname Mint House (KSMH) sole authority to value and collect taxes on gold exports. A role previously carried out by the central bank. KSMG only exists on paper and is a front for a UAE money laundering operation worth billions.

Terrorist financing remains a significant risk as well. Dino Bouterse, the former head of the Anti-Terrorism Unit, was convicted in a US federal court of conspiring to import drugs and provide material support to Hezbollah, essentially allowing Suriname to become the terrorist

organization’s home base of operations.

Strengths

A national risk assessment was completed in 2021, with support from the US Embassy in Suriname, and was submitted to the central bank. However the document is confidential and there is little hope the government will act on it. The previous government of Desi Bouterse, a convinced murderer and drug trafficker, still maintains significant influence in the new government of Chan Santhokhi, a former police chief.



Trinidad and Tobago

Population - 1,367,558
GDP per capita - \$32,684
Capital - Port of Spain
Language - English
Currency - Trinidad and Tobago Dollar (TTD)

Key risks

- **Trafficking** - humans, drugs and money are all key items trafficked through the country, given its role as one of the largest trading nations in the Caribbean. The country lies seven miles from Venezuela, making it a key source of drugs and people to be trafficked.
- **Enforcement** - less than 10% of criminal proceeds are detected by the government. Illicit tobacco is a major issue, and illegal gambling costs almost half a billion dollars in lost revenue. The judicial system is unable to manage the caseload.
- **Fraud** - alongside tax evasion, fraud is one of the main reasons that suspicious transaction reports are filed. Pyramid and Ponzi schemes are common, as well as informal savings and loan clubs which are unregulated. One was run by an army official who laundered \$3.5 million in dirty money.
- **Casinos** - illegal until recently, they have a history of illegality as casinos previously operated as private member clubs, which were unregulated.
- **Terrorism** - a large number of Trinidad and Tobago citizens travelled or attempted to travel to Syria and Iraq to fight for Islamic State. The use of money remittance services and prepaid debit cards are a key terrorist financing risk.



Criminal proceeds
An estimated **\$337 million - \$844 million** is laundered every year in Trinidad and Tobago.

AML policy summary

Trinidad and Tobago is seen as having a **lack** of political will, **low** prosecution and **weak** capacity to tackle money laundering.

Legal summary

Although the legislation exists, enforcement is a key weakness. While officials are required to disclose income, assets and liabilities annually, hundreds don’t. Beneficial ownership reporting has been required since 2019, and the register is accessible to law enforcement. The judiciary is seen as extremely slow, with cases taking years.

The government is also considering legislation to outlaw Pyramid and Ponzi schemes.

The main money laundering laws in Trinidad and Tobago are:

- The Proceeds of Crime Act 2000
- The Civil Asset Recovery and Management and Unexplained Wealth Act of 2019
- The Anti-Terrorism Act of 2005
- The Prevention of Corruption Act of 1987
- The Integrity in Public Life Act of 2000
- The Companies Act of 2019
- The E-Money Issuer Order of 2020 - this regulates virtual currency
- Gambling (Gaming and Betting) Control Act of 2021

Weaknesses

There are significant vulnerabilities in the gambling sector given the recent legalization of the industry. The sector is a powerful lobby, delaying legislative changes by six years due to the government attempting to regulate the industry in order to tax it.

Most laundering takes place with cash. The economy is mainly cash-based and one third of the economy is informal. Unregulated financial systems such as informal savings clubs are often fronts for fraudulent schemes.

Corruption is a significant issue in the country. Law enforcement, customs and immigration, army officials and other high ranking government members have been prosecuted for bribery and money laundering. The former attorney general and a former opposition senator were charged with involvement in a bribery scheme.

Instability in Venezuela has contributed to an increase in trafficking through the country, including people, drugs and cash.

Strengths

Trinidad and Tobago works closely with the US on drug control and law enforcement, as well as exchanging tax information. The country participates in the Caribbean Basin Security Initiative.



Uruguay

Population - 3,518,552
GDP per capita - \$24,516
Capital - Montevideo
Language - Spanish
Currency - Uruguayan Peso (UYU)

Key risks

- **Offshore assets** - Uruguay does not tax international wealth so holds significant assets from the region. Much of these are considered as the proceeds of corruption and tax evasion from neighboring countries including Brazil and Argentina.
- **Drug trafficking** - the country is a transit point, primarily for cocaine coming from Peru and Bolivia and going to Europe.
- **Real estate** - this is the primary channel for money laundering, with foreign assets used to purchase property, often in the Punta del Este region.
- **Illegal mining** - undertaken in the northern region of the country, semi-precious stones are being mined and trafficked, and linked to Brazil and China.



Criminal proceeds

An estimated **\$785 million - \$2 billion** is laundered every year in Uruguay.

AML policy summary

Uruguay is seen as having **poor** implementation, due to little experience in dealing with financial crime because it does not occur often. Authorities also suffer from a **lack** of financial resources and **poor** detection, however investigation and prevention is seen as **strong**.

Legal summary

There is a robust AML framework in the country, although there are gaps in regulation, particularly in the luxury car market, yachts and aircraft. Environmental crimes such

as wildlife tracking are not yet predicate offenses for money laundering which are being worked on.

Weaknesses

Company services providers, opaque corporate structures and shell companies are some of the key facilitators of financial crime.

Controls over free trade zones are not seen as sufficient, particularly for more complex structures involved in import/export.

Drug trafficking is perceived to be the largest generator of illicit proceeds. Uruguay is a transit point for cocaine from Peru and Bolivia going to Europe.

The country also has limited resources to devote to AML compliance. The NRA was supposed to be updated but budgetary constraints have prevented that from happening.

Strengths

Uruguay has a comprehensive AML framework with strong institutional capacity. It is the freest country in the Western Hemisphere and is the second least corrupt country in the region after Canada. Uruguay is also one of the most egalitarian countries when it comes to income and wealth. Progress has been made to better regulate the real estate sector. This has been an important development given the country's proximity to Argentina and Brazil and propensity for the proceeds of corruption and tax evasion to be laundered through Uruguayan real estate.



Venezuela

Population - 28,887,118
GDP per capita - \$5,273
Capital - Caracas
Language - Spanish
Currency - Bolívar Digital (VED)

Key risks

- **Political instability** - the country is suffering from hyperinflation, rising levels of poverty and instability which have led to mass migrations. The government is an authoritarian dictatorship and funds its regime through drug trafficking, illegal mining, corruption, money laundering and sanctions evasion. The US and most of the free world does not recognize the current president, Nicolas Maduro, as the legitimate leader, and instead recognizes the government-in-exile of Juan Guaidó.
- **Currency collapse** - the currency - the Bolivar - has been devalued to the point of uselessness. Venezuelans are using other currencies such as dollars, euros and cryptocurrencies. This has also led to increased money laundering as traffickers aim to get money out of the country.
- **Rule of law** - national authorities are in many ways facilitators of financial crime and part and parcel of criminal and cartel networks. Officials maintain corrupted enterprises for their own benefit, and laws are applied for the benefit of the powerful.
- **Military rule** - the country is run as a military dictatorship with army officials occupying key civilian roles and acting as armed gangs to profit. The military sets up posts near borders and airports and rotates officials through those areas to 'share the profits' of corruption, extortion and laundering.
- **Terrorist financing** - the government maintains close ties to terrorist groups including Hezbollah and FARC. It supports and funds these groups' activities by trading illegal gold supplies with weapons and drugs.
- **Cartel regime** - the country is essentially run as a criminal enterprise for profit of the elite. The government does not source most of its revenue from tax, but instead illegal operations and close relationships with Iran, China and Russia.



Criminal proceeds

An estimated **\$6.8 billion - \$16.9 billion** is laundered every year in Venezuela.

AML policy summary

Venezuela is seen as having **zero** political will to tackle money laundering. The state is itself considered a criminal enterprise.

Legal summary

The AML framework is strong on paper, but the implementation is used primarily for nefarious purposes by the ruling regime.

Weaknesses

Money laundering is an everyday activity which occurs at all levels of government and the private sector, more often than not a front for illegal activities.

Gold and illegal mining are used to shift profits overseas. The state-owned petrochemical company plays a key role in laundering money and works closely with domestic and international banks to clean money for the administration. Corrupt actors use lawyers, accountants and notaries often based abroad to launder money.

The government has sophisticated surveillance systems which could, in theory, detect financial crimes, but these systems are used against opponents of the regime.

Venezuela maintains close relationships with Iran, China and Russia, who use the country for their own interests outside international norms. Iranian nationals and Hezbollah terrorists are allowed to operate and train freely in Venezuela. Russian officials train Venezuela in cryptocurrency and how to evade international sanctions.

Strengths

None identified. However most of the world does not recognize the regime of current president Nicolas Maduro as legitimate. So a change in regime would likely lead to a change in fortunes for the country.

How VinciWorks can help with AML compliance

Anti-Money Laundering Training

Interactive, customizable training for any business, any user, anywhere

VinciWorks strives to make its AML training more than simply a tick-box exercise. Our courses are packed with realistic scenarios, real-life case studies and every customization option you can think of. We have everything from in-depth induction training to refresher courses and five minute knowledge checks.

Our latest courses bring a fresh, bold, new design and begin with a course builder to deliver the most relevant training to each user. Whichever industry, jurisdiction or job role you work in, a course can instantly be built just for your staff.

Bringing relevance to the heart of AML training

When it comes to anti-money laundering training, relevant content has never been needed more. Training that does not resonate with the user, that feels like it wasn't written with a particular industry, practice area or job role in mind, does not work. Training that isn't relevant feels boring and unengaging.

VinciWorks' new anti-money laundering training takes relevance to the heart of training. With realistic scenarios, role-specific content, laws and procedures applicable in the jurisdiction, real-life case studies as well as a fresh, bold new design, our anti-money laundering training is suitable for any business, any user, anywhere. There are two new courses; an Advanced course for high-risk staff and a Fundamentals course for all staff.

AML training features

- Begins with a “course builder” to instantly create the most relevant training for each user
- Innovative red flag assessment enabling your firm to track and assess the frequency of money laundering indicators
- In-depth module specific to your industry. This includes legal, real estate, financial services,

cryptocurrency, accounting, banking and more.

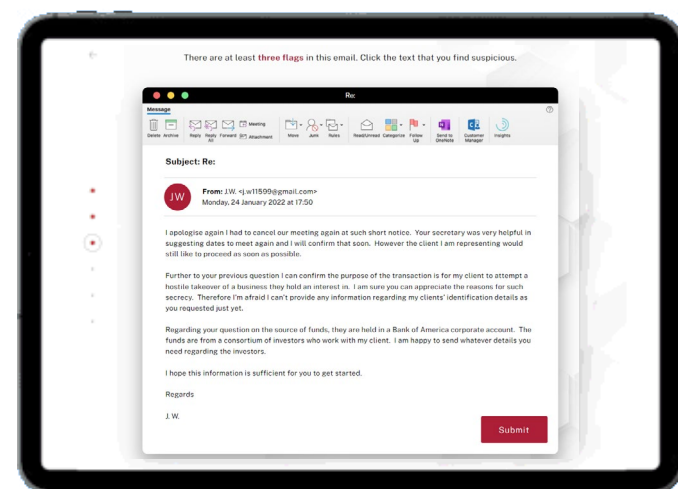
- 100% customizable — Change every word, add relevant policies, include custom modules and more
- Interactive risk-based scenario questions

Custom-build AML training specifically for your staff

We do not only preach relevance, we live and breathe it too. In our new AML training, organizations will be able to build the training that is 100% geared towards their staff and industry. Relevant policies, procedures and contact details can be added to any point in the training that the organization feels is relevant to their staff.

Here are the customizations we offer:

- Add MLRO contact details and option to send them a question via the course
- Real-time customizations via a “course builder” at the start of the course
- Add AML policies
- Include a module for internal procedures
- Translate the course into any language
- Edit text within a module or build your own custom module

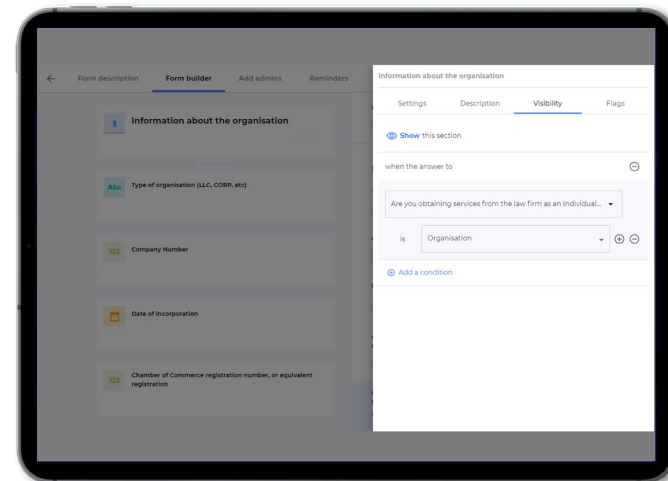
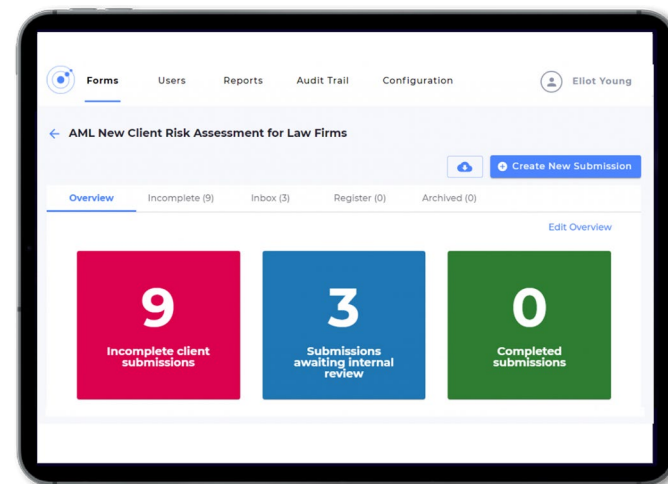


AML training outcomes

- Gain an understanding of how money laundering works in practice
- Understand how money laundering can negatively impact their industry, their organization and themselves
- Know the laws and offences related to money laundering and terrorist financing, including penalties for breaking the law
- Understand the definition of suspicion and how to identify suspicious transactions
- Be aware of red flags relevant to their industry and know how to spot them

The Omnitrack AML onboarding solution

VinciWorks' AML client onboarding solution powered by Omnitrack, facilitates a seamless onboarding experience for organisation of all sizes. With multiple templates catering for different industries and jurisdictions, VinciWorks' solution provides regulatory confidence through up-to-date guidance and best practice. The streamlined solution caters for the full AML process from client identification and verification, to, document collection, to, relevant risk assessments and ongoing monitoring. VinciWorks' industry specific templates are also 100% customisable giving you the flexibility to ensure the tool works for your organisation. Our team will guide you through every step of the process. From integration with existing software to retrieving up-to-the-minute reports, VinciWorks have you covered.



Why Omnitrack?

- ✓ **Clear regulatory guidance** — Prebuilt workflows ensure best practice for a range of industries
- ✓ **Comprehensive client due diligence** — identity and verification requirements adapt dynamically to different entity types
- ✓ **Time saving** — Automations and intuitive workflows help ensure a swift onboarding process
- ✓ **Risk-based approach** — Logical approach to risk levels ensuring accountability
- ✓ **Ongoing monitoring** — Reminder emails and automated reviews adjusting to client risk levels
- ✓ **Centralised solution** — Process carried out and documentation stored in one place from start to finish
- ✓ **Evidence compliance** - Built-in audit trails and timelines keep regulators happy
- ✓ **Reporting capabilities** – Retrieve up-to-the minute reports on everything from inside the system

Contact us today to learn more.

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For more, visit
www.vinciworks.com

About VinciWorks

We are a creative and driven team working hard each day to reinvent the impact that compliance tools and training can make.

Too many businesses are using boring, tedious and cumbersome processes to train their staff and maintain compliance. We know you can do better, and to prove it, we have been developing the training, tools and resources to help any organisation of any size to change the status quo.

Contact Us

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