



# **United States Department of State Bureau for International Narcotics and Law Enforcement Affairs**

## **International Narcotics Control Strategy Report**

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Volume 2: Money Laundering

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## Definitions

**419 Fraud Scheme:** An advanced fee fraud scheme, known as “419 fraud” in reference to the fraud section in Nigeria’s criminal code. This specific type of scam is generally referred to as the Nigerian scam because of its prevalence in the country. Such schemes typically involve promising the victim a significant share of a large sum of money in return for a small up-front payment, which the fraudster claims to require in order to cover the cost of documentation, transfers, etc. Frequently, the sum is said to be lottery proceeds or personal/family funds being moved out of a country by a victim of an oppressive government, although many types of scenarios have been used. This scheme is perpetrated globally through email, fax, or mail.

**Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT):** Collective term used to describe the overall legal, procedural, and enforcement regime countries must implement to fight the threats of money laundering and terrorism financing.

**Bearer Share:** A bearer share is an equity security that is solely owned by whoever holds the physical stock certificate. The company that issues the bearer shares does not register the owner of the stock nor does it track transfers of ownership. The company issues dividends to bearer shareholders when a physical coupon is presented.

**Black Market Peso Exchange (BMPE):** One of the most pernicious money laundering schemes in the Western Hemisphere. It is also one of the largest, processing billions of dollars’ worth of drug proceeds a year via TBML, “smurfing,” cash smuggling, and other schemes. BMPE-like methodologies are also found outside the Western Hemisphere. There are variations on the schemes involved, but generally drug traffickers repatriate and exchange illicit profits obtained in the United States without moving funds across borders. In a simple BMPE scheme, a money launderer collaborates with a merchant operating in Colombia or Mexico to provide him, at a discounted rate, U.S. dollars in the United States. These funds, usually drug proceeds, are used to purchase merchandise in the United States for export to the merchant. In return, the merchant who imports the goods provides the money launderer with local-denominated funds (pesos) in Colombia or Mexico. The broker takes a cut and passes along the remainder to the responsible drug cartel.

**Bulk Cash Smuggling:** Bulk cash refers to the large amounts of currency notes criminals accumulate as a result of various types of criminal activity. Smuggling, in the context of bulk cash, refers to criminals' subsequent attempts to physically transport the money from one country to another.

**Cross-border Currency Reporting:** Per Financial Action Task Force (FATF) Recommendations, countries should establish a currency declaration system that applies to all incoming and outgoing physical transportation of cash and other negotiable monetary instruments.

**Counter-valuation:** Often employed in settling debts between hawaladars or traders. One of the parties over or undervalues a commodity or trade item such as gold, thereby transferring value to another party and/or offsetting debt owed.

**Currency Transaction Report (CTR):** Financial institutions in some jurisdictions are required to file a CTR whenever they process a currency transaction exceeding a certain amount. In the United States, for example, the reporting threshold is \$10,000. The amount varies per jurisdiction. These reports include important identifying information about accountholders and the transactions. The reports are generally transmitted to the country's financial intelligence unit (FIU).

**Customer Due Diligence/Know Your Customer (CDD/KYC):** The first step financial institutions must take to detect, deter, and prevent money laundering and terrorism financing, namely, maintaining adequate knowledge and data about customers and their financial activities.

**Egmont Group of FIUs:** The international standard-setter for FIUs. The organization was created with the goal of serving as a center to overcome the obstacles preventing cross-border information sharing between FIUs.

**Financial Action Task Force (FATF):** FATF was created by the G7 leaders in 1989 in order to address increased alarm about money laundering's threat to the international financial system. This intergovernmental policymaking body was given the mandate of examining money laundering techniques and trends, setting international standards for combating money laundering and terrorist financing, and overseeing reviews of compliance with the standards.

**FATF-Style Regional Body (FSRB):** These bodies, which are modeled on FATF and are granted certain rights by that organization, serve as regional centers for matters related to AML/CFT. Their primary purpose is to promote a member jurisdiction's implementation of comprehensive AML/CFT regimes and advance implementation of the FATF Recommendations.

**Financial Intelligence Unit (FIU):** In many countries, a central national agency responsible for receiving, requesting, analyzing, and/or disseminating disclosures of financial information to the competent authorities, primarily concerning suspected proceeds of crime and potential financing of terrorism. An FIU's mandate is established by national legislation or regulation. The Financial Crimes Enforcement Network (FinCEN) is the U.S. FIU.

**Free Trade Zone (FTZ):** A special commercial and/or industrial area where foreign and domestic merchandise may be brought in without being subject to the payment of usual customs duties, taxes, and/or fees. Merchandise, including raw materials, components, and finished goods, may be stored, sold, exhibited, repacked, assembled, sorted, or otherwise manipulated prior to re-export or entry into the area of the country covered by customs. Duties are imposed on the merchandise (or items manufactured from the merchandise) only when the goods pass from the zone into an area of the country subject to customs. FTZs may also be called special economic zones, free ports, duty-free zones, or bonded warehouses.

**Funnel Account:** An individual or business account in one geographic area that receives multiple cash deposits, often in amounts below the cash reporting threshold, and from which the funds are withdrawn in a different geographic area with little time elapsing between the deposits and withdrawals.

**Gaming:** Gaming refers to a wide range of legal gaming/gambling activities, including various games of chance and gambling forms ranging from casino and card room gaming, lotteries, online gaming, and race and sports wagering to charitable gaming, such as raffles, bingo, and other low technology games. The large volume and rapid pace of transactions (often in cash) and their characteristic "element of luck/chance" wins/losses make gaming vulnerable to money laundering. Gaming in the context of the INCSR includes both



physically present, onsite gaming/gambling, such as casinos; tourism-oriented junket operations; and online/virtual operations or offshore gambling/gaming operations.

**Hawala:** A centuries-old broker system based on trust, found throughout the world but most closely linked to the Middle East and South Asia. It allows customers and brokers (called hawaladars) to transfer money or value without physically moving it, often in areas of the world where banks and other formal institutions have little or no presence. It is used by many different cultures, but under different names; “hawala” is used often as a catchall term for such systems in discussions of terrorism financing and related issues.

**Hawaladar:** A broker in a hawala or hawala-type network.

**Hundi:** See Hawala.

**International Business Company (IBC):** Firms registered in an offshore jurisdiction by a non-resident that are precluded from doing business with residents in the jurisdiction. Offshore entities may facilitate hiding behind proxies and complicated business structures. IBCs are frequently used in the “layering” stage of money laundering.

**Integration:** The last stage of the money laundering process. The laundered money is introduced into the economy through methods that make it appear to be normal business activity, to include real estate purchases, investing in the stock market, and buying automobiles, gold, and other high-value items.

**Kimberly Process (KP):** The Kimberly Process was initiated by the UN to keep “conflict” or “blood” diamonds out of international commerce, thereby drying up the funds that sometimes fuel armed conflicts in Africa’s diamond producing regions.

**Layering:** This is the second stage of the money laundering process. The purpose of this stage is to make it more difficult for law enforcement to detect or follow the trail of illegal proceeds. Methods include converting cash into monetary instruments, wire transferring money between bank accounts, etc.

**Legal Person:** A company or other legally established entity that has legal rights and is subject to obligations. In the FATF Recommendations, a legal person refers to a partnership, corporation, association, or other established entity that can conduct business or own property, as opposed to a human being (also referred to as a natural person).

**Mirror Transactions:** The nearly simultaneous purchase and sale of the same number of financial instruments in different currencies.

**Mutual Evaluation (ME):** All FATF and FSRB members have committed to undergoing periodic multilateral monitoring and peer review to assess their compliance with FATF Recommendations. Mutual evaluations are one of the FATF's/FSRB's primary instruments for determining the effectiveness of a country's AML/CFT regime.

**Mutual Evaluation Report (MER):** At the end of the FATF/FSRB mutual evaluation process, the assessment team issues a report that describes the country's AML/CFT regime and rates its effectiveness and compliance with the FATF Recommendations.

**Mobile Payments or M-Payments:** An umbrella term that generally refers to the growing use of cell phones to credit, send, receive, and transfer money and virtual value.

**Natural Person:** In jurisprudence, a natural person is a real human being, as opposed to a legal person (see above). In many cases, fundamental human rights are implicitly granted only to natural persons.

**Offshore Financial Center:** Usually a low-tax jurisdiction that provides financial and investment services to non-resident companies and individuals. Generally, companies doing business in offshore centers are prohibited from having clients or customers who are resident in the jurisdiction. Such centers may have strong secrecy provisions or minimal identification requirements.

**Over-invoicing:** When money launderers and those involved with value transfer, trade-fraud, and illicit finance misrepresent goods or services on an invoice by indicating they cost more than they are actually worth. This allows one party in the transaction to transfer money to the other under the guise of legitimate trade.

**Politically Exposed Person (PEP):** A term describing someone who has been entrusted with a prominent public function or an individual who is closely related to such a person. This includes the heads of international organizations.

**Placement:** This is the first stage of the money laundering process. Illicit money is disguised or misrepresented then placed into circulation through, *inter alia*, financial institutions, casinos, shops, and other businesses, both local and abroad. A variety of

methods can be used for this purpose, including currency smuggling, bank transactions, currency exchanges, securities purchases, structuring transactions, and blending illicit with licit funds.

**Professional Money Laundering Organization:** Individuals, networks, and organizations that are involved in laundering on behalf of third parties for a fee or commission. Professional money launderers usually do not participate in the predicate, proceeds-generating criminal activity.

**Shell Company:** An incorporated company with no significant operations, established for the sole purpose of holding or transferring funds, often for money laundering purposes. As the name implies, shell companies have only a name, address, and bank accounts; clever money launderers often attempt to make them look more like real businesses by maintaining fake financial records and other elements. Shell companies are often incorporated as IBCs.

**Smurfing/Structuring:** A money laundering technique that involves splitting a large bank deposit into smaller deposits to evade financial transparency reporting requirements.

**Stablecoin:** A cryptocurrency whose price is designed to be pegged to a reference asset. The reference asset may be fiat money, exchange-traded commodities, or a cryptocurrency.

**Suspicious Transaction Report/Suspicious Activity Report (STR/SAR):** If a financial institution suspects or has reasonable grounds to suspect that the funds involved in a given transaction derive from criminal or terrorist activity, it is obligated to file a report with its national FIU containing key information about the transaction. In the United States, SAR is the most common term for such a report, though STR is used in most other jurisdictions.

**Tipping Off:** The disclosure of the reporting of suspicious or unusual activity to an individual who is the subject of such a report or to a third party. The FATF Recommendations call for such an action to be criminalized.

**Trade-Based Money Laundering (TBML):** The process of disguising the proceeds of crime and moving value via trade transactions in an attempt to legitimize their illicit origin.

**Trade Transparency Unit (TTU):** TTUs examine trade between countries by comparing, for example, the export records from Country A and the corresponding import records from

Country B. Allowing for some recognized variables, the data should match. Any wide discrepancies could be indicative of trade fraud (including TBML), corruption, or the back door to underground remittance systems and informal value transfer systems, such as hawala.

**Under-invoicing:** When money launderers and those involved with value transfer, trade fraud, and illicit finance misrepresent goods or services on an invoice by indicating they cost less than they are actually worth. This allows the traders to settle debts between each other in the form of goods or services.

**Unexplained Wealth Order (UWO):** A type of court order to compel someone to reveal the sources of their unexplained wealth. UWOs require the owner of an asset to explain how he or she was able to afford that asset. Persons who fail to provide a response may have assets seized or may be subject to other sanctions.

**Virtual Asset Service Provider:** Any natural or legal person whose business involves providing a platform used to buy, sell, exchange, or otherwise interact with the virtual asset market on behalf of a third party; who provides safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets; or who participates in and provides financial services related to an issuer's offer and/or sale of a virtual asset.

**Virtual Currency:** Virtual currency is an internet-based form of currency or medium of exchange, distinct from physical currencies or forms of value such as banknotes, coins, and gold. It is electronically created and stored. Some forms are encrypted. They allow for instantaneous transactions and borderless transfer of ownership. Virtual currencies generally can be purchased, traded, and exchanged among user groups and can be used to buy physical goods and services, but can also be limited or restricted to certain online communities, such as a given social network or internet game. Virtual currencies are purchased directly or indirectly with genuine money at a given exchange rate and can generally be remotely redeemed for genuine monetary credit or cash. According to the U.S. Department of Treasury, virtual currency operates like traditional currency but does not have all the same attributes; i.e., it does not have legal tender status. Virtual currency is sometimes referred to as cryptocurrency.

## Legislative Basis and Methodology for the INCSR

The 2024 volume on Money Laundering is a legislatively mandated section of the annual International Narcotics Control Strategy Report (INCSR), in accordance with section 489 of the Foreign Assistance Act of 1961, as amended (the “FAA,” 22 U.S.C. § 2291). This 2024 report is based upon the contributions of numerous U.S. government agencies, alongside those of the State Department, which drafts the report. Specifically, the White House Office of National Drug Control Policy; Department of the Treasury’s Office of Terrorist Financing and Financial Crimes, Financial Crimes Enforcement Network, Internal Revenue Service, Office of the Comptroller of the Currency, and Office of Technical Assistance; Department of Homeland Security’s Immigration and Customs Enforcement and Customs and Border Protection; Department of Justice’s Money Laundering and Asset Recovery Section, Office of International Affairs, Drug Enforcement Administration, Federal Bureau of Investigation, and Office for Overseas Prosecutorial Development, Assistance, and Training. The independent Board of Governors of the Federal Reserve System also provides information on training and technical assistance.

The FAA requires the Department of State to produce a report on the extent to which each country or entity that received assistance under chapter 8 of Part I of the FAA in the past two fiscal years has “met the goals and objectives of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances” (FAA § 489(a)(1)(A)). This information is principally covered under INCSR Volume I.

In addition to identifying countries in relation to illicit narcotics, the INCSR is mandated to identify “major money laundering countries” (FAA §489(a)(3)(C)). The INCSR is required to report findings on each country’s adoption of laws and regulations to prevent narcotics-related money laundering (FAA §489(a)(7)(C)). This volume is the section of the INCSR that reports on narcotics-related money laundering and efforts to address it.

The statute defines a “major money laundering country” as one “whose financial institutions engage in currency transactions involving significant amounts of proceeds from international narcotics trafficking” (FAA § 481(e)(7)). The determination is derived from the list of countries included in INCSR Volume I (which focuses on narcotics) and other countries

proposed by U.S. government experts based on indicia of significant drug-related money laundering activities. Given money laundering activity trends, the activities of nonfinancial businesses and professions or other value transfer systems, i.e., not just those of financial institutions, are given due consideration.

Inclusion in Volume II is not an indication that a jurisdiction is not making strong efforts to combat money laundering or that it has not fully met relevant international standards. The INCSR is not a “blacklist” of jurisdictions, nor are there sanctions associated with it. The U.S. Department of State regularly reaches out to counterparts to request updates on money laundering and AML efforts, and it welcomes any relevant information.

The following countries/jurisdictions have been identified this year:

**Major Money Laundering Jurisdictions in 2023:**

- Afghanistan
- Albania
- Algeria
- Antigua and Barbuda
- Argentina
- Aruba
- Bahamas
- Barbados
- Belgium
- Belize
- Bolivia
- Brazil
- British Virgin Islands
- Burma
- Cabo Verde
- Cambodia
- Canada
- Cayman Islands
- China
- Colombia
- Costa Rica
- Cuba
- Curacao
- Cyprus
- Dominica
- Dominican Republic
- Ecuador
- El Salvador
- Ghana
- Guatemala
- Guinea-Bissau
- Guyana
- Haiti
- Honduras
- Hong Kong
- India
- Indonesia
- Iran
- Italy
- Jamaica
- Kazakhstan
- Kenya
- Kyrgyz Republic
- Laos
- Liberia
- Macau
- Malaysia
- Mexico
- Mozambique
- Netherlands
- Nicaragua
- Nigeria
- Pakistan
- Panama
- Paraguay
- Peru

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- |                                    |                |                        |                  |
|------------------------------------|----------------|------------------------|------------------|
| • Philippines                      | • Sint Maarten | • Trinidad and Tobago  | • United Kingdom |
| • Saint Kitts and Nevis            | • Spain        | • Turkey               | • United States  |
| • Saint Lucia                      | • Suriname     | • Turkmenistan         | • Uzbekistan     |
| • Saint Vincent and the Grenadines | • Syria        | • Ukraine              | • Venezuela      |
| • Senegal                          | • Tajikistan   | • United Arab Emirates | • Vietnam.       |
|                                    | • Tanzania     |                        |                  |
|                                    | • Thailand     |                        |                  |

## Overview

Despite robust, multifaceted efforts to address money laundering at the country and multilateral levels, it remained a serious global threat in 2023. Money laundering facilitates or enables many other criminal pursuits and has become an indispensable activity of drug traffickers, transnational criminal organizations, and terrorist groups around the world, contributing to the breakdown of the rule of law, corruption of public officials, and destabilization of economies. Ultimately, it threatens global political stability, democracy, and free markets. Increasingly sophisticated criminal organizations, terrorists, and other illicit actors continue to seek out and exploit gaps in global anti-money laundering/combating the financing of terrorism (AML/CFT) frameworks and countermeasures.

Given that, the development and implementation of effective AML/CFT regimes consistent with international standards and the ability to meet evolving challenges is clearly vital to the maintenance of solvent, secure, and reliable financial, commercial, and trade systems. Reducing illicit financing's threat to U.S. interests is a national security priority reflected in the 2021 "U.S. Strategy on Countering Corruption," the implementation plan for which was released in 2023; the 2022 "U.S. National Security Strategy;" and the 2022 "National Strategy for Combating Terrorist and Other Illicit Financing." The illicit financing strategy sets forth priority actions to address key risks identified by U.S. authorities in the 2022 national risk assessment. Furthermore, the United States, a founding member of the Financial Action Task Force (FATF), has worked within that organization and with FATF-style regional bodies to promulgate compliance with the FATF 40 Recommendations and accompanying effectiveness measures. The U.S. has also supported, through technical assistance and other engagement, the development and implementation of robust national-level AML regimes in jurisdictions around the world.

The 2024 edition of the Congressionally mandated "International Narcotics Control Strategy Report, Volume II: Money Laundering" focuses on the exposure to the money laundering threat – in the specific context of narcotics-related money laundering – of jurisdictions around the world. The report highlights the U.S. provision of AML-related technical assistance, reviews the AML legal and institutional infrastructure of jurisdictions, and highlights the most significant steps each has taken to improve its AML regime. It also



describes key vulnerabilities and deficiencies of these regimes and identifies each jurisdiction's capacity to cooperate in international investigations. The 2024 edition reflects continuing challenges to and highlights positive action by the countries reviewed.

Some jurisdictions have established their own digital currencies. Use of the Sand Dollar, a central bank-backed digital currency in The Bahamas, continues to grow. The People's Republic of China continues to pilot a central bank-backed digital currency, and the Eastern Caribbean Central Bank continued its pilot of DCash in all eight of its member jurisdictions: Anguilla, Antigua and Barbuda, Dominica, Grenada, Monserrat, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. The expansive growth of virtual currencies creates new legal, cultural, and law enforcement risks that can be exploited by ever-evolving criminal organizations, including for money laundering.

Regulators and law enforcement are responding to the use of virtual payment methods, the anonymous nature of which poses laundering risks. Canada passed legislative changes giving law enforcement the ability to freeze and seize virtual assets with suspected links to crime. Similarly, Kazakhstan adopted a law defining virtual currencies as assets to enable their confiscation as criminal proceeds. Hong Kong amended legislation and related regulatory guidance to set out new licensing requirements for virtual assets, and the Central Bank of the United Arab Emirates issued additional AML/CFT guidance regarding virtual assets. Several countries are focusing on virtual asset services providers (VASPs), which pose challenges on the policy, legal, and enforcement levels: Argentina, Cabo Verde, El Salvador, and India are undertaking the regulation and supervision of VASPs; Peru added VASPs to its covered reporting entities; and Italy now requires virtual currency firms to register with an Italian supervisory body that maintains lists of financial agents operating in the country.

In many parts of the world, corruption continues to flourish, facilitating the growth of organized crime and money laundering. Although the potential for corruption exists in all countries, weak political will, ineffective institutions, or deficient AML infrastructure heighten the risk it will occur. While legislative and institutional reforms provide an important foundation to combat corruption and money laundering, robust and consistent enforcement is also key. Governments across the globe have taken steps to pursue and prosecute officials complicit in money laundering at all levels, from local police officials to national assembly members, government ministers, and former heads of state. In 2023 Belize,

Ecuador, Kazakhstan, and Ukraine closed loopholes and increased transparency via legislative amendments and procedural changes. Chinese authorities issued joint opinions to direct prosecutorial and public security agencies to include money laundering investigations as part of corruption and bribery investigations. Barbados became a party to the UN Convention against Corruption. Honduras largely repealed 2021 legislative amendments, restoring corruption-related crimes as money laundering predicate offenses. Unfortunately, some countries regressed in 2023. A new asset amnesty law in the Kyrgyz Republic creates the potential for the possible legitimization of ill-gotten gains, including those derived from corruption. Guatemala's attorney general, who was designated by the United States for significant corruption under Section 7031(c) of the "Department of State, Foreign Operations, and Related Programs Appropriations Act" and Section 353(b) of the "United States—Northern Triangle Enhanced Engagement Act," continues to direct the Public Ministry to stall corruption investigations while issuing arrest warrants against some anti-corruption prosecutors and judges.

The opacity of beneficial ownership has long been of serious concern to the AML community, and increasing the transparency of beneficial ownership remains a central focus of AML efforts. Shell companies, often located in offshore centers with secrecy requirements, are used by drug traffickers, organized criminal organizations, and corrupt officials to launder money and evade sanctions. "Off-the shelf" international business companies (IBCs), which can be purchased via the internet, effectively provide anonymity to true beneficial owners. While this report reflects that beneficial ownership transparency remains a vulnerability in many jurisdictions, it also highlights important steps taken by many governments. Liberia adopted new beneficial ownership regulations requiring companies to disclose information on beneficial or ultimate owners and launched a new digital beneficial ownership registry. The United Kingdom passed legislation boosting transparency of the beneficial ownership of companies, and Panama made strides in the implementation of beneficial ownership requirements, including the creation of a digital registry. Guyana issued a new regulation that defines beneficial owner and sets out recordkeeping requirements, and Mozambique adopted rules requiring entities to disclose beneficial owners.

In recognition of its own challenges regarding beneficial ownership transparency, the United States enacted the "Corporate Transparency Act" (CTA) in 2020. To implement the CTA, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN)

issued a final reporting rule on September 30, 2022, requiring most corporations, limited liability companies, and other similar U.S. entities to report information about their beneficial owners to FinCEN. On December 23, 2023, FinCEN issued its final rule establishing the framework for access to and protection of beneficial ownership information.

Although new technologies are gaining popularity, money launderers continue to use offshore centers, free trade zones, and designated nonfinancial businesses and professions (DNFBPs), including gambling enterprises, to launder illicit funds. These sectors can offer convenience and, often, anonymity. Jurisdictions continue to improve and enhance their legislation and practices to better supervise these sectors. Ecuador, India, Jamaica, and Saint Lucia all expanded coverage of DNFBPs; Peru and Suriname tightened controls on their gambling sectors; and Nicaragua and Vietnam issued implementation or operational guidance for DNFBPs.

As political stability, democracy, and free markets depend on solvent, stable, and honest global financial, commercial, and trade systems, the continued evolution of effective AML regimes consistent with international standards is vital – keeping in mind that the international standards evolve over time as well, when additional vulnerabilities and threats are identified. While the 2024 INCSR reflects the continued vulnerability to narcotics trafficking-related money laundering around the world, including in the United States, it also underscores the seriousness with which many jurisdictions are tackling the issue and the significant efforts many have undertaken. The United States looks forward to continuing to work with international partners to further this important agenda, promote compliance with international standards, and strengthen capacities globally to prevent and combat money laundering.

## Training Activities

Throughout 2023 the United States used both in-person and remote training activities to further its efforts to strengthen the capacity of our partners in the fight against money laundering. U.S. law enforcement and regulatory agencies and other implementing partner organizations continued to share best practices and provide training, mentoring, legislative advice, and other technical assistance on money laundering deterrence and countermeasures, financial investigations, and related issues to their counterparts around the globe. These programs are designed to meet U.S. anti-money laundering/combating the financing of terrorism (AML/CFT) strategies and objectives in each country or region, build the capacity of our partners, and provide the necessary tools to recognize, prevent, investigate, and prosecute money laundering, corruption, financial crimes, terrorist financing, and related criminal activity. U.S. agencies provided instruction directly or through other agencies or implementing partners, unilaterally or in collaboration with foreign counterparts, and with either a bilateral recipient or in multijurisdictional training exercises or activities. The following is a representative, but not necessarily exhaustive, overview of the capacity-building activities undertaken or supported by each sponsoring agency.

## Board of Governors of the Federal Reserve System (FRB)

The FRB conducts a Bank Secrecy Act (BSA) and Office of Foreign Asset Control (OFAC) compliance program review as part of its regular safety and soundness examination. These examinations are an important component in the United States' efforts to detect and deter money laundering and terrorist financing. Internationally, during 2023 the FRB delivered in-person and virtual international trainings focused on, among other topics, supervisory best practices, with a focus on financial institution supervision/regulation to include policy challenges and supervisory approaches on BSA/AML, supervisory and regulatory technology, cyber issues, and digital assets.

During 2023 a BSA/AML/CFT seminar was held in April in Kingston, Jamaica jointly with the Caribbean Group of Bank Supervisors for the benefit of about 30 bank supervisors from the Caribbean. Another session was conducted in July at a training seminar for the Central Bank of Nigeria in Abuja, Nigeria for 30 bank supervisors from across western Africa.

# Department of Homeland Security

## Customs and Border Protection (CBP)

CBP provides a wide array of short-term and long-term technical training and assistance to host nations' customs and border security agencies. Based on CBP's expertise as the front-line border security agency for the United States, these programs are designed to build the capacity of foreign law enforcement agencies to implement more effective customs operations, border policing, and immigration inspections. In 2023 the Office of International Affairs, International Technical Assistance Division, with funding provided by the Department of State's Bureau of International Narcotics and Law Enforcement Affairs, conducted a bulk cash smuggling (BCS) training program in Uruguay alongside Homeland Security Investigations. The BCS training includes classroom instruction and practical exercise training focused on the techniques and methods used to identify and interdict bulk currency smuggling activities. The workshop is designed to increase each participant's knowledge of money laundering, including what it is, why it exists, and who engages in it. The broad objective is to promote coordination between the host country and the United States in targeting and investigating organized criminal elements who are involved in the international smuggling of currency.

## Immigration and Customs Enforcement Homeland Security Investigations (ICE HSI)

During 2023 U.S. Immigration and Customs Enforcement's Homeland Security Investigations (HSI) provided critical training and technical assistance to foreign law enforcement partners of the United States. In Canada, HSI worked with Canadian law enforcement agencies to provide training on virtual currency, the darknet, asset forfeiture, and financial investigative techniques. In the Americas, HSI and the U.S. Department of Justice (DOJ) provided virtual training on the dark web and virtual currency in Argentina, while in Brazil HSI and DOJ presented international money laundering and financial crime investigation workshops to Brazilian federal police officers and prosecutors. In Ecuador, HSI delivered training on trade-based money laundering (TBML), financial crimes, and

commercial fraud to Ecuadorian prosecutors. HSI delivered TBML and asset forfeiture training to members of the Colombian National Fiscal and Customs Police as well as to prosecutors and investigators of the Colombian Attorney General's office. It also provided its Cryptocurrency and Darknet Money Laundering course for Colombian law enforcement agencies. HSI also delivered a Department of State Bureau of International Narcotics and Law Enforcement Affairs (INL)-sponsored investigative collection certification course for Colombian law enforcement agencies.

In Northern and Central Africa, HSI, alongside the State Department's Export Control and Related Border Security (EXBS) program and the DOJ's International Criminal Investigative Training Assistance Program (ICITAP), partnered to provide best practices training in combating money laundering – including TBML practices – to law enforcement and custom enforcement partners from Algeria and Morocco. HSI also provided training on TBML to its law enforcement partners in Senegal. In the Levant area, HSI, along with State EXBS, provided financial investigatory training on TBML, bulk cash smuggling, and virtual currency investigations to law enforcement partners from Jordan.

In Europe, HSI provided training on money laundering red flags in counterfeit pharmaceutical investigations to partners from the United Kingdom and Republic of Ireland. It also provided training to Maltese partners on money laundering, financial investigations, cybercrimes, virtual currency, and sextortion. Finally, HSI provided INL-funded anti-money laundering digital currency investigations training to law enforcement partners from Estonia, Lithuania, and Latvia.

# Department of Justice

## Drug Enforcement Administration (DEA)

The Drug Enforcement Administration (DEA), Office of Domestic Operations, Financial Investigations Section (ODF) coordinates DEA's efforts across domestic and foreign offices relative to financial investigations of transnational criminal organizations. ODF works in conjunction with DEA field offices, foreign counterparts, and the interagency community to provide guidance and support on financial investigations and offers a variety of investigative tools and oversight on DEA's undercover financial investigations. ODF serves as a liaison with the international law enforcement community to further cooperation between countries and strengthen investigative efforts, to include prosecution of money launderers, the seizure of assets, and denial of revenue. For instance, in 2023 ODF representatives traveled to Sydney, Australia to attend a Five Eyes Law Enforcement Group money laundering conference, during which time ODF briefed Five Eyes counterparts (American, Australian, Canadian, Dutch, New Zealand, and English law enforcement personnel) on DEA's effort to combat money laundering, which resulted in continued cooperation between DEA and the respective Five Eyes counterparts. ODF regularly briefs and educates U. S. government officials and diplomats, foreign government officials, and military and law enforcement counterparts regarding the latest trends in money laundering, narcoterrorism financing, international banking, offshore corporations, international wire transfer of funds, and financial investigative tools and techniques. ODF also conducts training for DEA field offices, both domestic and foreign, as well as for foreign counterparts to share strategic ideas and promote effective techniques in financial investigations. In 2023 ODF hosted an administrative training session focused on undercover money laundering policy, current money laundering trends, trade-based money laundering, public-private sector engagement, virtual currency, and investigative case coordination. DEA also hosted an international money laundering training in Tokyo, Japan, which focused on global money laundering trends with Asia Pacific Division partners, to include but not limited to: Thailand, China, Australia, New Zealand, South Korea, Taiwan, Cambodia, Indonesia, Philippines, Vietnam, Malaysia, Burma, and Japan.



## Federal Bureau of Investigation (FBI)

The FBI provides training and/or technical assistance to national law enforcement personnel globally. Training and technical assistance programs enhance host country law enforcement's capacity to investigate and prosecute narcotics-related money laundering crimes. The FBI has provided workshops introducing high-level money laundering techniques used by criminal and terrorist organizations. The training may focus on topics such as a foundational understanding of drug trafficking investigative and analytical techniques and tactics, money laundering and public corruption, or terrorism financing crimes and their relationship to drug trafficking as a support for terrorism activities. In 2023 the FBI provided financial crime and money laundering training and outreach to Armenia, Georgia, Kenya, Lebanon, Sri Lanka, and Vietnam. In addition, the FBI participated in formal collaboration meetings with the European Union Agency for Law Enforcement Cooperation (EUROPOL), Five Eyes Law Enforcement Group, United Nations Office on Drugs and Crime, International Law Enforcement Academy, and the Panama Anti-Money Laundering Task Force.

## Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT)

In 2023, with funding from the Department of State's Bureau of International Narcotics and Law Enforcement Affairs, OPDAT provided expert AML and related assistance throughout the world consistent with international standards and in furtherance of U.S. national security as shown by the following illustrative examples:

- **Africa:** OPDAT trained Egyptian prosecutors on how to include money laundering charges in varied criminal cases, including those related to intellectual property, cyber, and antiquities. In Kenya, prosecutors attended OPDAT workshops on prosecuting fraud, money laundering, and the recovery of the proceeds of crimes. OPDAT experts also conducted a train-the-trainers workshop in Kenya on improved handling of economic crime cases.
- **Asia and the Pacific:** In Pakistan, OPDAT conducted case-based mentoring and capacity-building programs on the use of virtual currencies to launder illicit proceeds

and AML initiatives contributing to the successful appeal in a high-profile terrorism case. OPDAT and the Drug Enforcement Administration hosted the first South Asia regional counternarcotics program for India, Bangladesh, Maldives, Nepal, and Sri Lanka. The program's focus included the use of financial investigations to investigate drug-based money laundering and pursue asset forfeiture, and it culminated in the formation of a regional working group. In Mongolia, OPDAT hosted a workshop on adding money laundering charges to wildlife trafficking cases.

- **Europe:** Throughout the Baltics, Balkans, and the Mediterranean, OPDAT provides direct case-based mentoring to local prosecutors on high-profile complex corruption, money laundering, and illicit asset recovery cases, while providing advisory assistance on justice-sector legislation and policy. In Ukraine, OPDAT is heavily engaged with the specialized anti-corruption agencies and the Prosecutor General's Office to build their advanced capacity in high-level investigation and prosecutions involving corruption and related offenses. Kosovo's parliament passed OPDAT-championed legislation, which closely tracks the U.S. Global Magnitsky Human Rights Accountability Act.
- **Western Hemisphere:** OPDAT hosted a regional transnational organized crime conference bringing together participants from Mexico, El Salvador, Honduras, and Guatemala to discuss best practices and challenges in the fight against transnational drug trafficking, money laundering, and gang-related crimes. In Colombia, OPDAT-mentored prosecutors were able to charge six defendants, including a company's legal representative, on corruption and money laundering charges in a \$6 million scheme to steal funds from a sports venue construction project. Another OPDAT-mentored Colombian prosecutor charged six key members of the Clan del Golfo's money laundering operation. In addition to the arrests, real and personal property and currency valued at more than \$3 million were seized.

## Department of State

The Department of State Bureau of International Narcotics and Law Enforcement Affairs (INL) works to counter crime, illegal drugs, and instability abroad. Through its international technical assistance and training programs, in coordination with other DOS bureaus, U.S. government agencies, and multilateral organizations, INL addresses a broad range of law enforcement and criminal justice areas, including developing strong AML/CFT regimes around the world.

INL and its partners design programs and provide AML training and technical assistance to countries that demonstrate the political will to develop viable AML regimes. The strategic objective is to impede the activities of transnational criminal organizations and drug trafficking networks by disrupting their financial resources. INL funds many of the regional training and technical assistance programs offered by U.S. law enforcement agencies, including those provided at the INL-managed International Law Enforcement Academies.

Examples of INL-sponsored programs include:

- **Central Asia:** During 2023 the INL-funded UN Office on Drugs and Crime (UNODC) regional AML/CFT advisor conducted 20 high level meetings with senior financial intelligence unit (FIU) leadership, providing expert assistance. UNODC also advised Kazakhstan and Kyrgyz Republic on amending laws and legislative acts. Additionally, the advisor supported, organized, and conducted two regional simulation AML trainings for Kazakh-Kyrgyz and Uzbek-Tajik law enforcement participants and 14 round tables on parallel financial investigations and countering illicit financial flows from drug trafficking. Participants at these sessions included representatives from law enforcement, FIUs, and prosecutors' offices. In the Kyrgyz Republic UNODC developed training curricula for train-the-trainer, basic-level, and advanced-level courses on a range of AML topics, including countering economic crimes and corruption and conducting parallel financial investigations. Subsequently, UNODC facilitated the delivery of interagency training sessions on these topics and developed two workbooks. UNODC delivered a joint workshop for relevant Kyrgyz authorities on the mechanisms of international cooperation regarding asset recovery and interagency cooperation in the investigation of money laundering and other crimes. INL sponsored an attendee from the Kyrgyz State

Financial Intelligence Service at a workshop designed to train evaluators for AML/CFT mutual evaluations.

- **Democratic Republic of Congo (DRC):** INL is providing technical assistance and capacity-building support to Congolese anti-financial crimes institutions, including police entities, the Anti-Corruption Agency, the financial intelligence unit, and the Finance General Inspectorate, to develop and implement a comprehensive action plan to tackle financial crimes. Our implementing partner, the International Development Law Organization, is working with DRC anti-corruption bodies that investigate, prosecute, and adjudicate corruption, money laundering, and terrorist financing to strengthen professional capacities to develop an effective anti-corruption response in the DRC.
- Western Hemisphere
  - **Colombia:** The INL-funded “Strengthening Financial Systems through AML and Combating Financial Crime” project with UNDP/UNITAR aims to increase money laundering investigations and prosecutions and improve anticorruption measures in the process. UNITAR creates and certifies training for Financial Intelligence and Analysis Unit (UIAF) officials and private sector compliance officials to improve the collection, processing, analysis, and dissemination of Suspicious Activity Reports.
  - **Costa Rica:** The United States has supported training and technical assistance to expand the FIU’s and prosecutors’ capacities to investigate virtual currency transactions.
  - **Honduras:** In October, UNODC launched a 212-hour certification program on corruption detection and anti-money laundering for 105 government officials from the financial intelligence unit, Public Ministry, judicial system, Tax Administration Office, Transparency and Anti-corruption Secretary, and the Superior Court of Accounts.
  - **Mexico:** INL supports international AML accreditations, including specialized training, for financial intelligence units (FIU) at the federal and state level. INL is also fostering the coordination and sharing of best practices among Mexican

financial investigative units. INL organized the first national conference of state FIUs in March 2023, where 27 states formed the National Committee of Anti-Money Laundering Intelligence Units (CONAUILD). CONAUILD will establish a national network of FIU experts to push forward AML legislative reforms, identify training needs based on emerging trends, and facilitate networking to share best practices.

# Department of the Treasury

## Financial Crimes Enforcement Network (FinCEN)

FinCEN is the United States' financial intelligence unit (FIU), administrator of the Bank Secrecy Act, and primary regulator of AML/CFT rules. FinCEN conducts bilateral and multilateral training and assistance with foreign counterpart FIUs and various domestic and international agencies and departments. This work includes but is not limited to multilateral information sharing projects focused on specific topics of interest among jurisdictions; analyst exchange programs and training; and programs that enhance analytic capabilities and strengthen operational collaboration to identify, track, and develop actionable operational intelligence.

In 2023 FinCEN delivered presentations on virtual currency and virtual assets to the Caribbean Financial Action Task Force at two separate heads of FIU meetings, to FIU staff from jurisdictions that participated in the Venezuelan Criminality Conference, and FIU and law enforcement agencies that participated in the second annual Virtual Counter Ransomware Initiative Conference. Additionally, FinCEN worked with the Egmont Centre of FIU Excellence and Leadership's eLearning program to adapt FinCEN's Counter Ransomware Scenario into a permanent online offering and provided individual training to the FIUs of The Bahamas, Canada, Colombia, and Estonia. FinCEN provided an overview of its collaboration with law enforcement entities to counterpart FIUs in Australia, Canada, Dominican Republic, Estonia, Germany, Mexico, Netherlands, New Zealand, the United Kingdom, and Zambia via an illicit finance course. FinCEN also provided presentations on tracing cyber assets and money laundering risks related to drug trafficking at Belize's first annual AML/CFT conference. Additionally, FinCEN provided training on CFT and combating the illegal wildlife trade, including a roundtable discussion and an overview of FinCEN, to the South African FIU, the South Africa National Treasury, the South Africa Federal Police, and the South African Anti-Money Laundering Integrated Taskforce. FinCEN provided a series of virtual trainings to FIUs and regulators in Gulf Cooperation Council countries, including Bahrain, Kuwait, Qatar, Oman, Saudi Arabia, and United Arab Emirates covering regulation of virtual assets and processing high volumes of suspicious transaction reports. Finally, FinCEN, alongside its counterparts in Canada and Mexico,

participated in a trilateral FIU workshop and provided presentations in support of the North American Drug Dialogue, which was aimed at strengthening the preventive measures, responses, and coordination of the region to combat illicit finance associated with drug trafficking.

## **Internal Revenue Service, Criminal Investigations (IRS-CI)**

IRS-CI provides training and technical assistance to international law enforcement officers in detecting and investigating financial crimes involving tax evasion, money laundering, terrorist financing, and public corruption. With funding provided by the U.S. Department of State (DOS), U.S. Department of Justice (DOJ), and other sources, IRS-CI delivers training through agency and multiagency technical assistance programs.

In 2023 the IRS-CI International Training Team (ITT) supported the DOS Bureau of International Narcotics and Law Enforcement Affairs (INL) International Law Enforcement Academy (ILEA) program through the delivery of in-person trainings at ILEA San Salvador, El Salvador; the West Africa Regional Training Center in Accra, Ghana; ILEA Gaborone, Botswana; ILEA Bangkok, Thailand; and ILEA Budapest, Hungary.

In addition to the training provided in support of the ILEA program, the ITT delivered bilateral in-person training events for foreign partners in Albania, Argentina, Hungary, Dominican Republic, El Salvador, Estonia, Indonesia, Malaysia, Sri Lanka, Micronesia, Montenegro, Norway, South Korea, Thailand, and Trinidad and Tobago. The ITT also delivered a virtual training program for participants in Argentina and Belize. These bilateral international training events were delivered in partnership with various agencies from DOS, DOJ, and the U.S. Department of Defense (DOD).

In total, the ITT taught 33 courses with participants from 51 countries. The delivery of international training generated 1,116 contacts with foreign officials. The individuals hold a variety of positions within many government agencies, including financial intelligence units, tax/revenue authorities, national police units, attorney general's offices, and ministries of justice. In addition to working with these foreign officials, the ITT also partnered with numerous U.S. entities for the delivery of international training to include the Federal Bureau of Investigation; the DOS; the DOJ Office of Overseas Prosecutorial Development Assistance and Training Program; and the DOD Joint Interagency Task Force West.

The IRS-CI Cyber and Forensic Services delivered 15 cyber and crypto-related trainings to 14 foreign agencies in 2023. A total of 361 participants attended. In addition, the virtual Cyber Academy had 305 user sign-ups and 1,029 course completions. The Cyber Academy provides over 668 hours of on-demand course content and 102 Chainalysis Cryptocurrency Fundamentals Certification.

## Office of the Comptroller of the Currency (OCC)

The OCC charters, regulates, and supervises all national banks and federal savings associations in the United States. The OCC's mission is to ensure these institutions operate in a safe and sound manner and comply with all laws and regulations, including the Bank Secrecy Act and implementing regulations. The OCC sponsored several initiatives to provide AML/CFT training to foreign banking supervisors, including its annual AML/CFT School. This school is designed specifically for foreign banking supervisors with the intent to increase their knowledge of money laundering and terrorism financing typologies and improve their ability to examine and enforce compliance with national laws. In 2023 the OCC delivered two virtual AML/CFT schools. The first school was attended by foreign supervisors from:

- Antigua and Barbuda
- Argentina
- Aruba
- Barbados
- Belize
- Bolivia
- Canada
- Chile
- Colombia
- Costa Rica
- Dominican Republic
- Ecuador
- El Salvador
- Guatemala
- Haiti
- Honduras
- Jamaica
- Nicaragua
- Panama
- Paraguay
- Peru
- Trinidad and Tobago
- Uruguay

The second school was in response to a request from Treasury's Office of Technical Assistance. Attendees for the school were from Bahrain, Oman, Saudi Arabia, and United Arab Emirates. Additionally, OCC officials met with representatives from foreign law enforcement authorities, financial intelligence units, and AML/CFT supervisory agencies to



discuss, among other things, the development of international standards, the U.S. or the foreign jurisdiction's AML/CFT regime, the agencies' risk-based approach to AML/CFT supervision, examination techniques and procedures, and enforcement actions.

## Office of Technical Assistance (OTA)

Each of OTA's five teams – Revenue Policy and Administration, Budget and Financial Accountability, Government Debt and Infrastructure Finance, Banking and Financial Services, and Economic Crimes – focuses on particular areas to establish strong financial sectors and sound public financial management in developing transition countries. OTA follows several guiding principles to complement its holistic approach to technical assistance and supports self-reliance by equipping countries with the knowledge and skills required to reduce dependence on international aid and achieve sustainability. OTA only works with governments that are committed to reform and to applying U.S. assistance effectively. OTA works side-by-side with counterparts through mentoring and on-the-job training, which is accomplished through co-location at a relevant government agency within the host country. OTA's activities are funded by a direct appropriation from the U.S. Congress as well as transfers from other U.S. agencies, notably the U.S. Department of State and USAID.

The mission of the OTA Economic Crimes Team (ECT) is to provide technical assistance to help foreign governments develop and implement AML/CFT/countering proliferation financing regimes that meet international standards. In this context, the ECT also strengthens effectiveness to attack underlying predicate crimes, including corruption, drug trafficking, fraud, tax crimes, and organized crime. ECT engagements are based on express requests from foreign government counterparts. The ECT responds to a request with an onsite assessment, which considers the jurisdiction's compliance with international standards and the corresponding needs for technical assistance, the willingness of the counterparts to engage in an active partnership with the ECT to address noted deficiencies, and the overall political will to institute reforms.

An ECT engagement, tailored to the individual jurisdiction, may involve placement of a resident advisor and/or utilization of intermittent advisors under the coordination of a team lead. The scope of ECT technical assistance is broad and can include awareness-raising

aimed at a range of AML/CFT stakeholders; improvements to an AML/CFT legal framework, including legislation, regulations, and formal guidance; and improvement of the technical competence of stakeholders. The range of on-the-job training provided by the ECT is equally broad and includes, among other topics, supervisory techniques for relevant regulatory areas; analytic and financial investigative techniques; cross-border currency movement and trade-based money laundering; asset seizure, forfeiture, and management; and the use of interagency financial crimes working groups.

In 2023, following these principles and methods, the ECT delivered technical assistance to Angola, Botswana, Dominican Republic, Ecuador, Estonia, Latvia, the Maldives, Mongolia, and Zambia.

## Comparative Table Key

The comparative table following the Glossary of Terms below identifies the broad range of actions, effective as of December 31, 2023, that jurisdictions have, or have not, taken to combat drug money laundering. This reference table provides a comparison of elements that include legislative activity and other identifying characteristics that can have a relationship to a jurisdiction's money laundering vulnerability. **For those questions relating to legislative or regulatory issues, "Y" is meant to indicate legislation has been enacted to address the captioned items. It does not imply full compliance with international standards.**

### Glossary of Terms

- **Criminalized Drug Money Laundering:** The jurisdiction has enacted laws criminalizing the offense of money laundering related to illicit proceeds generated by the drug trade.
- **Know-Your-Customer Provisions:** By law or regulation, the government requires banks and/or other covered entities to adopt and implement Know-Your-Customer/Customer Due Diligence (KYC/CDD) programs for their customers or clientele.
- **Report Suspicious Transactions:** By law or regulation, banks and/or other covered entities are required to report suspicious or unusual transactions (STRs) to designated authorities.
- **Maintain Records over Time:** By law or regulation, banks and other covered entities are required to keep records, especially of large or unusual transactions, for a specified period of time, e.g., five years.
- **Cross-Border Transportation of Currency:** By law or regulation, the jurisdiction has established a declaration or disclosure system for persons transiting the jurisdiction's borders, either inbound or outbound, and carrying currency or monetary instruments above a specified threshold.

- **Beneficial Ownership Data Collection and Retention Provisions:** By law or regulation, competent authorities and/or banks and other covered entities are required to collect and retain beneficial ownership information.
- **International Law Enforcement Cooperation:** No known legal impediments to international cooperation exist in current law. Jurisdiction cooperates with authorized investigations involving or initiated by third party jurisdictions, including sharing of records or other financial data, upon request.
- **System for Identifying and Forfeiting Assets:** The jurisdiction has established a legally authorized system for the tracing, freezing, seizure, and forfeiture of assets identified as relating to or generated by drug money laundering activities.
- **Arrangements for Asset Sharing:** By law, regulation, or bilateral agreement, the jurisdiction permits sharing of seized assets with foreign jurisdictions that assisted in the conduct of the underlying investigation. No known legal impediments to sharing assets with other jurisdictions exist in current law.
- **Information Exchange Agreements with Non-U.S. Governments:** The country/jurisdiction is a member of the Egmont Group of FIUs and/or has in place treaties, MOUs, or other agreements with other governments to share information related to drug-related money laundering.
- **States Party to 1988 UN Drug Convention:** State party to the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, or a territorial entity to which the application of the Convention has been extended by a party to the Convention.
- **States Party to the UN Convention against Transnational Organized Crime:** State party to the United Nations Convention against Transnational Organized Crime (UNTOC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.
- **States Party to the UN Convention against Corruption:** State party to the United Nations Convention against Corruption (UNCAC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

- **Financial Institutions Transact in Proceeds from International Drug Trafficking that Significantly Affects the U.S.:** The jurisdiction's financial institutions engage in currency transactions involving international narcotics trafficking proceeds that include significant amounts of U.S. currency; currency derived from illegal drug sales in the United States; or illegal drug sales that otherwise significantly affect the United States.

# Country Comparative Table

Download [2024 INCSR Volume 2 Comparative Table](#) Only.

\* “Y” is meant to indicate that legislation has been enacted to address the captioned items. It does not imply full compliance with international standards. Please see the individual country reports for information on any deficiencies in the adopted laws/regulations.

Table 1: Comparative Table

Govt/Jurisdiction	Criminalized Drug Money Laundering	Know-Your-Customer Provisions	Report Suspicious Transactions (YVN)	Maintain Records Over Time	Cross-Border Transportation of Currency	Beneficial Ownership Data Collection & Retention Provisions	Intl Law Enforcement Cooperation	System for Identifying/ Forfeiting Assets	Arrangements for Asset Sharing	Information exchange agreements with non-U.S. govts	States Party to 1988 UN Drug Convention	States Party to UNTOC	States Party to UNCAC	Financial Institutions transact in proceeds from international drug trafficking that significantly affects the U.S.
Afghanistan <sup>1</sup>	Y	Y	Y	Y	Y	N	N	Y	N	N	Y	Y	Y	Y
Albania	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Algeria	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Antigua and Barbuda	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Argentina	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Aruba <sup>2</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N
Bahamas	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Barbados	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Belgium	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Belize	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Bolivia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Brazil	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N

Govt/Jurisdiction	Criminalized Drug Money Laundering	Know-Your-Customer Provisions	Report Suspicious Transactions (YVN)	Maintain Records Over Time	Cross-Border Transportation of Currency	Beneficial Ownership Data Collection & Retention Provisions	Intl Law Enforcement Cooperation	System for Identifying/ Forfeiting Assets	Arrangements for Asset Sharing	Information exchange agreements with non-U.S. govts	States Party to 1988 UN Drug Convention	States Party to UNTOC	States Party to UNCAC	Financial Institutions transact in proceeds from international drug trafficking that significantly affects the U.S.
British Virgin Islands <sup>3</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Burma	Y	Y	Y	Y	Y	N	N	Y	N	Y	Y	Y	Y	N
Cabo Verde	Y	Y	Y	Y	Y	N	Y	Y	N	Y	Y	Y	Y	N
Cambodia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Canada	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Cayman Islands <sup>3</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
China	Y	Y	Y	Y	Y	Y	N	Y	N	Y	Y	Y	Y	N
Colombia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Costa Rica	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y
Cuba	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	N
Curacao <sup>2</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Cyprus	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Area administered by Turkish Cypriots	Y	Y	Y	Y	Y	Y	N	Y	N	N/A	N/A	N/A	N/A	N
Dominica	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Dominican Republic	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Ecuador	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
El Salvador	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Ghana	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Guatemala	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y

Govt/Jurisdiction	Criminalized Drug Money Laundering	Know-Your-Customer Provisions	Report Suspicious Transactions (YVN)	Maintain Records Over Time	Cross-Border Transportation of Currency	Beneficial Ownership Data Collection & Retention Provisions	Intl Law Enforcement Cooperation	System for Identifying/ Forfeiting Assets	Arrangements for Asset Sharing	Information exchange agreements with non-U.S. govts	States Party to 1988 UN Drug Convention	States Party to UNTOC	States Party to UNCAC	Financial Institutions transact in proceeds from international drug trafficking that significantly affects the U.S.
Guinea-Bissau	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Guyana	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Haiti	Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y	Y
Honduras	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Hong Kong <sup>4</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
India	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Indonesia	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Iran	Y	Y	Y	Y	Y	N	N	Y	N	Y	Y	N	Y	N
Italy	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Jamaica	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Kazakhstan	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Kenya	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Kyrgyz Republic	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Laos	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Liberia	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Macau <sup>4</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Malaysia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Mexico	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mozambique	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Netherlands	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Nicaragua	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N



Govt/Jurisdiction	Criminalized Drug Money Laundering	Know-Your-Customer Provisions	Report Suspicious Transactions (YVN)	Maintain Records Over Time	Cross-Border Transportation of Currency	Beneficial Ownership Data Collection & Retention Provisions	Intl Law Enforcement Cooperation	System for Identifying/ Forfeiting Assets	Arrangements for Asset Sharing	Information exchange agreements with non-U.S. govts	States Party to 1988 UN Drug Convention	States Party to UNTOC	States Party to UNCAC	Financial Institutions transact in proceeds from international drug trafficking that significantly affects the U.S.
Nigeria	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Pakistan	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y
Panama	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Paraguay	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Peru	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Philippines	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y
Saint Kitts and Nevis	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N
Saint Lucia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Saint Vincent and the Grenadines	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N
Senegal	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Sint Maarten <sup>2</sup>	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Spain	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Suriname	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Syria	Y	N/A	Y	N/A	Y	N/A	N/A	Y	N/A	N/A	Y	Y	Y	Y
Tajikistan	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Tanzania	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Thailand	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Trinidad and Tobago	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Türkiye	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N

Govt/Jurisdiction	Criminalized Drug Money Laundering	Know-Your-Customer Provisions	Report Suspicious Transactions (YVN)	Maintain Records Over Time	Cross-Border Transportation of Currency	Beneficial Ownership Data Collection & Retention Provisions	Intl Law Enforcement Cooperation	System for Identifying/ Forfeiting Assets	Arrangements for Asset Sharing	Information exchange agreements with non-U.S. govts	States Party to 1988 UN Drug Convention	States Party to UNTOC	States Party to UNCAC	Financial Institutions transact in proceeds from international drug trafficking that significantly affects the U.S.
Turkmenistan	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Ukraine	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
United Arab Emirates	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
United Kingdom	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Uzbekistan	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Venezuela	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Vietnam	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N

Table Footnotes:

1. Laws and regulations were adopted before the Taliban’s rise to power. Enforcement of these laws under the Taliban is unknown.
2. The Netherlands extended its application of the 1988 UN Drug Convention to Aruba, Curacao, and Sint Maarten; the UN Convention against Transnational Organized Crime to Aruba and Curacao; and the UN Convention against Corruption to Sint Maarten.
3. The UK extended its application of the 1988 UN Drug Convention, the UN Convention against Corruption, and the UN Convention against Transnational Organized Crime to British Virgin Islands and Cayman Islands.
4. The People’s Republic of China extended the 1988 UN Drug Convention, the UN Convention against Transnational Organized Crime, and the UN Convention against Corruption to the special administrative regions of Hong Kong and Macau.

# Countries and Jurisdictions

## Afghanistan

### Overview

Since the Taliban takeover in 2021, the economic situation in Afghanistan has reached an unsteady equilibrium. The Taliban's failure to practice political inclusion, its draconian social policies against women and girls, and its heavy-handed responses to security threats are worsening the political situation and discouraging outside investment in an economy already weakened by a liquidity crisis and endemic corruption. Foreign banks continue to reject financial transactions with Da Afghanistan Bank (DAB), Afghanistan's central bank, as well as Afghan private-sector commercial banks, largely to avoid reputational risk by association with the Taliban's harsh policies. DAB's technical capacity to continue its central bank functions as well as its ability to follow through on Afghanistan's economic commitments remain an international concern. DAB has announced its intention to enforce anti-money laundering/combating the financing of terrorism (AML/CFT) laws and regulations, but independent sources suggest the central bank currently lacks the capacity to do so. Presently, any action by the central bank, commercial banks, or the Taliban to address AML/CFT issues cannot be independently verified.

### Vulnerabilities and Money Laundering Methodologies

Most of the economic activity in Afghanistan is cash-based and informal, with hawala networks providing financial and nonfinancial business services in local, regional, and international markets. Since the Taliban takeover, DAB has reportedly implemented new limits and requirements on the hawala sector, which have been confirmed by sources inside and outside Afghanistan, though DAB appears to be enforcing the new requirements haphazardly. According to observers within international financial monitoring organizations, transactions outside of the formal banking system, irregular cash transactions, and transfers through hawaladars are at the core of Afghanistan's money laundering problems. There are no creditable reports of Taliban efforts to enforce U.S. or international sanctions on restricted individuals or entities.

## Key Anti-Money Laundering (AML) Laws and Regulations

The existing Afghan AML law, which was put into place prior to the Taliban takeover, has significant provisions on the criminalization of money laundering, customer due diligence, and suspicious activity reporting as well as asset seizure and forfeiture authority. There are no indications the Taliban are making effective efforts to implement this law. A regulation issued by the DAB requires all financial institutions to develop effective frameworks, preventive measures, systems, controls, and practices to manage their potential money laundering/terrorist financing risks.

The pre-August 2021 Afghan government established the Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA), Afghanistan's financial intelligence unit (FIU).

Afghanistan is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body.

See [Afghanistan's most recent evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

DAB suspended publication of financial reports on DAB and FinTRACA websites as of July 2021. DAB has offered no explanation as to why these reports remain unavailable to the public or confirmed whether reporting continues offline.

Prior to August 2021 the head of FinTRACA was elected by DAB's Supreme Council. The current head of FinTRACA has reportedly been appointed by the Executive Board (which the Taliban currently purport to control) instead of the Supreme Council. DAB has not released information publicly on the new head of FinTRACA nor on the dozens of new employees hired to work in FinTRACA. On June 16, 2022, the Egmont Group of FIUs expelled FinTRACA for failure to meet the Egmont Group Charter and its principles for information exchange.

Hawalas are not consistent in their use of electronic reporting methods and are reportedly sending written activity reports to FinTRACA.

The Afghanistan Institute of Banking and Finance – the only dedicated institution providing professional training for the financial and banking sector in Afghanistan – has been nonoperational since August 2021. Because of this closure, the U.S. understands new FinTRACA staff have not received training on AML risks and obligations.

## **Enforcement/Implementation Issues and Comments**

Requests for information from enforcement organs to FinTRACA have dwindled from 1,400 in 2021 to fewer than 30 in 2022, and no new investigations or prosecutions have been announced.

In August 2022 DAB received and implemented a directive from the Taliban’s religious leadership in Kandahar to abolish monetary fines as an enforcement tool on noncompliant financial institutions. This limitation does not conform with current DAB regulations, Afghan banking law, or international best practices and critically undermines DAB’s ability to fulfill its role as a supervisor and to enforce Afghanistan’s AML/CFT regime. DAB’s adoption of this limitation suggests that directives from Kandahar are influencing policy within the central bank and could cause further redirection of DAB activities away from established banking practices if they are perceived to run counter to the Taliban’s aims.

# Albania

## Overview

The Government of Albania made progress in improving its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. International experts note improvements in tracking beneficial ownership while noting deficiencies regarding casinos and real estate agents. Progress was made in assessing and understanding risk, institutional coordination and planning, formalizing the economy, and registering property.

Albania remains vulnerable to money laundering due to corruption, organized crime, gaps in its legal and regulatory AML/CFT framework, and obstacles to interagency communications. Albania's economy relies on cash. Remittances and investments from abroad, often in cash, sometimes obfuscate funding sources. Narcotics trafficking and organized crime activity are major sources of laundered funds. Albanian criminal organizations are directly connected to counterparts in Europe and South America.

Ongoing judicial reforms have improved Albania's AML/CFT regime. Law enforcement agencies are using the anti-mafia confiscation law to seize assets associated with drug trafficking and corruption. Capacity challenges, including insufficient training and technology and lack of cooperation among law enforcement and supervisory bodies, hamper progress. That said, an increase in the number of ongoing joint investigative teams between SPAK and other international prosecution and law enforcement agencies is improving international cooperation on transnational criminal matters.

## Vulnerabilities and Money Laundering Methodologies

Most money laundering in Albania is linked to drug and human trafficking, government contract fraud, tax evasion, and smuggling. Albania's largely cash-based economy, weak border controls, and weak customs enforcement facilitate a black market for smuggled goods. Criminals launder proceeds through real estate purchases, construction projects, virtual assets, and other business development projects.

Parliament's proposed law regarding online gaming raised concerns that poor oversight may allow organized crime to infiltrate this activity. Legislation already allows some gaming in casinos, supervised by the Gambling Supervisory Agency.

A July 2022 proposed voluntary tax compliance (VTC), or "fiscal amnesty," program raised concerns regarding compliance with international standards. While Albania confirmed its abandonment of the VTC proposal in June 2023 and committed to respect international standards and best practices in future VTC efforts, the government may attempt a new VTC proposal in the coming year.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Albania has comprehensive requirements in place for conducting customer due diligence (CDD) and reporting suspicious transactions. Legislation provides the Special Anticorruption and Organized Crime Structure (SPAK) with asset seizure and confiscation authority. Albanian authorities are effective in initial asset seizure but face challenges meeting evidentiary requirements to finalize the action. Albanian law requires public officials to disclose assets annually and to declare preferential financial treatment and beneficial ownership of assets. Provisions prohibit officials from keeping substantial cash outside of the banking system.

The law requires companies to register beneficial owners and bank accounts. It requires that financial entities record customer accounts and safe deposit boxes electronically and report them in real time to tax authorities. This grants authorities access to conduct data analysis, investigate financial crimes, and trace illicit assets.

Albania and the United States do not have a bilateral mutual legal assistance treaty, although they cooperate based on multilateral conventions and on comity and reciprocity. A bilateral extradition treaty is in place.

Albania's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Albania is a member of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), a FATF-style regional body.

See [Albania's most recent evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Ongoing reforms include vetting of judges and prosecutors for unexplained wealth. Of the 702 judges and prosecutors reviewed since 2016, 41 percent have been approved to continue in office, with 59 percent leaving office through dismissal, resignation, or retirement.

Albania's comprehensive CDD and suspicious transaction report (STR) requirements are not fully enforced. The development of interagency and public/private processes to review and improve the quality of STRs is in initial stages. Inspection regimes for money service businesses, notaries, and government tender wards are not robust. Despite some progress on identifying risks and bolstering supervision, Albania continues to face challenges related to proliferation sanctions, virtual currency, trusts, and regulation of nonbanks.

Courts often refuse to convict for money laundering absent a conviction for a predicate offense.

## Enforcement/Implementation Issues and Comments

Albania has taken positive steps on beneficial ownership, supervision of financial institutions, and mutual legal assistance. Albania needs to increase money laundering investigations and indictments to counter corruption, organized crime, and drug trafficking; improve interagency cooperation; and fully integrate SPAK into AML/CFT efforts.

Despite more money laundering investigations, prosecutions remain low. Albania should enforce existing laws, follow regulatory guidelines, conduct effective oversight, improve law enforcement cooperation, and expand the capacity of police and prosecutors to focus on corruption, money laundering, and economic crimes. Albania should fully implement the criminal code reforms made in 2016 and 2017.

In 2023 SPAK took actions involving arrests and sequestration of assets of high-level former officials. In October SPAK announced an investigation of former prime minister and "Department of State, Foreign Operations, and Related Programs Appropriations Act, 2021" 7031(c) designee Sali Berisha for corruption that benefitted his son-in-law by \$5 million. SPAK arrested Berisha's son-in-law for corruption and money laundering and seized his assets. In October courts sentenced former environment minister Koka for money



laundering, corruption, and abuse of office because a company paid \$1.47 million to Koka's accounts and companies for work never performed. The court also seized assets worth \$4 million.

# Algeria

## Overview

Algeria is making progress in its efforts to combat money laundering and financial crimes. The government has updated its criminal laws on terrorist financing and issued new guidelines for the central bank and the Ministry of Finance's Financial Intelligence Processing Unit (CTRF), Algeria's financial intelligence unit (FIU).

Algeria is a transit country for drugs moving among neighboring countries and to Europe. Proceeds generated from drug trafficking amounting to approximately \$1.9 billion were confiscated by Algerian authorities between 2017-2021. Algeria's Ministry of Justice is developing a national strategy on anti-money laundering/combating the financing of terrorism (AML/CFT).

The large cash-based informal economy, estimated at 40 percent of GDP, as well as the real estate market are particularly vulnerable to abuse by criminals. The size and diversity of services provided by the banking sector plus its market share may make it more vulnerable to money laundering risks than other sectors. Algeria has not completed a money laundering/terrorist financing national risk assessment (NRA) to quantify which sectors and activities are the most vulnerable to such activity.

## Vulnerabilities and Money Laundering Methodologies

The primary sources of laundered funds include trafficking, particularly of drugs, arms, and stolen vehicles; bulk cash, migrant, and cigarette smuggling; theft; extortion; and embezzlement. Public corruption and terrorist financing remain concerns. Porous borders allow smuggling to flourish, particularly given the instability in neighboring countries.

Money laundering in Algeria occurs both within and outside the formal financial system through front or proxy deposit accounts, comingling legitimate and illicit funds, abuse of real estate transactions, the use of front companies, and commercial invoice fraud. Algerian authorities have identified cases of customs fraud, the use of offshore tax havens, and trade-based money laundering as areas of increased concern. Algerian authorities have recently identified the growing use of digital currency as a new trend to circumvent the

formal financial system. Algeria's extensive informal economy and widespread use of cash heighten the risk of financial crimes outside the formal system. Bearer shares are permitted.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Law No. 05-01 criminalizes money laundering. Executive Decree no. 06-05 addresses suspicious transaction reporting (STR) requirements; Executive Decree no. 13-157 concerns the creation, organization, and functioning of the CTRF; and Law No. 16-02 establishes rules for the application of the penal code to money laundering and terrorist financing.

AML provisions in Algeria impose data collection and customer due diligence (CDD) requirements on financial institutions. In addition, Algerians must use the formal banking system to complete all payments for purchases in excess of approximately \$44,200 for real estate and approximately \$8,800 for goods and services. Noncompliance with these provisions could result in sanctions against the individual and/or financial institution for money laundering or terrorist financing.

On February 7, 2023, Algeria adopted Law No. 23-01 amending and supplementing AML/CFT Law No. 05-01. The law provides that associations must refrain from receiving any donations or grants from natural or legal persons involved in terrorism-related activities inside or outside Algeria. Considering the broad scope of terrorist offenses listed in Algeria's penal code, this law could be used to target funding for Algerian nongovernmental organizations who are out of favor with the government, as the authorities could accuse the organizations of receiving terrorist funds.

The United States and Algeria have a bilateral mutual legal assistance treaty but do not have a bilateral extradition treaty. Additionally, Algeria is a party to several multilateral law enforcement conventions that also permit mutual legal assistance with the United States.

The CTRF is a member of the Egmont Group of FIUs. Algeria is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a FATF-style regional body.

See [Algeria's most recent evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

The Algerian government has developed an effective overall counterterrorism strategy; it is still working, however, to implement an equally effective AML/CFT strategy. Algeria has not completed an AML/CFT NRA.

Banks are not required to obtain and maintain identifying information on the originator and beneficiary of cross-border wire transfers. Only foreign politically exposed persons (PEPs) are covered under enhanced due diligence requirements. Furthermore, the definition of PEP does not extend to family members or close associates.

Insurance entities and designated nonfinancial businesses and professions (DNFBPs) are not supervised for AML/CFT purposes. DNFBPs perform some CDD procedures. They are not aware of the concept and the mechanisms for identifying beneficial owners and the application of EDD measures is poor, as they do not have sufficient knowledge of PEPs or high-risk countries.

There are no formal mechanisms to identify informal activities, including unregistered or unlicensed money remitters, currency exchangers, and virtual asset service providers.

## Enforcement/Implementation Issues and Comments

The banking sector lacks adequate understanding of money laundering risks, and its understanding of terrorist financing risks is poor. Banks apply CDD requirements inconsistently, especially when dealing with beneficial ownership situations, and EDD for PEPs is poorly implemented.

The CTRF analyzes STRs, compiles and disseminates AML-related information to banks, and performs quantitative and qualitative self-analysis. Past CTRF self-analysis reports have recommended Algerian banks increase the quality of their reporting. The CTRF also recognizes the need to improve information exchange with other government agencies and has drafted a law to provide a framework for coordination with law enforcement entities, the justice sector, the Ministry of Foreign Affairs, and Customs.

In 2021, the most recent data available, there were 60 money laundering prosecutions and 51 convictions.

# Antigua and Barbuda

## Overview

Antigua and Barbuda continues to make progress in enhancing its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. The Office of National Drug and Money Laundering Control Policy (ONDCP) is an independent law enforcement agency with specific authority to investigate money laundering. It includes a financial intelligence unit (FIU) and functions as the country's primary counternarcotics investigative and interdiction agency. The ONDCP is the supervisory authority for financial institutions for AML/CFT purposes.

The National Oversight Committee on Financial Action (NOCFA) reviews the country's legal and supervisory framework for combating money laundering. NOCFA reviews, recommends, and approves changes to AML/CFT policies.

The country is a member of the Eastern Caribbean Central Bank (ECCB), which issues a common currency for its members and is piloting DCash, a blockchain-based digital sovereign currency. The ECCB supervises commercial banking activities.

As of 2023 regulated entities in the financial sector include four commercial banks, nine international banks, 19 insurance companies (including eight offshore), five offshore money remitters, six payday money lenders, 24 company service providers, four internet gaming entities, three casinos, and 32 citizenship by investment (CBI) program agents, and an unknown number of international business companies (IBCs). Legislation also allows the establishment of international trusts, international foundations, and international limited liability companies within the offshore sector.

## Vulnerabilities and Money Laundering Methodologies

Antigua and Barbuda reports that fraud, including cyberfraud, remains the most prevalent type of financial crime. Corruption, drug trafficking, illegal fishing, and larceny are major sources of illicit funds. Front operations, wire transfers, and money mules are the main means of money laundering. AML experts identify international banks, money services

businesses, and the insurance sector as the most vulnerable sectors. Antigua and Barbuda has one small free trade and processing zone established in 1994.

The CBI program grants citizenship after criminal background checks to persons making an economic contribution. Nationals of Iran, Iraq, North Korea, Yemen, Somalia, and Sudan are ineligible to apply. Antigua and Barbuda states it suspended CBI applications from Russia and Belarus as of February 2022.

Bearer shares are permitted for IBCs. The resident agent must maintain a register of the total number of such shares issued and the names of the beneficial owners.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

The country's AML legal framework is comprised of the "Money Laundering Protection Act" (MLPA), the "Money Laundering (Prevention) Regulations 2017," and the "Money Laundering and Financing of Terrorism Guidelines." These laws impose obligations on financial institutions and designated nonfinancial businesses and professions (DNFBPs) to follow AML policies and create internal controls. Antigua and Barbuda indicates it is amending MLPA regulations to increase penalties to make them more dissuasive and proportionate. The "Companies Act 2022" requires companies to file annual attestations of beneficial ownership.

The "ONDCP Act 2020" adds provisions to enhance and clarify ONDCP's ability to obtain and share information relating to money laundering offenses. The "Electronic Crimes Act 2020" allows law enforcement agencies to obtain warrants to search the contents of electronic devices.

The country has a mutual legal assistance treaty (MLAT) with the United States. The "Mutual Legal Assistance in Criminal Matters Ratification Act 2000" contains provisions to improve the effectiveness with which MLAT requests are executed.

The FIU is a member of the Egmont Group of FIUs. Antigua and Barbuda is a member of the Caribbean Financial Action Task Force (CFATF), a Financial Action Task Force-style regional body.

See [Antigua and Barbuda's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

The FIU and ECCB have collaborated to assess and improve local banks' systems for identifying, monitoring, and reporting suspicious transactions. AML legislation covers legal persons, but the penalties for noncompliance have not been strong deterrents.

International experts have identified AML deficiencies, including the identification of vulnerable nonprofit organizations and registration of all unregulated DNFBPs. Antigua and Barbuda has made progress in addressing the noted deficiencies, particularly through new or amended legislation and ongoing efforts at policy and strategic level changes.

Antigua and Barbuda implemented a mandatory risk-based approach to AML for financial institutions. However, many DNFBPs continue to be subject to rules-based supervision. Except for procedures during the initial licensing of DNFBPs, there are no formal arrangements to prevent convicted criminals from holding a management function in certain DNFBPs.

## Enforcement/Implementation Issues and Comments

The government continues to implement an action plan to address issues noted in the national risk assessment. The country is exercising its powers under the "Proceeds of Crime Act." Additionally, ONDCP has responsibility for police-instituted civil cash forfeitures under the MLPA.

The ONDCP has brought money laundering charges against four persons related to the laundering of over \$10 million derived from drug trafficking. In addition, Antigua and Barbuda police's Proceeds of Crime Unit, in coordination with ONDCP, is conducting three financial investigations related to money laundering. Courts approved cash detention orders for approximately \$25,000 in 2023.

# Argentina

## Overview

Narcotics trafficking and public corruption present significant anti-money laundering/combating the financing of terrorism (AML/CFT) challenges to Argentina. The Tri-Border Area (TBA), shared with Brazil and Paraguay, is home to trade-based money laundering (TBML), counterfeiting, drug trafficking, and smuggling. Additionally, many of the money laundering (ML) organizations in the TBA have suspected links to the terrorist organization Hizballah.

Argentina made some material AML/CFT progress in 2023. The financial intelligence unit (FIU) adopted several resolutions to improve AML/CFT oversight and procedures, and Argentina increased its international cooperation on transnational crimes.

Argentina's 2022 AML/CFT national risk assessment (NRA) indicates criminal money laundering exceeds \$1 billion annually. Limited regulatory and criminal enforcement capabilities continue to raise concerns about the government's ability to significantly reduce the flow of illicit proceeds.

## Vulnerabilities and Money Laundering Methodologies

Contraband smuggling, narcotics trafficking, and public corruption are significant sources of illicit proceeds. Tax evasion and counterfeit goods sales generate significant revenue. The lack of effective supervision of financial institutions, money value transfer services, exchange houses, real estate, and gaming contribute to their susceptibility to ML/terrorist financing (TF) activity.

Argentina has 10 free trade zones and a special customs area in the province of Tierra del Fuego. Argentina lacks adequate controls to prevent cross-border transport of contraband and bulk cash, and authorities have detected numerous TBML schemes.

High taxes and tight capital controls often prompt citizens to move their wealth abroad, drive activity into the informal exchange market, and increase the use of cash. Narcotraffickers



and money launderers use the cash-intensive economy and large informal sector to launder illicit funds.

Argentines are increasing their use of virtual currencies. No specific regulations address the issuance, exchange, custody or, in general, the use of digital assets; regulations mostly relate to reporting and tax regimes. Congress is discussing a bill to cover virtual currency entities for AML/CFT purposes. FIU Resolution 14/2023 prompted banks to enhance their account monitoring of exchange companies or payment service providers operating exclusively with virtual businesses.

Gaming operators are covered under Argentina's AML/CFT regulation. FIU Resolution 194/2023 further implements the adoption of a risk-based approach and expands the regulatory scope to include new gaming modalities, including online and other forms of remote gaming.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Argentina has comprehensive customer due diligence and suspicious transaction reporting regulations, and politically exposed persons (PEPs) are subject to enhanced due diligence.

Decree 290/2023 empowers the FIU to open a new office in Rosario, a city afflicted by organized criminal activity, and to create new offices across Argentina. In 2023 the FIU issued 13 resolutions aimed at improving AML/CFT practices. Key among these are resolutions that amend the AML/CFT regulatory framework for financial entities and foreign exchange houses, expand the definition of PEP and require risk-based due diligence procedures for PEPs, strengthen coordination among the various supervisory agencies, adopt minimum AML/CFT requirements for capital market entities, and update AML/CFT guidelines for the insurance sector.

In April 2023 the lower house of congress passed a bill amending the penal code and "Law on the Concealment and Laundering of Criminal Proceeds." However, the bill remains pending Senate approval.

Argentina and the United States have a mutual legal assistance treaty and customs mutual assistance agreement. Argentina Customs maintains an active trade transparency unit to combat TBML through shared analysis of trade data with the United States. In September

2023 Argentina and the United States signed a memorandum of understanding aimed at jointly combating transnational crimes such as drug trafficking, money laundering, and human trafficking.

Argentina's FIU is a member of the Egmont Group of FIUs. Argentina is a member of the Financial Action Task Force (FATF) and the FATF of Latin America (GAFILAT), a FATF-style regional body.

See [Argentina's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Effective implementation of the AML regime continues to be a challenge. Many designated nonfinancial businesses and professions (DNFBPs) have no sectoral regulator, and the FIU lacks the resources to adequately supervise them for AML/CFT compliance.

Lack of political will and institutional independence for AML/CFT enforcement agencies, combined with a slow judicial system, results in a low number of convictions for AML/CFT-related crimes.

## **Enforcement/Implementation Issues and Comments**

The FIU has an outsized role in the AML/CFT regime due to a lack of interagency coordination, its role as the DNFBP supervisor, and its unique authority to serve as a party to criminal ML/TF prosecutions. Argentina needs to continue to strengthen and professionalize its FIU.

The FIU reports 25 ML convictions at the federal level in 2022 and 13 in 2023 (up to October). Most were related to drug trafficking and violations of the foreign exchange criminal code. In March 2023 a federal court sentenced Enrique Blaksley to eight years in prison for crimes including fraud and money laundering. Ten other scheme participants were sentenced to prison terms. In May 2023 Argentine authorities extradited a suspect from Mexico on drug-related money laundering charges. In June a judge dismissed a long-running money laundering case against Vice President Cristina Fernandez de Kirchner, after prosecutors and the FIU said there was no evidence she was involved in a crime.

Argentina's AML/CFT enforcement regime's effectiveness, as measured by convictions, asset forfeiture, and regulatory enforcement, is limited. Systemic deficiencies in Argentina's justice system persist, including lengthy delays, political influence, and inexperience with financial crimes among judges and prosecutors.

# Aruba

## Overview

Aruba is not considered a regional financial center; however, due to its location between North and South America, the island country is a transshipment point for drugs, gold, and currency from South America to the United States and Europe, and vice versa. Aruba is an autonomous country within the Kingdom of the Netherlands (the Kingdom). The Dutch authorities retain responsibility for foreign policy and defense, including negotiating and concluding international conventions. The four Kingdom countries and the United States maintain a law enforcement memorandum of understanding (MOU) for joint training activities and information sharing. The Dutch legal system is effective in the detection and prosecution of money laundering suspects.

## Vulnerabilities and Money Laundering Methodologies

Aruba's location makes it ideal for transnational bulk cash and gold smuggling. Money laundering, primarily involving proceeds from illegal narcotics and gold trafficked by transnational criminal organizations, occurs through gold transfers, real estate purchases, and international tax shelters. Real estate firms and tax trust companies must conduct customer due diligence (CDD) and report to the financial intelligence unit (FIU). There is no significant market for smuggled goods on the island.

Local authorities suspect some Venezuelan real estate investors in Aruba of using illicit funds. Aruban law enforcement agencies are also investigating illegal underground banking, money laundering, and suspicious cash transfers by Chinese business owners.

The Free Zone Aruba NV deters illegal activities such as smuggling and money laundering in its free trade zones (FTZs) by reviewing and controlling all companies with free zone status. Financial services, banks, and insurance companies are prohibited from operating in the FTZs. Casinos and online gaming on the island are allowed, but they are subject to CDD provisions and FIU reporting requirements.

## Key Anti-Money Laundering (AML) Laws and Regulations

The Central Bank of Aruba (CBA) serves as the country's prudential and anti-money laundering/combating the financing of terrorism (AML/CFT) supervisor. CBA's AML/CFT oversight covers financial institutions and designated nonfinancial businesses and professions.

For CDD and financial reporting purposes, auditors and reporting agencies are required to consult sanctions lists containing individuals and entities subject to freezing measures.

Starting in September 2021 all financial and nonfinancial service providers are required to file unusual transaction reports (UTRs) related to proliferation financing under the subjective indicator for terrorist financing.

The rise of virtual assets prompted Aruba to implement provisions in its national AML/CFT/counter-proliferation financing regime that aim to mitigate potential criminal activity or malfeasance by including virtual asset service providers in the AML/CFT State Regulations.

Legislation establishes rules regarding CDD and UTRs. Aruba has banned gold trading/imports from Venezuela by law. Reporting entities are obligated to provide all relevant information regarding the involved parties in a transaction in a UTR, regardless of it being a legal entity or a natural person.

The Kingdom authorities may extend international conventions to the countries within the Kingdom if the countries agree. In accordance with international agreements entered by the Kingdom, each of the autonomous countries may be accorded its own status within international or regional organizations, subject to the organization's agreement. The autonomous countries may conclude, within parameters, MOUs in areas where they have autonomy. The Kingdom extended to Aruba the application of the 1988 United Nations (UN) Drug Convention in 1999 and the UN Convention against Transnational Organized Crime in 2007. The Kingdom also extended to Aruba the "Agreement Regarding Mutual Cooperation in the Tracing, Freezing, Seizure, and Forfeiture of the Proceeds and Instrumentalities of Crime and the Sharing of Forfeited Assets," a convention between the United States and the Kingdom.

The 1981 Mutual Legal Assistance Treaty between the Kingdom and the United States applies to Aruba and is regularly used by U.S. and Aruban law enforcement agencies. The 2004 U.S.-Netherlands Mutual Legal Assistance Agreement, incorporating specific U.S.-European Union provisions, was not extended to Aruba.

Aruba's FIU is a member of the Egmont Group of FIUs, and Aruba is a member of the Caribbean Financial Action Task Force (CFATF), a Financial Action Task Force-style regional body.

See [Aruba's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

The Kingdom has not yet extended the application of the UN Convention against Corruption to Aruba.

Reporting entities are not required to give complete beneficial owner identification data for a legal person in a UTR unless the FIU requests additional information. Aruba's casino and real estate sectors are still vulnerable to money laundering threats. Aruba has committed to bring its tax laws and practices into line with international standards of tax transparency and fairness.

## **Enforcement/Implementation Issues and Comments**

Aruba does not have a suspicious transaction reporting system but rather a broader UTR system that requires the reporting of transactions that meet indicators established by the Ministerial Regulations, which apply to banks, money transmitters, life insurance companies and intermediaries. Service providers are required to report large cash transactions and wire transactions that exceed thresholds, other unusual transactions, and transactions suspected of being related to money laundering or terrorist financing.

The four FIUs within the Kingdom implemented a secure network (FCInet) with highly effective privacy-enabled data matching capabilities. The FIU seeks to extend these tools to other partners.

In April authorities began a trial against a Venezuelan defendant for operating an illegal casino during the pandemic.

Aruba should become a party to the UN Convention against Corruption.

# Bahamas

## Overview

The Bahamas' 2022 estimated GDP of \$12.85 billion is dwarfed by its \$400 billion financial services sector, a fact that creates vulnerabilities in its anti-money laundering (AML) regime. To combat this operating reality, The Bahamas Central Bank conducted an assurance study, or shadow shopping exercise, in 2023 that found that more than 75 percent of its financial institutions were compliant in their oversight responsibilities in the areas of customer due diligence (CDD) best practices and suspicious transaction reporting.

The government reported a downward trajectory in money laundering prosecutions and convictions from 2022 levels despite a 28 percent increase in suspicious transaction reports (STR) in 2023. The Supreme Court's ruling against the Commissioner of Police (CP) in October 2023 in a \$1.4 billion civil forfeiture case demonstrated a reticence on the part of some members of the judiciary to address money laundering. In this case, the CP froze and attempted to recover assets owned by a company affiliated with the sanctioned Venezuelan state-owned oil and natural gas company *Petróleos de Venezuela S.A.* The CP charged these assets had been obtained through, and used in connection with, unlawful conduct, namely corruption and money laundering. The Supreme Court was not persuaded by the evidence of the CP's financial investigators and forensic accounting expert and found in favor of the defendant, who represented himself and his companies without any documentary evidence to support his allegation that the movement of vast amounts of money in seemingly suspicious circumstances was not money laundering but necessary to continue operating in the face of U.S.-imposed sanctions.

## Vulnerabilities and Money Laundering Methodologies

The Bahamas is a major international financial center. Services are concentrated in private banking, family trusts, and funds management. As of November 2022 there were 12,747 international business companies, which can be established in approximately 48 hours. The government reports that private banking is the largest vehicle for money laundering and amplifies its oversight accordingly. The 2023 shadow shopping exercise is one example of the heightened scrutiny this sector receives from regulators.



The Bahamian real estate sector is an attractive vehicle for money launderers and terrorist financiers. The Compliance Commission of The Bahamas (CC) is a statutory authority that supervises designated nonfinancial businesses and professions (DNFBPs), including accounting firms, law firms, real estate brokers, and land developers. The “Financial Transaction Reporting Act of 2018” (FTRA) sets AML standards governing the real estate sector.

The gaming industry in The Bahamas is susceptible to money laundering activities. Pursuant to the “Gaming Act of 2014,” The Bahamas Gaming Board is the regulatory body responsible for overseeing the gaming industry. There are three licensed casinos in the Bahamas and seven licensed gaming house operators. In the first nine months of 2023, the gaming industry contributed \$48.6 million in gaming taxes to the government. Gaming operations are financial institutions pursuant to the FTRA and are subject to its regulatory provisions.

The Bahamas was the first country to launch a central bank-backed virtual currency, the Sand Dollar. Since its release in October 2020, the Sand Dollar, which is subject to tiered CDD requirements, has grown to \$315,000 exclusively in domestic circulation. The Securities Commission of the Bahamas regulates virtual asset service providers under the “Digital Assets and Registered Exchanges Act, 2022.” Independent consultants hired by the Securities Commission recently concluded a risk assessment of service providers and found adequate compliance with regulations. The Securities Commission then led the move to freeze the assets of virtual asset service provider FTX and appointed a provisional liquidator for FTX’s assets. The Bahamas executed a timely extradition of the FTX founder to the United States, where he was convicted of fraud and conspiracy charges.

The country’s free trade zone is administered by a private entity, the Grand Bahama Port Authority, and serves primarily as a manufacturing and international transshipment hub.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Legislative reform work in 2023 by the Insurance Commission of The Bahamas, which has oversight responsibilities of the Bahamian insurance sector, intends to strengthen oversight of the insurance industry.

Under the FTRA, financial institutions must undertake CDD measures when opening an account or otherwise establishing a business relationship.

The Bahamas and the United States have a bilateral mutual legal assistance treaty.

The FIU-B is a member of the Egmont Group of FIUs. The Bahamas is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body.

See [Bahamas' most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

The Bahamas does not have a currency transaction report filing system but utilizes a STR filing system which falls within the remit of the FIU, an independent agency. STR filings in The Bahamas increased by 28 percent in FY 2022. The DNFBP sector accounted for only three of the 908 STRs filed in FY 2022, suggesting that additional oversight by the CC is needed to ensure compliance with FTRA regulations.

## **Enforcement/Implementation Issues and Comments**

Money laundering investigations are conducted by the Financial Crimes Investigative Branch of the Royal Bahamas Police Force in coordination with the Public Prosecutors Office. The government reports that, of the 21 money laundering cases prosecuted in 2023, three reached a guilty verdict with three persons convicted. These statistics mirror 2022 levels and point to a very low case count and conviction rate given the size of The Bahamas' financial services sector.

# Barbados

## Overview

Barbados has made progress in strengthening its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. In 2020 it committed to a national action plan with the Financial Action Task Force (FATF) to mitigate money laundering and terrorist financing more effectively.

The national AML/CFT regime is led by the Anti-Money Laundering Authority (AMLA), which is chaired by the attorney general. The executive functions of AMLA are carried out by the Barbados Financial Intelligence Unit (FIU). Barbados has an AMLA compliance unit with supervisory responsibility for designated nonfinancial businesses and professions (DNFBPs). Other agencies with AML/CFT responsibilities include the Central Bank of Barbados (CBB), the Financial Services Commission (FSC), and the International Business Unit (IBU) of the Ministry of International Business and Industry.

The country has an active offshore financial services sector but does not have a free trade zone or an economic citizenship program. International business companies are not permitted under Barbados law.

## Vulnerabilities and Money Laundering Methodologies

The main sources of illicit funds in the country are drug trafficking and fraud. Measures taken to address drug-related money laundering risk include controls at points of entry and maritime patrols. The extensive use of cash in routine business transactions and the commingling of illicit and legitimate funds pose additional money laundering challenges.

The FSC is responsible for the licensing and supervision of credit unions and nonbank financial institutions such as insurers. The CBB regulates commercial and international banks. There are 13 “foreign currency-earning banks” (formerly international banks) and 10 finance companies and commercial banks as of October 2023. As of October 2023, FSC oversees 27 credit unions, 256 insurers, and 226 securities and mutual fund sector entities and individuals. The IBU oversees 548 trusts and 116 trust and corporate service providers

(TCSPs). Barbados assesses the inherent money laundering risk ratings for international banks and TCSPs, along with DNFBPs such as lawyers, as high.

The FIU website includes information on trends and typologies including structuring, money services business (MSB) misuse, and atypical deposit activity. It also publishes a range of AML/CFT guidelines for nonprofit organizations, attorneys, accountants, and financial institutions.

There are no casinos in Barbados; however, there are lotteries and horse racing and slot machine parlors. The Betting and Gaming Committee oversees this sector.

## Key AML Laws and Regulations

Primary AML/CFT laws in Barbados include the “Money Laundering and Financing of Terrorism (Prevention and Control) Act,” as amended, 2019 (MLFTA), the “Proceeds and Instrumentalities of Crime Act, 2019” (POCA), and the “Mutual Assistance in Criminal Matters Act,” Cap.140.

The POCA authorizes civil forfeiture proceedings against money laundering offenders and provides additional investigative tools such as customer information and disclosure requirements. The MLFTA includes ‘know your customer’ and suspicious activity reporting regulations and covers the international financial services sector.

Barbados and the United States have a bilateral mutual legal assistance treaty. Barbados has a double taxation treaty and a tax information exchange agreement with the United States.

The FIU is a member of the Egmont Group of FIUs. Barbados is a member of the Caribbean FATF (CFATF), a FATF-style regional body.

See [Barbados’ most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Pursuant to its national action plan, Barbados indicates that it has improved its understanding of money laundering/terrorist financing vulnerabilities and made progress in

reforms related to enhanced use of financial intelligence and supervision of financial institutions in line with the country's risk profile.

Barbados has stated that it is working to ensure authorities have timely access to accurate beneficial owner information regarding legal arrangements and persons. It has clarified the definition of a beneficial owner and increased penalties for failure to maintain beneficial ownership information.

## **Enforcement/Implementation Issues and Comments**

The Barbados Police Service Financial Crimes Investigations Unit has issued cash detention orders as part of drug-related cases and filed High Court applications for disclosure and restraint orders as a means of furthering AML investigations. Barbados prosecuted four money laundering cases in 2023.

The AMLA oversees the supervision of certain DNFBPs listed in the MLFTA. The AMLA and the IBU of the Ministry of International Business and Industry have delegated supervisory functions for the sectors they oversee to the FSC, which could burden the FSC's ability to carry out its own supervisory responsibilities.

In October 2023 Barbados became a party to the UN Convention against Corruption.

# Belgium

## Overview

Belgium's central location in Europe and strong logistics networks drive the Belgian economy and have fostered the development of a globally integrated banking industry. Belgium's Port of Antwerp-Bruges is the second-busiest maritime port in Europe, and with this large volume of legitimate trade inevitably comes the trade in illicit goods. Antwerp is the primary entry point for cocaine into Europe from South American ports. In February 2023 the Belgian federal government introduced several measures to combat organized drug crime, including the appointment of the country's first drug commissioner.

According to Belgium's Financial Information Processing Unit (CTIF), Belgium's financial intelligence unit (FIU), most narcotics trafficking-related cases are referred to the judicial authorities as "organized crime" because they utilize professional money laundering networks and are closely linked with multiple predicate offenses. The number and complexity of professional money laundering networks located in Belgium continue to increase.

Belgian financial authorities continue to increase engagement with the public sector to share trends and typologies. These initiatives coupled with the addition of several new covered reporting entities and the National Bank of Belgium's "lookback" operations beginning in July 2021 resulted in a 71 percent increase in suspicious transaction reports (STRs) from 2020 to 2022.

## Vulnerabilities and Money Laundering Methodologies

Belgian authorities report growing evidence that laundered funds are the proceeds of poly-criminal activities, with a large number of cases showing serious tax fraud, social fraud, administrative corruption, and organized crime as increasingly interrelated issues. More than half of the total amount of money laundering reported to the public prosecutor's offices in 2022 involved serious tax fraud. Criminal networks increasingly use virtual currencies to facilitate illegal activity in Belgium.

A growing number of criminal cases involve professional money laundering networks that are not members of the groups responsible for the predicate offenses and do not participate in these offenses, making it particularly challenging to identify them. These money laundering networks offer services for various criminal activities, including drug trafficking. Often, some illicit proceeds will pay undeclared workers, and money will be transferred to the money laundering network using fake invoices. The funds are then invested, usually in luxury consumer goods or real estate, paid for by multiple companies within the network to further conceal the origin of the money.

A small number of cases in which drug money was laundered through real estate, businesses, and gaming activities were reported, but according to CTIF, these cases did not represent the same order of magnitude as the sums circulating within professional money laundering networks. Gaming is legal in Belgium and is highly regulated, with the total number of licensed casinos limited to nine. Steady growth in internet gaming continues. Eight of the nine casinos operating in Belgium are also active online. Belgium has 175 gaming rooms, including 44 gaming rooms that are also active online. Betting online is also possible in 24 betting agencies.

About 1,500 diamond firms are headquartered in Antwerp – one of the largest concentrations in the world – accounting for roughly 2 percent of Belgian GDP. Diamond sector companies continue to report difficulties in obtaining banking services from Belgian banks due to de-risking, potentially reducing transparency and forcing transactions through less regulated channels.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Belgium has comprehensive customer due diligence (CDD) rules, enhanced due diligence for domestic politically exposed persons, and STR requirements. Providers of exchange services between virtual and fiat currencies and custodian wallet providers are subject to anti-money laundering (AML) supervision. Virtual asset service providers are subject to all AML laws and regulations, including CDD requirements, and must register with the Belgian Financial Services and Markets Authority.

CTIF is a member of the Egmont Group of Financial Intelligence Units. Belgium is a member of the Financial Action Task Force.

See [Belgium's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Due to the significant levels of cocaine entering Belgium, law enforcement resources tend to prioritize anti-narcotics efforts, as opposed to prioritizing money laundering investigations. Belgian law enforcement agencies have limited and constrained resources, especially with the magnitude of drug trafficking occurring within the country.

The Port of Antwerp-Bruges' large size, open borders with adjoining neighborhoods, and difficulty with effectively analyzing the contents of freight and cargo that move through the port each year contributes to the movement of illicit goods and funds.

Belgium does not have effective legislation to allow for civil non-conviction-based forfeiture.

## Enforcement/Implementation Issues and Comments

A consultation platform to allow information to be reported and shared between the private and public sectors on AML trends, risks, mechanisms, and typologies continued to be utilized in 2023 and has resulted in better communication and sharing of best practices between the public and private sectors.

Similar partnerships would also benefit law enforcement entities to build collaborative networks with the private sector, particularly in high-risk industries. Following several high-profile criminal cases in the gold and diamond trade in Antwerp, Midas, a cooperative mechanism, was started in 2021 to coordinate the efforts of the police and inspection services regarding illicit retail trade in jewelry and diamonds. Considering the size and vulnerability of the diamond trade, the number of STRs from diamond dealers remains low: in 2022 CTIF received only three STRs.



# Belize

## Overview

The government of Belize made significant progress in aligning Belize's anti-money laundering/combating the financing of terrorism (AML/CFT) legal framework with international standards. The government implemented a risk-based approach for all supervising agencies. Belize enacted new legislation and amended existing laws to strengthen and improve coordination among supervisory and enforcement institutions and is updating the national risk assessment (NRA). All AML/CFT/counter-proliferation financing (CPF) supervisory institutions significantly increased the number and technical capacity of staff and emphasized staff training.

The main sources of money laundering proceeds are drug trafficking, contraband smuggling, tax evasion, cybercrime activities, human smuggling, and internet fraud. Belize should continue to strengthen capacity and increase its AML/CFT resources, enforcement, and investigatory mechanisms. Belize has not yet had a money laundering criminal conviction.

## Vulnerabilities and Money Laundering Methodologies

Money laundering in Belize arises from both domestic and foreign criminal activity. Belize's porous borders, dense terrain, and extensive coastline continue to challenge Belize's security forces, which are under-resourced. Collusion and coordinated activities between international criminal elements and Belizean law enforcement remains a known threat.

Belize saw a significant shift away from cash transactions to electronic transactions in 2023, a development encouraged by the Central Bank of Belize as part of its financial inclusion project; and credit unions were included in the national payments and clearings system. Cash remains a dominant means of exchange for smaller-value transactions or those involving persons without access to financial institutions.

Given Belize's low border enforcement capacity and endemic corruption, trade-based money laundering remains a vulnerability. Phishing, romance, and advance-fee scams, in addition to outright fraudulent deception schemes, continue to find victims within and

outside the financial system, although the frequency of reported occurrences has been low and declining.

The FIU supervises 1,311 registered designated nonfinancial businesses and professions (DNFBPs), including lawyers, notaries, and accountants, which present a significant risk for illicit financial activities. The FIU strengthened its oversight of DNFBPs by expanding supervisory processes. The FIU enhanced sector awareness by publishing operational guidelines for each class of supervised DNFBPs.

The Financial Services Commission of Belize (FSC) supervises local and offshore entities and reports 1,967 international registered trusts, and 111 active foundations. It also supervises registered agents and 60 (as of yearend 2022) offshore and international company formation agents. Of the approximately 175,000 registered international business companies, 20,910 were active on November 27, 2022; 14,558 were re-registered with the Belize Companies and Corporate Affairs Registry as of September 30, 2023. In addition, 1,394 new companies were registered between November 28, 2022, and September 30, 2023.

There are eight regulated casinos in Belize; however, many other gaming institutions are not regulated or supervised for AML/CFT compliance. One online gaming license has been issued.

To provide time for additional analysis and implementation of a regulatory regime, the “Financial Services Commission Act,” “Act No.8 of 2023,” restricts virtual asset activities in Belize until December 31, 2025.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Belize passed or amended 17 laws in 2023, including the “Belize Criminal Code 2023;” “Civil Asset Recovery and Unexplained Wealth Act” (CARUWA); “Business Companies Act (Amendment);” “Money Lenders Act (Amendment);” “International Banking Act (Amendment);” “Domestic Banks and Financial Institutions Act (Amendment);” and “Credit Unions Act (Amendment).”

Legislation adopted in 2023 awaiting final approval includes the “Criminal Procedure (Plea Discussion and Plea Agreement) Bill,” establishing a system of plea agreements in criminal

procedure; the “Alternative Sentencing Bill,” repealing an existing law and adding new provisions relating to alternative sentencing; and the “Criminal Records (Rehabilitation of Offenders) Bill,” providing for expungement of specified criminal convictions, including money laundering, from criminal records.

Belize and the United States have a bilateral mutual legal assistance treaty.

The FIU is a member of the Egmont Group of FIUs, and Belize is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body.

See [Belize's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Many gaming entities are unregulated and not subject to AML/CFT controls.

In 2023, the FIU increased the number of its investigators and prosecutors to address case processing issues. Further expansion is expected in response to the passage of the CARUWA. The FIU carried out more complex investigations in 2023.

## **Enforcement/Implementation Issues and Comments**

The FIU is updating its NRA. In February 2023 Belize approved its AML/CFT/CPF policy and strategy, which incorporates the national action plan to address deficiencies identified in its 2019 NRA. Belize began using civilian financial experts to support police investigators as recommended in the NRA.

In 2023 the FSC issued several cease-and-desist orders relating to conducting registered agent and virtual asset services without a license. The FSC implemented a mandatory requirement for beneficial ownership registers to be filed and kept up to date with the Registrar of Companies. It also continued to populate its online business registry digital platform that serves as a repository for both local and international businesses registered in Belize.

Cases face protracted processing times through the investigative and prosecutorial stages. Significant court backlogs and lack of investigative experience throughout the enforcement entities slow case progress. Belize has not yet had a money laundering criminal conviction.

# Bolivia

## Overview

Bolivia is not a regional financial center but remains vulnerable to money laundering. Criminal proceeds laundered through Bolivia's financial system are primarily derived from drug trafficking, corruption, smuggled goods, human trafficking, and environmental crimes. In recent years, Bolivia has enacted several laws and regulations that should help the country fight money laundering. Bolivia would benefit from continued implementation of its laws and regulations to identify criminal activity and carry out investigations, criminal prosecutions, and convictions.

## Vulnerabilities and Money Laundering Methodologies

Major sources of illicit funds in Bolivia include cocaine trafficking, corruption, smuggled goods, human trafficking and migrant smuggling, and environmental crimes such as illegal gold mining.

All five of its bordering neighbors are entry points to the landlocked Bolivia for illicit products, which are then sold domestically or informally exported. Private sector leaders estimate contraband is above \$3.6 billion or equivalent to 9 percent of GDP as of 2022. Gold was Bolivia's top export in 2022 (\$3.0 billion), and informal gold mining has grown exponentially in recent years. Bolivian gold is often mined without legal permissions and sold to refineries, from which it can then be sold as a legal export. Although informal and non-registered currency exchanges are illegal, many still operate. The Bolivian government overlooks informal commercial markets seen throughout the country. Money laundering and contraband networks typically overlap.

Bolivia has 13 free trade zones (FTZs) for commercial and industrial use. Lack of regulatory oversight of these FTZs increases money laundering vulnerabilities. The country's only licensed gaming operator is legally obligated to pay 30 percent of its revenue from running card games, roulette, slots, and bingo to the government. Lotteries run by the central or subnational governments are exempt.

## Key Anti-Money Laundering (AML) Laws and Regulations

All financial institutions must report transactions above \$3,000 (\$10,000 for banks) to the Financial Investigative Unit, Bolivia's financial intelligence unit (FIU). Bolivia has customer due diligence regulations and procedures for suspicious transaction reports (STR). Current regulation also includes due diligence for politically exposed persons (PEPs). Historically, the FIU's lack of independence broadly impeded implementation of anti-money laundering (AML) laws and regulations, especially with PEPs. Bolivia has a legal framework to record beneficial ownership information based on different registries and websites. Financial intermediaries must enter STRs into their systems, regardless of the transaction amount or whether the transaction is a deposit or a withdrawal. In 2022 the FIU issued updated guidance for the financial sector to implement a risk-based approach to AML/combating the financing of terrorism and proliferation financing.

Bolivia has an extradition treaty with the United States. Bolivia does not have a mutual legal assistance treaty with the United States; however, assistance is possible through various multilateral conventions to which both countries are signatories. U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, and Bolivian National Customs have a customs mutual assistance agreement (CMAA) that expands cooperation and information sharing. The CMAA also provides for the sharing of forfeited assets. Under that agreement, Bolivia has a memorandum of understanding with the U.S. trade transparency unit to exchange trade data for the purpose of better identifying trade-based money laundering.

Bolivia banned the use of decentralized virtual currencies in the national payment system in 2014. The Central Bank of Bolivia has announced plans to issue its own virtual currency, though no concrete steps have been taken.

The FIU is a member of the Egmont Group of FIUs. Bolivia is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body.

See [Bolivia's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Enforcement of money laundering and terrorism financing provisions has been scant. Banking officials and money laundering experts have expressed fear of poor results on future evaluations by international experts that could damage Bolivia's reputation.

The Bolivian government has cooperated with U.S. law enforcement in some instances; however overall, law enforcement cooperation between the two countries is limited.

## Enforcement/Implementation Issues and Comments

The Bolivian justice system is hindered by corruption, political interference, and a lack of autonomy from the executive branch, all of which impede the fight against narcotics-related money laundering. The lack of well-trained prosecutors and police officers has led to ineffective criminal investigations. Moreover, even when police officers are trained, their frequent turnover impedes capacity building efforts. A special money laundering unit is divided into two sections. One focuses on money laundering for all cases involving narcotics trafficking and a second investigates illicit gains from public corruption.

Bolivian criminal courts have jurisdiction over crimes related to narcotics, terrorism, and money laundering. With a warrant, courts can request information from banks for investigative purposes.

Although banks actively enforce regulations to control money laundering and suspicious transactions, compliance elsewhere is lacking. The FIU's lack of operational independence and autonomy weakened its ability to fully implement the AML regime. In 2021 Bolivia had one conviction related to illicit profits and narcotrafficking. No published data is available for the number of prosecutions related to money laundering.

# Brazil

## Overview

Brazil's economy is the third largest in the Western Hemisphere in 2023. Brazil is a major drug transit country and one of the world's largest drug consumers. Transnational criminal organizations operate throughout Brazil and launder proceeds from drug trafficking and smuggling of illicit goods. A multi-billion-dollar contraband trade occurs in Brazil's Tri-Border Area (TBA) with Paraguay and Argentina, where illicit trafficking proceeds fund a range of criminal networks including, but not limited to, Hizballah, a U.S. Department of State-designated Foreign Terrorist Organization and a U.S. Department of the Treasury Specially Designated Global Terrorist.

Organized crime (including public corruption) is law enforcement's primary money laundering priority, followed by weapons and narcotics trafficking. Treasury's Office of Foreign Assets Control (OFAC) designated the São Paulo-based Primeiro Comando da Capital (PCC) as a transnational criminal organization in December 2021. PCC presence and financial networks span at least 16 countries, including the United States and countries in Europe, Africa, and Asia. The PCC exerts control over some of the most profitable trafficking routes in the world.

Brazil largely complies with international anti-money laundering/combating the financing of terrorism (AML/CFT) standards and cooperates with international AML/CFT organizations. As a major economy, Brazil has a robust and sophisticated financial sector. The Central Bank of Brazil (CBB) is the primary supervisor for the financial sector and has contributed significantly to the effectiveness of the country's AML/CFT system.

## Vulnerabilities and Money Laundering Methodologies

Public corruption, organized crime, and trafficking of drugs, weapons, illegally mined gold, timber, and counterfeit goods are the primary sources of illicit funds. Money laundering methods include the use of banks, real estate, and financial asset markets; remittance networks; shell companies; phantom accounts; illegal gaming; informal financial networks; and the sale of cars, cattle, racehorses, artwork, and other luxury goods. Criminals also



use foreign tax havens to launder illicit gains. Drug trafficking organizations are linked to black market money exchange operators.

Some high-priced goods in the TBA are purchased in U.S. dollars, and cross-border bulk cash smuggling is a concern. Large sums of U.S. dollars generated from licit and suspected illicit commercial activity are transported physically from Paraguay into Brazil. From there, the money may make its way to banking centers elsewhere, including in the United States.

Launched in 2014, Operation Carwash was a complex public corruption and money laundering investigation, which led to arrests and convictions of multiple people, including senior government officials and business executives. In 2022 the Brazilian Supreme Court annulled the conviction of President Luiz Inacio Lula da Silva, who had started serving a prison sentence for his involvement in the scheme. In 2023 a Brazilian judge annulled evidence in the Operation Carwash case resulting from a 2017 cooperation agreement between prosecutors and the construction firm Odebrecht because the evidence was illegally obtained.

Brazil's Manaus free trade zone is composed of five free trade areas. Brazil also has several export processing zones.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Brazil last updated its AML/CFT legal framework in 2019, when congress passed the law on targeted financial sanctions. The framework facilitates the discovery, freezing, and forfeiture of illicit assets. Brazil has comprehensive customer due diligence and suspicious transaction reporting regulations. Brazil maintains some control of capital flows and requires disclosure of corporate ownership. Virtual assets and virtual asset service providers (VASPs) are addressed in 2022 legislation.

Brazil prepared an AML/CFT national risk assessment in 2021.

Brazil and the United States have a mutual legal assistance treaty and a customs mutual assistance agreement. Brazil regularly exchanges trade and financial records with the United States and other jurisdictions.

COAF is a member of the Egmont Group of FIUs. Brazil is a member of the Financial Action Task Force (FATF) and the FATF of Latin America (GAFILAT), a FATF-style regional body.

See [Brazil's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Legal entities cannot be criminally charged under Brazil's money laundering statute. Legal entities in violation of the reporting requirements can face fines and suspension of operation, and managers can face criminal sanctions.

VASPs are not supervised for AML/CFT purposes, although legislation that went into effect in 2023 designates CBB as the supervisory authority.

## Enforcement/Implementation Issues and Comments

Centralizing intelligence associated with criminal activities in the TBA is critical to understanding and identifying patterns. The lack of intelligence impacts the priorities and makes it difficult for Brazilian law enforcement to dedicate resources. The lack of a central database, coupled with the stove-piping of intelligence by multiple Brazilian law enforcement agencies, makes it difficult to fully identify the means through which criminal groups launder money. Coordination among civilian security agencies, law enforcement agencies, and the Brazilian military is hindered by inter-service rivalries.

Brazil made significant strides in strengthening its legal framework, building capacity to investigate and prosecute financial crimes through specialized police units and courts, and fostering interagency cooperation and civil society input on prospective reforms. Nonetheless, challenges remain. Judicial delays often lead to cases expiring before judgment due to strict statutes of limitations. Intelligence briefings related to criminal activities in the TBA could assist with mitigating these challenges.

Brazil will benefit from increased coordination and cooperation between police and prosecutors, and an increased information exchange on best practices. Brazil's Integrated Border Operation Center (IBOC) in Foz do Iguaçu in the TBA, is based in part on U.S. fusion center models.

# British Virgin Islands

## Overview

The British Virgin Islands (BVI) is a British Overseas Territory with an economy dependent on tourism and financial services. The BVI is a sophisticated financial center offering accounting, banking, and legal services, captive insurance, company incorporations, mutual funds administration, trust formation, and shipping registration. As of the fourth quarter of 2022, the commercial banking sector had assets valued at approximately \$2.9 billion. Misuse of BVI corporate vehicles remains a concern, but the government has put in place frameworks to guard against such abuse. Criminal proceeds laundered in the BVI derive primarily from domestic criminal activity and narcotics trafficking.

BVI has committed to complying with Organization for Economic Cooperation and Development and EU rules on financial transparency and regulation. It has adopted global standards for automatic exchange of taxpayer financial account information between jurisdictions.

## Vulnerabilities and Money Laundering Methodologies

The BVI has a favorable corporate tax rate and no wealth, capital gains, or estate taxes. Significant money laundering risks include exploitation of financial services and a share structure that does not require a statement of authorized capital. The BVI is a favored destination for incorporating new companies, which can be established for little money in a short amount of time. Multiple reports indicate a substantial percentage of BVI's offshore business comes from Asia.

Financial services account for over half of government revenues. The BVI's Financial Services Commission's (FSC) statistical bulletin for the second quarter of 2023 notes there are 366,050 companies. Of these, 1,158 are private trust companies. There are seven commercially licensed banks, 839 active mutual funds, and 284 registered closed-ended funds referred to as "private investment funds."

The BVI's proximity to the U.S. Virgin Islands and use of the U.S. dollar as its currency pose additional money laundering risks. The BVI, like other jurisdictions in the

Eastern Caribbean, is a major target for drug traffickers, who use the area as a gateway to the United States. BVI authorities work with regional and U.S. law enforcement agencies to mitigate these threats.

In April 2022 the U.S. Drug Enforcement Administration arrested BVI Premier Andrew Fahie on charges of money laundering and drug trafficking relating to the Sinaloa cartel. Subsequently, a cross-party coalition government was formed. A Commission of Inquiry (COI) report, released the same month, found that serious improprieties had likely taken place over several BVI administrations. The COI made 49 recommendations, including reforms and investigations, and the UK government issued an Order in Council laying out a two-year implementation timeline for the local BVI government. The Governor of BVI, a UK official, has issued quarterly progress reports on the process.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Money laundering is criminalized, as are all money laundering predicate offenses, in line with international standards. Maximum criminal penalties for money laundering and related offenses are \$500,000 and 14 years in prison. Administrative penalties are a maximum of \$100,000. The maximum penalty under the “Anti-Money Laundering Regulations” is \$150,000.

The FSC is the sole supervisory authority responsible for the licensing and supervision of financial institutions. The Financial Investigation Agency (FIA), BVI’s financial intelligence unit (FIU) is the supervisory authority responsible for ensuring compliance of designated nonfinancial businesses or professions (DNFBPs) with anti-money laundering/combating the financing of terrorism (AML/CFT) legislation. Customer due diligence (CDD) and suspicious transaction report (STR) requirements cover banks, money services and financing businesses, insurance companies, investment businesses, insolvency practitioners, trust and company service providers, attorneys, notaries public, accountants, auditors, real estate agents, nonprofit organizations (NPOs), dealers in precious stones and metals, and dealers in other high-value goods, including yachts and autos.

The BVI applies enhanced due diligence (EDD) procedures to politically exposed persons (PEPs). Part III of the “Anti-Money Laundering and Terrorist Financing Code of Practice

2008” outlines the CDD procedures that licensees should follow to ensure proper verification of clients.

In June 2021 the government published its “National AML-CFT Strategy 2021-2023,” a three-year roadmap designed around the national AML/CFT policy framework.

The United States can obtain legal assistance from the BVI through the UK mutual legal assistant treaty and regularly does so.

The BVI is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body.

See the [BVI's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

International experts have criticized the BVI’s AML supervision, particularly of the company formation sector, and its sanctions regime, though there have been recent improvements. In 2021 the BVI Financial Services Commission Enforcement Division issued a total of 11 administrative penalties and fines.

Although the BVI is able to forfeit assets in criminal cases following a criminal conviction, it does not yet have the ability to engage in non-conviction-based forfeiture.

## **Enforcement/Implementation Issues and Comments**

The UK is responsible for the BVI’s international affairs, save those matters that may be delegated under the “Virgin Islands Constitution Order 2007.” The UK arranged for the extension to the BVI of the 1988 UN Drug Convention in 1995, the UN Convention against Corruption in 2006, and the UN Convention against Transnational Organized Crime in 2012.

The BVI established a register that provides authorized BVI authorities direct and immediate beneficial ownership information; this registry is not publicly available. Beneficial ownership information must be shared with UK law enforcement and other agencies within 24 hours of a request (or one hour in urgent cases). The BVI has committed to introducing

a publicly accessible register of the beneficial ownership of companies registered in its jurisdiction.

In 2020, 16 money laundering-related prosecutions were filed and nine convictions were secured.

# Burma

## Overview

Burma made no significant progress to improve its anti-money laundering/combating the financing of terrorism (AML/CFT) regulatory framework and enforcement in 2023. Burma remains extremely vulnerable to money laundering given a sizeable illicit economy, a weak banking sector, low public confidence in military regime institutions, and a regime that has not prioritized AML reforms. That said, after the October 2022 call by the Financial Action Task Force (FATF) to apply enhanced due diligence measures proportionate to the risks arising from Burma, the regime established an AML/CFT working group led by the governor of the Central Bank of Myanmar (CBM).

As of October 27, 2023, Burma's status has not changed. Its action plan expired with a lack of progress on the majority of items, and it remains on the FATF's "High-Risk Jurisdictions Subject to a Call for Action."

Burma is designated as a jurisdiction of "primary money laundering concern" under Section 311 of the USA PATRIOT Act. Since 2016 the U.S. Department of the Treasury has provided limited exceptive relief to U.S. financial institutions that wish to provide correspondent banking services to Burmese banks; to date, Treasury is unaware of any U.S. financial institution availing itself of this provision.

## Vulnerabilities and Money Laundering Methodologies

Burma is transitioning from a cash-based economy to embracing electronic payments. Burma continues to experience weak growth and a significant illicit economy that includes narcotics. This illicit economy generates billions of dollars per year, which fuels corruption and internal armed conflicts. The banking system suffers from a lack of CBM regulatory oversight. In addition, CBM officials have fomented uncertainty by promulgating regulations that control foreign currency outflows.

Civil war and successive military governments have raged for decades, and the inability to exercise sovereignty in its border regions due to armed conflict exacerbates Burma's money laundering vulnerabilities, proliferation of casinos, informal remittance networks, trade-

based money laundering, drug trafficking and production, human trafficking, and wildlife sales in those areas.

The United Nations reports hundreds of thousands of people are being forced by criminal gangs to work in scam and illegal gambling centers in Southeast Asia, including Burma. Criminal networks target foreigners online and in person in border towns along Burma's borders with China and Thailand. Little information is available about the scale of these enterprises, which generally operate casinos along with other illicit activities.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Burma did not enact new AML legislation in 2023. The country's 2014 "Anti-Money Laundering Act" is its foundational legislation. In 2019 the government issued regulations on customer due diligence and remittance agents. Since the 2021 coup Burma has ceased efforts to meet international standards.

Guidelines drafted in 2020 and subsequent regulations on coordination among the Myanmar Bureau of Special Investigations, the Myanmar Financial Intelligence Unit (MFIU), and the Union Attorney General's Office have not yet been implemented.

In 2022 the regime's Ministry of Planning and Finance issued AML/CFT instructions for microfinance institutions. The Anti-Money Laundering Central Body (AMLCB) adopted a four-year AML/CFT national strategy beginning in 2019.

Following FATF's 2022 statement, the AML/CFT Working Group established a Consolidated Interagency Supervisory Committee for AML/CFT supervision of gold dealers and sales of gems and real estate. On November 9, 2022, the regime General Administration Department, under the Ministry of Home Affairs, issued a directive for real estate agents and precious metals dealers for AML/CFT regulation and supervision. The CBM also issued a supervision manual for money or value transfer services.

Burma does not have a bilateral mutual legal assistance treaty (MLAT) with the United States.

Burma is a member of the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body.



See [Burma's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

International experts have identified shortfalls in Burma's AML regime, namely a limited understanding of obligations among financial institutions and designated nonfinancial businesses and professions (DNFBPs), including casinos; weak central bank oversight of DNFBPs; and poor reporting in suspicious transaction reports. Additional deficiencies include the lack of countermeasures for designated higher-risk countries, transparency in beneficial ownership requirements, and CBM supervision of hundi services' compliance with AML/CFT regulations.

Burma's civilian government enacted a gaming law in 2019 requiring casinos to register as companies, but there has been no implementation of those regulations.

The MFIU is not a member of the Egmont Group.

## Enforcement/Implementation Issues and Comments

AMLCB has formed five supervisory committees under national strategy areas and these committees monitor their respective areas. The AML/CFT Working Group coordinates with those supervisory committees to enhance cooperation with departments responsible for issuing required notifications and directives. According to regime media, the AML/CFT working groups meet monthly to discuss progress on the action plans.

In line with its 2019 regulations on remittance service providers or hundi services, the CBM issued licenses to 11 remittance businesses. As of June 17, 2023, the CBM had provided AML/CFT training to 181 compliance officers.

Burma's technical capacity to implement and enforce AML/CFT regulations and practices remains limited, with significant gaps in its ability to oversee and prosecute informal – and at times illegal – money transfers. Burma also lacks expertise on data collection and analysis, as well as a limited ability to conduct investigations and prosecutions. The regime frequently uses AML regulations to pursue politically motivated charges against its opponents.

# Cabo Verde

## Overview

As a small archipelago nation located at the crossroads of Africa, the Caribbean, South America, and Europe, Cabo Verde has experienced an increase in narcotics trafficking over the past decade, serving as a key refueling station in transatlantic shipments into Europe from South America.

Cabo Verde's anti-money laundering (AML) regime is incomplete, and the country needs to improve the capacity of its financial intelligence unit (FIU). However, Cabo Verde has been making efforts to improve its regulatory and investigative regimes as well as cooperate with international partners to combat drug trafficking, money laundering, and other crimes.

## Vulnerabilities and Money Laundering Methodologies

Cabo Verde is vulnerable to money laundering operations, particularly through tourism and real estate transactions. There are also money laundering risks related to narcotics trafficking and border security due to Cabo Verde's location and its limited capacity to patrol its expansive maritime territory. Narcotics reportedly transit Cabo Verde by maritime vessels, including yachts, and arrive via commercial air for domestic consumption. That domestic consumption appears to be increasing, although data is limited.

Public corruption is limited and does not appear to contribute to money laundering in Cabo Verde. The economy, particularly the informal sector, is cash intensive, making transactions difficult to track.

Nascent special economic zones have yet to attract significant foreign investment. The government permits the development of casino gaming and sports betting in five zones, and the government runs a national lottery. A regulatory framework to allow the licensing of online gaming services was adopted in 2015 but implementation remains on hold. Levels of public corruption are low.

## Key Anti-Money Laundering (AML) Laws and Regulations

Cabo Verde has continued to strengthen its AML legal framework, which was updated in 2016, although regulatory gaps still exist. In April 2023 Cabo Verde adopted its “National Strategy to Prevent and Combat Money Laundering, Terrorist Financing and the Financing of the Proliferation of Weapons of Mass Destruction.” In June 2023, in response to recommendation by international experts, the government also adopted a law regulating virtual assets and digital banks.

The “Integrated National Program to Fight Drugs and Related Crimes (PNILDC) 2018-2023” has 26 program areas and aims to reduce drug trafficking and related crimes and limit drug supply in the national market and transshipments of drugs. The PNILDC outlines a wide range of strategies and actions to address the challenges facing the country in the fight against drug trafficking, organized crime, and money laundering.

Cabo Verde has suspicious transaction reports (STR) regulations, although there is mixed anecdotal data about how effectively or consistently companies follow the regulations.

The United States and Cabo Verde do not have bilateral extradition or mutual legal assistance treaties. However, Cabo Verde is party to several multilateral law enforcement conventions containing legal cooperation provisions, which enable international information sharing regarding money laundering.

Cabo Verde’s FIU is a member of the Egmont Group of FIUs. Cabo Verde is a member of Inter Governmental Action Group against Money Laundering in West Africa (GIABA), a Financial Action Task Force-style regional body.

See [Cabo Verde's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Financial institutions are required to conduct customer due diligence for high-risk transactions, such as those involving politically exposed persons; however, many banks are not fully aware of their duty to adhere to targeted financial sanctions. Cabo Verde lacks provisions requiring the collection and maintenance of beneficial ownership information, leading to a lack of information about commercial enterprises’ corporate ownership.

There is a cross-border currency declaration process, but implementation is inconsistent and inefficient.

Cabo Verde lacks provisions requiring the collection and maintenance of beneficial ownership information.

## **Enforcement/Implementation Issues and Comments**

International donor assistance has helped the government increase its capacity to combat money laundering. The FIU, however, needs to enhance its efficiency and efficacy further. Additionally, the government in general lacks the human, technical, and logistical resources to respond to most AML challenges effectively and quickly. Despite these challenges, the FIU had 12 AML-related cases ongoing as of October 2023.

The FIU lacks a comprehensive information-sharing framework. While the Judicial Police, Cabo Verde's primary investigative authority, should have a liaison embedded with the FIU, the position is not always filled due to a lack of resources. This challenge, along with the lack of other information-sharing channels, severely limits the FIU's ability to investigate potential financial crimes.

The Border Intelligence Group (BIG), a joint interagency unit composed of Customs, Judicial Police, and National Police, that oversees any national security threats, is in discussion with the FIU to establish an FIU liaison position within the BIG. This would permit the FIU increased and direct visibility on activities requiring financial investigative support.

# Cambodia

## Overview

Due to its geographic location, Cambodia plays a key role in the regional transit and manufacturing of drugs and money laundering activities. Rapid economic growth in the Mekong sub-region has coincided with a significant rise in drug, human, and wildlife trafficking, as well as associated money laundering. The UN Office on Drugs and Crime estimates the illicit proceeds of trafficking in the region are in the hundreds of billions of dollars. Criminal networks take advantage of weak inspection procedures and recordkeeping systems, and the lack of coordination between zones, customs, and law enforcement authorities. Illegal transactions are often disguised as legal transactions using trade-based money laundering schemes that can be difficult to detect.

In 2020 the Government of Cambodia banned online gaming, which created an exodus of Chinese investment.

International experts noted strategic deficiencies in Cambodia's anti-money laundering/combating the financing of terrorism (AML/CFT) regime. Cambodia substantially completed its action plan to improve its AML/CFT architecture. International experts recommend Cambodia continue its efforts to mitigate money laundering and terrorism financing threats and vulnerabilities in the casino and real estate sectors; to freeze, seize, and confiscate proceeds of crime; and to successfully investigate and prosecute offenders who launder funds through casinos.

## Vulnerabilities and Money Laundering Methodologies

The Kingdom of Cambodia continues to be a money laundering hub in the region. Cambodia is increasingly becoming a major transshipment point as well as a large-scale production center for methamphetamine, heroin, and designer drugs such as ecstasy and ketamine. Proceeds from drug trafficking are increasingly entering the Cambodian economy, especially through Chinese-owned casinos and other illicit businesses.

As of 2019 Cambodia has 54 designated special economic zones (SEZ) where businesses and trade regulations differ from those that apply to the rest of the country. The number of

SEZs in the Mekong region has grown rapidly in an effort to attract foreign investment. The limited regulations, oversight, and law enforcement presence at SEZs make them attractive to criminal networks. Factories operating in the Sihanoukville SEZ have been tied to transshipment of goods to the United States in attempts to avoid duties. Recent information indicates an increasing role of drug and precursor chemical trafficking in the flourishing SEZ criminal activity. Two recent reports, UNODC (2022) “Transnational Organized Crime, Casino and Money Laundering in Southeast Asia: A Threat Analysis” and U. S. Institute of Peace (2020) “Myanmar Casino Cities: The Role of China and Transnational Criminal Networks” support the widely adopted theories.

Southeast Asian casinos, specifically in Cambodia, continue to engage in large-scale money laundering activities, facilitating cyber fraud that is affecting and costing victims in the United States and abroad billions of dollars. Over a three-year period, Sihanoukville grew from a small coastal town to a city with over 100 casinos operating online betting that brought increased crime – violence, child labor, and illicit trade. Several of the Sihanoukville developers have refocused their efforts on the Shwe Kokko SEZ.

Transnational criminal organizations operating in Cambodia and elsewhere are involved in the complex, multi-faceted scheme known as Sha Zhu Pan, or “pig butchering,” which entails human trafficking, cyber-enabled fraud, and money laundering operations in Southeast Asia. These criminal enterprises target victims in the United States and around the world. Numerous U. S. law enforcement investigations indicate Chinese organized crime entities operating in Cambodia, Laos, Burma, and elsewhere are involved in criminal activities to include trafficking in persons, forced labor, money laundering, illicit tobacco smuggling, counterfeit transshipment, and online- and cyber-enabled scams.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

In June 2022 Cambodia issued the “Law on Anti-Money Laundering and Combating the Financing of Terrorism.” The law provides specific definitions for terms used throughout the law, requires reporting entities to introduce enhanced due diligence measures to maintain compliance, and introduces increased penalties for noncompliance. The law also requires reporting organizations to report large cash and other suspicious transactions that exceed the threshold set by the CAFIU.

A draft AML law was approved by the Council of Ministers of Cambodia and identifies banking, finance, construction, real estate, and casinos as high-risk sectors for money laundering in Cambodia.

Cambodia does not have a bilateral mutual legal assistance treaty with the United States.

Cambodia is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body.

See [Cambodia's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Cambodian authorities have recently observed that virtual currencies have been propagated, circulated, bought, sold, traded, and involved in completed transactions in Cambodia. Such activities are illegal without obtaining licenses from competent local authorities.

## **Enforcement/Implementation Issues and Comments**

U.S. federal law enforcement agencies support the Cambodian National Police (CNP) Anti-Drug Department's counternarcotics and AML efforts. The Cambodian government lacks effectively trained officials to implement the AML law. Politically motivated prosecutions in Cambodia do not typically involve attempts at asset forfeiture.

The joint FBI, CNP, and General Department of Immigration task force has created a discrete, local law enforcement unit to support U.S. law enforcement on a variety of issues including crimes against children, narcotics, money laundering, transnational crime, and the hunt for international fugitives. Task Force officers are vetted and are a trusted group of motivated officers.

# Canada

## Overview

Money laundering in Canada involves the proceeds of illegal drug trafficking, fraud, corruption, counterfeiting, piracy, and tobacco smuggling, among others. Foreign-generated proceeds of crime are laundered in Canada, and professional, third-party money laundering is a key concern. Transnational organized crime (TOC) groups are key threat actors.

Canada has made progress in addressing anti-money laundering/combating the financing of terrorism (AML/CFT) deficiencies. Canada is working toward strengthening beneficial ownership, customer due diligence (CDD), and information sharing with legislation, additional budget allocations, and strengthened interagency cooperation.

## Vulnerabilities and Money Laundering Methodologies

Criminals launder money via several mediums, including money services businesses (MSBs), casinos, real estate, offshore corporations, and sophisticated trade-based money laundering (TBML) schemes. Illicit proceeds are laundered to and through U.S. financial institutions and businesses in the trade and transport sectors.

Illicit drugs represent the largest criminal market in Canada. TOC groups are the most sophisticated actors. Canada's Criminal Intelligence Service estimated in 2020 that between \$36 billion and \$91 billion is laundered annually in Canada. Law enforcement efforts to target a particular money laundering practice generally result in a shift in TOC methodology. Law enforcement has recently cited a shift toward the use of virtual currencies.

Canadian provinces have the legal authority to manage gaming. Several provinces permit in-person and online casinos and table games.



## Key Anti-Money Laundering (AML) Laws and Regulations

Canada's two main laws addressing money laundering and terrorist financing are the criminal code and the "Proceeds of Crime (Money Laundering) and Terrorist Financing Act" (PCMLTFA). Canada passed legislation in November 2023 creating a public registry of beneficial ownership for federally registered companies. The government must now reach agreement with the provinces on whether they will feed information into the federal registry or create their own. Canada also passed other legislative changes, including giving law enforcement the ability to freeze and seize virtual assets with suspected links to crime as well as introducing a new offense for structuring financial transactions to avoid mandatory reporting. The Canadian government also published new regulations in October 2023 that bring the armored car currency transport and mortgage sectors within the purview of the PCMLTFA and impose AML/CFT compliance obligations. The PCMLTFA regulatory amendments will also require financial entities entering into correspondent banking relationships (CBRs) to conduct risk assessments of their CBRs, enhanced due diligence of any correspondent financial institution and ongoing risk-based monitoring of CBRs. The Province of British Columbia amended its "Civil Forfeiture Act" in March 2023 to create unexplained wealth orders that will require people to explain how they acquired their assets if suspected of unlawful activity.

The PCMLTFA requires parliamentary committee review of the law every five years. To support the next parliamentary review in late 2023, the Canadian government launched public consultations in June 2023 on proposals to improve its AML regime through expanded authorities and scope.

Covered entities are required to establish and implement risk-based CDD measures. This includes verifying the identity of customers and obtaining beneficial ownership information. The PCMLTFA requires banks and credit unions; life insurance companies, brokers, and agents; securities dealers; casinos; real estate brokers and agents; agents of the Crown (certain government agencies); MSBs; accountants and accountancy firms; precious metals and stones dealers; and British Columbia notaries to file suspicious transaction reports.

Canada cooperates on AML/CFT matters with the United States and other governments through mechanisms such as the North American Drug Dialogue.

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is a member of the Egmont Group of Financial Intelligence Units. Canada is a member of the Financial Action Task Force (FATF) and the Asia/Pacific Group on Money Laundering, a FATF-style regional body.

See [Canada's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Noted deficiencies include gaps in CDD responsibilities for nonfinancial businesses and professions, a lack of beneficial ownership transparency for trusts and similar legal mechanisms, and the absence of AML regulations for attorneys.

Information sharing constraints constitute another AML deficiency for Canada. The “Personal Information Protection and Electronic Documents Act” and other regulations hinder information sharing among financial institutions, law enforcement, and FINTRAC, as banks can be subject to large monetary fines for unauthorized data sharing resulting from AML cooperation.

## **Enforcement/Implementation Issues and Comments**

Information sharing and investigatory capacity deficiencies continue to limit AML enforcement. The Canadian government has taken steps to improve these deficiencies. Canada passed legislative changes in 2023 to improve financial intelligence information sharing among law enforcement, the Canada Revenue Agency, and FINTRAC. In 2022 Canada committed to establishing a new Canada Financial Crimes Agency to enhance enforcement and investigatory capacity but has not yet released specific information about its authorities and structure.

# Cayman Islands

## Overview

The Cayman Islands, a United Kingdom (UK) overseas territory, is a major international financial center. With over 119,000 incorporated and registered companies, the Cayman Islands has become a leading hedge fund jurisdiction, the sixth largest foreign holder of U.S. Treasury securities, the 16th largest holder of international banking assets, and 14th largest holder of international banking liabilities.

As of June 2022 there are 99 banks, 141 trust company licenses, 144 licenses for company management and corporate service providers, 765 insurance companies, and five money services businesses. There are also 12,935 licensed/registered mutual funds, 15,345 registered private funds, and eight virtual asset service providers (VASPs) in the Cayman Islands. As of the third quarter of 2023, the total number of registered companies was 119,626.

The Cayman Islands has an established anti-money laundering/combating the financing of terrorism/counter-proliferation financing (AML/CFT/CPF) regime.

## Vulnerabilities and Money Laundering Methodologies

The Cayman Islands' 2021 national risk assessment (NRA), released by the Anti-Money Laundering Unit (AMLU) in March 2022, evaluates the money laundering (ML), terrorist financing (TF), and proliferation financing (PF) risks the jurisdiction faces.

The key findings of the NRA indicate the Cayman Islands' primary threat is from money laundering based on predicate crimes committed overseas, notably fraud, corruption, and tax evasion. Banks, securities businesses, and investment funds face the primary exposure to ML activity. Areas of high inherent risk include exempt companies, exempted limited partnerships, and trusts. At the domestic level, drug-related crimes, unlawful gambling, fraud/theft, and corruption pose the most threats.

Cayman Enterprise City, a special economic zone, was established in 2011 for knowledge-based industries.

## Key Anti-Money Laundering (AML) Laws and Regulations

The Cayman Islands has a strong AML/CFT legal and institutional framework and relevant competent authorities have adequate powers and procedures.

Customer due diligence and suspicious transaction reporting requirements cover all types of financial institutions and designated nonfinancial businesses and professions. Since October 2020 the names of company directors and subscribers, the registered office, yearend share capital, and nature of business of companies are publicly available. Shell banks, anonymous accounts, and the use of bearer shares are prohibited.

VASPs are covered under AML/CFT regulations. The “Virtual Asset (Service Providers) Act” appoints the Cayman Islands Monetary Authority (CIMA) as the AML/CFT supervisor of VASPs.

The “Cayman Islands Mutual Legal Assistance (United States of America) Act (2015 Revision)” gives legal effect to the mutual legal assistance treaty between the United States and the UK concerning the Cayman Islands.

The Financial Reporting Authority (FRA), the country’s financial intelligence unit (FIU), is a member of the Egmont Group of FIUs. The Cayman Islands is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body.

See the [Cayman Islands' most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

While significant improvements have been made to the AML/CFT/CPF regime in recent years, more work is needed to address deficiencies. An updated “National AML/CFT/CPF Strategy 2022-2025” has been developed and published to highlight important areas for further development.

## Enforcement/Implementation Issues and Comments

The UK is constitutionally responsible for the Cayman Islands’ international relations. The UK arranged for the 1988 UN Drug Convention and the UN Convention against

Transnational Organized Crime to be extended to the Cayman Islands in 1995 and 2012, respectively. The UN Convention against Corruption was extended to the Cayman Islands by the UK in 2020.

The Anti-Money Laundering Steering Group (AMLSG), chaired by the attorney general, is the body responsible for AML policy. The Inter-Agency Coordination Committee, chaired by the head of the AMLU, is responsible for implementing policies of the AMLSG.

The Cayman Islands strengthened international cooperation by increasing training and resources for prosecutors, the Bureau of Financial Investigations (CIBFI), and the FRA.

Supervisors have increased the number of onsite inspections in line with sectoral ML/TF/PF risk. Administrative fines for noncompliance with the AML/CFT regulations have been imposed. CIMA imposed administrative penalties totaling approximately \$831,300 in 2022 for various AML/CFT breaches. The Registrar of Companies (ROC) levied administrative fines on trust and company service providers (TCSPs) totaling approximately \$1,007,000 and 270 fines of approximately \$6,000 each on companies in 2021.

As of November 1, 2022, the CIBFI had 22 ongoing ML investigations and one TF investigation. There were also four ML cases before the courts for prosecution and six complex money laundering cases before the Grand Court of the Cayman Islands.

The AML regulations require TCSPs to collect and maintain beneficial ownership information. The ROC stores this information in a centralized platform, which facilitates instantaneous access for law enforcement and competent authorities. The government committed to the introduction of a publicly accessible register of company beneficial ownership.

# China, People's Republic of

## Overview

The People's Republic of China (PRC) is a global hub for money laundering. The U.S. government estimates at least \$154 billion in illicit proceeds move through the PRC annually. The sophistication and reach of criminal networks outpace PRC enforcement capabilities. PRC authorities continue to identify new money laundering methods; however, authorities rarely share such findings with international partners or take sufficient countermeasures.

In January 2022 the PRC announced a three-year anti-money laundering (AML) initiative headed by the People's Bank of China (PBOC) and Ministry of Public Security (MPS). However, shortcomings persist in implementation. PRC AML efforts are not transparent, particularly in the context of international cooperation. A revised AML law, first announced in 2021, remains to be promulgated.

In October 2023 the U.S.-PRC Financial Working Group, led by senior officials from the U.S. Department of the Treasury and the PBOC, held its first meeting. The group serves as an ongoing channel to discuss financial policy matters and cooperation on common challenges, including mutual AML efforts.

The PRC continues to pilot a PBOC-backed digital currency, the e-CNY Digital Currency Electronic Payment. The PBOC applies strict customer due diligence (CDD) requirements for e-CNY users.

The PRC should broaden its investigation and prosecution of money launderers and cooperate with international law enforcement investigations regarding domestic Chinese underground financial systems, virtual currencies, shell companies, and trade-based money laundering (TBML).

## Vulnerabilities and Money Laundering Methodologies

Corruption is a major factor in money laundering in the PRC. Illegal drug production and trafficking, human trafficking, smuggling, intellectual property theft, crimes against property,

tax evasion, and illicit financial activity linked to North Korea are also primary sources of laundered funds. Criminal proceeds are generally laundered via bulk cash smuggling; TBML; shell companies; high-value asset purchases; investments; gaming; and exploitation of formal, informal, and third-party payment systems.

The PRC's multiple free trade zones, special economic zones (SEZs), state-level areas, and many other designated zones all offer different platforms for global financial activity. Mainland China's economy is linked closely to Hong Kong, a global financial center vulnerable as a transit point for illicit proceeds, particularly from mainland China.

The PRC bans services related to virtual currency transactions and prohibits new virtual currency mining projects within the country. PRC-based money launderers exploit the U.S. credit card system to move significant amounts of criminal proceeds on behalf of transnational criminal organizations. The PRC-based launderers obscure the repatriation of illicit funds, which largely falls outside U.S. regulatory jurisdiction.

## **Key AML Laws and Regulations**

Money laundering is a criminal offense under the "PRC Criminal Law." The AML and counterterrorism laws set out AML requirements for all financial institutions and covered nonfinancial institutions.

In September 2023 the National Supervisory Commission, Supreme People's Procuratorate, and MPS jointly issued the "Opinions on Strengthening Anti-Money Laundering and Cooperation in Handling Corruption and Bribery Cases." The joint opinions direct prosecutorial and public security agencies to ensure money laundering investigations are included as part of corruption and bribery investigations. The unpromulgated AML law revision is listed as "priority legislation" under the PRC's five-year legislative plan.

The United States and the PRC are parties to the Agreement on Mutual Legal Assistance in Criminal Matters. U.S. law enforcement agencies note the PRC has not provided consistent assistance on financial investigations and U.S. requests for financial investigation information. Increased ability to enforce U.S. court orders or judgments obtained as a result of non-conviction-based forfeiture actions against PRC-based assets would significantly enhance U.S.-PRC cooperation on these cases.

The PRC is a member of the Financial Action Task Force (FATF) and two FATF-style regional bodies, the Asia/Pacific Group on Money Laundering (APG) and the Eurasian Group (EAG).

See [PRC's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

The PRC has enhanced due diligence procedures for foreign, but not domestic, politically exposed persons (PEPs). The absence of coverage of domestic PEPs is particularly important as corruption is a major source of laundered funds, and state-owned enterprises play a dominant role in the economy.

Designated nonfinancial businesses and professions (DNFBPs) are not supervised. The PRC lacks detailed CDD requirements specific to DNFBPs, and STR reporting is virtually nonexistent. The PBOC's lack of scrutiny of DNFBP-related risk is particularly concerning given the massive size of the PRC's real estate and precious metals sectors.

The PRC's financial intelligence unit (FIU) is not a member of the Egmont Group of FIUs and often lacks capacity or political will to effectively share financial intelligence.

The government should address the rights of bona fide third parties and the availability of substitute assets in seizure/confiscation actions.

## **Enforcement/Implementation Issues and Comments**

Money laundering investigations are often not a priority. The government largely ignores money launderers who did not actively participate in predicate criminal behavior in the PRC. Consequently, the PRC convicts few individuals on money laundering charges alone. The PRC should broaden its focus to go beyond active participants in the predicate crime.

The most recent asset seizure data released by the PRC is from 2021.

The PBOC, MPS, and provincial law enforcement share AML responsibilities. The PRC should continue efforts to more effectively and transparently use AML tools. The PRC should seek to enhance coordination among its financial regulators and law enforcement



bodies and with international partners. The PRC should address legislative and structural shortcomings regarding domestic PEPs, DNFBPs, and STR reporting.

# Colombia

## Overview

Colombia has a rigorous money laundering detection regime. Still, not all anti-money laundering/combating the financing of terrorism (AML/CFT) compliance systems are in line with risk-based best practices, creating gaps in the supervision of designated nonfinancial businesses and professions (DNFBPs). According to the Colombian National Risk Assessment Report (NRA) conducted by the Financial Analysis and Information Unit (UIAF), Colombia's financial intelligence unit (FIU), and published in December 2023, criminal activities that registered the highest money laundering threat were illegal mining, embezzlement of public funds, narcotrafficking, and trade-based money laundering (TBML).

## Vulnerabilities and Money Laundering Methodologies

The Colombian government reports illicit proceeds are most commonly laundered through bulk cash smuggling and TBML. TBML methods include customs fraud, invoice manipulation, and smuggling of counterfeit goods and contraband through ports or land borders. Corrupt customs authorities facilitate evasion of the customs process.

Criminal organizations use formal and informal financial schemes including money brokers, real estate investments, structured wire transfers, and abuse of the remittance networks to launder illicit proceeds. Illegal gold mining and other forms of natural resource exploitation, such as illegal fishing, and timber and wildlife trafficking, are used to launder illicit revenue and generate additional illicit proceeds.

Although criminal organizations continue to use money brokers and wire transfers to launder funds, U.S. law enforcement believes much of the laundering activity has moved into virtual currency and through foreign banking systems, and criminal groups are increasingly using digital currencies to send drug proceeds back to Colombia. Colombian institutions have a limited understanding of virtual assets operations.

The more than 100 free trade zones in Colombia are generally well-regulated for AML/CFT purposes.

## Key Anti-Money Laundering (AML) Laws and Regulations

According to the Colombian legal framework, the UIAF is the national AML/CFT coordinator. Colombia published the results of its new NRA in December 2023.

Colombia has customer due diligence (CDD), currency transaction report, and suspicious transaction report regulations. Colombia's central bank leads a virtual asset working group to assess regulatory and oversight needs for all affected industries. In late 2021, the UIAF included Colombian virtual assets service providers as reporting entities, but the AML regulatory body for this service has not been determined.

Colombia and the United States do not have a bilateral mutual legal assistance treaty. Assistance is possible through various multilateral conventions to which both countries are signatories.

The PRC is a member of the Financial Action Task Force (FATF) and two FATF-style regional bodies, the Asia/Pacific Group on Money Laundering (APG) and the Eurasian Group (EAG).

See [Colombia's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Colombia has a comprehensive AML/CFT regulatory framework, but its attempts to pass legislation to include environmental crimes as money laundering predicate offenses have been unsuccessful.

Colombia's legislative framework prohibits law enforcement from having direct access to UIAF's reports, slowing an already overburdened judicial process. The government adopted the 2021-2026 AML Public Policy Plan (CONPES 4042) and added an illicit finance chapter to the 2022-2025 Criminal Policy Plan (CONPES 4089) to address this concern. In April 2023 the Ministry of Defense also included a separate chapter to this end in its national defense and security public policy.

In 2021 Colombia updated and improved the CDD guidelines for politically exposed persons (PEPs) to include foreign PEPs (Presidential Decree 830/2021). Reporting entities face significant challenges on effective identification of PEPs.

Colombia has not passed legislation that would regulate virtual assets.

## **Enforcement/Implementation Issues and Comments**

Asset forfeiture is being applied effectively in Colombia. The Colombian Special Assets Entity, responsible for managing non-conviction-based asset forfeiture and disposing of forfeited assets, has struggled to manage its large inventory of over 26,000 assets that cause a significant financial burden. The lack of asset forfeiture judges and the reliance on only one appellate court add to the gridlock and cause civil asset forfeiture proceedings to take up to 24 years.

The monitoring and sanctions regime is effective in the financial sector, but Colombia can improve its technical compliance with international standards regarding DNFBP oversight. DNFBPs generally have a lower level of awareness of AML/CFT regulations. Regulators of DNFBPs are under-resourced, limiting their ability to monitor compliance with AML/CFT obligations.

Most goods brought to Colombia via TBML are sold in informal, popular black-market venues, known as San Andresitos. These informal venues receive little effective supervision and enforcement.

There is limited information-sharing among Colombian institutions. The Colombian government would benefit from interagency working groups to improve communication and information-sharing, increase the number of prosecutions and convictions, and create a consolidated asset forfeiture database. A nascent money laundering task force including the Attorney General's Office and Colombian National Police shows promise on enhancing interagency coordination. A whole-of-government approach including all AML stakeholders is recommended to effectively counter money laundering threats.

Colombian and U.S. authorities cooperate on money laundering and asset forfeiture investigations, but law enforcement, prosecutors, and judges need more resources and specialized training to effectively investigate and prosecute complex financial crimes.

President Petro's administration has committed, through capacity-building initiatives and legislative proposals, to strengthen structures against money laundering, terrorism financing, and weapons of mass destruction.

# Costa Rica

## Overview

Organized crime and narcotics trafficking remain the primary drivers of money laundering and financial crimes in Costa Rica. Costa Rica is not a regional or offshore financial center.

The General Superintendency of Financial Entities (SUGEF) and the Financial Analysis Unit (UAF), the financial intelligence unit (FIU) housed in the Costa Rican Drug Institute (ICD), lead implementation of anti-money laundering (AML) activities in Costa Rica. Costa Rica has engaged in limited activities to address money laundering violations through sanctions or judicial action but is addressing international recommendations and demonstrating its commitment to meet the ever-growing challenge that money laundering represents.

## Vulnerabilities and Money Laundering Methodologies

Narcotics trafficking continued to be a major source of laundered assets in Costa Rica in 2023. The country remains among the top first-stop transshipment points for United States and European-bound Andean cocaine. Industries including construction, real estate, vehicle sales, money exchange, and hotels remain vulnerable to money laundering.

Legalized gaming and sportsbook enterprises have large operations in Costa Rica and raise significant money laundering concerns. Illegal gold mining and gold trafficking, most notably from the “Crucitas” region in northern Costa Rica, likewise pose significant risk, as do other forms of natural resource crimes such as wildlife and timber trafficking and illegal fishing. Airports and border crossings continue to be transit points for illicit money flows. Support provided through U.S. Customs and Border Protection’s Joint Security Program at the international airport in San Jose helped Costa Rican authorities seize more than \$1 million in undeclared currency between January and October 2023.

## Key Anti-Money Laundering (AML) Laws and Regulations

Costa Rica employs customer due diligence guidelines, reporting rules, suspicious transaction report (STR) provisions, and risk-based supervision requirements that cover both traditional financial institutions and designated nonfinancial businesses and

professions (DNFBP). The banking regulator SUGEF has increased DNFBP tracking – registering 5,261 entities in 2023 – and is denying financial services to noncompliant entities. Virtual asset operators are not automatically classified as DNFBPs, though a draft law pending legislative approval (Bill 23.415, “Crypto Asset Markets”) would place them under SUGEF’s supervision.

A fiscal fraud law (Law 9416) provides for disclosure of beneficial owners, and the Beneficial Owner Registry has been in place since 2022.

Legislation to strengthen penalties for money laundering crimes (Bill 22.552) is pending approval by the Legislative Assembly’s Security and Narcotrafic Commission as of November 2023. The bill would increase prison sentences for money laundering convictions and remove the requirement the main charge be a “major crime” (i.e., one with penalties of four or more years imprisonment).

The FIU is a member of the Egmont Group of FIUs. Costa Rica is a member of Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body.

See [Costa Rica’s most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Costa Rica does not have a stand-alone asset forfeiture law. However, the government uses a non-criminal administrative action, known as “emergent capital,” to seize assets representing an increase in the net worth of any individual where there is no demonstrated “apparent legitimate source” that justifies the increase. From January to November 2023, the Attorney General’s Office evaluated 110 potential “emergent capital” administrative processes. As of November 2023, prosecutors filed complaints in 40 such proceedings, expecting to confiscate over \$1 million in cash, real property, and vehicles. Another 22 cases were either pending a complaint filing or under review as of November 2023.

Costa Rica does not regulate virtual currencies, and the increased popularity of virtual currencies represents an additional AML enforcement challenge for Costa Rican authorities.

## Enforcement/Implementation Issues and Comments

The FIU received 470 STRs involving over \$331 million between January and October 2023. Prosecutions remain limited as the Public Ministry has struggled to conduct and complete AML investigations, though a new STR early alert system was implemented in 2023 following sustained public criticism of the lack of actionable STR intelligence reports in 2022. The new system fast-tracks bank alerts directly to the prosecutor's office and has resulted in 15 cases totaling \$2 million of assets frozen in August and September 2023, a significant increase from previous months.

In February 2023 the European Union (EU) added Costa Rica to the EU list of “non-cooperative jurisdictions for tax purposes.” However, Costa Rica's changes to its income tax law through the approval of Law No. 10.381, which amended aspects of Costa Rica's foreign-source income exemption regime, resulted in Costa Rica's removal from the EU List in October 2023.



# Cuba

## Overview

Cuba is not a regional financial center. Cuban financial practices and U.S. sanctions continue to prevent Cuba's banking system from fully integrating into the international financial system. The government-controlled banking sector renders Cuba an unattractive location for large-scale, third-party money laundering through financial institutions. Botched currency reforms in 2021 resulted in hyperinflation and a loss of confidence in the banking system. The private sector has expanded steadily over the past two years, but it lacks access to a formal foreign exchange market and therefore must rely on the informal market to obtain hard currency for imports. Amid a shifting economic model marked by a high tax burden and a weak, antiquated, inefficient banking system, tax evasion is widespread.

The Cuban government does not identify money laundering as a major problem. The Cuban government and state-controlled businesses actively engage in financial strategies to evade U.S. sanctions. Cuba should strengthen the transparency of its financial sector. The Cuban government did not disclose any significant criminal investigations or prosecutions related to money laundering in 2023.

## Vulnerabilities and Money Laundering Methodologies

Although Cuba is largely disconnected from the international financial system, some factors on the island are conducive to money laundering and make Cuba a potential destination for illicit funds. Primary reasons include an opaque banking sector, a cash-based economy, the Cuban government's desperation for hard currency, and government corruption.

Cuba is located between drug-supplying and drug-consuming countries but there is little domestic consumption, and there are no known transnational drug trafficking organizations operating in Cuba. Cuba has little foreign investment compared to similar nations in the Caribbean, a small international business presence, and no known offshore casinos or internet gaming sites. There are no known issues with or abuse of nonprofit organizations (NPOs), alternative remittance services, offshore sectors, free trade zones, bearer shares, or other specific sectors or situations. Cuba established a special economic development

zone at the port of Mariel west of Havana in 2013 but has struggled to meet investment goals.

## Key AML Laws and Regulations

Cuba claims to take into account international anti-money laundering/combating the financing of terrorism (AML/CFT) standards. Legislation released in 2013 outlines regulations regarding enhanced customer due diligence (CDD) for foreign politically exposed persons (PEPs), although it continues to exempt domestic PEPs from the legislation. The financial intelligence unit (FIU) shares financial intelligence with the Revolutionary National Police, the Attorney General's office, and the General Comptroller of the Republic. In addition to its core FIU functions, the FIU can suspend transactions and freeze funds, both domestically and upon request from a foreign counterpart.

Law 143/2021 of the Penal Procedure, published December 7, 2021, regulates arrangements for asset sharing as means of international judicial assistance.

In January 2023 the United States and Cuba held their Fifth Law Enforcement Dialogue and agreed to revive all technical working groups, including one related to financial crimes. A meeting scheduled for December 2023 did not meet and was rescheduled for February 2024. Other technical working groups focus on counterterrorism, human smuggling and migration fraud, counternarcotics, cybercrime, legal cooperation, and secure trade.

Cuba has bilateral agreements with several countries related to combating drug trafficking.

Cuba is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body. See [Cuba's most recent mutual evaluation report](#), in Spanish, for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Cuba has several strategic deficiencies in its AML regime. These include a lack of suspicious activity reports (SAR) reported to its FIU by financial institutions and designated nonfinancial businesses and professions (DNFBPs), and a lack of transparency with respect to enforcement within its DNFBP and NPO sectors. These deficiencies stem from Cuba's

opaque national banking system, which hampers efforts to monitor the effectiveness and progress of Cuba's AML efforts.

The U.S. government issued the Cuban Assets Control Regulations in 1963, under the Trading with the Enemy Act. The embargo remains in place, restricting American travel and most investment, and prohibits the import of most products of Cuban origin. With some notable exceptions, including agricultural products, medicines and medical devices, telecommunications equipment, and consumer communications devices, most exports from the United States to Cuba require a license. Several U.S.-based Cuban government and Cuban national assets are frozen.

## **Enforcement/Implementation Issues and Comments**

The Cuban government has not updated its 2020-22 national strategy to prevent and combat money laundering, financing of terrorism, and the proliferation of weapons of mass destruction.

Cuba adopted a new penal code in 2022, but the scope and penalties for money laundering have not changed from previous laws. A series of regulations issued between 2019 and 2023 designate specific institutions or officials to investigate or supervise money laundering or the illicit export of cash into or out of Cuba and update the regulations on money laundering.

Cuba should increase the transparency of its financial sector. Cuba should ensure its CDD measures and SAR requirements include domestic PEPs, all DNFBPs, and the NPO sector, and create appropriate laws and procedures to enhance international cooperation and mutual legal assistance. Cuba should increase the transparency of criminal investigations and prosecutions.

# Curaçao

## Overview

Curaçao is a regional financial center and a transshipment location for drugs and gold from South America. Money laundering occurs through money mules, private foundations, cash intensive businesses serving as front companies, online gaming, brick and mortar casinos, the sale of luxury goods, real estate, unlicensed money lending and remitting, wire transfers, private capital investment funds, and trade-based money laundering practices.

Curaçao is an autonomous country within the Kingdom of the Netherlands (the Kingdom). Kingdom authorities retain responsibility for foreign policy and defense, including negotiating and concluding international conventions. There is a law enforcement memorandum of understanding (MOU) between the four Kingdom countries and the United States. The Dutch-based legal system is effective in the detection and prosecution of money laundering suspects.

## Vulnerabilities and Money Laundering Methodologies

Law enforcement officials and investigative journalists believe transnational criminal organizations are drawn to Curaçao for the availability of U.S. dollars, offshore banking and incorporation systems, private capital investment funds, free trade zones (FTZs), a large shipping container terminal, online gaming servers, and resorts/casinos to launder their illegal proceeds.

Due to its geographic proximity and history of economic ties, Curaçao is at risk of being used to launder money from Venezuela. In 2019 Curaçao banned the trade in Venezuelan gold and ended its offshore tax regime. However, alternate tax regimes remain, depending on company activities, which could still be exploited for money laundering purposes.

Although Curaçao has a population of just 150,000, the island is home to 49 independent banks subdivided into local retail banks, subsidiaries of foreign banks, branches of foreign banks, credit unions, savings banks, consolidated international banks, and non-consolidated international banks.

Curinde N.V., a majority state-owned company, supervises Curaçao's FTZs. The Minister of Economic Development oversees corporations. Curaçao is perceived to be one of the largest jurisdictions licensing online gaming. The Curaçao Gaming Control Board oversees anti-money laundering/combating the financing of terrorism (AML/CFT) activity for the land-based gaming industry.

Curaçao has launched a new online gaming licensing process to make the industry more fair, secure, and transparent. This is part of a broader effort to modernize its gaming legislation and align with international best practices. All operators must reapply for licenses by November 2023. However, the “National Ordinance for Games of Chance” that will introduce new licensing requirements, stricter compliance measures, and enhanced oversight is not in effect yet.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Kingdom authorities may extend the applicability of international conventions to autonomous countries if local leadership agrees. The Kingdom extended to Curaçao (as a successor to the Netherlands Antilles) the 1988 United Nations (UN) Drug Convention and the UN Convention against Transnational Organized Crime. In accordance with international agreements entered into by the Kingdom, each autonomous entity can be assigned a status of its own within international or regional organizations, subject to the organization’s agreement. The autonomous countries may conclude, within parameters, MOUs in areas in which they have autonomy.

The “National Ordinance on Reporting of Unusual Transactions and National Ordinance on Identification when Rendering Services” establishes AML/CFT requirements. Covered service providers are required to comply with customer due diligence and unusual transaction reporting (UTR) requirements.

In June the Central Bank of Curaçao and Sint Maarten announced new AML/CFT regulations and guidelines. These measures target various financial sectors and replace existing 2013 regulations.

The 1981 mutual legal assistance agreement (MLAA) between the Kingdom and the United States applies to Curaçao; however, the 2004 U.S.-Netherlands MLAA, incorporating specific U.S.-European Union provisions, was not extended to Curaçao. Additionally, the

Kingdom extended to Curaçao the 1992 Agreement Regarding Mutual Cooperation in the Tracing, Freezing, Seizure, and Forfeiture of the Proceeds and Instrumentalities of Crime and the Sharing of Forfeited Assets. The United States and Curaçao have a tax information exchange agreement.

Curaçao's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Curaçao is a member of the Caribbean Financial Action Task Force (CFATF), a Financial Action Task Force-style regional body. See [Curaçao's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

A 2023 national risk assessment (NRA) categorizes risk into five levels; the overall money laundering threat on the island is considered medium high. The report identifies the online gaming sector as one of the highest-risk sectors in Curaçao and expresses concern about the potential increase in money laundering within this sector. This is due in part to financial and personnel shortages within the enforcement chain and delays in the legislative process. The sectors identified as being most at risk for money laundering include banking, money transfer agencies, the e-trade zone, and gaming.

Kingdom authorities have not extended the UN Convention against Corruption to Curaçao.

Curaçao has committed to bring its tax laws and practices into line with international standards of tax transparency and fairness.

## Enforcement/Implementation Issues and Comments

Curaçao utilizes UTRs, a broader reporting mechanism than suspicious transaction reports. Reporting entities file UTRs with the FIU, which determines whether they warrant disclosure to law enforcement and prosecutors.

The four FIUs within the Kingdom implemented a secure network (FCInet) with highly effective privacy-enabled data matching capabilities. The FIU seeks to extend these tools to other partners.

The Action Center Undermining Curaçao, comprising law enforcement, prosecutors, Border Patrol, Customs, and the FIU is to combat organized crime, including money laundering, using a broad set of government instruments, administrative tools, and criminal enforcement.

# Cyprus

## Overview

The island of Cyprus remains vulnerable to exploitation by nefarious actors via illicit financial flows, including proceeds of foreign corruption and narcotics trafficking. The Republic of Cyprus (ROC) is the only internationally recognized government on the island. Since 1974, the northern one-third of Cyprus has been administered by Turkish Cypriots with the support of Türkiye. The north proclaimed itself the “Turkish Republic of Northern Cyprus” (“TRNC”) in 1983, but only Türkiye recognizes it. The European Union “acquis communautaire” is suspended in the area administered by the Turkish Cypriots (TCs). A buffer zone patrolled by UN peacekeeping forces separates the two sides. The ROC and the TC-administered area are discussed separately in each topic heading below.

The ROC continues to upgrade its anti-money laundering/combating the financing of terrorism (AML/CFT) legal framework. A regional financial and corporate services center, the ROC has a significant number of nonresident businesses, estimated at 45 percent of all registered companies. The number of registered companies (resident and nonresident) fell to 198,101 at the end of September 2023, compared to 203,545 in 2021, largely due to the delisting of many derelict or noncompliant companies. More were under review for delisting. Oversight of trust and company service providers, real estate, and other nonfinancial sector activities continues to need improvement.

The ROC suspended public access to its three ultimate beneficial owner (UBO) registries (companies, trusts and similar legal arrangements, and nonprofit organizations) in accordance with a 2023 EU judicial decision but created processes by which covered entities can still access the UBOs.

The area administered by TCs lacks adequate AML/CFT legal and institutional frameworks. Because only Türkiye recognizes the “TRNC,” it is dependent on Turkish authorities and Turkish financial institutions for AML/CFT enforcement. TC authorities have taken steps to address some major deficiencies, although “laws” are outdated or not sufficiently enforced to effectively deter money laundering. The casino sector and the emergence of unregulated virtual currency exchanges remain significant concerns.



## Vulnerabilities and Money Laundering Methodologies

The ROC's primary sources of illicit proceeds are fraud, foreign corruption, tax evasion, narcotics trafficking, and tobacco smuggling. Additionally, cybercrime continues to increase.

The traditional banking sector remains at risk of exploitation, particularly by inadvertently handling proceeds of illicit activity abroad, which neither the banks nor ROC supervisory authorities have sufficient resources to investigate. The presence of several thousand nonresident businesses and offshore entities exacerbates the risk of the ROC being exploited as a gateway to other EU financial institutions, although introduction of the UBO registries was an important step in addressing this concern.

The Cyprus Gaming and Casino Supervision Commission (CGC) supervises the ROC's land-based casinos. Hong Kong-based Melco International opened its large integrated casino resort in 2023 and expects to close four smaller casinos it operated in the ROC since 2017. The CGC regularly publishes important AML/CFT news and best practice documents for gaming operators. Online casino gaming remains unlawful, while sports betting (offline and online) is supervised by the National Betting Authority.

Enhanced due diligence and de-risking in the traditional banking sector may have driven an increasing volume of financial services activity elsewhere, including virtual banking, virtual assets, and virtual currency. Virtual asset service providers (VASPs) must formally register with the Cyprus Securities and Exchange Commission (CySEC), which provides supervisory oversight through a comprehensive regulatory framework for virtual asset and virtual currency trading platforms. The Central Bank of Cyprus (CBC) prohibits the traditional banking sector from owning or facilitating transactions in virtual currencies. October 2023 ROC legislation amends the AML/CFT law and obliges VASPs to register with (and be supervised by) CySEC.

The ROC terminated its citizenship by investment (CBI) program in 2020 amid allegations of corruption. Investigations related to the CBI are ongoing and could lead to prosecutions and/or revocations of citizenship.

In the area administered by TCs, money laundering vulnerabilities are concentrated in the casino, real estate, car dealer, and financial service sectors, including unregulated virtual

currency exchanges. Currency exchange houses remain of concern given the prevalence and use of the Turkish lira, the British pound, the euro, and the U.S. dollar in the area administered by TCs. There are 32 registered casinos in the area administered by TCs, 30 of which were active as of October 2023.

The “central bank” prohibits the traditional banking sector from owning or facilitating transactions in virtual currencies, however, an increasing number of storefront traders facilitate trade in virtual currencies. The “central bank” regulates the five offshore banks, widely suspected of being associated with money laundering activity.

The area administered by TCs has one free port and zone in Famagusta, regulated by the “Free-Ports and Free Zones Law.” Permitted activities include manufacturing and production; storage, assembly, repair, and export of goods; building and repair of ships; and banking and insurance services. The traditional banking sector is not permitted to engage in business or transactions located in the free port and zone.

There are reports of the smuggling of people, illegal drugs, tobacco, alcohol, and foodstuffs across the UN-administered buffer zone into the ROC and of human smugglers operating in the waters north of the island. Additionally, intellectual property rights violations are common and pirated items are freely available for sale in the area administered by TCs.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

The ROC’s AML/CFT law contains provisions allowing for the enforcement of foreign court orders, including foreign non-conviction-based confiscation orders. ROC legislation covers both foreign and domestic politically exposed persons (PEPs).

There is a bilateral mutual legal assistance treaty between the United States and the ROC.

The Unit for Combating Money Laundering (MOKAS), the ROC’s financial intelligence unit (FIU), is a member of the Egmont Group of FIUs. The ROC is a member of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), a Financial Action Task Force-style regional body. See [ROC’s most recent mutual evaluation report](#) for more information.

In the area administered by TCs, the 2008 “AML Law” requires entities to determine the identities of parties to a transaction, including taking reasonable steps to determine the beneficial owner. This information is not publicly available.

Draft “legislation” to amend the 2008 “AML Law” to incorporate elements of international standards has been pending in “parliament” since 2014. Financial institutions and designated nonfinancial businesses and professions are required to submit suspicious transaction reports (STRs) to the “FIU.” The “FIU” forwards STRs to the “Anti-Money Laundering Committee,” which evaluates the STRs and determines whether to refer suspicious cases to the “police” or the “attorney general’s office” (“AGO”) for further investigation.

The area administered by TCs does not have a records-exchange mechanism with the United States.

## **AML Legal, Policy, and Regulatory Deficiencies**

The ROC’s national risk assessment identifies areas for improvement, including more effective implementation of AML/CFT laws and regulations, enhanced awareness and capacity building in all sectors, and specialized training for prosecutors, investigators, and the judiciary.

International experts also identified numerous areas for improvement, particularly in oversight of trust and company service providers, real estate, and other nonfinancial sector activities.

The attorney general and police have limited resources to investigate offshore illicit activity with a ROC nexus – a serious concern given the significant number of registered shell companies.

The area administered by TCs lacks an adequate AML/CFT legal and institutional framework as well as sufficient expertise among members of enforcement, regulatory, and financial entities. The “criminal code” and other “legislation” needs to be updated to facilitate prosecutions of money laundering.

The “FIU” is not a member of the Egmont Group of FIUs. The area administered by TCs is not a member of any FATF-style regional body and is not subject to AML/CFT peer evaluation.

## Enforcement/Implementation Issues and Comments

ROC AML/CFT monitoring and enforcement mechanisms remain fragmented and under-resourced. The level of investigation and enforcement varies considerably by supervisory authority and supervised activity. Many business sectors rely on the formal banking sector for due diligence on customers and origin of funds. The CBC and CySEC have robust AML/CFT supervisory tools and publicly disclose administrative enforcement actions. The CBA discloses administrative enforcement actions but without naming the individuals or firms involved due to privacy concerns. MOKAS has some enforcement powers, including asset seizure authority.

The ROC police maintain AML/CFT enforcement data electronically. In 2021 (the latest year for which statistics are available) there were 43 indictments and 13 convictions (involving 21 people) on AML offenses. In 2022 STRs filed with MOKAS decreased slightly compared to 2021. This was attributed mainly to a decline in reporting from money services businesses.

In the area administered by TCs, although the banking sector is sufficiently regulated, other important areas of financial activity, including currency exchanges and virtual currency trading, are not. The ongoing shortage of law enforcement resources and expertise leaves the casino sector poorly regulated and vulnerable to money laundering operations. Compliance with “regulations” for enhanced due diligence for both foreign and domestic PEPs is lacking.

The TC banking sector depends on Turkish banks for international transactions and engagement. The “FIU” has no institutional linkages with FIUs outside of Türkiye.

Between January and October 2023, the “FIU” participated in 120 “AGO” criminal investigations related to money laundering. The “FIU” reported only one of these cases was finalized.

# Dominica

## Overview

The Commonwealth of Dominica's hilly terrain with numerous bays and inlets, along with proximity to the French territories of Martinique and Guadeloupe, make it a transshipment point for illegal narcotics destined for Europe and North America.

The Financial Services Unit (FSU) of the Ministry of Finance is the country's anti-money laundering/combating the financing of terrorism (AML/CFT) supervisory authority and is responsible for the supervision of nonbank financial institutions, designated nonfinancial businesses and professions (DNFBPs), and offshore banks. The FSU oversees 24 offshore banks, nine money services businesses, six credit unions, and 17 insurers. Three offshore banks have been granted virtual asset service provider licenses. Dominica does not permit international business companies.

The country is a member of the Eastern Caribbean Central Bank (ECCB), which issues a common currency for its members. The ECCB is piloting DCash, a blockchain-based digital sovereign currency. The ECCB supervises two commercial banks in Dominica.

## Vulnerabilities and Money Laundering Methodologies

Narcotics and firearms trafficking, as well as fraud, are the major sources of illicit funds. Cash intensive businesses which pose as legitimate entities are used to launder illicit funds. In the retail business sector, known drug dealers and/or their associates are the proprietors of small bars, entertainment businesses, or restaurants and operate as fronts for the laundering of criminal proceeds.

Dominica states its citizenship by investment (CBI) program provides much-needed revenue for development and infrastructure. The government maintains that there have not been any significant money laundering/terrorist financing threats associated with the CBI program due to multi-layered screening of applicants. Authorized agents market the CBI program and are typically the first point of contact for applicants. Dominica refers to its program as "one of the fastest and most affordable" in the Caribbean. An application for economic citizenship must be made through a government-approved local agent,

accompanied by a fee for due diligence purposes. The government established a CBI Unit to manage the screening and application process.

Applicants from Iran, North Korea, and Sudan are eligible to apply if they have not lived in those countries for at least 10 years, have no substantial assets there, and do not engage in business in or with those countries. Dominica accepts large numbers of CBI applicants and sometimes issues passports despite adverse information uncovered during vetting.

Authorities indicate there are no registered trusts in Dominica. Currently, Dominica has two local slots casinos. The “Companies Act” prohibits companies from issuing bearer shares or bearer share certificates; however, “external companies” are allowed to keep bearer shares on their registers without many of the necessary controls.

## Key AML Laws and Regulations

Relevant AML laws and regulations include the “2016 Money Laundering Prevention (Amendment) Act” (MLPA), the “2013 Financial Services Unit (Amendment) Act,” and the “2016 Proceeds of Crime (Amendment) Act” (POCA). In 2021 Dominica amended its legislation to address beneficial ownership information in keeping with international requirements.

Based on recommendations by international experts in 2022, Dominica passed several MLPA and POCA amendments, orders, and regulations, including the “Money Laundering Prevention (Amendment) Regulations 2022” (S.R.O 26 of 2022), the “Proceeds of Crime – Trusts and Non-Profit Organizations (Amendment) Regulations 2022” (S.R.O 25 of 2022), and the “Proceeds of Crime Anti-Money laundering and Suppression of Terrorist Financing (Amendment) Code of Practice 2022” (S.R.O 27 of 2022). The 2022 amendments, in part, address deficient or absent legislation in the AML/CFT framework noted in legislative reviews, including AML/CFT training and staff certification.

Dominica has extradition and mutual legal assistance treaties with the United States. Dominican government agencies share information with foreign counterparts through exchanges between financial intelligence units (FIUs), customs services, police agencies, and through the Asset Recovery Inter Agency Network for the Caribbean.

Dominica's FIU is a member of the Egmont Group of FIUs. Dominica is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Dominica's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

While Dominica has no major legal deficiencies, given its numerous pieces of amended legislation, a review would be beneficial to identify conflicts and determine what legislative provisions could be consolidated into a single MLPA.

AML/CFT requirements applicable to DNFBPs are often not fully implemented. Most DNFBPs have a low understanding of money laundering risks and their AML/CFT obligations, largely due to the FSU's limited supervisory activities within the sector. The FSU's supervision of DNFBPs is hampered by resourcing and capacity issues.

## Enforcement/Implementation Issues and Comments

A comprehensive legislative framework addresses some AML/CFT regime vulnerabilities that were identified during the national risk assessment (NRA). Dominica developed a national implementation action plan based on the NRA to increase law enforcement information sharing and AML/CFT training and certification for staff.

Dominica has made improvements in its AML/CFT regime, including addressing vulnerabilities related to inadequate judicial and prosecutorial training and lack of awareness among law enforcement of new AML/CFT procedures.

Law enforcement agencies have increased coordination on joint operations to intercept criminal proceeds. In 2023 one major money laundering case led to a conviction and two-year sentence in magistrates' court with forfeiture of almost \$200,000. The accused in a second case has been scheduled for trial in the high court. All forfeited cash is placed in the asset forfeiture fund pursuant to the MLPA.

# Dominican Republic

## Overview

The Dominican Republic (DR) is a major trans-shipment point for illicit narcotics destined for the United States and Europe. The DR is not a major regional financial center despite having the largest economy in the Caribbean.

Corruption within both the government and the private sector, the presence of international illicit trafficking organizations, a large informal economy, and weak financial controls make the DR vulnerable to money laundering threats. DR financial institutions have historically been suspected of facilitating the movement of illicit proceeds from corruption, fraud, and narcotics, both domestically and internationally. Recent enhanced supervision has increased compliance, but gaps persist.

President Abinader assumed the presidency in August 2020 and has demonstrated his commitment to strengthening anti-money laundering/combating the financing of terrorism (AML/CFT) actions, especially in narcotics trafficking and corruption cases. Key law enforcement officials have publicly committed to this increased focus. In April 2023 the vice president convened law enforcement and financial regulatory agencies to sign a multilateral memorandum of understanding with the Attorney General's Office (AGO), supporting the creation of a prosecutor-led AML task force.

## Vulnerabilities and Money Laundering Methodologies

The major sources of laundered proceeds stem from illicit trafficking activities, tax evasion, public and private corruption, and financial fraud.

Bulk cash smuggling by couriers and the use of wire transfer remittances are the primary methods of moving illicit funds from the United States into the DR. Organized crime groups use currency exchange houses, money remittance companies, real estate, vehicles, and construction industries to launder these illicit funds. The use of virtual currency is an increasing trend and method for the movement of illicit funds. Virtual currency transactions in the DR equal approximately \$6.8 billion per year, yet it is neither legally recognized nor regulated in the DR, which represents a significant money laundering vulnerability.



The DR has approximately 72 casinos, 3,778 lottery outlets, and 372 sports betting parlors. Online gaming is legal. The Casino and Gambling Department of the Ministry of Finance supervises casinos, games of chance, and lotteries.

Over 750 companies, primarily manufacturing firms, are located in the DR's 84 free trade zones. These companies are exempt from most national and municipal taxes, so long as the products they produce are exported. The National Council of Export Free Trade Zones regulates and promotes development of the zones and is composed of representatives from the public and private sectors.

## Key AML Laws and Regulations

Law 155-17 is the DR's primary AML/CFT legislation. The DR has comprehensive customer due diligence and suspicious transaction reporting regulations in compliance with international AML/CFT standards.

The new “Civil Asset Forfeiture Law” (CAFL) came into effect in July 2023. The CAFL will allow the confiscation of instruments intended for use in money laundering schemes, and income, profits, or other benefits from the proceeds of criminal acts. The complementary “Administration of Seized and Forfeited Assets Law” (ASFAL) was passed in October 2023. This law creates a specialized agency to manage forfeited assets with enhanced controls that ensure greater accountability and transparency. It also promotes the sale of forfeited assets, with proceeds returned to the government.

In the absence of a bilateral mutual legal assistance treaty, requests for legal assistance take place under multilateral treaties and through law enforcement channels. The DR’s “Criminal Procedure Code” allows the sharing and requesting of information with foreign entities related to money laundering prevention, intelligence, and prosecution.

The Financial Analysis Unit (UAF), the DR’s financial intelligence unit (FIU), is a member of the Egmont Group of FIUs. The DR is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body.

See [DR's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

The DR has technical deficiencies regarding identifying politically exposed persons (PEPs) in risk management systems and exempting liability for STR filers acting in good faith. Authorities do not enforce the law that criminalizes the act of warning suspects of imminent legal or regulatory enforcement actions.

The DR's limited resources, minimal interagency cooperation, and ineffective supervision of financial sector and designated nonfinancial businesses and professions continue to hamper its ability to combat money laundering. The DR has an additional vulnerability by not having a centralized listing for what is estimated to be up to 150,000 PEPs.

## **Enforcement/Implementation Issues and Comments**

A general lack of reporting and reliable data impedes better enforcement. The minimal statistical records kept and shared by agencies regarding predicate crimes results in their inability to measure the effectiveness of the AML law.

Supervisory bodies apply limited AML administrative sanctions to financial nonbanking institutions (FNBI). FNBIs represent a significant vulnerability for money laundering due to their large number, approximately 44,000 entities, and the limited resources available within the supervising authorities.

Implementation and funding will be the DR's primary challenges regarding the new CAFL and ASFAL. Another area of focus is the development of internal management and administrative systems that allow the AGO, law enforcement, and preventive agencies to electronically manage and generate statistics, critical to measuring money laundering in the DR.

The government should continue to work to detect, investigate, and prosecute corruption within the government, particularly in the judicial sector, and bolster protections for suspicious transaction report filers.

# Ecuador

## Overview

Ecuador is a transit hub for illicit drugs. Transnational crime organizations from Mexico and the Balkans now operate in the country. Ecuador's largely cash-based, dollarized economy featuring great income inequality increases its vulnerability to criminal activity.

Following former president Guillermo Lasso's dissolution of the national assembly in May 2023 amid a looming impeachment vote, snap elections led to the election of President Daniel Noboa and a new legislative body in October 2023. Political clashes between the Attorney General's Office (AGO), the judiciary, and judiciary oversight bodies under the previous government heightened the security crisis and added uncertainty to proposed government actions to strengthen Ecuador's anti-money laundering/combating the financing of terrorism (AML/CFT) regime.

Despite reported improvements and increases in asset seizures in recent years, Ecuador averages only one successful money laundering prosecution per year, a notably low number for Ecuador, which ranks third in the world for cocaine seizures.

Amid these challenges the government, in particular Ecuador's Financial and Economic Analysis Unit (UAFE), remains open to international cooperation to help address shared security concerns.

## Vulnerabilities and Money Laundering Methodologies

Narcotrafficking is the primary source of laundered funds, along with tax evasion, smuggling, vehicle theft, cybercrime, and permeability of the banking system. Public corruption, mainly related to fraud and bribery in the construction and security sectors, and a weak legal framework enable a culture of impunity.

Common money laundering methodologies include illegal mining, trafficking illegal gold, online sports betting, cattle rustling, informal lending, human trafficking, and the use of shell and front companies.

Competent authorities possess few tools to analyze virtual assets, posing a heightened threat. Ecuador has not operated the Unified System of Regional Payments (SUCRE) system, a virtual currency used to facilitate payments with Venezuela, since 2019. The central bank issued a report recommending pertinent ministries assess the relevance of continuing participation in the SUCRE treaty. The foreign ministry denounced the treaty at the Constitutional Court, and the request for the court to resolve whether the treaty is in process.

The informal economy in the port and border areas of Ecuador lends itself to cash-based transactions that remain outside supervisory authority.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

An April 2023 legislative reform designates new covered entities, including billing services and soccer clubs, and requires officials in public trust positions to report their personal transactions in amounts greater than \$10,000. A recent tax reform law includes penalties for businesses that don't provide receipts of sales.

Ecuador's Financial Policy and Regulation Board issued a January 2023 resolution that requires banking cooperatives to conduct due diligence on clients who deposit amounts greater than \$10,000. The strategy aims to reduce money laundering risks among the smallest financial institutions, which previously were not subject to these controls. Government officials recognize the need to provide additional AML/CFT training to small cooperatives.

The judicial sector still needs to establish supplementary regulations for the 2021 asset forfeiture law. The AGO proposed a legislative reform in 2023 to strengthen the law. The proposed reform would allow asset forfeiture absent a criminal conviction, a major weakness in the current law. The reform would also allow the AGO to lead cases independently from the Solicitor General.

The UAFE is a member of the Egmont Group of Financial Intelligence Units. Ecuador is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body. See [Ecuador's most recent mutual evaluation report](#), in Spanish only, for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Ecuador faces weak money laundering and asset forfeiture laws, a lack of norms in interpreting AML laws, and a weak risk-based supervisory approach.

UAFE observed the \$10,000 minimum reporting threshold is too high for certain sectors and proposed more targeted minimums. A new procedure that enables judges to ask FIU analysts and bank compliance officers to testify in person may prove intimidating as it would enable their identification by defendants.

Currently, UAFE can only share its data with the national intelligence agency and prosecutors rather than directly with law enforcement.

## Enforcement/Implementation Issues and Comments

Low staffing levels of prosecutors and police financial investigators, limited technological resources, insufficient parallel financial investigations, limitations on interagency coordination, a lack of formal mechanisms to prioritize money laundering cases, limited specialized AML/CFT training, and the lack of centralized asset databases impact Ecuador's ability to address complex money laundering cases.

The AGO's specialized AML unit filed charges in six cases and obtained one conviction in 2023. Ecuador's money laundering crime report included 41 complaints filed for investigation from January-September 2023.

The high-profile Las Torres case resulted in a February 2023 organized crime conviction against all 12 defendants – including former comptroller general Pablo Celi for soliciting bribes – fines of \$1.4 million, and the seizure of \$45,000.

Prosecutors are required to inform suspects they are under criminal investigation. Prosecutors must initiate an investigation into a money laundering case within 30 days and finish the entire investigation in two years. In addition, judges expect to see evidence linking the money laundering to another crime. Prosecutors often focus on money laundering prosecutions associated with drug trafficking and corruption crimes. Judges often lack the experience to analyze money laundering evidence.

UAFE is working with a donor to analyze the threat levels of tax crimes, abuse of rights, virtual currency procedures, environmental crimes, and terrorist financing. The rapid growth in registrations of new business companies taxes the Superintendence of Companies' capacity to monitor them.

# El Salvador

## Overview

El Salvador made progress in modernizing its approach to combating money laundering in 2023. Still, poor regulatory oversight and enforcement continues to make El Salvador vulnerable to money laundering. In 2023 El Salvador adopted legislation and regulations for virtual assets because previously unregulated virtual assets allowed for possible money laundering.

## Vulnerabilities and Money Laundering Methodologies

El Salvador's dollarized, cash-based economy combined with the regional free movement of citizens makes it attractive for money launderers. Related risks include organized crime, drug trafficking, human smuggling and trafficking, extortion, and corruption. El Salvador is a cash-based economy with 28 percent of the population using bank accounts. El Salvador identified several trade-based money laundering (TBML) schemes stemming from lax border and customs controls. Ineffective regulatory oversight and enforcement over smaller savings and loans cooperatives, nonbank financial institutions, and designated non-financial businesses and professions (DNFBPs) also increase vulnerability. The introduction of the virtual currency Bitcoin as legal tender in 2021 complicated anti-money laundering/combating the financing of terrorism (AML/CFT) efforts and allowed vulnerabilities to money laundering and scams.

Organized crime groups launder money through various means, including front companies, bulk cash smuggling, remittances, virtual assets, and TBML. Illicit activity includes smurfing operations whereby small amounts of money are transferred in a pattern to avoid detection. As of October 2023 there are also 17 free trade zones (FTZs) operating in El Salvador. The FTZs are comprised of almost 300 companies operating in sectors such as textiles, clothing, distribution centers, call centers, business process outsourcing, agribusiness, agriculture, electronics, and metallurgy.

The Central America 4-Border Control Agreement among El Salvador, Guatemala, Honduras, and Nicaragua allows free movement of citizens, which may facilitate cross-border human smuggling, contraband, and cash.

## Key Anti-Money Laundering (AML) Laws and Regulations

The current AML/CFT regulatory framework lacks sufficient supervisory and regulatory oversight of vulnerable economic sectors. Despite improvements in 2023, poor coordination and information sharing among El Salvador's financial intelligence unit (UIF), law enforcement agencies, and other regulatory bodies remains an issue. The UIF and other key regulators continue to lack enforcement authority.

In December 2022 the UIF issued comprehensive AML/CFT guidance for virtual asset service providers (VASPs). In January 2023 the Legislative Assembly passed additional legislation regulating virtual assets (other than Bitcoin), VASPs, and initial coin offerings. Of the 103 VASPs registered in El Salvador's Central Reserve Bank, 22 are functioning as of October 2023. VASPs are subject to all AML/CFT regulations applicable to traditional financial services.

A 2021 UIF-issued AML directive requires obligated entities to develop AML/CFT compliance programs, to include customer due diligence and transaction monitoring requirements, and to comply with financial reporting requirements, including the filing of suspicious activity reports. In 2023 the government mandated the use of AML compliance audits, authorized the use of additional steps to determine beneficial ownership, and required obtaining senior-management approval when establishing commercial relationships with politically exposed persons. El Salvador anticipates passing AML reforms before the end of 2023.

El Salvador is a signatory of the Inter-American Convention on Mutual Assistance in Criminal Matters, which allows the exchange of evidence in criminal proceedings with the United States, including narcotics investigations.

The UIF is a member of the Egmont Group of FIUs, and El Salvador is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), A FATF-style regional body. See [El Salvador's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Regulatory supervision of AML/CFT compliance remains a problem in various economic sectors. There is a lack of meaningful supervision for some financial service businesses,



such as smaller savings and loan cooperatives and DNFBPs, including casinos, real-estate agents, dealers in precious metals/stones, and professional services.

Despite passing legislation in January 2023 to regulate all virtual assets, ineffective AML/CFT supervision heightens money laundering and terrorist financing risks.

There are no criminal sanctions for legal entities.

## **Enforcement/Implementation Issues and Comments**

El Salvador's UIF remained understaffed, but in 2023 it increased its personnel to five attorneys and 31 analysts. Criminal cases are primarily handled by the Attorney General's Special Investigations Unit with approximately 16 prosecutors and 6 analysts. The separate Specialized AML Unit includes 19 prosecutors and 11 financial analysts. The additional personnel and a modernized analysis approach resulted in more robust strategic and operative analysis and international cooperation in 2023. The UIF and attorney general received technical assistance in money laundering and cryptocurrency investigations and secured specialized software to conduct tracing.

Between January and September 2023, the Attorney General's Office (AGO) prosecuted 27 money laundering cases and convicted defendants in 18 cases. In February 2023 a judge set a trial date for former president Mauricio Funes (2009-2014), charged with steering a public-works contract for \$8.5 million in exchange for a private jet. In May 2023 the AGO filed money laundering charges against six defendants, including founders of two savings and loan cooperatives, involved in simulating financial operations worth more than \$49 million. In June 2023 former minister of defense David Munguia Payes (2009-2014) was charged with laundering almost \$1.2 million in public funds. Currently, the AGO is in the middle of a lengthy trial against 11 defendants, including former president Funes, for embezzling and laundering \$351 million.

# Ghana

## Overview

Significant money laundering risks are inherent in Ghana due to corruption, illegal mining, narcotics trafficking, and violent extremism activities encroaching from the country's neighbors. Since the passing of the 2020 "Anti-Money Laundering Act" (AML Act) and introduction of the supplemental "Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Policy Procedures and Program Manual," Ghana has made incremental progress through improved banking supervision, identification of at-risk sectors, and strengthened regulations and enforcement. Ghana must continue to allocate adequate resources to effectively implement asset forfeitures and sanction institutions that are not complying with suspicious transaction report (STR) and currency transaction report procedures as required by law.

## Vulnerabilities and Money Laundering Methodologies

Ghana is a cash-dominant economy with porous borders contributing to bulk cash smuggling, the most common money laundering scheme. Improvements in monitoring currency movement at the borders have caused some smuggling to shift to the increased illicit movement of gift cards and digital currency. Ghana remains a known transit and destination point for illicit drugs trafficked from Asia and South America to other African countries, Europe, and to a lesser extent North America.

Money laundering crimes are predicated on romance scams and advanced fee fraud, theft, tax evasion, bribery, and drug trafficking. Human trafficking, migrant smuggling, organized crime, arms trafficking, the counterfeiting of currency, the counterfeiting and piracy of products, environmental crime, and forgery also are prevalent in Ghana. The designated nonfinancial businesses and professions (DNFBP) sector is particularly vulnerable to money laundering. Within this sector, nonprofit organizations, mining, sports betting, and virtual asset service providers are emerging risks.

Ghana has one active free trade zone, which is becoming more vulnerable as administrative and oversight procedures are reduced or eliminated within the zone to boost economic growth.

## Key Anti-Money Laundering (AML) Laws and Regulations

The comprehensive 2020 AML Act consolidates previous laws and better defines the structure and powers of the Financial Intelligence Center (FIC), Ghana's financial intelligence unit (FIU). The AML Act also defines the scope of unlawful activities and the oversight of accountable institutions and imposes strict money laundering sanctions.

The Gaming Commission of Ghana regulates the operations of Ghana's fast-growing gaming and betting industry. Ghana is seeing increases in physical and online casinos, sports betting companies, and other games of chance. The Gaming Commission is improving its AML monitoring and supervision with staff capacity building and onsite AML/CFT inspections, resulting in an increase in STR filings.

Ghana and the United States do not have a mutual legal assistance treaty (MLAT) but do have a bilateral extradition treaty. Evidence can be exchanged through multilateral conventions that have provisions for cooperation in criminal matters, and assistance can also be provided on a reciprocal basis through letters of request.

The FIC is a member of the Egmont Group of FIUs. Ghana is a member of the Inter Governmental Action Group Against Money Laundering in West Africa (GIABA), a Financial Action Task Force-style regional body. See [Ghana's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Banks, market operators, and insurance companies are required to identify high-risk clients, but recent inspections show compliance and enforcement are lacking. Ghana is not adequately identifying and monitoring politically exposed persons or their associates and is deficient in monitoring nonprofit organization finances.

Ghanian law does not have provisions for the supervision and regulation of digital currencies.

## Enforcement/Implementation Issues and Comments

Ghana is implementing a national identity card system to be used in all financial transactions; however, the rollout of the cards has been slow and is far from complete. Customer due diligence is challenging because the government's identity verification databases are either unavailable to the public or not kept up to date. Few investigators and prosecutors have received specialized AML/CFT training. Several agencies maintain combined statistics on convictions; separate data on money laundering convictions is not readily available.

# Guatemala

## Overview

Guatemala's geographic position, porous borders, and entrenched corruption make it a key transit route for narcotics and illicit cash, creating challenges for the government in combating money laundering and narcotics trafficking-related financial crimes.

Under the direction of Attorney General Maria Consuelo Porras, designated by the United States for significant corruption under Section 7031(c) of the annual "Department of State, Foreign Operations, and Related Programs Appropriations Act" and Section 353(b) of the "United States-Northern Triangle Enhanced Engagement Act," the Public Ministry (MP) has continued to stall on corruption investigations, including those involving money laundering, while acting swiftly to issue arrest warrants against certain anticorruption prosecutors and judges. After the victory by anticorruption candidate Bernardo Arevalo in the 2023 presidential election, which was one of the most observed elections in Guatemala's history, the MP immediately initiated criminal investigations against his party and the electoral authorities who certified the election results. Legislation introduced in 2020 to modernize Guatemala's Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) law has meanwhile remained stagnant in congressional committee review.

## Vulnerabilities and Money Laundering Methodologies

Guatemala has long been considered strategically important for criminal organizations involved in narcotics trafficking and money laundering. Laundering of drug trafficking profits commonly occurs through real estate, construction, mining, cash businesses, and ranching, where oversight remains weak due to the cattle sector's proclivity for non-taxed cash transactions and limited local banking services in remote regions. Criminal organizations exploit legal gaps in deposit regulations and reporting requirements, and banks report difficulties regulating transactions and deposits made in locations far from allegedly legitimate business activity.

The Central America 4-Border Control Agreement among El Salvador, Guatemala, Honduras, and Nicaragua permits the free movement of citizens across shared borders

without requirements to declare cash below \$10,000. However, wire transfers of foreign currency into Guatemala are limited to \$3,000 per person per month.

## Key Anti-Money Laundering (AML) Laws and Regulations

The Guatemalan “Law against Money Laundering or Other Assets” (LAML) regulates all aspects of money laundering prevention and enforcement laws and requires the reporting of suspicious and unusual financial activities. However, the LAML does not apply to numerous entities in the financial, commercial, and service sectors that are vulnerable to money laundering activity.

Guatemala and the United States are party to multilateral agreements including with the OAS and UN which both countries rely on to exchange evidence.

Guatemala’s financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Guatemala is a member of the Financial Action Task Force in Latin America (GAFILAT), a FATF-style regional body. See [Guatemala’s most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

International experts have offered detailed recommendations to bring Guatemala's AML/CFT regime up to global standards. Noted deficiencies include dated AML legislation that inadequately addresses gaps in identifying ownership of entities involved in suspicious transactions and inadequate regulation of certain designated nonfinancial businesses and professions (DNFBPs) at high risk for misuse by money launderers. These DNFBPs include casinos and virtual asset service providers that are required to comply with reporting requirements and risk mitigation protocols.

Legislative inaction has prevented meaningful progress, and an AML/CFT modernization law introduced in 2020 remains under review by congressional economy and finance committees, with no clear prospects to advance. The “Law for the Prevention and Suppression of Money Laundering or Other Assets and the Financing of Terrorism” (Bill 5820), proposed by Guatemala’s Special Verification Supervisor (IVE), is meant to address

deficiencies by expanding the professions and activities required to comply with reporting requirements and enforcing risk mitigation.

## **Enforcement/Implementation Issues and Comments**

Guatemala continued to struggle to enforce its AML and asset forfeiture laws in 2023, including suspicious activity reporting (SAR) regulations and application of customer due diligence procedures.

The most significant deficiencies in Guatemala's AML/CFT regime continue to be enforcement and prosecution by weak institutions subject to political influence. For example, IVE analyzes SARs to identify likely money laundering activity and submits 150-200 reports each year to the MP for further investigation, only 5 percent to 10 percent of which are investigated.

In 2023 Guatemala's customs authorities introduced digital customs declaration forms for all passengers transiting the La Aurora International Airport. Replacing paper forms, the digital platform is a nascent but developing data resource to provide information on frequent movements of cash just below the \$10,000 declarable value.

# Guinea-Bissau

## Overview

Guinea-Bissau remains vulnerable to money laundering (ML) due to limited institutional capacity, low funding and operational capacity within law enforcement and the judiciary, porous international borders, and weak regulatory oversight over the financial sector. Guinea-Bissau has adopted a comprehensive anti-money laundering/combating the financing of terrorism (AML/CFT) regulatory framework; however, implementation is inconsistent due to funding constraints, a lack of training on the investigation and prosecution of complex financial crimes, and occasional efforts by political actors to interfere in the judicial process.

Transnational criminal organizations (TCOs) are established in Guinea-Bissau and use the country to transit narcotics and other contraband. Some members of the country's military and law enforcement are believed to be complicit in drug trafficking. The preference of most of Guinea-Bissau's consumer businesses to operate in cash, along with a large number of unregistered business entities, provides conditions that may increase ML both domestically and across Guinea-Bissau's international borders.

## Vulnerabilities and Money Laundering Methodologies

Guinea-Bissau faces the threat of ML from illicitly earned profits originating both domestically and internationally. Guinea-Bissau faces significant and systemic corruption risks emerging not only from the misuse of public resources but also from foreign drug traffickers that seek the assistance of the country's officials. Corruption, embezzlement, and maladministration are known to be vulnerabilities within Guinea-Bissau's government. Tax fraud and tax evasion are known to exist, but the government lacks adequate means to reliably gauge their extent. TCOs take advantage of the country's porous international borders and weak internal security controls to transit narcotics and other contraband, sometimes with the complicity of the country's military and law enforcement. Guinea-Bissau's long, largely unpopulated coastline, together with an offshore archipelago of 88 sparsely inhabited islands, provide attractive landing spots for shipments of contraband arriving from abroad via air or sea.



Oswaldo Vieira International Airport, the country's sole international airport, lacks sufficient technological equipment and resources to adequately scan passengers, baggage, and cargo transiting the airport. At the sea container port of Bissau, vessels routinely enter and leave the country without inspection, limiting government efforts to interdict shipments of narcotics and other contraband. Some members of the customs service are believed to accept bribes in exchange for allowing passengers and articles to pass through border posts without inspection.

Guinea-Bissau operates on a largely cash-based economy, with only a few large businesses in the hospitality and consumer goods sectors accepting credit cards or payment via bank transfer. Many businesses are not officially registered, do not regularly audit their finances, do not file taxes, and may not keep funds in a traditional bank. These businesses present a heightened risk for ML to either avoid taxation or obscure illicit commerce.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

AML/CFT law number 3/2018 is Guinea-Bissau's primary legislation setting out AML/CFT obligations for reporting entities within the country.

Guinea-Bissau is a member of the Inter Governmental Action Group Against Money Laundering (GIABA), a Financial Action Task Force-style regional body. See [Guinea-Bissau's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Guinea-Bissau has a generally sound legal framework for preventing ML, although international experts urge improvements in some areas. Specifically, while the banking sector adequately implements AML measures, nonbank financial institutions and designated nonfinancial businesses and professions are believed to only weakly implement AML measures.

The authorities need to design a comprehensive anti-corruption strategy. The asset declaration regime is not operational, and both legislative and institutional frameworks should be reformed and reinforced by publication of the declarations.

The Center for Formalization of Enterprises, part of the Ministry of Economy, maintains a publicly accessible database of legal persons and registered entities. The inconsistent use of fines to enforce registration compliance, however, compromises the thoroughness and accuracy of information in the database. The database lists companies that are no longer operational but have never been delisted, creating the potential for misuse.

Confiscation of goods in the absence of a criminal conviction is not permitted, even where the perpetrator is not available due to death, flight, or absence, or because his identity is unknown.

The financial intelligence unit (FIU) is not a member of the Egmont Group of FIUs.

## **Enforcement/Implementation Issues and Comments**

International attention on ML issues in Guinea-Bissau has been reduced in recent years with the closure of both the UN Integrated Peace-Building Office in Guinea-Bissau in 2020 as well as the UN Office on Drugs and Crime in 2021.

Guinea-Bissau generally has a sound AML/CFT legal framework and institutional structure. In practice, however, the criminal investigative and prosecutorial authorities do not prioritize ML investigations. Investigations and prosecutions of proceeds-generating offenses tend to focus more on the underlying offenses, resulting in few investigations and prosecutions of money laundering itself. The independence of the criminal justice system requires enhancement. Furthermore, the criminal investigative and prosecutorial agencies have a low level of expertise in financial investigations and lack the resources to deal with complex ML cases.

Guinea-Bissau's relatively high risk level for ML does not translate into a high number of investigations, prosecutions, or convictions of ML cases. Insufficient funding for public institutions across the government, political instability leading to frequently changing policy priorities, institutional weakness, and a lack of longstanding ties between law enforcement and international counterparts reduce Guinea-Bissau's ability to prevent and root out ML within its borders.

Seizure of illicit proceeds is relatively rare, likely due to limited capacity of authorities for forensic auditing and financial investigations.

# Guyana

## Overview

According to Guyana's 2021 money laundering/terrorist financing national risk assessment (NRA), the country's money laundering risk and sectoral vulnerability remain medium-high. A key factor that contributes to Guyana's medium-high threat level is the lack of money laundering convictions.

With per capita GDP skyrocketing owing to increased oil and gas production, foreign investors and local companies are actively investing across all sectors, potentially increasing the risk for money laundering. The Government of Guyana strengthened its anti-money laundering/combating the financing of terrorism (AML/CFT) legislation, but poor implementation of regulations and limited technical, financial, and human resources continue to undermine the government's AML response.

## Vulnerabilities and Money Laundering Methodologies

Historically, primary sources of laundered funds are narcotics trafficking and real estate fraud. Other sources include human trafficking, gold smuggling, fraud, corruption, contraband, and tax evasion.

The sector with the highest level of money laundering vulnerability is precious minerals dealers and licensed traders. Sectors with medium-high money laundering vulnerability levels include attorneys; accountants and auditors; nonfinancial trust and company service providers; real estate agents, brokers, and housing developers; used car and car parts dealers; banking and building societies; money transfer agencies; and money exchanges.

Money laundering typologies include structuring transactions at commercial banks; romance scams; bulk cash couriers; wire transfer fraud through compromised business email accounts; withdrawing and holding cash to evade property taxes; investment fraud – use of pyramid and other investment schemes to defraud unsuspecting investors; and online fraud.

The Guyana Gaming Authority regulates and supervises all gaming activities. Guyana does not have free trade zones, offshore financial centers, virtual currency platforms, or economic citizenship programs.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Guyana has comprehensive customer due diligence and suspicious transaction reporting regulations. In August 2023 Guyana amended the 2009 AML/CFT act, criminalizing proliferation financing for the first time and enabling the government to designate individuals and entities under the United Nations Security Council resolutions sanctions regime. Regulation 4 of the “Anti-Money Laundering and Countering the Financing of Terrorism (Miscellaneous) Regulations 2023” defines beneficial owner and sets out recordkeeping requirements.

In August 2023 the government approved the “Guyana Compliance Commission Bill,” creating an agency to extend the AML/CFT framework to nonprofit organizations and associated individuals in accordance with obligations under the AML/CFT Act.

The United States and Guyana do not have a bilateral mutual legal assistance treaty. There is a records exchange mechanism in place with the United States and other governments.

Guyana is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Guyana’s most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Beneficial ownership identification and recordkeeping procedures have not yet been implemented.

While it continues to receive low overall scores from the Extractive Industries Transparency Initiative (EITI), Guyana has made some progress in establishing a platform for multi-stakeholder discussions of the governance of the extractive industries.

Guyana lacks standardized provisions for secure electronic communications and transactions, and the “Electronic Communications and Transaction Bill” and an AML/CFT national strategic plan remain in process as of yearend 2023.

Guyana’s financial intelligence unit’s (FIU) application for membership in the Egmont Group of FIUs is ongoing. Following an April 2023 site assessment, an Egmont Group review team recommended Guyana’s approval for Egmont Group membership. Guyana’s FIU reported it expects the application to be finalized in 2024.

## **Enforcement/Implementation Issues and Comments**

The major agencies involved in anti-drug and AML efforts are the Guyana Police Force, Guyana Revenue Authority (GRA), Customs Anti-Narcotics Unit, Special Organized Crimes Unit (SOCU), Bank of Guyana, and the FIU within the Ministry of Finance.

In 2023 SOCU reported that 271 cases of money laundering are at various stages before the courts. In February SOCU charged three members of a Guyanese family with laundering \$19.1 million on behalf of Chinese businesses and facilitating tax evasion. All cases are ongoing and hindered by limited court magistrate staff to adjudicate the backlog.

In 2023 Guyana’s FIU received 138 suspicious transaction reports, 607 currency declaration reports, and 40,968 threshold transaction reports.

The Guyanese government has shown strong political will to combat money laundering and has made progress on the AML/CFT front. Guyana should prioritize constituting the Compliance Commission, in accordance with the Guyana “Compliance Commission Act.” The government must also build the capacity of SOCU to ensure full compliance with its legislated mandate. Reporting and investigating entities should also improve their interagency coordination. Finally, increased training and capacity is needed for law enforcement and the justice sector to investigate and enforce AML/CFT laws and prosecute the backlog of financial criminal cases.

# Haiti

## Overview

The government's efforts to improve its anti-money laundering/combating the financing of terrorism (AML/CFT) regime made minimal regulatory progress. This is, in part, due to the absence of a constitutional government and increased political instability and uncertainty following the 2021 presidential assassination.

Haitian gangs and corrupt political and private sector actors engage in international drug trafficking and other criminal activity. While Haiti is not a major financial center, regional narcotics and money laundering enterprises utilize Haitian couriers, primarily via maritime routes. Drug and arms trafficking in Haiti, and related money laundering, is primarily connected to the United States.

While key legislation is in place, including anticorruption and AML laws, the weakness of the judicial system, impunity, and a lack of political will allow pervasive corruption and money laundering in Haiti.

In 2023 the interim government adopted a law to increase its AML/CFT capacity and abide by international AML/CFT standards. Additionally, a pending Central Financial Intelligence Unit (UCREF) reorganization law will improve UCREF's autonomy. UCREF serves as Haiti's financial intelligence unit (FIU).

## Vulnerabilities and Money Laundering Methodologies

Identified money laundering schemes mostly involve significant amounts of U.S. currency held in banks outside of Haiti or nonfinancial entities in Haiti, such as restaurants and other small businesses. A majority of property confiscations have involved significant drug traffickers convicted in the United States. Illicit proceeds are also generated from corruption,

embezzlement of government funds, smuggling, counterfeiting, kidnappings for ransom, irregular migration, and tax fraud. Foreign currencies represent approximately 69 percent of Haiti's bank deposits.

Haiti's operational free trade zones (FTZs) decreased from 10 to five between 2021-2023. FTZs are licensed and regulated by the Free Zones National Council, a public-private enterprise. AML laws and regulations apply to companies operating in FTZs.

The Ministry of Economy and Finance oversees the Haitian State Lottery. According to the latest reported figures, Haiti has 157 licensed and many unlicensed casinos. Gaming entities are subject to AML requirements. Online gaming is illegal.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

In the absence of a functioning parliament, in 2023 the government adopted a law by decree on foreign exchange intermediaries and transactions that outlines what crimes are categorized as AML/CFT crimes, the institutions covered by the decree, and the enforcement mechanisms. The adopted 2023 AML/CFT laws improve regulatory adherence to international AML/CFT standards, replacing dysfunctional 2017 regulations.

The 2020 adoption of a new criminal code and criminal procedural code was expected to improve corruption and money laundering prosecutions, with implementation to take place over two years. However, in 2023 a Ministry of Justice official indicated the government is likely to abandon the 2020 criminal code altogether.

Haiti is a member of the Caribbean Financial Action Task Force (CFATF), a Financial Action Task Force-style regional body. See [Haiti's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

The weaknesses of the Haitian legal framework, judicial system, and prosecutorial mechanisms continue to leave the country vulnerable to corruption and money laundering. Haiti does, however, maintain international narcotics control agreements and cooperates regularly with the United States on drug-related cases.

Haiti should establish a program to identify and report the cross-border movement of currency and financial instruments.

UCREF is not a member of the Egmont Group of FIUs.

## Enforcement/Implementation Issues and Comments

Haiti's 2014 anticorruption law is not effectively implemented, as evidenced by frequent changes in leadership, fear of reprisal at the working level, rumored intervention from the country's executive leadership, and the failure of judges to investigate, schedule, and refer cases to prosecutors.

UCREF is an ineffective, passive institution with little law enforcement impact. UCREF does not follow up with the prosecutor's office regarding referrals. UCREF forwarded nine cases to the judiciary in fiscal year 2021-2022, and zero in 2023. Since 2017 there have been zero AML/CFT convictions.

The Haitian National Police financial crimes unit (BAFE) is understaffed and under-resourced. It has limited interaction with UCREF. Like UCREF, the BAFE does not systematically follow up with the prosecutor's office regarding cases. Haiti's prosecutors and judges have limited experience with financial crimes cases.

The current system is virtually nonexistent when it comes to adjudicating offenses, issuing subpoenas for records, and other basic court proceedings.

The government should devote more resources to building an effective AML/CFT regime, particularly within its judiciary, to enforce the consequences of financial crimes.

International experts recommend modification of certain Haitian laws as current privacy laws restrict the government's insight into foreign citizens' holdings in Haitian banks.

International partners have also called for closer coordination with Haiti's central bank on AML/CFT efforts and measures to end impunity.



# Honduras

## Overview

Money laundering in Honduras stems from transnational criminal organizations (TCOs) and corruption. Honduras is not an offshore financial center but is in the middle of TCO routes. The National Banking and Insurance Commission (CNBS) is responsible for supervising Honduras' financial system. The CNBS implements the 2019 "National Anti-money Laundering/Combating the Financing of Terrorism (AML/CFT) Strategy."

The 2015 designated nonfinancial businesses and professions (DNFBP) law has not been fully implemented. Supervision to prevent money laundering is limited to nonexistent in all sectors. The lack of capacity and tools to investigate complex financial crimes contributes to a favorable money laundering climate. In 2023 congress repealed many of the 2021 reforms to the penal code and AML law, which had presented improvements but also procedural obstacles.

## Vulnerabilities and Money Laundering Methodologies

Money laundering in Honduras derives from transnational criminal activity. Criminals and corrupt actors pass illicit proceeds through the financial system and DNFBPs. Criminal actors also exploit natural resources in the country, trafficking them internationally and contributing to domestic corruption and other criminal activities.

Corruption and links to TCOs in private and public sectors remain widespread. A significant number of government officials from different administrations have been indicted or convicted for money laundering. Under the 2022 amnesty law, individuals under investigation or prosecution, or even convicted, have benefited in corruption-related cases.

The Central America 4-Border Control Agreement among El Salvador, Guatemala, Honduras, and Nicaragua allows free movement of citizens, which may facilitate cross-border human smuggling, contraband, and cash.

## Key Anti-Money Laundering (AML) Laws and Regulations

Honduras has sufficient customer due diligence and suspicious transactions reporting regulations. Other regulations and legal reforms are needed to fully implement the 2015 AML law, especially concerning DNFBPs.

There is no mutual legal assistance treaty between Honduras and the United States. However, Honduras has engaged in records and information exchanges under multilateral conventions with applicable provisions. Honduras can cooperate with states on asset recovery and sharing.

The financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Honduras is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body. See [Honduras' most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

The 2019 national AML/CFT strategy needs updating, particularly to address new money laundering typologies and trends.

Due to inadequate information sharing between the Public Ministry (MP) and the FIU, the financial system resorted to “de-risking” as a default policy. The 2021 amended AML statutes made several detrimental changes to the AML regime. This includes limiting court orders for financial information to money laundering, terrorism, and civil asset forfeiture proceedings, thereby eliminating the ability to access financial records in other criminal proceedings related to money laundering predicate offenses. In 2023 Honduras largely repealed the 2021 amendments, restoring corruption-related crimes as predicate offenses and allowing prosecutors to request financial information without a subpoena. In addition, the “unjustified wealth” rule was reinstated, providing prosecutors a flexible statute for money laundering prosecutions. Additional reforms are required to establish evidentiary criteria to determine “unjustified wealth” as a predicate offense.

The government began the process to establish the International Commission Against Corruption and Impunity in Honduras (CICIH) in 2022. Negotiations by the government with the United Nations continue. The amnesty law approved in 2022 mandates the government

cease investigations and prosecutions and void convictions against government officials that served during former president Manuel Zelaya's administration between 2006 and 2009. This prohibits any anticorruption unit or commission from investigating certain cases, and some argue would weaken an eventual CICIH's investigative authority unless repealed.

In February 2023, following constitutional norms, the Honduran National Congress elected 15 new Supreme Court of Justice magistrates. Separately, the president of the congress used unconventional arguments and controversial procedural maneuvers to appoint an interim attorney general (AG) and deputy AG in November 2023. Varied Honduran stakeholders argue the ruling LIBRE Party and its allies in the National Congress are endangering rule of law and democratic norms.

The government is using the country's international reserves to finance expenditures. This poses a risk since the central bank has limited supervision from the CNBS. In 2023 international reserve funds were declared secret, limiting oversight and traceability of how funds are used.

The Superintendence of Commercial Companies, created to supervise businesses, remains inactive. Bearer shares are legal, and Honduras does not have a beneficial ownership information registry.

## **Enforcement/Implementation Issues and Comments**

The FIU, the MP, judges, and law enforcement officials need specialized training. Although Honduras has virtual currency ATMs, it has limited virtual asset service provider regulations that do not address all the potential risks. Honduras has challenges adapting the regulatory system and judicial processes to identify, seize, and forfeit virtual assets. CNBS does not provide effective local AML/CFT guidance to financial institutions. The National Supervisory Council of Cooperatives recently began to obtain resources to fulfill its mandate to prevent money laundering.

In the AML law reforms, the Wealth Intelligence Unit (UIP) was created under the Ministry of Security. Honduran law enforcement and intelligence units must request wealth intelligence reports from the UIP, limiting capacity and independence to conduct investigations. There are concerns the UIP duplicates the functions of other entities, including the FIU.

Recently, Honduras has requested U.S. enforcement of a Honduran court's orders to restrain and forfeit assets in the United States, an important tool to recover criminal proceeds involving transnational crime.

# Hong Kong

## Overview

Hong Kong, a Special Administrative Region of the People's Republic of China and an international financial and trading hub with sophisticated financial and telecommunication infrastructure and a free trade system, is exposed to various money laundering risks related to financial fraud, drug trafficking, smuggling, and tax evasion. Hong Kong's proximity and financial interconnectedness with mainland China, and its role facilitating mainland capital flows, create additional money laundering vulnerabilities. Hong Kong has a comprehensive anti-money laundering/combating the financing of terrorism (AML/CFT) regime and attaches great importance to the perception that it continues to meet international standards. Hong Kong has made progress addressing identified compliance deficiencies related to dealers in precious metals and stones and virtual assets.

## Vulnerabilities and Money Laundering Methodologies

Hong Kong's low tax rates and simplified tax regime, combined with its sophisticated banking system, the ease of starting a business, shell company formation agents, free port status, and the absence of currency and exchange controls, present vulnerabilities for money laundering. Hong Kong shell companies can be exploited to launder money, facilitate illicit trade, and gain access to the international financial system.

According to Hong Kong's "Money Laundering and Terrorist Financing Risk Assessment Report 2022," the primary sources of laundered funds were fraud, financial crimes, drug trafficking, illegal gaming, and goods smuggling. Groups involved in money laundering range from local criminal organizations to sophisticated international syndicates. Bank accounts set up using stolen or manipulated identities are commonly used in fraud-related crimes, while technological advances in online payments have attracted attempts to exploit these services to transfer illicit funds. Most smuggling cases involve the transfer of goods across the mainland China-Hong Kong border, seeking to take advantage of Hong Kong's distinct tariff and quarantine regime.

A local lottery and betting on horse racing and soccer are the only legal gaming activities, all under the direction of the Hong Kong Jockey Club, a nonprofit entity that collaborates with law enforcement to disrupt illegal gaming outlets.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Hong Kong's "Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance" (AMLO) includes provisions for customer due diligence (CDD) and suspicious transaction reporting. Suspicious transaction reports must be filed with the Joint Financial Intelligence Unit (JFIU), which is jointly run by the Hong Kong Police Force and Hong Kong Customs and Excise Department (HKCED). Statutory CDD and recordkeeping requirements extend to include designated nonfinancial businesses and professions (DNFBPs) such as legal and accounting professionals. Companies incorporated in Hong Kong must maintain beneficial ownership information.

Financial regulators in Hong Kong have issued sector-specific guidelines for maintaining compliance with AMLO requirements. The AMLO also designates the self-regulatory organizations for certified public accountants, estate agents, and lawyers as the regulatory bodies in their respective sectors, responsible for overseeing compliance of DNFBPs with statutory CDD and recordkeeping requirements.

In December 2022 the Hong Kong government amended the AMLO and now requires businesspersons engaging in precious metals and stones transactions at or above approximately \$15,380 to register with the HKCED beginning April 1, 2023. The amended AMLO and related regulatory guidance also set out new licensing requirements for virtual asset platforms effective June 1, 2023, including the regular submission of audited accounts and financial information.

The JFIU is a member of the Egmont Group of FIUs. Hong Kong is a member of the Financial Action Task Force (FATF) and the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body. See [Hong Kong's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

In view of significant cross-border flows of trade and finance, Hong Kong regulatory authorities should ensure strong cooperation with other jurisdictions in cases involving predicate offenses, such as tax evasion or corruption, that do not originate in Hong Kong.

Self-regulatory bodies, particularly those overseeing DNFBPs, should strengthen their understanding of AML risk, develop a risk-based approach, and enhance their supervisory and enforcement actions.

Under the amended AMLO, virtual asset trading platforms (VATP) have until May 31, 2024, to apply for a license to legally offer services and to comply with other Securities and Futures Commission (SFC) requirements. In response to allegations of fraud involving nearly \$200 million in investor assets at an unregulated virtual currency platform in Hong Kong, the SFC publishes an online list of VATPs that are licensed or have submitted applications.

## Enforcement/Implementation Issues and Comments

The 1988 United Nations (UN) Drug Convention was extended to Hong Kong in 1997, and the UN Convention against Corruption and the UN Convention against Transnational Organized Crime (UNTOC) were extended to Hong Kong in 2006.

In 2022 there were 101 money laundering convictions. Hong Kong has a low number of convictions compared to the number of cases investigated, in part because authorities have other administrative remedies to address concerns. For example, in 2023 the Hong Kong Monetary Authority imposed fines on two local branches of foreign banks for AMLO violations.

The following bilateral agreements with the United States have been under suspension since August 2020: the Surrender of Fugitive Offenders Agreement; the Transfer of Sentenced Persons Agreement; the Reciprocal Tax Exemptions on Income Derived from the International Operation of Ships Agreement, and the Agreement Between the Government of the United States of America and the Government of Hong Kong on Mutual Legal Assistance in Criminal Matters.

# India

## Overview

India continues incremental progress toward addressing money laundering primarily by promoting digital public infrastructure. The Indian government prioritizes curtailing illicit financial activity to curb terrorist financing and money laundering. It plans to formalize and digitize India's financial system to reduce corruption and increase tax collection. The government streamlined money laundering regulations to arrest illicit capital movement in 2023. Nonetheless, India faces various money laundering vulnerabilities such as informal financing networks that serve illiterate, rural citizens; complex onshore and offshore corporate structures; and enforcement capacity constraints.

## Vulnerabilities and Money Laundering Methodologies

The most common money laundering methods include intermingling criminal proceeds with lawful assets, routing funds through employees' accounts, and complex legal structures. Illicit funds are laundered through gold purchases, charities, election campaigns, and educational programs. Laundered funds are derived from tax avoidance and economic crimes, corruption, narcotics trafficking, trafficking in persons, and illegal trade.

An October 2023 Federation of Indian Chambers of Commerce and Industry study reported India's strategic location in a major drug-producing region has led to emergence of drug-related trade-based money laundering (TBML).

At the end of 2023 India's Supreme Court was hearing a petition challenging the legality of allowing political parties to receive funding through electoral bonds without public disclosure.

As of September 2022, 270 of India's formally approved 424 special economic zones (SEZs) are operational. India has licensed nine offshore banking units (OBUs) to operate in the SEZs. OBUs have defined physical boundaries and functional limits, are prohibited from engaging in cash transactions, can only lend to the SEZ wholesale commercial sector, and are subject to the same AML regulations as the domestic sector. Customs officers control access to the SEZs.



## Key Anti-Money Laundering (AML) Laws and Regulations

The “Prevention of Money Laundering Act” (PMLA) of 2002 remains India’s comprehensive legislation that criminalizes money laundering and provides the legal basis for tracing and seizing illegal money. Rules implemented by the Reserve Bank of India (RBI) and the market regulator, the Securities and Exchange Board of India (SEBI), establish a broad framework for prosecuting money laundering in India. The Ministry of Finance’s Enforcement Directorate enforces the legislation and rules.

In 2023 the Indian government broadened the scope of the PMLA to include all individuals involved in the creation of a company and practicing accountants who conduct financial transactions on behalf of their clients. However, legal professionals remain exempt from the expanded definition.

The RBI updated its AML measures in 2023. According to the RBI, the new measures will apply to trade in virtual currencies, direct financial institutions to obtain full disclosure for all wire transfers to prevent them from being used as a channel for money laundering and terrorist financing, and withdraw Indian rupee 2,000 bills from circulation to reduce hoarding and money laundering.

SEBI revised India’s AML regime in 2023. It places customer due diligence requirements on market intermediaries, including enhanced due diligence procedures. It also directs all Indian mutual funds to prepare financial statements in accordance with Indian Accounting Standards, which are compatible with the globally followed International Financial Reporting Standards.

India and the Organization for Economic Co-operation and Development built capacity in tax and financial crime investigation in the South Asian region. India piloted a tax and financial crime investigation program at the government-run National Academy of Direct Taxes in Nagpur.

The RBI is actively working towards a phased implementation of Central Bank Digital Currency in both the wholesale and retail sectors. The RBI, however, has been advocating for a ban on virtual currencies and has noted the dangers virtual currencies can pose.

India's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. India is a member of the Financial Action Task Force (FATF) and two FATF-style regional bodies: the Asia/Pacific Group on Money Laundering and the Eurasian Group. See [India's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

India's safe harbor provisions protect principal officers and compliance officers of institutions that file suspicious transaction reports in good faith but do not protect all employees. While AML/CFT are important priorities for the Indian government, India focuses primarily on combating tax evasion and counterfeit currency.

## Enforcement/Implementation Issues and Comments

While amendments to the PMLA have widened the definition of money laundering, law enforcement professionals remain concerned about effective implementation and enforcement, including criminal prosecutions. Opposition political parties allege the Bhartiya Janata Party-led National Democratic Alliance use the PMLA as a political weapon and target politicians by issuing summons under the PMLA.

U.S. investigators have had limited success coordinating the seizure of illicit proceeds with Indian counterparts. While intelligence and investigative information supplied by U.S. law enforcement authorities have led to numerous money seizures, the lack of follow-through on investigative leads has prevented comprehensive action against violators and related groups. India's institutional challenges limit its ability to respond constructively to mutual legal assistance requests.

India should address noted shortcomings in the criminalization of money laundering, as well as its domestic framework for confiscation and provisional measures. The government should ensure all relevant designated non-financial businesses and professions comply with AML regulations. India should use data and analytics to systematically detect trade anomalies that could indicate customs fraud, TBML, and counter-valuation in informal financial networks.

# Indonesia

## Overview

Indonesia remains vulnerable to money laundering due to gaps in financial system regulation, a cash-based economy, weak rule of law, and inconsistent, uncoordinated law enforcement. Risks stem from corruption, tax avoidance, drug trafficking, terrorist financing, wildlife trafficking, fraud, and embezzlement. Criminal proceeds are laundered through banks, capital markets, industry, and real estate, and are sent offshore for later repatriation.

On October 27, 2023, Indonesia became a member of the Financial Action Task Force (FATF). Indonesia is making progress to counter vulnerabilities and has a high level of technical compliance with international anti-money laundering (AML) standards. Areas for improvement include law enforcement analytical training, raising judicial authorities' awareness of relevant offenses, increasing technical capacity to conduct financial investigations, and education for financial services sector personnel. To conduct meaningful asset tracing, investigators and prosecutors need better access to complete banking records. Access to these records is hindered by bank secrecy law.

## Vulnerabilities and Money Laundering Methodologies

Indonesia is vulnerable to the smuggling of illicit goods, controlled commodities, and bulk cash. This vulnerability is exacerbated by extensive and poorly controlled coastlines, lax law enforcement, and poor customs infrastructure. Proceeds from illicit activities are easily moved offshore and then repatriated for commercial and personal use. Endemic corruption is a major concern, but free trade zones (FTZs) and economic citizenship programs are not major concerns as they are sufficiently regulated. Information sharing between Malaysia and Indonesia on illicit cargo transiting the FTZs within the Strait of Malacca should be improved.

Indonesia has bolstered cooperation regionally to disrupt terrorist networks. Terrorist financing methods are shifting toward personal sponsors, financing from legitimate business ventures and/or domestic social media accounts, and nongovernmental organizations. Authorities aim to address risks posed by virtual assets and peer-to-peer lending, which are difficult to track.

## Key AML Laws and Regulations

Indonesia has comprehensive customer due diligence and suspicious transaction report (STR) regulations. Politically exposed persons are subject to enhanced due diligence. “Presidential Regulation 13/2018” and “Ministry of Law and Human Rights regulation 21/2019” call for the disclosure of beneficial owners. Information sharing with U.S. officials in narcotics investigations is allowed under Indonesian law.

In June 2021 the Constitutional Court issued a broader interpretation of “Anti-Money Laundering Law No. 8/2010” article 74, which states all civil servants authorized to investigate crimes are empowered to conduct parallel money laundering investigations. This is expected to increase investigations of money laundering related to environmental crimes such as illegal logging.

In January 2023 “Criminal Code Law No. 1/2023” was issued, lowering both the maximum length of imprisonment and the maximum fine for money laundering cases. This law will take effect in January 2026.

Indonesian “Regulation No. 61/2021” broadens the list of entities required to file STRs to include fintech companies. The Financial Transaction Reports and Analysis Center (PPATK), Indonesia’s financial intelligence unit (FIU), has drafted an asset forfeiture bill that is currently under parliamentary review. This bill seeks to optimize asset recovery and restricts large cash transactions. PPATK expects this bill to be approved in 2024.

Indonesia’s Financial Services Authority (OJK) issued “Regulation No. 8/2023” in June on AML implementation and prevention of terrorism/proliferation financing, which requires financial services providers to block funds without delay, impose sanctions for violations, and mitigate the evasion of sanctions.

PPATK is a member of the Egmont Group of FIUs, and Indonesia is a member of the FATF and of the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body. See [Indonesia’s most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

The primary factors hindering Indonesia's fight against narcotics-related money laundering relate to the bank secrecy law; lack of coordination between investigating bodies; corruption; a lack of law enforcement personnel analytical training; lack of bank compliance with customer due diligence and STR regulations; lax regulatory oversight; an uneven distribution of capability to track and trace virtual assets; and insufficient training on money laundering detection and reporting. More effective information sharing with international law enforcement, as well as amongst the Indonesian governmental investigating agencies, is needed to make Indonesia a more effective partner in international AML/CFT efforts.

## **Enforcement/Implementation Issues and Comments**

In 2021 Indonesia conducted national money laundering and terrorist financing/weapons of mass destruction proliferation finance risk assessments. Since then, the government has taken steps to implement applicable agreements and conventions and to comply fully with international AML/CFT standards. Combating narcotics abuse and narcotics-related crime is a priority for the current administration, and Indonesia recognizes the need for international cooperation.

PPATK publishes monthly reports summarizing STR activity. The most recent report showed that the most frequent alleged crime was corruption (32 percent), followed by tax evasion (15 percent), narcotics (13 percent), fraud (10 percent) and terrorism financing (9 percent).

# Iran

## Overview

Iran has a large underground economy, spurred in part by uneven taxation, corruption, drug trafficking, smuggling, money laundering (ML), sanctions evasion, and exchange controls. Corruption and money laundering are pervasive within Iran's ruling class, religious elite, government bodies, and government-controlled enterprises.

In 2011 and again in 2019, the Financial Crimes Enforcement Network (FinCEN) identified Iran as a jurisdiction of primary ML concern pursuant to Section 311 of the USA PATRIOT Act.

The Financial Action Task Force (FATF) has repeatedly warned of the risk of terrorist financing (TF) posed by Iran and the threat this presents to the international financial system. Since 2020 the FATF has called on all member states and urged all jurisdictions to impose full countermeasures against Iran.

In 1984 the U.S. Department of State designated Iran as a State Sponsor of Terrorism. Iran continues to provide material support, including financial resources, weapons, and guidance, to multiple terrorist organizations and other groups that have carried out attacks in the Middle East and beyond. In April 2019 the United States designated Iran's Islamic Revolutionary Guard Corps (IRGC) as a foreign terrorist organization and a specially designated global terrorist.

## Vulnerabilities and Money Laundering Methodologies

International trafficking and smuggling contribute to money laundering in Iran, which serves as a key transit corridor for narcotics from Afghanistan. In Iran's northwest region, smuggling of goods across the borders with Iraq and Turkey is common.

Major Iranian industries, including the energy and defense sectors, operate under significant international and U.S. sanctions. The government of Iran engages in international money laundering, barter schemes, and other illicit activities to procure and export sanctioned and dual-use items, including weapons, petroleum, and petroleum products.

Iran's merchant community makes active use of hawaladars and moneylenders. Leveraging the worldwide hawala network, Iranians make money transfers globally. Counter-valuation in hawala transactions is often accomplished via trade; trade-based ML is prevalent.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Iran has criminalized ML. While Iran has adopted customer due diligence and suspicious transaction reporting requirements, it is not clear that these are actually enforceable. Iran has an asset forfeiture system, but it is not compliant with international standards.

Iran has a declaration system for the cross-border transportation of currency that requires Iranian Bank Melli to take temporary custody of seized currency until it is cleared for passage into or out of Iran. Bank Melli is designated by the U.S. Department of the Treasury for its links to the IRGC Qods Force.

The United States does not have bilateral extradition or mutual legal assistance treaties with Iran. Although there is no information sharing agreement with the United States, Iran has cooperated with other jurisdictions on money laundering matters, including through the Triangular Initiative with Pakistan and Afghanistan.

## **AML Legal, Policy, and Regulatory Deficiencies**

Iranian laws do not provide for enhanced due diligence for politically exposed persons and do not call for the collection, retention, or disclosure of beneficial ownership information. No mechanism exists for the international exchange of records in connection with narcotics investigations or proceedings.

Beginning in 2009 the FATF urged all jurisdictions to apply effective countermeasures to protect their financial sectors from the ML/TF risks emanating from Iran. Despite a 2016 suspension of its call for countermeasures based on Iran's high-level political commitment to implement an agreed-upon action plan, the FATF reimposed full countermeasures in February 2020 due to Iran's failure to complete nine of its 10 action plan items. Importantly, Iran failed to ratify the United Nations' transnational organized crime and TF conventions. Countermeasures may include requiring financial institutions to review, amend, or terminate

correspondent relationships with Iranian banks or limit business relationships or financial transactions with Iran.

Iran's financial intelligence unit (FIU) is not a member of the Egmont Group of FIUs. Iran is not a member of the FATF or a FATF-style regional body but is an observer to the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG).

## **Enforcement/Implementation Issues and Comments**

In December 2020 Supreme Leader Khamenei extended the Expediency Council's deadline to review the bills necessary to complete a reform action plan with the FATF, but political hardliners dismissed the benefits that implementation of international standards could provide. Since consolidating control over all major political institutions in 2021, Iran's hardliners have taken no further action to pass legislation necessary to complete a reform action plan with the FATF.

The United States has undertaken targeted financial actions, including through statutes and more than a dozen executive orders, against key Iranian financial institutions, including Iran's central bank, other entities, and individuals.

In 2019 FinCEN issued a finding that Iran was a jurisdiction of primary money laundering concern and issued a regulation prohibiting the opening or maintenance of a correspondent account in the United States for or on behalf of an Iranian financial institution and prohibiting foreign financial institutions' correspondent accounts at U.S. banks from processing transactions involving Iranian financial institutions.

In 2010 Iran created its FIU, which is charged with collecting and analyzing information related to money laundering and the financing of terrorism. In its public reporting, the FIU disclosed that from 2020 to September 2023, it contributed to 32 convictions related to money laundering and seized approximately \$23.6 million (158 trillion rials) in assets.



# Italy

## Overview

Italy is the third-largest economy in the European Union and eighth largest in the world, according to International Monetary Fund data. Italy has a sophisticated anti-money laundering/combating the financing of terrorism (AML/CFT) regime with well-developed legal, regulatory, and operational frameworks in line with international standards.

However, agile and complex organized criminal enterprises and a flourishing black-market economy continue to pose significant risks to the financial system. According to the Italian National Statistics Institute report updated in October 2023, the black market accounted for 10.5 percent of GDP, or approximately \$217.5 billion (€192 billion), an increase of 10 percent over the previous year. Tax crimes account for 75 percent of all proceeds-generating crime in Italy.

Financial institutions have a good understanding of money laundering threats and larger banks are strongest in their mitigation efforts. The nonfinancial sector is not as regulated and remains less attuned to money laundering risks. Law enforcement agencies effectively execute complex financial investigations.

## Vulnerabilities and Money Laundering Methodologies

Organized crime groups continue to profit from the financial implications of the Covid-19 pandemic that created opportunities for predatory lending and investment in legitimate businesses. Drug trafficking continues to be a primary source of income for Italy's organized crime groups, which exploit Italy's strategic location on busy maritime routes to facilitate links with criminal organizations around the globe. Primary among these organized crime groups is The 'Ndrangheta, who utilize their global connections to maintain their prominence in the illicit drug trade in Italy as well as throughout Europe. It is estimated the 'Ndrangheta is responsible for up to 60 percent of the cocaine entering into Europe. Other major sources of laundered money are proceeds from the smuggling and sale of counterfeit goods, extortion, and waste trafficking. Law enforcement investigations have identified an increasing use of trade-based money laundering schemes and virtual currencies to disguise illicit proceeds and payments through legitimate trade transactions.

Italian authorities have highlighted the growing role that covert Chinese money brokers are playing in concealing cross-border payments by drug cartels. Media reports the Italian intelligence community presented a classified report to the prime minister's office in February 2023 underlining the prevalence of Chinese shadow networks in money laundering and tax evasion. Based on the report, Prime Minister Giorgia Meloni directed the Anti-Mafia Investigative Directorate to investigate underground banks, according to media reports. In 2023 there reportedly have been around 100 arrests.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Italy's legislative framework is in line with international standards. The Ministry of Economy and Finance (MEF) is host to the Financial Security Committee, which establishes policy regarding financial transactions and AML/CFT efforts. The committee last updated Italy's national risk assessment (NRA) in 2019. The Bank of Italy continues to issue guidance on customer due diligence (CDD) measures to support banks and financial intermediaries. Italy's centralized national bank account database links to a registry of owners (and beneficiaries) of firms, trusts, and legal contracts.

In response to the evolving challenges of money laundering, the Italian government enacted Decree no. 125/2019, which clarifies virtual currency treatment under AML/CFT statutes, further empowers law enforcement authorities investigating money laundering, and imposes additional CDD obligations on financial intermediaries. Additionally, 2022 updates to the "Consolidated Income Tax Law" include provisions to govern virtual assets. As of a January 13, 2023, decree, virtual currency firms are required to register with the Agents and Mediators Organization (OAM), a supervisory body in Italy that maintains lists of financial agents operating in the country.

Italy has a mutual legal assistance treaty with the United States.

The Financial Investigative Unit (UIF), Italy's financial intelligence unit (FIU), is a member of the Egmont Group of FIUs. Italy is a member of the Financial Action Task Force. See [Italy's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

The MEF encourages regulatory authorities for each of the designated nonfinancial businesses and professions (DNFBPs) to conduct seminars, workshops, and other forms of outreach to encourage more suspicious transaction reports (STRs) from DNFBPs. The number of STRs from DNFBPs in 2022 increased 23.1 percent from the previous year to 19,319.

## Enforcement/Implementation Issues and Comments

The UIF is the government's main body for collecting and analyzing STRs, which are circulated to specialized law enforcement agencies (Guardia di Finanza and the Anti-Mafia Investigative Directorate). The UIF's information-sharing database allows fluid and automated information exchanges with judicial authorities and rapid access to underlying transaction data. Italian authorities have demonstrated strong policy cooperation and coordination, and Italy continues to develop national AML/CFT policies informed by the NRA.

Law enforcement agencies have been successful in undertaking complex financial investigations and prosecutions and have confiscated large amounts of criminal proceeds. Confiscation of assets and proceeds is a fully integrated policy objective as a strategic action to counter money laundering activity. In 2023 Italian authorities seized assets valued at upwards of \$267.4 million (€250 million) for suspected money laundering, tax fraud, and drug trafficking.

# Jamaica

## Overview

Money laundering in Jamaica is largely perpetrated by organized criminal groups, including some with links to powerful Jamaicans and influential players in the real estate and motor vehicle markets. In 2023 Jamaica recorded a large number of financial crimes related to lottery scamming, corruption, counterfeit goods, small arms trafficking, and cybercrime.

In February 2020 Jamaica made a high-level political commitment to the Financial Action Task Force (FATF) to strengthen its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. The resulting action plan remains uncompleted and expired in January 2022.

The Government of Jamaica increasingly enforces the asset forfeiture provisions of the “Proceeds of Crime Act” (POCA), but difficulties prosecuting and achieving convictions in financial crime cases persist. Law enforcement, prosecutors, and the judiciary lack sufficient resources to investigate and prosecute these crimes efficiently and effectively. Additionally, prosecutors often focus on predicate offenses to increase the chances of a conviction.

## Vulnerabilities and Money Laundering Methodologies

Political and public corruption and other criminal activity combine to generate and facilitate illicit funds. Money laundering in Jamaica is primarily related to proceeds from illegal narcotics, weapons trafficking, financial fraud schemes, cybercrime, corruption, and extortion. The activities are largely perpetrated by violent organized criminal groups, some associated with powerful and influential Jamaicans. They often utilize Jamaica’s expanding real estate industry, especially developers, and used car markets to launder their funds.

Many financial crimes are related to financial fraud schemes targeting U.S. citizens. There is also significant illicit trade of small arms and narcotics to and from Jamaica, the United States, Central America, Europe, and Haiti, which generates large amounts of illicit wealth. Bank of Jamaica (BOJ) data indicates remittance transactions are relatively small, and few

transactions appear suspicious. This suggests perpetrators are using other channels, including cash and, more recently, digital currencies to transfer illicit funds.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

POCA permits post-conviction forfeiture, cash seizures, and the civil forfeiture of assets related to criminal activity. A conviction is not a prerequisite for civil forfeiture. The regime shifts the burden of proof to the defendant to show assets and expenditures were financed from legitimate sources. Jamaica's Financial Investigations Division (FID) continued to work with law enforcement partners and the Office of the Director of Public Prosecutions to pursue cases that could result in asset recovery.

Amendments to POCA making trust and corporate service providers subject to AML/CFT measures went into effect in 2023. Following the implementation of new and amended legislation, the FID began registering additional financial and designated nonfinancial businesses and professions (DNFBPs). Chief among these were attorneys, microcredit institutions, and trust and corporate service providers.

The Banking Services Act allows for stronger enforcement powers and greater information sharing among the BOJ, the Financial Services Commission, and foreign counterparts. Several DNFBPs, such as real estate agents, accountants, gaming establishments, and microfinance institutions, are subject to AML preventative measures.

The United States and Jamaica have a bilateral mutual legal assistance treaty.

Jamaica's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Jamaica is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Jamaica's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Lengthy delays in investigating and prosecuting cases hinder the effectiveness of the Jamaican judicial system. As a result, money laundering cases are hampered by the general backlog of criminal cases in the courts.

Law enforcement and prosecutors tend to pursue predicate offenses to money laundering, rather than pursuing money laundering as a stand-alone offense, due to the necessity of proving the unlawful conduct from which the laundering activity derives. Prosecutors sometimes dismiss concurrent money laundering charges to secure a guilty plea on a predicate offense but still pursue the asset recovery process.

In 2023 the Judicial Committee of the Privy Council, Jamaica's highest court, ruled in favor of placing attorneys under Jamaica's money laundering regulations, overturning a 2020 Supreme Court decision. The ruling means attorneys are now required to report possible suspicious sources of funds from their clients.

In March 2023 Jamaica conducted a risk assessment of approximately 76,000 registered firms and amended the beneficial ownership provisions of the Companies Act. The legislative changes provide law enforcement information to determine the ownership of corporate entities and grant enhanced power to the Registrar of Companies to ensure compliance with the act. Authorities are drafting regulations for high-risk sectors identified in the assessment, including the real estate and used cars sectors.

## **Enforcement/Implementation Issues and Comments**

Jamaica is currently pursuing legislative reforms to address some noted deficiencies. Financial institutions (including money remitters and exchanges) are subject to a range of preventative measures. FID reports increased training and technological improvements have reduced the number of defensive filings by these entities.

In 2023 FID was fully upgraded to a "Department of Government," increasing its autonomy and independence – a process begun in 2018. As part of this process, FID bolstered its internal capacity to aid it in fulfilling its obligations.

From January-October 2023 there were 72 prosecutions and 13 convictions for financial crimes. During this period, the FID seized \$12.8 million in criminal assets. Jamaica continues to extradite lottery scammers, who deprive mostly elderly U.S. citizens of their savings. However, in June 2023 over 50 lottery scamming cases were dismissed after long delays in processing forensic evidence caused them to exceed the statute of limitations.

# Kazakhstan

## Overview

In recent years Kazakhstan has taken significant steps to improve its anti-money laundering/combating the financing of terrorism (AML/CFT) regime, and it reflects an effective level of technical compliance with international standards. In 2023 Kazakhstan adopted new legislation addressing virtual currencies and stolen assets recovery. Supervisory and law enforcement entities cooperate and share relevant information.

Criminals in Kazakhstan launder illicit proceeds derived from tax evasion, business fraud, corruption schemes, embezzlement, Ponzi schemes, Internet fraud, and drug trafficking.

## Vulnerabilities and Money Laundering Methodologies

Kazakhstan used its own methodology to conduct its national money laundering, terrorist financing, and proliferation risks. Contraband smuggling and fraudulent invoicing of imports and exports remain common, especially between Kazakhstan and the People's Republic of China. Money gained through the illegal sale of oil or oil products and illicit gaming is usually laundered through real estate purchases.

Kazakhstan has the most developed banking system in Central Asia, making it attractive to those seeking to launder funds. Criminals use shell companies to launder embezzled funds and transfer money overseas. A significant part of Kazakhstan's mineral wealth is in offshore accounts with little public scrutiny or accounting oversight.

Kazakhstan is on the transit route for Afghan heroin to Europe and Russia, and is an emerging clandestine manufacturer of synthetic drugs, making it susceptible to drug-related money laundering. Synthetic drugs dominate the domestic drug consumer market with most transactions occurring online. Tracking narcotics revenue is difficult since traffickers use informal remittance systems.

There are nine legal virtual currency operators registered within Kazakhstan's Astana International Financial Center (AIFC). However, there are many illegal exchanges that facilitate criminal activities. A pilot project was launched in 2022 between the AIFC-

registered exchanges and certain banks to develop practices on converting virtual currencies to other currencies.

The AIFC, a Kazakh government-sponsored regional financial hub that seeks to attract foreign investments and businesses, has 2,100 companies from 79 countries registered to utilize its services. The AIFC employs an English common law court system for business dispute arbitration, outside the government of Kazakhstan's jurisdiction, but relies on Kazakh institutions to enforce its rulings. The AIFC court made 22 judgements and orders in 2023, none of which were linked to money laundering. Kazakhstan has 14 special economic zones.

Casinos and slot machine parlors are found in Kazakhstan, but online casinos are banned. Online betting is a growing problem. The Intergovernmental Council on AML/CFT issues tasked its members to develop measures to counter illicit gaming and drug trafficking.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

In February 2023 Kazakhstan adopted the "Law on Digital Assets" defining virtual currencies as assets to enable their confiscation as crime proceeds. The law allows commercial banks to open accounts for the AIFC-registered virtual asset service providers. Currently, state agencies are working on the adoption of rules and procedures for seizure and forfeiture of virtual assets.

In 2023 Kazakhstan adopted a "Law on Recovery of Stolen Assets" to investigate the potentially illegal acquisition of wealth by PEPs. Under the law certain classes of civil servants and businesspeople, who received their wealth using administrative powers and whose wealth exceeds \$100 million, must prove the legal origin of their assets; if they fail to do so their assets will be forfeited. A new Committee for Stolen Assets Recovery was established under the Prosecutor General's Office to implement the law.

Starting in 2023, in addition to civil servants and their spouses, employees of state-owned companies must declare all sources of income. The same requirement will extend to all Kazakhstani citizens in 2025.

Kazakhstan and the United States have a bilateral mutual legal assistance treaty.



Kazakhstan's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Kazakhstan is a member of the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG), a Financial Action Task Force-style regional body. See [Kazakhstan's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Kazakhstan's AML/CFT law does not cover financial management companies, travel agencies, or dealers of high-value consumer goods. These entities are not required to maintain customer information or report suspicious activity.

In 2023 international experts assessed a high risk of businesses' involvement in money laundering. There is no criminal liability for money laundering offenses committed by legal persons, in contrast to individuals, under Kazakh law. Additionally, supervisory corrective measures are not persuasive enough to deter future violations.

## **Enforcement/Implementation Issues and Comments**

Regulatory agencies are responsible for inspecting their respective reporting entities subject to the AML/CFT law; however, most agencies lack the resources and expertise to conduct compliance inspections, and, because of cost, most reporting entities (except banks) implement a fragmented risk-based approach.

There were zero convictions for money laundering in the first nine months of 2023, compared to six for the same period in 2022.

# Kenya

## Overview

Kenya is making slow progress in addressing vulnerabilities to money laundering, financial fraud, and terrorism financing. Mobile banking and cash transactions are susceptible to money laundering activities by diverse domestic and international criminal sources – transnational organized crime, cybercrime, corruption, smuggling, trade invoice manipulation, illegal wildlife and forest trade, and drug and counterfeit goods trafficking. Despite robust regulations on paper, Kenya's authorities grapple with resource constraints and low political will, hindering effective enforcement. In 2023 the Kenyan parliament amended the “Proceeds of Crime and Anti-Money Laundering Act” (POCAMLA) in an effort to align Kenya’s anti-money laundering/combating the financing of terrorism (AML/CFT) regime with international standards.

## Vulnerabilities and Money Laundering Methodologies

Illicit remittance systems such as unlicensed money or value transfer services provide criminals with a swift, anonymous transfer capability. Foreign nationals, including refugees and ethnic Somali residents, frequently use such services for international money transfers.

Kenyan financial institutions may serve as conduits for money laundering associated with illegal trafficking. Kenya is a transit hub for traffickers involved in narcotics, human trafficking, weapons, wildlife, timber, charcoal, and minerals. Trade-based money laundering is prevalent, with Kenya's proximity to Somalia attracting funds from unregulated Somali sectors like the khat and charcoal trades. Authorities acknowledge that goods reported at entry points as transiting Kenya are in many cases sold internally. Trade transactions often are used to settle regional hawala balances.

Designated nonfinancial businesses and professions (DNFBPs), such as lawyers, real estate agents, and notaries, are another money laundering avenue. The government is enhancing its capability to regulate DNFBPs effectively; a court injunction has impeded the government from mandating lawyers to report suspicious transactions, though the government appears to have reached an accommodation with the plaintiffs.

Kenya has land-based and online casinos, sports betting, and lotteries. The Betting Control and Licensing Board supervises gaming for AML/CFT purposes.

## Key Anti-Money Laundering (AML) Laws and Regulations

Kenya's AML framework is governed by the amended POCAMLA. Reporting entities falling under POCAMLA must promptly report suspicious transactions to the Financial Reporting Centre (FRC), Kenya's financial intelligence unit (FIU). Covered entities must adhere to customer due diligence and enhanced due diligence protocols, especially concerning politically exposed persons. The Central Bank of Kenya (CBK) adopts a risk-based approach to AML/CFT regulation.

Kenya and the United States have a bilateral extradition treaty. Despite no bilateral mutual legal assistance treaty between the United States and Kenya, both nations make and receive requests for mutual legal assistance under relevant multilateral law enforcement conventions and domestic laws.

Kenya is a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a Financial Action Task Force-style regional body. See [Kenya's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Kenya plans to regulate virtual currency, and AML requirements are in the process of being adapted to address the digital asset risks. CBK cautions banks and the public to avoid digital asset trades. Tracking and investigating suspicious transactions within the mobile money sector remain challenging.

Implementation of beneficial ownership provisions in place since 2020 has been inadequate. Kenya's Business Registration Service has repeatedly extended deadlines for companies to submit disclosures, and compliance rates remain unsatisfactory. However, in response to recommendations by international experts, the government has refocused efforts on beneficial ownership.

To demand bank records or seize an account, authorities require a court order citing evidence linking the deposits to a criminal violation. In practice, these investigations and proceedings often leak, leading to the assets being relocated.

The FRC is not a member of the Egmont Group of FIUs.

## **Enforcement/Implementation Issues and Comments**

Kenya needs to strengthen implementation of good governance and anticorruption measures, enhancing its AML/CFT regime. Bureaucratic, logistical, and capacity challenges impede investigation and prosecution of financial crimes.

Kenya's FRC receives suspicious transaction reports but lacks automated systems and processes for handling them. The government faces challenges in combating sophisticated cyber tools for money laundering, including virtual currency, due to inadequate equipment and training.

Kenya's constitution mandates public officials to obtain approval from the Ethics and Anti-Corruption Commission (EACC) before opening a foreign bank account. In recent years, both the EACC and Kenya's Assets Recovery Agency (ARA) have achieved some success in corruption investigations, resulting in asset seizures and suspensions/impeachments of public officials. The ARA requires additional technological support and training to effectively address more intricate money laundering operations.

Conflicts arise over jurisdiction between the ARA and EACC. Both entities seize and recover proceeds of crime and unexplained assets through civil proceedings, often working independently. Exclusive criminal prosecution authority rests with the Director of Public Prosecutions, and prosecutorial and judicial delays have impeded most attempts at prosecution. Better coordination among these agencies would likely enhance the overall effectiveness of combating corruption and money laundering in Kenya.

# Kyrgyz Republic

## Overview

While the Kyrgyz Republic is not a regional financial center, its large shadow economy, corruption, organized crime, and narcotics trafficking make the country vulnerable to financial crimes. While the country remained dependent on remittances for nearly one-third of GDP, much of the shadow economy is supported by funds entering the country through informal channels. U.S. banks do not currently maintain correspondent bank accounts for Kyrgyz banks. The Kyrgyz Republic continues to progress on improving compliance with international anti-money laundering/combating the financing of terrorism (AML/CFT) standards, but internal political challenges slow the process. Furthermore, the implementation of a new asset amnesty law creates the potential for the possible legitimization of illegally obtained funds.

## Vulnerabilities and Money Laundering Methodologies

The Kyrgyz Republic is positioned well – both geographically and politically – to be utilized as a narcotics trafficking waypoint and source of income for organized crime. Although several countries maintain checkpoints, smuggled narcotics could travel from Afghanistan through the Eurasian Economic Union (of which the Kyrgyz Republic is a member) to the European Union border without undergoing customs checks. The smuggling of consumer goods, tax and tariff evasion, and official corruption continue to serve as major sources of criminal proceeds.

Money laundering occurs through trade-based fraud, bulk-cash couriers, and informal and unregulated value transfer systems. Hindrances to effectively combating money laundering include weak political will, resource constraints, inefficient financial systems, competition for resources among state agencies who tackle money laundering, and corruption.

The absence of correspondent bank relationships between Kyrgyz Republic-based financial institutions and U.S.-based financial institutions is another obstacle, as it prevents Kyrgyz financial institutions from accessing the U.S. financial markets and limits Kyrgyz financial institutions' ability to diversify and lessen their dependence on Russian financial institutions.

## Key Anti-Money Laundering (AML) Laws and Regulations

The Kyrgyz Republic has an AML law with comprehensive customer due diligence and suspicious transaction reporting requirements covering financial and nonfinancial and beneficial ownership. The AML law requires due diligence for politically exposed persons, including foreign citizens, Kyrgyz citizens, and members of international organizations. Current criminal law includes criminal responsibility for corruption, illicit enrichment, and money laundering. In 2023 the Kyrgyz Republic passed bylaws related to mutual legal assistance and parallel financial investigations on money laundering and asset recovery cases.

The State Financial Intelligence Service of the Kyrgyz Republic (SFIS), the Kyrgyz financial intelligence unit (FIU), signed an agreement in 2023 on the exchange of information with Latvia. The government established an adequate legal framework for identifying, tracing, and freezing terrorist assets and instituted adequate measures for the confiscation of funds related to money laundering. While the asset confiscation framework is expansive in addressing the shortcomings identified by international experts, the Kyrgyz Republic has until 2024 to implement changes.

Though the Kyrgyz Republic and the United States do not have a bilateral mutual legal assistance treaty, there are agreements between individual law enforcement agencies, including a memorandum of understanding (MOU) between the Prosecutor General's Office (PGO) and the FBI. The Kyrgyz Republic lacks information sharing mechanisms on money laundering with the United States. However, both parties are signatories to multilateral legal instruments that can be used to facilitate cooperation.

The FIU is a member of the Egmont Group of FIUs. The Kyrgyz Republic is a member of the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG), a Financial Action Task Force-style regional body. See the [Kyrgyz Republic's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Despite legislative changes, significant gaps remain in enforcement and implementation of AML statutes.

A new asset amnesty law, ratified in 2023, creates the potential for the possible legitimization of funds obtained by illegal means, including those derived from corruption. Implementation of the amnesty has not been transparent and, absent adequate safeguards, it could be used to facilitate money laundering.

Following legislative changes in 2021, legal persons are no longer subject to criminal liability and plea bargaining is eliminated.

The main agency responsible for the AML/CFT regime is the SFIS under the Ministry of Finance, which is not an investigative agency and therefore lacks cooperation and information sharing with other law enforcement agencies. Investigation of economic crimes is now divided between the Ministry of Interior (MOI) and the State Committee on National Security following the Prosecutor General's Office's (PGO) loss of investigative functions in July 2023.

## **Enforcement/Implementation Issues and Comments**

The Kyrgyz Republic continues to bring internal legislation into compliance with international standards and United Nations conventions. However, recent legislative efforts, specifically the recently passed asset amnesty law, signify a divergence from international standards. In 2023 SFIS sent 123 money laundering and terrorist financing financial investigative requests to relevant law enforcement bodies. These requests were sent to the MOI following the PGO's loss of investigative functions in July 2023. As a result, 15 criminal cases on money laundering were opened. No data is available on convictions, but approximately \$442,700 has been confiscated and returned to the state budget.

Although the Kyrgyz Republic has attempted to strengthen AML/CFT legislation, law enforcement capacity remains weak. A lack of political will from law enforcement when dealing with cases that are deemed politically sensitive remains one of the key deterrents to progress. Additionally, interagency cooperation is poor and law enforcement bodies struggle to communicate effectively.

# Laos

## Overview

Significant illicit proceeds are generated from drug production and trafficking in the ‘Golden Triangle’ region. With more than 3,000 miles of often porous borders shared with Thailand, Vietnam, Burma, Cambodia, and China, the Lao People’s Democratic Republic is a critical part of illicit trafficking routes that ferry drugs, people, and wildlife to wider Asia and beyond. The prevalence of predicate crimes for money laundering is likely to lead to transnational criminal organizations taking advantage of gaps in the government’s anti-money laundering/combating the financing of terrorism (AML/CFT) legislative and regulatory framework, particularly as they relate to uncontrolled gaming in the Chinese-administered Golden Triangle Special Economic Zone, sanctioned by the United States alongside its founder Zhao Wei, and elsewhere. Corruption is also a significant factor in money laundering activity in Laos.

## Vulnerabilities and Money Laundering Methodologies

The 2018 Lao national risk assessment (NRA) identifies seven significant areas of concern for Laos’ AML regime – including production and trafficking of narcotics, counterfeit and illegal checks and bonds, environmental crime, theft, counterfeit currency, document forgery, and fraud.

Laos has established Special Economic Zones (SEZs) as part of a government initiative to attract and maintain foreign investment for infrastructure development. Some of the 12 existing zones have been linked to money laundering associated with drug trafficking and illegal trade in wildlife.

Although gaming is illegal for Lao nationals, casinos operating in some of the SEZs cater to foreigners who visit SEZs for the express purpose of gaming. These casinos undergo minimal supervision by the Lao government, and thereby present a significant money laundering vulnerability. Similarly, online gaming does not require licensing and is not well regulated.



In January 2022 the central bank issued the first two crypto-trading licenses and in May 2022 the first crypto-mining operation was reportedly launched, although officials have indicated no such operation is in existence though one was nearing launch. Virtual assets were not included in the 2018 NRA. The government risk assessment of virtual asset service providers conducted in 2022 did not have a clear methodology, did not identify the size of the virtual currency market, and contained other omissions that prevented the accurate identification of money laundering risk in the sector.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

The National Coordination Committee on AML/CFT releases necessary regulations for implementation of the 2015 AML/CFT law and governing articles of the penal code.

Laos does not have an extradition or mutual legal assistance treaty with the United States, though Laos is a party to several multilateral conventions that permit international cooperation. The Anti-Money Laundering Intelligence Office (AMLIO) – the Lao financial intelligence unit (FIU) – reports Laos has approximately 20 MOUs that facilitate information sharing related to individual and corporate accounts that have prompted additional scrutiny.

The AMLIO became a member of the Egmont Group of FIUs in July 2023. Laos is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body. See [Laos' most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

International experts note the AML/CFT law and penal code are not consistent with international standards and the defined scope of money laundering offenses is too narrow. Other noted shortcomings include significant deficiencies in the regulatory preventive measures, including for customer due diligence, ongoing monitoring, enhanced/specific measures for politically exposed persons, correspondent banking, new technologies, wire transfer rules, and internal controls. The definition of beneficial owner is not compliant with international standards, and there are no procedures to ensure the collection and maintenance of beneficial ownership records.

Supervision in the banking sector needs significant enhancement, and there is a lack of supervision and outreach to designated nonfinancial businesses and professions (DNFBPs), including the high-risk casino sector, real estate sector, and dealers in precious metals and stones (DPMS).

## **Enforcement/Implementation Issues and Comments**

There are serious deficiencies in the implementation of risk-based AML/CFT measures for DNFBPs, including most importantly casinos, real estate agents, and DPMS. Laos has not used available sanctions to promote compliance with AML regulations, particularly for high-risk entities such as banks and casinos, nor has the government sufficiently prioritized investigations, prosecutions, and asset confiscation connected to money laundering related to corruption, cross border drug trafficking, human trafficking, and other transnational crime.

Laos has also failed to implement sufficient measures to ensure that accurate and up-to-date beneficial ownership information is available to competent authorities in a timely manner and has not sufficiently prioritized international cooperation to support investigations of money laundering and predicate offenses. Finally, there are challenges in the development and use of financial intelligence by AMLIO and law enforcement agencies to better support investigations of money laundering and predicate crimes.

# Liberia

## Overview

The Government of Liberia adopted measures to strengthen its anti-money laundering/combating the financing of terrorism (AML/CFT) regime, but the impact will be minimal given Liberia's endemic corruption, poor governance, cash-based economy, and lack of political will. Most financial crimes are left unaddressed, and the country remains vulnerable to illicit activities. While laws exist to address money laundering and financial crimes, they continue to be evaded and rarely applied. The Central Bank of Liberia (CBL) does not enforce AML/CFT requirements, and the 2022 "Anti-Corruption Commission Act" (ACCA) is largely unimplemented. The Liberia Financial Intelligence Agency (FIA), Liberia's financial intelligence unit (FIU) and an integral body in the overall AML regime, is underfunded and faces political interference. International experts indicate Liberia's interagency coordination is improving, but Liberia is failing to advance systematic financial investigations and pursue convictions for financial crimes. The government's priority should be improving money laundering detection and strengthening financial control mechanisms.

## Vulnerabilities and Money Laundering Methodologies

In Liberia, the primary sources of illicit funds are smuggled goods entering the country through numerous porous crossings. The authorities consider predicate offenses committed abroad as threats, with proceeds especially from drug trafficking, trafficking in persons, and tax evasion deemed to be the main sources of criminal proceeds. Corruption, a weak judiciary, an unsophisticated financial system, and a cash-based economy are the major factors that increase the risk of money laundering in the country. The prevalence of unlicensed, unregulated, poorly controlled, and opaque foreign exchange operators further heightens risk. Liberia's numerous unregulated and unmonitored artisanal diamond and gold mines are a critical but unmonitored risk factor for the transfer of illicit funds and laundering drug money.

## Key Anti-Money Laundering (AML) Laws and Regulations

The “Anti-Money Laundering and Terrorist Financing Act of 2012” is Liberia’s primary AML/CFT legislation. The act addresses a risk-based approach, customer due diligence (CDD) measures, and the filing of suspicious transaction reports and currency transaction reports. CDD regulations cover legal persons, beneficial owners, and politically exposed persons. Other relevant laws include the 2021 “Anti-Money Laundering, Terrorist Financing, Preventive Measures and Proceeds of Crime Act” and the ACCA. Liberian regulations require financial institutions to determine if a customer is a politically exposed person or exhibits a high-risk profile.

The ACCA grants the Liberia Anti-Corruption Commission direct prosecutorial powers but curtails its ability to seize assets belonging to corrupt public officials. The act was challenged in court but was upheld. Amendments to Liberia’s penal code to criminalize insider trading, market manipulation, and the illicit trade in stolen and other goods are pending in the Liberian senate.

In August 2023 the government adopted new beneficial ownership regulations requiring companies to disclose information on beneficial or ultimate owners, including names, addresses, and ownership stakes. In September it launched a new digital beneficial ownership registry.

Liberia and the United States have a bilateral extradition treaty. They do not have a mutual legal assistance treaty, but cooperation occurs through multilateral conventions with applicable provisions.

Liberia is a member of the Inter Governmental Action Group Against Money Laundering in West Africa (GIABA), a Financial Action Task Force-style regional body. See [Liberia’s most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Inadequate funding for relevant agencies and shortcomings in laws and regulations are major deficiencies in Liberia’s AML/CFT regime. A lack of political will to enforce compliance renders authorities ineffective in investigating and prosecuting financial crimes.

The Liberia National Lottery Authority exercises oversight over all registered casinos but does not effectively regulate the gaming industry. The FIA continues to face political influences and budgetary or operational impediments that make reforms difficult to implement.

Reports on illicit financial activities are not readily available because of a weak judicial system and political interference. There is also limited capacity to enforce regulations, investigate financial crimes, detect illicit financial flows, conduct prosecutions, and recover assets. Money laundering investigations are also hampered by corruption, lack of financial transparency, inadequate record-keeping, and weak judicial institutions. While investigators continued to put together cases at LACC and the Liberia National Police (LNP), the political climate did not permit filing of charges. Investigators hope upcoming regime change will allow for cases to move forward.

The FIA is not a member of the Egmont Group of FIUs.

## **Enforcement/Implementation Issues and Comments**

The FIA collaborates with reporting entities and regulatory and supervisory institutions. It also works collaboratively with law enforcement entities and the judiciary. The FIA Act establishes a Financial Crime Working Group as an interagency, multi-disciplinary team. The group, comprising law enforcement and regulatory institutions, ensures the FIA coordinates and cooperates with relevant agencies in identifying issues and resolving obstacles that hamper implementation of the AML/CFT laws. The FIA shares its intelligence with other agencies, such as the Liberia Revenue Authority, the LNP, and the Liberia Immigration Service. The government continues to seek technical support from development partners to enhance the FIA's capacity. The FIA's 2022-2025 Strategy and Action Plan aims to address gaps identified during the money laundering/terrorist financing national risk assessment completed in 2020.

The CBL conducts periodic AML/CFT inspections of commercial banks and nonfinancial institutions. It also conducts offsite supervision of the banks' implementation of CDD regulations and guidelines. However, it has limited technical capacity to monitor and enforce compliance, particularly with nonbank financial actors. Neither the FIA nor the CBL enjoys the political independence envisioned in the laws establishing them.

# Macau

## Overview

Macau, a Special Administrative Region of the People's Republic of China (PRC), is a major regional financial center and its financial system largely services regional investors. However, its proximity to mainland China and its economic reliance on tourism and casino gaming proceeds have made Macau an important conduit for moving licit and illicit funds from the mainland. Since lifting pandemic-related travel restrictions in January 2023, Macau has experienced a surge of tourism and gaming, particularly among mainland Chinese travelers, and a corresponding increase in possible money laundering activity as indicated by a rise in the number of suspicious transaction reports (STRs) reported by Macau's Financial Intelligence Office (GIF), Macau's financial intelligence unit (FIU).

## Vulnerabilities and Money Laundering Methodologies

The primary sources of laundered funds, derived from local and overseas criminal activity, are gaming-related crimes, property offenses, and fraud. Macau is likely a transshipment point and an end destination for such funds.

The gaming sector continues to utilize junkets, i.e., licensed organizations that supply wealthy mainland Chinese players to the casinos and extend credit to and collect debts from these players, in exchange for a commission. While regulatory changes have reduced the role of junkets since January 2023, they have historically been a key part of a complex ecosystem that helps players circumvent mainland China's capital controls, which also includes shadow banking operations, pawn shops, and other middlemen. Additionally, organized crime groups remain active in the gaming sector and other illegal activities such as drug trafficking and commercial prostitution. This mingling of licit and illicit activities, anonymity gained through the use of middlemen to transfer funds, and the absence of currency and exchange controls create opportunities for money laundering.

## Key Anti-Money Laundering (AML) Laws and Regulations

Macau authorities continue their efforts to develop an anti-money laundering/combating the financing of terrorism (AML/CFT) framework that meets international standards, including

through an interagency AML/CFT working group. Macau law imposes AML/CFT requirements on financial institutions and designated nonfinancial businesses and professions, includes customer due diligence (CDD) measures to identify and verify the identity of beneficial owners, and enables authorities to freeze and seize assets.

Macau's casino regulator, the Gaming Inspection and Coordination Bureau (DICJ), requires gaming and junket operators to carry out CDD and enhanced due diligence when relevant, to keep records of large or suspicious transactions, and to deny transactions when required information is not supplied. Other key laws related to AML/CFT include "Law No. 16/2001" and "Law No. 16/2022," which stipulate how the casinos and junket operators should be structured and interact with one another and players and impose accounting rules and oversight requirements.

The GIF is a member of the Egmont Group of FIUs, and Macau is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body. See [Macau's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Gaming entities are subject to threshold reporting for transactions over approximately \$62,500 under the supplementary guidelines of the DICJ. The international standard for large transaction reporting is \$3,000, making Macau a significant outlier and vulnerable to money laundering activities. Macau should lower the large transaction reporting threshold for casinos to bring it in line with international standards.

The evidentiary hurdles in proving money laundering crimes for funds laundered through third party platforms are obstacles to establishing guilt and result in a limited number of prosecutions and convictions.

## **Enforcement/Implementation Issues and Comments**

The implementation of "Law No. 16/2022," colloquially referred to as the "Junket Law," has improved Macau's AML/CFT controls and compliance program. The Junket Law imposes stricter CDD compliance and bookkeeping requirements, including the mandatory submission of monthly financial and large-sum transactions reports to the DICJ.

Outstanding issues for Macau to consider include whether junket operators have an established code of conduct, a stated ethical standard, and whistleblower protections.

The FIO reported 3,178 STRs in the first nine months of 2023, up nearly 90 percent compared to the same period in 2022, primarily because of an increase in the number of STRs from the gaming sector. Gaming sector STRs reached 2,335, which is in line with pre-pandemic levels.

Recent figures indicate Macau is prosecuting a higher percentage of money laundering cases referred to the Public Prosecutions Office, although the number of cases opened remains well below the recent high of 223. Macau prosecuted 12 of the 29 cases in 2022, a prosecution rate of approximately 40 percent. In comparison, it prosecuted 10 of 48 or roughly 20 percent of cases in 2019, and historically prosecuted between 1 and 5 percent of cases.

In 2023 Macau sentenced two prominent junket leaders to 18- and 14-years' imprisonment, respectively, for fraud, criminal association, illegal gaming, and money laundering. The court decision and recent regulation has weakened the junket industry, with some organizations relocating to Southeast Asia. As of June 2023, 36 junkets were licensed in Macau, of which 14 were active, down from a high of 235 junkets in 2013.

The PRC extended the 1988 United Nations (UN) Drug Convention to Macau in 1999, the UN Convention against Transnational Organized Crime in 2003, and the UN Convention against Corruption in 2006.



# Malaysia

## Overview

Malaysia is a highly open, upper middle-income economy with exposure to a range of money laundering threats. The country's porous land and sea borders, visa-free entry policy for nationals from over 160 countries, strategic geographic position, and well-developed financial system increase its vulnerability to domestic and transnational criminal activity, including fraud, corruption, drug trafficking, wildlife trafficking, smuggling, tax crimes, and terrorist financing.

Malaysia has largely up-to-date anti-money laundering/combating the financing of terrorism (AML/CFT) laws and policies and effective monitoring and enforcement capabilities. The country continues to demonstrate progress toward improving AML enforcement by investigating and prosecuting money laundering cases.

## Vulnerabilities and Money Laundering Methodologies

Malaysia has a highly open economy and is a transit country to move drugs globally. Drug trafficking by Chinese, Iranian, and Nigerian organizations is a significant source of illegal proceeds. Malaysia is also a source, destination, and transit country for wildlife trafficking, serving as a nexus for illegal wildlife products destined for China, Vietnam, and other countries, with some contraband (e.g., ivory) used as currency by trafficking networks.

Illicit proceeds are generated by fraud, criminal breach of trust, illegal gaming, credit card fraud, counterfeiting, human trafficking, smuggling, and extortion. Terrorist financing methods include cash couriers, funds skimmed from charities, wire remittances, informal value transfer systems, gold and gem smuggling, and front companies and businesses.

The cash and informal economies and unauthorized money services businesses (MSBs) continue to pose significant vulnerabilities.

Malaysia has an offshore financial sector on the island of Labuan, which is subject to the same AML/CFT laws as onshore. The Labuan International Business and Financial Center (LIBFC) is home to over 6,000 companies operating in insurance, banking, fintech, trade,

and related sectors. According to the LIBFC Market Report 2020, LIBFC currently has more than 800 licensed, operating financial institutions. Offshore companies must be established through a trust. The Labuan Financial Services Authority administers the LIBFC. Labuan continues to draw interest from international prospects ranging from conventional banking and insurance licensees to digital financial services and captives.

Malaysia maintains 14 free commercial zones and 13 free industrial zones and launched a digital free trade zone with China in 2017.

The Ministry of Finance licenses and regulates the activity of casinos. Bank Negara Malaysia (BNM), Malaysia's central bank, periodically assesses Malaysia's sole licensed casino for AML compliance.

Malaysia's national risk assessment, completed in 2020, includes the Islamic financial sector, which is prominent in Malaysia and subject to the same AML/CFT legal and regulatory regime as the conventional financial sector.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Malaysia passed the "Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act" (AMLA) in 2001 and has comprehensive customer due diligence and suspicious transaction reporting regulations. BNM's "Policy Document on Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Financial Institutions, Designated Non-Financial Businesses and Professions and Non-Bank Financial Institutions" entered into force on January 1, 2020.

Malaysia has both a mutual legal assistance treaty and an extradition treaty with the United States.

Malaysia's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Malaysia is a member of the Financial Action Task Force (FATF) and the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body. See [Malaysia's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Malaysia is largely compliant with the technical obligations of the AML/CFT international standards. Malaysia has a national action plan focused on targeting high-risk offenses and foreign-sourced crimes effectively.

Malaysia has traditionally pursued other measures, especially forfeiture, in place of money laundering prosecutions. The handling and effective disposal of seized assets remains a challenge for the Government of Malaysia and law enforcement.

## Enforcement/Implementation Issues and Comments

BNM introduced the Malaysian Financial Intelligence Network as an information-sharing platform between the public and private sectors to enhance the latter's ability to detect suspicious behavior and transactions relating to serious crimes, such as corruption, proliferation financing, and money laundering.

In 2022 Malaysia prosecuted 50 cases under the AMLA, including drug-related cases as well as fraud, corruption, and other crimes. BNM issued seven cease and desist orders against illegal MSB operators and pursued five investigation papers in 2022, which resulted in BNM imposing approximately \$10.7 million in fines against such operators for illegal deposit-taking and the laundering of proceeds. Additionally, BNM secured court convictions against four companies and one individual for illegal MSB operations, illegal deposit-taking, noncompliance with banking secrecy requirements, and money laundering. These convictions led to fines amounting to \$30 million and imprisonments.

The National Scam Response Centre (NSRC) was established in October 2022 in recognition of the need for a coordinated and effective response to combat online financial scams. The NSRC brought together a diverse range of law enforcement authorities such as the National Anti-Financial Crime Centre (NFCC), Royal Malaysia Police, BNM, and the Malaysian Communications and Multimedia Commission, as well as financial institutions and telecommunication companies. By identifying fund flows, the NSRC can trace and intercept the proceeds of online scams. Since October 2022, the NSRC has received over 19,000 reports of scam cases leading to the freezing of more than \$12 million and identification of over 40,000 mule account holders.

Currently, the NFCC is amending its National Anti-Financial Crime Centre Act 2019 to enable the NFCC to be the centralized management agency to handle seized and forfeited assets.

# Mexico

## Overview

Illicit actors launder billions of dollars of drug trafficking proceeds through the Mexican financial system annually. Corruption, bulk cash smuggling, kidnapping, extortion, human smuggling, and trafficking in persons and firearms are additional sources of laundered funds. Mexican authorities have had some success investigating and blocking accounts of suspected money launderers and other illicit actors but continue to show limited progress in successfully prosecuting money laundering (ML) and other financial crimes. The Supreme Court's 2021 decision striking down the 2019 civil forfeiture law limits the Federal Attorney General's Office's (FGR) ability to obtain forfeiture orders under the law.

To increase the number of financial crimes convictions, the government needs to combat corruption and improve investigative and prosecutorial capacity. Inadequate public investment in law enforcement and criminal justice institutions limits the government's ability to bring successful cases.

## Vulnerabilities and Money Laundering Methodologies

Illicit drug proceeds originating in the United States are the principal sources of funds laundered through the Mexican financial system. Mexican transnational criminal organizations (TCOs) launder funds using a variety of methods.

Trade-based money laundering (TBML) involves the use of a form of the black market peso exchange, ultimately routing the revenue to TCOs. The primary entity for identifying TBML is Mexico's Tax Administration Service (SAT). The SAT, however, does not have investigative authorities and would benefit from increased training on TBML identification.

Two additional popular ML methods include structuring deposits and funnel accounts. Illicit actors in Mexico invest in financial and real assets. ML through the luxury real estate sector remains a concern, especially as a vehicle for laundering the proceeds of public corruption. Asia-based ML organizations are increasingly used to launder funds through a variety of methods, leveraging financial systems in multiple jurisdictions.

Remittances between the United States and Mexico continue to grow. During 2022 remitters in the United States sent approximately \$50 billion from the United States to Mexico, posing illicit finance risks.

Billions of dollars in bulk cash flow into Mexico across the southwest U.S. border. Mexico has limited capacity to conduct inbound inspections of vehicles, trucks, and other conveyances.

Licensed and unlicensed currency exchange houses are also used to launder funds. Although Mexico's main banking regulator, the National Banking and Securities Commission (CNBV), monitors licensed exchange houses for suspicious activity, personnel shortages undermine the effectiveness of its supervision.

Mexican authorities are increasingly concerned over the potential criminal exploitation of financial technology, including virtual currencies. Mexico has not enacted laws to regulate virtual currencies. It is estimated \$2 billion in illicit transactions using virtual currencies took place in 2022.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Mexican AML law criminalizes ML at the federal and state level. Customer due diligence rules cover most financial sector entities, including financial technology institutions (FTIs). The CNBV regulates FTIs involved in electronic payments, exchanges of virtual assets, and cryptocurrencies. Critics argue the FTI law's secondary regulations allow for additional ML vulnerabilities because they go too far in liberalizing financial markets for FTIs.

The SAT supervises designated nonfinancial business and professions.

Mexico cooperates on AML matters with the United States and other governments bilaterally and multilaterally.

Mexico's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Mexico is a member of both the Financial Action Task Force (FATF) and the FATF in Latin America (GAFILAT), a FATF-style regional body. See [Mexico's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

The FIU can freeze accounts without a court order or an international request. A 2017 Supreme Court decision ruled only records obtained by court order are admissible, curbing the FGR's ability to present financial records during court proceedings and, in several cases, enabling high-profile individuals and entities to have their accounts unfrozen and cases dismissed.

The Supreme Court struck down key elements of the 2019 asset forfeiture law in 2021. Prosecutors can now only proceed in a civil asset forfeiture case when they prove the assets were acquired with illicit proceeds but can no longer seek civil forfeiture of instrumentalities of the crime.

## Enforcement/Implementation Issues and Comments

Although authorities recognize the abuse of certain sectors by money launderers, law enforcement responses are limited by corruption and lack of capacity. The Counsel of the Federal Judiciary reports 32 federal ML convictions in 2020; 49 in 2021; and 37 as of September 2022. Data for 2023 is not available, nor is state level conviction data. These low conviction levels demonstrate limited capacity to prosecute these crimes.

The FGR's specialized asset forfeiture unit pursues all federal asset forfeiture actions. The unit obtained 23 favorable judgments in 2022. Thus far in 2023, FGR pursued 90 forfeiture cases – resulting in 65 cases resolved favorably for a total of \$4.6 million. No asset forfeiture matter at the state level has been reported as resolved under the 2019 asset forfeiture law. The Supreme Court's ruling will delay and affect most of the pending actions.

In 2022, for the first time, a Mexican appeals court upheld a lower court's use of the civil forfeiture law to authorize the forfeiture of real property located in Mexico pursuant to a request for mutual legal assistance from the United States and based on a U.S. court's order. The forfeiture represents the United States' groundbreaking use of Mexico's statute to divest a significant drug cartel leader of ill-gotten gains.

# Mozambique

## Overview

Money laundering in Mozambique is linked to misappropriation of state funds, kidnappings, human trafficking, narcotics trafficking, wildlife trafficking, and terrorism. With a long, largely unpatrolled coastline, porous land borders, and limited rural law enforcement presence, Mozambique is a major corridor for illicit goods including hardwoods, gemstones, wildlife products, and narcotics. Narcotics are typically trafficked through Mozambique to other African nations and then on to further destinations, such as Europe and the United States. The Mozambican government increased efforts to show progress on anti-money laundering/combating the financing of terrorism (AML/CFT) following a high-level political commitment to improve its AML/CFT regime in late 2022.

In September 2023 the government came to an out of court settlement with Credit Suisse, one of its creditors, in proceedings related to the “hidden debts” case in which prominent Mozambican figures profited from \$2 billion in illegally authorized sovereign loans in 2014. The settlement follows the government’s own conviction of 11 hidden debts defendants in 2022 and brings Mozambique closer to resolving its legal claims related to the hidden debts scandal.

## Vulnerabilities and Money Laundering Methodologies

Black markets for smuggled goods and informal financial services are widespread. Mobile and electronic payments are used to facilitate illicit networks, including terrorists operating in northern Mozambique. Mobile money, cash couriers, and hawala networks are the preferred mechanisms for moving funds between other Islamic State of Iraq and Syria (ISIS) affiliates and ISIS-Mozambique. People’s Republic of China-linked firms in Mozambique operate with little transparency. They often underreport the value of natural resource exports to evade taxes, allow kickbacks to officials from overvalued infrastructure transactions, and conduct off-the-books sales of illicit timber to China.

There are three free trade zones in Mozambique, but there is no evidence they are tied to money laundering.



## Key Anti-Money Laundering (AML) Laws and Regulations

Newly revised AML/CFT legislation (Law 14/2023) was passed on August 28, 2023, superseding Law 11/2022. Law 14/2023 redefines Mozambique's money laundering criminal offense, expands obligations for institutions to identify customers and respective ultimate beneficial owners and to verify their identity by valid documentary evidence, and expands suspicious activity reporting. Regulations also require enhanced due diligence for politically exposed persons. The Bank of Mozambique places AML obligations on local commercial banks but resources and capacity of the compliance departments of banks in Mozambique vary.

The United States and Mozambique do not have a bilateral mutual legal assistance treaty. Mutual legal assistance occurs through multilateral law enforcement conventions with applicable provisions or based on domestic law.

Mozambique is a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a Financial Action Task Force-style regional body. See [Mozambique's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Mozambique made a high-level political commitment to improve its AML/CFT regime in early 2023. Mozambique's new AML/CFT law will need further revision to become compliant with international standards. The government's efforts in 2023 include establishing a high-level Executive Coordination Council and a Technical Assistance Coordination Committee to increase information sharing among international donors. The government paired its relevant ministries with development partners to focus on specific lines of effort in its action plan.

Donor efforts include work to advance risk-based supervision and conduct a risk assessment for the nonprofit sector. International donors conduct trainings with Mozambican government officials and stakeholders on financial crime investigations, financial aspects of countering proliferation of weapons of mass destruction, and sanctions compliance.

A lack of understanding of the concept of beneficial ownership among government and banking officials limits effective implementation of these regulations.

Mozambique's financial intelligence unit (FIU) is not a member of the Egmont Group but has applied for membership.

## **Enforcement/Implementation Issues and Comments**

The FIU analyzes STRs and distributes them to relevant investigative bodies.

The U.S. Drug Enforcement Administration (DEA) continues to work with Mozambique's National Criminal Investigation Service (SERNIC) to conduct investigations related to drug trafficking and money laundering. While SERNIC has had success with several major drug operations, the DEA is still working on the institution's money laundering investigation capacity.

Mozambique is a member of the Asset Recovery Inter-Agency Network for Southern Africa, which supports information sharing to identify, track, and seize criminal assets.

While it is continuing to work with international partners to improve its AML/CFT laws and implementing regulations, Mozambique lacks capacity and funding. It also struggles to prioritize AML/CFT reforms among its many urgent priorities, which include political, military, and security challenges, and meeting basic human needs in many parts of the country. An international donor's AML/CFT program in Mozambique ends in June 2024, creating a potential gap in assistance.

# Netherlands

## Overview

The Netherlands is a global trade center with advanced financial and digital infrastructure and, consequently, an attractive venue for money laundering. The Netherlands has established a comprehensive approach to combat money laundering, implementing a framework for enforcement which shares responsibility among government, regulatory bodies, and private companies. Overall, this approach is making progress toward combating money laundering, though several vulnerabilities remain, with an estimated \$16 billion laundered annually. Fraud and drug-related offenses account for 90 percent of all proceeds of crime.

Six islands in the Caribbean fall under the jurisdiction of the Kingdom of the Netherlands (the Kingdom): Bonaire, St. Eustatius, and Saba are special municipalities of the Netherlands; while Aruba, Curacao, and Sint Maarten are autonomous countries within the Kingdom, along with the Netherlands. The Netherlands collaborates to ensure the independence of the courts and to combat cross-border crime and drug trafficking within the Kingdom. The law enforcement memorandum of understanding between the four Kingdom constituent countries and the United States for joint training and information sharing remains active.

## Vulnerabilities and Money Laundering Methodologies

Financial fraud, especially tax evasion, as well as drug trafficking generate significant domestic money laundering activity. The Netherlands' flagship Port of Rotterdam, the largest port in Europe, is also vulnerable to trade-based money laundering (TBML). Increasingly, criminal networks are also taking advantage of the Netherlands' optimal digital infrastructure to use virtual currencies and facilitate illegal activity.

Law enforcement regularly launches money laundering investigations. Few border controls exist within the Schengen Area of the European Union, although Dutch authorities run special operations in border areas with Germany and Belgium and in the Port of Rotterdam to minimize smuggling. Informal underground remittance systems operate in the Netherlands.

The National Police of the Netherlands cooperates closely with U.S. authorities to exchange information and conduct joint operations, including increasing interest in detecting and combating TBML.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

The Dutch anti-money laundering/combating the financing of terrorism (AML/CFT) regime has comprehensive customer due diligence and suspicious transaction reporting (STR) regulations, which apply to many actors in the financial sector. Every three years, the government commissions an external assessment of its AML/CFT policy.

In 2020 the Netherlands took legislative action to extend its AML/CFT coverage to virtual asset service providers, allow for direct digital access to certain bank data by investigation services, and require corporate and other legal entities to list their ultimate beneficial owners in a transparent register operated by the Chamber of Commerce. In 2021 five Dutch banks launched the Transaction Monitoring Netherlands. This network analyzes anonymous bank transaction datasets to improve reporting to the Financial Intelligence Unit-Netherlands (FIU-NL) with the goal of identifying criminal cash flows and networks faster and more comprehensively. In 2023 the Dutch Fiscal Information and Investigation Service (FIOD) officially joined the International Anti-Corruption Coordination Center.

Law enforcement cooperation between the Netherlands and the United States is good, with the existing mutual legal assistance treaty allowing for exchange of records in connection with narcotics and money laundering investigations.

The FIU-NL is a member of the Egmont Group of FIUs. The Netherlands is a member of the Financial Action Task Force. See the [Netherlands' most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

The Netherlands continues to address recognized deficiencies. Generally, criminal drug trafficking and money laundering penalties in the Netherlands are low compared to the United States and neighboring European countries. Higher penalties, including significant imprisonment, could more effectively deter criminal activity. International experts

recommend the Netherlands address the regulation of virtual asset service providers and that authorities focus more on reporting and supervision of the timely implementation of targeted financial sanctions for terrorist or proliferation financing.

## **Enforcement/Implementation Issues and Comments**

A key strength in the Dutch system lies in the robust coordination and cooperation at a domestic and international level. The FIU-NL is an independent, autonomous entity under the Netherlands police. Public-private information sharing partnerships include the Anti-Money Laundering Center, a knowledge and expertise center where public and private parties work together nationally and internationally to combat money laundering; the Financial Expertise Center, a partnership among authorities with supervisory, prosecutorial, or investigative roles in the financial sector; the Serious Crime Task Force, comprising the police, the Public Prosecution Service, the FIU-NL, and the FIOD, working together with a number of large banks; and Fintell Alliance, a collaborative structure among the FIU-NL and the four major banks in the Netherlands.

According to the head of FIU-NL, improving the quality of data and the ability to monitor how many investigations involve suspicious transactions remain priorities. In 2022 the Netherlands Court of Audit published the results of its audit, which found the reporting chain is not yet functioning optimally with room to process unusual and suspicious transactions more efficiently and effectively.

In 2022 1.8 million unusual transaction reports were filed, a broader reporting requirement than STRs. FIU-NL identified 91,893 STRs amounting to \$30 billion (29.9 billion euro) – a significant increase from 2021. FIU-NL attributed the rise in detected STRs largely due to improvements in its reporting capacity.

The current caretaker government declared the Money Laundering Action Plan “controversial,” a term used to indicate an issue that will not be moved forward until the next cabinet is in office, likely in late 2024.

# Nicaragua

## Overview

Nicaragua fails to implement satisfactorily its anti-money laundering/combating the financing of terrorism (AML/CFT) legislation. Nicaragua uses its “Non-Profit Organization (NPO) Law” against dissenting individuals and groups, which weakens the rule of law and increases vulnerability to financial crimes. An International Monetary Fund Article IV mission in November 2023 called for the proper application of AML/CFT legislation, noting the government’s massive closure of civil society organizations in the past year. Nicaragua has strengthened alliances with countries at high risk for illicit financial activity, including the Democratic People’s Republic of Korea.

In June 2023 the National Assembly issued new regulations for NPOs and amended its AML law. The AML/CFT legal framework generally complies technically with international standards; however, the government fails to implement it in accordance with international standards. Instead, the government employs repressive measures, including the seizure of assets from political opponents, forced closure of civil society organizations, closure of and asset confiscation from universities, and the freezing of religious organizations’ bank accounts on fabricated money laundering or terrorism charges or lack of correct NPO registration.

In 2023 the Secretary of State designated 17 Nicaraguans under Section 353(b) of the “Department of State, Foreign Operations, and Related Programs Appropriations Act,” bringing the total to 49. Among the sanctioned officials are Director of the Financial Analysis Unit (UAF) Denis Membreño Rivas, Deputy Director of the UAF Aldo Martin Saenz Ulloa, and Marta Mayela Diaz Ortiz, vice superintendent of banks and other financial institutions. Among other things, the officials were accused of undermining public institutions by stripping opponents of their nationality and disclosing financial information on exiled political dissidents and former political prisoners, resulting in the seizure of their assets.

## Vulnerabilities and Money Laundering Methodologies

Nicaragua remains a transit country for narcotics. It continues to be vulnerable to money laundering due to endemic corruption and a high proportion of informal businesses that use cash extensively. Experts have warned that gold exports exceed the level of local gold production, raising concerns excess gold might be smuggled from Venezuela to evade U.S. sanctions. The government-promoted scheme to illegally confiscate property, construct houses on that property, then sell those houses to the public is highly problematic.

The Central America 4-Border Control Agreement among El Salvador, Guatemala, Honduras, and Nicaragua allows free movement of citizens among these countries. A visa-free travel agreement remains active between Cuba and Nicaragua, a more liberal visa-upon-arrival policy went into effect for Haitians in July 2023, and in August Belarus signed a bilateral visa-free travel agreement. Independent media have reported an influx of migrants from Cuba, Haiti, South America, Africa, and Central Asia, flying directly to Nicaragua to begin overland travel and eventually cross the southwest U.S border illegally.

Nicaragua does not offer economic citizenship but provides asylum, citizenship, and governmental employment to political allies reportedly under investigation in their home countries for diverse crimes, including money laundering.

In 2023 there were 183 free trade zone companies registered in Nicaragua.

The financial sector remains largely under government control. Reportedly, at the government's request, financial institutions are obligated to provide financial information and freeze bank accounts belonging to individuals, organizations, and religious entities without following due process as dictated in AML/CFT legislation.

## Key Anti-Money Laundering (AML) Laws and Regulations

AML/CFT laws mandate disclosure of beneficial owners and the collection and retention of relevant information. The legislation incorporates international cooperation through information exchange based on bilateral agreements. Financial institutions, nonfinancial businesses, and professions follow customer due diligence (CDD) and suspicious activity reporting requirements. The law includes enhanced CDD for politically exposed persons

(PEPs) and for transactions conducted with persons/entities the UN Security Council designates high risk.

AML/CFT legislation includes regulation of virtual currencies and gaming.

In February 2023 the government issued a presidential decree subjecting NPOs to enhanced AML/CFT regulatory requirements, including incorporation of local and international organizations, monitoring, reporting, disclosure of donors, sanctions, and forced closure.

In June 2023 a presidential decree amended the financial intelligence unit (FIU) law, providing further operational guidance for notaries and certified public accountants.

Nicaragua is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body. See [Nicaragua's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Nicaraguan authorities have used the NPO legislation to punitively target opposition groups. In 2023 the government used alleged noncompliance with NPO legislation as a pretext to close 400 civil society organizations, seven private universities, and a regional business post-graduate university campus. In May 2023 the government froze bank accounts belonging to the Catholic Church in Nicaragua for alleged money laundering per a Nicaraguan National Police (NNP) investigation. The NNP, in collusion with the president and vice president, executed closures without due process and bypassed AML legislation.

Although the AML/CFT legal framework enables international cooperation, the Nicaraguan government has not cooperated with other jurisdictions on extraditing PEPs convicted of money laundering.

The UAF is not a member of the Egmont Group of FIUs.



## Enforcement/Implementation Issues and Comments

In October 2022 Nicaragua completed the technical items in its action plan agreed with the FATF. Concurrently, the FATF publicly noted its strong concern about Nicaragua's potential misapplication of AML/CFT standards to suppress Nicaragua's NPO sector. These actions demonstrate Nicaragua's lack of political will to enforce fair and proportionate compliance with AML/CFT regulations. Nicaragua has not shared information on investigations, prosecutions, or money seized in money laundering cases since 2021.

# Nigeria

## Overview

Nigeria is a major financial and banking center for Africa. It is also a major location for the laundering of proceeds earned from scams around the world.

Nigeria continues to make efforts to have a functional anti-money laundering/combating the financing of terrorism (AML/CFT) system in line with international standards and to strengthen legal frameworks to combat money laundering and terrorist financing (ML/TF). However, a significant portion of Nigeria continues to function as a cash society, and tracking financial transactions is a major challenge.

In 2022 the Central Bank of Nigeria (CBN) introduced a currency redesign and exchange to limit excess cash outside the banking system, counter corruption, and discourage ransom payments. The policy, widely criticized by citizens during the 2023 presidential election, created a cash crunch and caused many Nigerians to lose faith in the financial system. The new administration, which took office in May 2023, reversed the change due to its significant negative effects.

Nigeria continues to make strides to impede ML and TF. In 2023 the Nigeria Financial Intelligence Unit (NFIU) conducted its National Residual Risk Assessment (NRRA) to assess how Nigerian banking institutions issue advisories on suspicious financial transactions related to corruption, illicit drug trafficking, and organized crime. The Economic and Financial Crimes Commission (EFCC) implemented the legal framework empowering the Special Control Unit Against Money Laundering (SCUML) to supervise designated nonfinancial businesses and professions (DNFBPs), enhance investigations, and strengthen enforcement functions. Next steps involve raising awareness, particularly in Nigerian courts, to address ML occurring through the illegal wildlife trade, drug trafficking, and illegal cash movement.

## Vulnerabilities and Money Laundering Methodologies

Drug trafficking and kidnapping for ransom are significant sources of illicit funds. Moreover, sustained corruption, weak institutional structures, and lack of political will hinder the

judiciary's ability to complete investigations and successfully prosecute ML cases. Nigeria's reliance on cash payments makes reporting and tracking of illicit funds difficult. Nigeria's risk assessment identifies legal persons and arrangements, virtual asset service providers (VASPs), and the extractive sector as the most vulnerable to ML/TF threats.

Nigeria is a major hub for virtual asset transactions. The new "Rules for the Registration of VASPs" issued by the Nigerian Securities and Exchange Commission entered into force on March 31, 2023, for platforms that facilitate the trading, exchange, and transfer of virtual assets. In December 2023 Nigeria dropped its 2021 ban on virtual asset transactions. While it is improving, weak government regulation of the virtual asset markets and the existence of the parallel foreign exchange market increase Nigeria's vulnerability to ML/TF.

The gaming industry remains a large contributor to the Nigerian economy. Although the NRRA lists the gaming industry as medium risk, the National Lottery Regulatory Commission and the SCUML have established stringent background checks for entry and participation within the sector. While land-based casinos remain stable, unlicensed, unregulated internet casinos and gaming entities are growing.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Nigeria continues to work to implement and enforce recent laws designed to bolster regulation and strengthen AML/CFT accountability. These include the 2022 "Money Laundering Prohibition and Prevention Act," which addresses the regulation and supervision of DNFBPs, and the "Proceeds of Crime Act," which includes specific provisions covering beneficial ownership identification and verification.

In 2023 the EFCC implemented the Advance Cargo Declaration/Cargo Tracking Note for Crude Oil Exports to curb crude oil theft. The EFCC curbed the sale of foreign exchange to foreign exchange operators to reduce currency speculation and worked to improve compliance with the 1986 "Declaration of Assets Act." It also abolished international passport express centers that were charging Nigerians fraudulent fees claiming to expedite passport applications, implemented measures to address the nonpayment of taxes, and reinforced measures to eradicate pension fraud.

Nigeria and the United States have bilateral mutual legal assistance and extradition treaties. Nigerian legislation provides for asset sharing.

The NFIU is a member of the Egmont Group of FIUs, and Nigeria is a member of the Inter Governmental Action Group against Money Laundering in West Africa (GIABA), a Financial Action Task Force (FATF)-style regional body. See [Nigeria's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

A significant shortcoming lies in the absence of dedicated strategies to address identified risks effectively. Nigeria should establish mechanisms to verify beneficial ownership and implement additional legal and regulatory revisions to facilitate timely and well-defined mutual legal assistance while designating ML and TF as extraditable offenses.

The CBN should enhance its supervision of financial institutions and impose sanctions for noncompliance. Furthermore, the legal profession remains insufficiently covered by AML/CFT laws. Legal practitioners have secured court injunctions restraining the CBN, the NFIU, and the EFCC from enforcing AML/CFT provisions pertaining to lawyers.

## **Enforcement/Implementation Issues and Comments**

Since February 2023 when Nigeria made a high-level political commitment to improve its AML/CFT regime and agreed to an action plan with the FATF, it has taken steps to address the plan. Nigeria completed and worked to circulate the findings of its NRRA, revised its national AML/CFT strategy, and strengthened international collaborations. Authorities broadened oversight and bolstered preventive measures of financial institutions and DNFBPs and worked to guarantee access to beneficial ownership data. Additional steps include facilitating information sharing between the NFIU and law enforcement agencies; identifying breaches of currency declaration rules and imposing relevant sanctions; maintaining detailed records of frozen, seized, forfeited, and redistributed assets; and conducting outreach to and monitoring of nonprofit organizations.

# Pakistan

## Overview

Pakistan's geographic location and porous borders with Afghanistan and Iran make it vulnerable to narcotics, illicit financial risks, and contraband smuggling. Pakistan's 2019 national risk assessment (NRA) identifies the largest risks associated with illicit finance as corruption and bribery, smuggling, drug trafficking, tax fraud, illegal financial transfers, cash smuggling, and organized crime. Designated nonfinancial businesses and professions (DNFBPs) in Pakistan are involved in, or help to facilitate, money laundering using the formal financial system. The NRA also indicates much of the proceeds generated from major crimes in Pakistan are transferred overseas. The black market, the informal financial system, porous borders, a permissive security environment, and under-resourced Pakistani law enforcement, investigative, and prosecutorial agencies all contribute to the substantial demand for and facilitation of money laundering and illicit financial services in Pakistan.

In recent years, Pakistan addressed noted technical deficiencies and strengthened its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. Pakistan undertook a major push to enact and amend legislation to address deficiencies in its AML/CFT regime and to be in line with international best practices. Subsequently, the European Union removed Pakistan from its list of high-risk countries in March 2023.

## Vulnerabilities and Money Laundering Methodologies

Money laundering occurs in both the formal and informal financial sectors.

In Pakistan's 2023 fiscal year (July 2022-June 2023), Pakistanis abroad remitted over \$27 billion to Pakistan via official channels, declining significantly by 13.7 percent from the previous fiscal year. The stringent administrative measures taken by the State Bank of Pakistan (SBP) created a wide disparity between the interbank and open market exchange rates - reaching almost 11 percent. A number of Pakistani expatriates used informal channels, including the black market, to conduct foreign currency transactions, which contributed to a significant fall in remittances through official banking channels.

Common methods for transferring illicit funds include trade-based money laundering, money services businesses (MSBs), and bulk cash smuggling. Fraudulent invoicing is often done by legitimate traders for tax avoidance reasons, but criminals also misuse cross-border trade as a vehicle for money laundering. Operating an unlicensed MSB is illegal in Pakistan. The SBP and law enforcement cracked down on MSBs involved in black market foreign exchange activities in September 2023, but despite these efforts, many unlicensed MSBs still operate. There is still a significant amount of informal financial activity along the largely porous and insufficiently policed Pakistan-Afghanistan border, and to a lesser extent, Pakistan's border with Iran. Border areas also see illicit financial activity by terrorist and insurgent groups.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

In recent years Pakistan enacted and amended legislation to address recognized deficiencies in its AML/CFT regime and to be in line with international best practices. Pakistan has comprehensive customer due diligence and suspicious transaction reporting (STR) regulations, though international experts have criticized the ineffectiveness of these regimes in recent years. The disclosure of beneficial owners and enhanced due diligence for politically exposed persons are required under Pakistani law and regulations.

The United States and Pakistan do not have a mutual legal assistance treaty. However, both countries are parties to multilateral conventions that include mutual legal assistance (MLA) provisions. Extradition between the United States and Pakistan is governed by the 1931 U.S.-UK Extradition Treaty. Pakistan does not have a formal mechanism to exchange records on narcotics investigations or court cases, and there are no legal mechanisms to allow foreign governments to access those records. Pakistan appears to have placed its central authority in the Ministry of Interior for handling MLA requests.

Pakistan is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body. See [Pakistan's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Pakistan's Financial Intelligence Unit (FIU) is not a member of the Egmont Group of FIUs.

Certain DNFBPs whose transactions are largely cash-based, poorly documented, and loosely overseen by authorities, tend to be at greatest risk for money laundering and facilitating money laundering for third parties, including lawyers, notaries, accountants, real estate brokers, construction companies, and jewelry/precious metal traders. International experts have noted deficiencies in the supervision of key DNFBPs that are at risk for money laundering activity. Pakistan's Federal Board of Revenue, Securities and Exchange Commission, and Ministry of Finance have some degree of authority to regulate at-risk sectors in the economy. The ability of the government and Pakistani Bar Association to police lawyers, legal advisors, and law firms is limited. Pakistan strengthened and clarified its regulatory authorities for supervision of these sectors in 2020 and 2021. Pakistan Post and the Central Directorate of National Savings are also vulnerable to abuse by money launderers due to their limited checks on transmitters and recipients of their financial services.

The government's compliance and enforcement authority in border areas is limited due to their remoteness, lack of infrastructure, and the fact many people in these regions depend on the informal sector for their livelihoods, including informal cross-border trade.

## **Enforcement/Implementation Issues and Comments**

Policy reforms appear to have led to an increase in the number of STRs and improvements in their processing.

In 2022 the government opened approximately 13 cash smuggling cases, 210 cases of illegally operating an MSB, 27 smuggling cases, and nine drug trafficking cases for money laundering violations. Information on convictions was not publicly available. The government has not yet reported 2023 data.

# Panama

## Overview

Panama is a regional financial hub, and illicit funds move through the country via trade transactions, nonfinancial service businesses, bulk cash shipments, and the formal banking system. However, Panama has shown significant progress by addressing its action plan, agreed upon with the Financial Action Task Force (FATF), and improving its compliance with anti-money laundering/combating the financing of terrorism (AML/CFT) international standards. The country remains on the European Union's list of non-cooperative jurisdictions for tax purposes and does not fully meet the Organization for Economic Cooperation and Development's international standards on transparency and tax issues. Panama must continue to implement reforms as international standards and guidance evolve.

## Vulnerabilities and Money Laundering Methodologies

Most money laundered in Panama stems from illegal activities committed abroad, including drug trafficking, tax crimes, foreign corruption, financial fraud, and smuggling of people and goods. Panama is located along major trafficking routes and is a drug transshipment country. An inability to identify bulk cash shipments, inconsistent enforcement of laws and regulations, corruption, and an under-resourced judicial system hinder Panama's fight against money laundering.

Criminals launder money via bulk cash smuggling and trade at airports and seaports; shell companies; virtual currencies; and 12 active free trade zones (FTZs), including the Colon Free Zone (CFZ), the second largest FTZ in the world. This creates risk that legal entities created and registered in Panama can be misused to launder funds, especially proceeds resulting from foreign predicate crimes. Law firms and registered agents (including nominee shareholders and directors) are key gatekeepers, but recent due diligence requirements that are perceived as onerous have reduced the use of such go-betweens, especially among smaller firms.



## Key Anti-Money Laundering (AML) Laws and Regulations

Panama has comprehensive customer due diligence and suspicious transaction reporting (STR) requirements. “Law 23” criminalizes money laundering and sets AML compliance requirements for entities in 31 sectors. The executive branch passed “Bill 624” and amended “Law 23” in 2021 to increase sanctions to up to \$5 million for financial entities and finalize sanctions procedures for nonfinancial entities. The bill also amends laws related to the availability of tax information, accounting standards, and beneficial ownership to improve transparency and information sharing. “Law 129” and executive decrees numbers 13 and 15 of 2022 establish and implement Panama’s beneficial ownership registry.

Panama made notable strides in the implementation of beneficial ownership requirements in 2023, including the creation of the digital registry. The registry was 81 percent populated as of September 2023. The government plans to continue enforcing “Law 254,” which requires resident agents to keep accounting records for clients. This has led to the suspension and removal of half of Panama’s roughly 760,000 legal entities from the corporate registry, reducing the use of shell companies and removing noncompliant firms.

Panama’s Financial Analysis Unit (UAF) collects financial intelligence information and works closely with Panamanian law enforcement and the attorney general’s office to initiate investigations. While STR quality has notably improved since 2019, the UAF reported a decline in STRs from high-risks sectors in 2023. Panamanian officials have noted this is largely the result of improved STR quality, prevention measures, and the dissuasive nature of sanctions.

The United States and Panama have a bilateral mutual legal assistance treaty.

The UAF is a member of the Egmont Group of Financial Intelligence Units. Panama is a member of the FATF of Latin America (GAFILAT), a FATF-style regional body. See [Panama’s most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

The CFZ remains vulnerable to illicit financial and trade activities due to weak customs enforcement and limited oversight of transactions. Panama needs to strengthen

supervision of resident agents in FTZs to further compliance with STR reporting obligations, considering the decline in STRs in 2023.

Several bills that would strengthen Panama's fight against corruption and money laundering remain stalled in the National Assembly. For example, the legislature has not passed an asset forfeiture bill that would improve its ability to seize and retain assets obtained from corruption and criminal activities. The executive branch introduced the latest version of the bill in August 2023, and it remains pending in the legislature. National elections scheduled for May 2024 cast doubt on the ability to make further progress on these bills.

## **Enforcement/Implementation Issues and Comments**

Law enforcement and judicial entities are unable to effectively enforce laws under the accusatory justice system due to limited resources for training personnel and managing cases. Challenges include limited interagency coordination and a failure to implement new laws, including regarding tax evasion. Law enforcement lacks basic tools to conduct complex investigations, including undercover operations. Moreover, the banking system could do more to cooperate with money laundering investigations.

Active investigations increased since the joint U.S.-Panama AML/Anti-Corruption Task Force began operations in May 2021. The task force has opened 63 non-drug-related money laundering and corruption investigations, with approximately 17 convictions, resulting in \$5 million seized or frozen.

Panama completed the drafting of its Proliferation Financing National Risk Assessment. Increased understanding of proliferation financing vectors and methods is needed to effectively deter this type of illicit activity.

# Paraguay

## Overview

Paraguay faces significant challenges combating money laundering. The Tri-Border Area (TBA) with Argentina and Brazil has long been a hub for a multi-billion-dollar illicit goods trade and distribution of counterfeit and pirated products. Illicit proceeds from public corruption, domestically grown marijuana (for which Paraguay is a top five global producer), and Andean cocaine transiting to European markets all fuel money laundering.

While Paraguay has made some progress implementing its anti-money laundering/combating the financing of terrorism (AML/CFT) laws to align its legal framework with international standards, complex money laundering criminal convictions remain rare due to lack of technical investigative capacity and corruption in both the political and judicial sectors.

## Vulnerabilities and Money Laundering Methodologies

Money laundering occurs in both financial and nonfinancial sectors. Paraguay's porous borders allow for significant two-way flow of contraband, generating large flows of illicit cash and spurring demand for money laundering. Widespread corruption among government officials results in lax regulation of import-export businesses, casinos, money services businesses, and financial cooperatives. Insufficient oversight of a high volume of money transfers to Lebanon and the People's Republic of China also enables money laundering. Russia, Venezuela, and other countries sanctioned by the U.S. government take advantage of lax laws and weak enforcement to launder money in Paraguay.

There has been an increase in individuals and entities who specialize in obtaining loans from legitimate financial institutions and repaying them with illicit funds derived from clients involved in drug smuggling and organized crime. These transactions are difficult to detect through suspicious transaction reports from regulated financial entities because the borrowers present legitimate sources of income and no obvious ties to crime.

Criminal organizations disguise illicit proceeds from trade-based money laundering stemming from the high flow of both counterfeit and legitimate goods sold between Brazil

and Paraguay, often with the assistance of co-opted government officials. The virtual currency market in Paraguay continues to expand, and authorities express concern about its possible use to facilitate money laundering in the region.

Paraguay operates two free trade zones (FTZs) in Ciudad del Este in the TBA. Paraguay's port authority manages free trade ports and warehouses in Argentina, Brazil, Chile, and Uruguay. Investigative agencies are concerned with the lack of transparency in these FTZs.

## Key AML Laws and Regulations

Paraguay's AML/CFT legal framework includes key provisions addressing customer due diligence and suspicious transaction reporting regulations, enhanced due diligence for politically exposed persons, registration and disclosure of ultimate beneficiaries, and asset confiscation procedures.

A series of AML-related laws passed in 2019 form the core of Paraguay's AML/CFT legal framework, with key regulations designed to bring Paraguay into compliance with international AML/CFT standards.

There is no bilateral mutual legal assistance treaty between Paraguay and the United States. Both are party to multilateral conventions providing for cooperation in criminal matters. Both countries entered into a customs mutual assistance agreement in 2021.

Paraguay's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Paraguay is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body. See [Paraguay's most recent mutual evaluation report](#), in Spanish only, for more information.

## AML Legal, Policy, and Regulatory Deficiencies

The maximum criminal penalty for money laundering as a standalone offense is five years. The penalty can increase only when combined with other offenses such as drug trafficking and does not effectively deter criminals.

Paraguayan authorities are unable to effectively prevent, detect, or deter criminal abuse of virtual currency systems.

## **Enforcement/Implementation Issues and Comments**

Paraguay has improved its money laundering prosecutions, but still generally struggles to investigate and prosecute complex money laundering cases. According to the most recent statistics provided by the Supreme Court of Justice, in 2023 Paraguay convicted seven individuals in four money laundering cases, which involved individuals engaging in self-laundering.

Although national specialized money laundering units within the attorney general's office are developing specialized expertise, generally, investigators and prosecutors often lack technical capacity to conduct complex money laundering investigations. Neither the police nor Public Ministry have sufficient forensic accounting capabilities. Other challenges include an onerous process to obtain financial records and the lack of legal authority to use the same specialized investigative techniques for non-drug money laundering cases that are permitted in narcotrafficking cases.

The five-year statute of limitations for most money laundering-related offenses makes it difficult to obtain convictions in complex money laundering cases. This limitation is exacerbated by legal rules that permit defendants to request the recusal of prosecutors or judges under often spurious grounds. Lack of political will has prevented the enactment of any significant changes to this system. Lack of interagency cooperation and mistrust among key AML institutions also hinder more effective convictions.

Paraguay's FIU has developed an integrated plan among relevant institutions to implement procedures to comply with international standards. Additionally, an international donor is helping Paraguay update its national risk assessment.

# Peru

## Overview

Political instability culminated in December 2022 with the removal of former president Pedro Castillo from office following an attempt to dissolve congress. The vice president, Dina Boluarte, was subsequently sworn in as president. Peru has experienced challenges in effectively enforcing and implementing its otherwise strong anti-money laundering/combating the financing of terrorism (AML/CFT) regulatory regime. Poor interagency coordination and corruption within the justice sector impede enforcement efforts. Interagency information sharing is limited but improving. Weak regulatory supervision and enforcement in the small-scale mining and timber sectors are concerns.

The Peruvian government identified \$962 million in potentially illicit funds flowing through Peru from January to September 2023 – a substantial increase from \$174 million from October 2021 to September 2022.

According to Peru’s financial intelligence unit (FIU), illegal mining is the source of more than half of all money laundered in Peru in the last decade. Illegal mining made up \$927 million of identified funds from October 2022 to September 2023, while drug trafficking comprised \$17 million in the same period. Drug traffickers launder profits through illegal mining activities and gold transactions. The government began applying the oral accusatory system to all money laundering cases in June 2021. Since July 2022 Peru has been developing a follow-on plan to its “2018-2021 National Plan to Combat Money Laundering,” which it expects to release jointly with a new national money laundering policy.

## Vulnerabilities and Money Laundering Methodologies

Illegal gold mining and logging, drug trafficking, and public corruption continue as the primary sources of illicit funds in Peru. State presence is limited outside of coastal areas and large population centers. Peru’s challenging geography helps facilitate the internal and cross-border transit of large quantities of contraband and cash. Weak regulatory enforcement also contributes to ready mixing of illegal gold with licit gold as well as illegal timber with licit timber.

Individuals and organizations funnel illicit funds through front companies using the banking system. Illicit funds also move through notaries, money transfer agencies, real estate, currency exchanges, credit cooperatives, auto sales, and virtual currency.

Financial technology and virtual currencies are growing in Peru. A private global data intelligence firm forecasts virtual currency market revenues to reach \$78.48 million in 2023 and user penetration to increase from 9.3 percent in 2023 to 14.3 percent by 2027. Peru's FIU published a risk analysis of virtual currency and bitcoin on November 30, 2021.

Peru continues to lack adequate controls on the gaming sector, which is at risk for money laundering. The Peruvian government issued "Law No 31.806" in 2022 and "Law 31.557" in 2023, introducing regulations to the online gaming sector that are planned to go into effect in March 2024.

Peru has an investor residency program requiring \$127,000 in investment. Peru has four operational free trade zones that provide customs and tax benefits.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Peru has a robust AML regulatory framework. Legislation establishes money laundering as an autonomous crime and includes customer due diligence and suspicious transaction reporting requirements. Regulations define and require enhanced due diligence for politically exposed persons. Peru's Superintendent of Banks (SBS) published regulations requiring moral, technical, and solvency qualification evaluations for owners, beneficiaries, and other important roles in regulated entities. In July 2023 Peru issued "Resolution SBS 02351-2023," modifying existing regulations by establishing additional AML/CFT due diligence obligations for the banking and private sectors, and "Supreme Decree 006-2023-JUS," which incorporates virtual asset service providers (VASPs) as covered reporting entities.

Peru's FIU is a member of the Egmont Group of FIUs. Peru is a member of the Financial Action Task Force of Latin America (GAFILAT), a FATF-style regional body. See [Peru's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Peru should improve its interagency coordination, such as by amending the FIU's authorities outlined in "Law 27693." This law permits the FIU to share its reports only with public prosecutors. The government is receptive to recommendations from donors and experts regarding potential improvements.

## Enforcement/Implementation Issues and Comments

Pervasive corruption hampers money laundering prosecutions. Political figures, judges, and legislators have been implicated in money laundering, creating further impediments to progress on AML reform.

High turnover of specialized prosecutors and lack of technical financial and legal knowledge hinder enforcement efforts. The attorney general's office improved its AML capacity by establishing a special prosecutor's office on cybercrime to address this growing money laundering risk.

In 2023 the FIU completed an analysis of all 175 money laundering convictions from 2012-2021, finding that 92 of those convictions emerged from cases tried under the oral accusatory system, while the rest were tried under the written, inquisitorial system. As of June 2021, Peru fully transitioned to the accusatory system, which now applies to all money laundering cases, although previously logged cases will still be tried under the previous inquisitorial system. Money laundering convictions, however, remain low.

From January to September 2023 Peru issued 19 money laundering sentences, one connected to illegal mining. During the same period, Peru's courts issued asset forfeiture orders in 319 actions against assets worth over \$7 million and had 517 cases in process for assets worth over \$70 million.

Peru continues to lack effective regulatory enforcement and oversight in the small-scale mining sector. In 2023 authorities seized alleged illegal gold worth \$12.4 million planned for export by two Peruvian mining companies to a U.S.-based metals company that is part of a Dubai, United Arab Emirates conglomerate.



# Philippines

## Overview

The Philippines has demonstrated a political commitment to augmenting its institutional frameworks via a holistic national strategy. Although the Philippine government has undertaken steps to rectify deficiencies in anti-money laundering/combating the financing of terrorism (AML/CFT) practices, the Philippines has further work to do to demonstrate an increase in the effectiveness of its AML/CFT regime, such as money laundering investigations and prosecutions in accordance with Philippines' risk profile.

## Vulnerabilities and Money Laundering Methodologies

The Philippines 2017 national risk assessment assessed the highest money laundering threats to include proceeds from corruption, drug trafficking, investment fraud, smuggling, tax crimes, copyright/intellectual property violations, illegal firearms, and environmental crimes.

Along with a transformation within the Philippine financial system, characterized by the growing integration of fintech solutions and digitalization, vulnerabilities, and associated risks are also evolving. Recent incidents involving raids on Philippine offshore gaming operators (POGO) raised concerns about links between online gaming and various illicit activities. These concerns extend to the exploitation of the POGO sector by human traffickers and financial fraud scheme perpetrators, who employ a range of deceptive tactics to conceal illicit activities.

The persistent issue of drug trafficking remains a significant challenge, with some instances implicating law enforcement personnel in both the protection and distribution of narcotics. Illicit funds also emanate from activities such as online sexual exploitation of children, graft and corruption, online fraud, and smuggling.

Money is laundered via several schemes including: the exploitation of depository accounts by fictitious sole proprietorships and corporations; channeling funds through money services businesses, casinos, and gaming entities; using virtual currency; and using money mules (persons who transfer or move illegally acquired money on behalf of someone else).

The escalated risk of money laundering can be attributed to several factors. These factors include a heavy reliance on cash transactions within specific sectors, the proliferation of digital and mobile payment methods that circumvent traditional banking due diligence, non-cooperation from regulated entities, and lack of detection and identification of false declarations of currency.

The independent operation of special economic zones also poses challenges in monitoring the financial flow of remittance transactions involving shell companies engaged in import and export activities with businesses located within these zones. As of April 2023 the Philippine Economic Zone Authority oversaw 419 economic zones, which are generally adequately regulated. Local government units and development authorities regulate multiple other free zones or freeports. Security and customs officials monitoring the zones have differing authorities.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

President Ferdinand Marcos Jr. issued two decrees, one on July 4 and the other on October 16, 2023, mandating all government agencies urgently adopt the “National Anti-Money Laundering, Counter-Terrorism Financing, and Counter-Proliferation Financing Strategy” for 2023-2027. The Anti Money Laundering Council (AMLC), Philippines financial intelligence unit (FIU), serves as the lead agency to track interagency progress. The goal is to have the adoption of national strategies develop into policy responses and demonstrable measures to combat money laundering and terrorist financing risks.

Provisions in the Philippine AML law and its implementing regulations addressing customer due diligence, politically exposed persons, and suspicious transactions reports are in technical compliance with international standards.

The Philippines and the United States have bilateral mutual legal assistance and extradition treaties.

The AMLC is a member of the Egmont Group of FIUs. The Philippines is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body. See [Philippines’ most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Ongoing AML/CFT challenges include lack of proactive cooperation between prosecutors and investigators, inadequate measures to address risks related to casinos and gaming operations, comprehensive supervision of designated nonfinancial businesses and professions, challenges identifying beneficial owners, and insufficient capacity to investigate predicate crimes, including cyber and environmental crimes.

The Philippines does not have a comprehensive law on asset sharing.

## Enforcement/Implementation Issues and Comments

Overall, the Philippines' AML/CFT regime is in technical compliance with international standards. The Philippines has undertaken some measures to revamp its AML/CFT framework. These initiatives include tightening of procedures, augmenting the workforce, and increased financial controls. Despite these initiatives, progress is still needed in enhancing law enforcement agencies and other relevant authorities' access to beneficial ownership information, increasing registration for corporate entities, and increasing AML/CFT compliance levels.

The Philippines is addressing AML/CFT shortcomings through various measures. The Philippine Department of Justice issued a policy advocating proactive involvement of prosecutors in cases and instructing them to actively participate in investigations related to the financing of terrorism. Additionally, the Supreme Court of the Philippines adopted amendments to the "Code of Conduct and Professional Responsibility and Accountability" for legal practitioners that are designed to ensure the reporting of covered financial transactions while upholding the duty of lawyers to maintain client confidentiality.

The Philippines needs to further demonstrate efforts to identify, investigate, and prosecute money laundering arising out of crime in line with its risk profile. More progress is needed in CFT, particularly pertaining to Mindanao.

## Saint Kitts and Nevis

### Overview

Saint Kitts and Nevis, a federation of two Eastern Caribbean islands, continues to strengthen its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. Its economy is reliant on tourism, a citizenship by investment (CBI) program, and offshore banking.

The Financial Services Regulatory Commission (FSRC) is responsible for AML/CFT and the supervision of the nonbank financial sector, via the FSRC Saint Kitts Branch and FSRC Nevis Branch, respectively. FSRC has supervisory authority over designated nonfinancial businesses and professions that provide business services in the areas of international company registration, trust formation, international insurance, money services, and international banking. The Royal Saint Kitts and Nevis Police Force (RSKNPF) is responsible for investigating financial crimes and money laundering.

The country is a member of the Eastern Caribbean Central Bank, which issues a common currency for its members and is piloting DCash, a blockchain-based digital sovereign currency.

The Customs and Excise Department (CED) is responsible for regulating the entry of vessels, aircraft, and goods including currency, bearer negotiable instruments, and precious metals.

### Vulnerabilities and Money Laundering Methodologies

Drug trafficking and larceny are the primary sources of illicit funds. According to law enforcement reporting, the money laundering risk in the country is high and illegal cash moves across the region predominantly through air travel.

Saint Kitts and Nevis completed its first national risk assessment (NRA) in 2019, with a follow-up report in 2021. NRA-identified actions to strengthen the AML/CFT regime include establishment of a legislative committee to propose amendments, as well as increased staff at offices such as the White-Collar Crime Unit of the RSKNPF.

As of September 2023, FSRC Saint Kitts supervised four credit unions, nine money services businesses, 47 trust and corporate service providers, 396 foundations and four CBI escrow agents.

FSRC Nevis permits the establishment of international business companies (IBCs) and currently lists 10,913 Nevis IBCs, 3,791 limited liability companies (LLCs), and 551 international exempt trusts on its Companies' Registry, with 1,869 IBCs established in 2023 alone (through September). IBCs are required to maintain a register of shareholders and directors, copies of which are to be held at registered agents' offices. Bearer shares are no longer authorized under Nevis law.

A gaming board has general oversight of the gaming industry, with FSRC having limited responsibility for AML/CFT supervision of casinos. There are five licensed gaming entities. The country does not have a free trade zone.

Saint Kitts and Nevis states that its CBI program is the "oldest and most respected of its kind" and offers applicants economic citizenship through two options: a minimum investment in approved real estate projects or investment in certain government-designated infrastructure projects. Applicants from North Korea, Iran, and Afghanistan are prohibited. The program no longer accepts applications from Russia and Belarus. The U.S. Financial Crimes Enforcement Network issued an advisory in 2014 to alert U.S. financial institutions about the Saint Kitts and Nevis CBI program.

## Key AML Laws and Regulations

Saint Kitts and Nevis states that CBI applicants are subject to a due diligence process, including data comparison and analysis, as well as source of funds analysis. International contractors conduct due diligence on applicants.

Saint Kitts and Nevis has a mutual legal assistance treaty with the United States. The RSKNPF and the financial intelligence unit (FIU) regularly provide informal assistance to U.S. law enforcement agencies and other Caribbean jurisdictions. Customer due diligence regulations include enhanced due diligence for politically exposed persons and high-risk customers. In addition, laws provide for the forfeiture or confiscation of the proceeds of crime.

The FIU is a member of the Egmont Group of FIUs. Saint Kitts and Nevis is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Saint Kitts and Nevis' most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Experts have recommended improvement in the following areas: ensuring information is available in a timely fashion on all partners and beneficial owners of a partnership or company; and ensuring the availability of accounting information for such entities. Saint Kitts and Nevis has made some progress in verifying beneficial owner information for legal persons and legal arrangements.

Persons can form an IBC or LLC in less than 24 hours in Nevis.

Saint Kitts and Nevis is not a party to the United Nations Convention against Corruption.

## Enforcement/Implementation Issues and Comments

In 2023 FSRC Saint Kitts conducted eight onsite examinations and four follow-up examinations. FSRC Nevis states it conducted one targeted and five follow-up examinations of regulated entities from January-October 2023. FSRC Nevis asserts it has “unfettered access” to regulated entities’ files, including beneficial ownership information.

The FIU receives suspicious transaction reports (STRs) related to money laundering and terrorist financing. The FIU received 58 STRs from January-October 2023, generating four case disclosures that were referred to the RSKNPF.

The FSRC, RSKNPF, and CED continue to pursue relevant training on various aspects of money laundering and terrorist financing. FSRC states it also provides training to representatives of regulated entities.

Saint Kitts and Nevis should become a party to the United Nations Convention against Corruption.

# Saint Lucia

## Overview

Saint Lucia continues to make progress in strengthening its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. Its main source of revenue is tourism. The country's location in the Eastern Caribbean, close to South America and the French territory of Martinique, make it a transshipment point for illegal drugs to North America and Europe.

The National Anti-Money Laundering Oversight Committee Unit coordinates AML/CFT activities under the direction of the attorney general. The Financial Intelligence Authority (FIA), the financial intelligence unit (FIU), is responsible for detecting, preventing, and prosecuting money laundering as well as confiscating the proceeds of crime. The Financial Services Regulatory Authority (FSRA) is the prudential supervisor for the financial services sector and oversees the following regulated entities: 17 credit unions, 11 international banks, 16 international insurance companies, 18 registered agents, 15 money services businesses, and seven international private mutual funds.

The Eastern Caribbean Central Bank (ECCB) regulates onshore commercial banks in Saint Lucia. The ECCB is piloting DCash, a blockchain-based digital sovereign currency.

## Vulnerabilities and Money Laundering Methodologies

Saint Lucia reports the primary source of illicit funds is from narcotics trafficking and fraud. Money laundering most commonly occurs through structured deposits and cash remittances to a funnel account, as well as integration of illicit cash into legitimate commerce via real estate and cash-intensive businesses. Saint Lucia's national risk assessment identifies international banks, international insurance companies, legal services, and nongovernmental organizations as sectors vulnerable to money laundering activity.

International business companies (IBCs) are permitted and can be incorporated in one day using registered agents under the "International Business Companies Act." However, the records kept by registered agents are non-public and only accessible under law by the FIA and Inland Revenue Department. IBCs are considered "resident" companies, able to do

business locally, and required to file an annual tax return based on unaudited financial statements.

There is one free trade zone operating in Vieux Fort.

Saint Lucia's citizenship by investment (CBI) program, launched in 2015, allows individuals to apply for citizenship through various options, including a \$100,000 donation to the National Economic Fund; specified purchase thresholds for real estate and government bonds; or a \$3.5 million investment in an approved enterprise project. Applicants must apply through a government-approved local agent. Applicants must make a source of funds declaration and provide supporting evidence. The government established a CBI unit to manage the application process.

## **Key AML Laws and Regulations**

The key AML laws in Saint Lucia are the "Money Laundering (Prevention) Act of Saint Lucia" (MLPA), the "Money Laundering (Prevention) Regulation of Saint Lucia," the "Proceeds of Crimes Act of Saint Lucia," and the "UN Sanctions (Counter-Proliferation Financing) Act of 2019." The Proceeds of Crime Act was amended in 2023 to allow for civil asset recovery. The "Registration of Supervised Entities Act of 2023" requires designated nonfinancial businesses and professions to register with the FIA, including accountants, attorneys, car dealerships, and precious metals dealers. The "Virtual Assets Business Act of 2022" requires virtual asset service providers to be licensed by the FSRA.

Saint Lucia has customer due diligence (CDD) and suspicious activity reporting regulations. MLPA regulations mandate that reporting entities undertake appropriate record keeping and CDD measures. Reporting entities must also conduct enhanced due diligence for high-risk categories of customers, including politically exposed persons.

International trusts are no longer recognized in Saint Lucia as of 2022.

The MLPA prohibits making a false source of funds declaration for sums of more than \$9,000.

There is a mutual legal assistance treaty between Saint Lucia and the United States.



The FIA is a member of the Egmont Group of FIUs. Saint Lucia is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Saint Lucia's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Limited resources sometimes impact the FIA's effectiveness and ability to complete all its functions.

While Saint Lucia collects beneficial ownership data, there are gaps in legal and regulatory obligations, with some provisions not requiring timely notification of ownership changes.

## **Enforcement/Implementation Issues and Comments**

While Saint Lucia has made progress in raising awareness and understanding of money laundering/terrorist financing risks, there remain gaps among various sectors and agencies that can be ameliorated with additional training. There were no money laundering prosecutions in 2023, but Saint Lucia was investigating two money laundering cases at yearend 2023. The country has made limited use of mechanisms of international cooperation in relation to money laundering.

# Saint Vincent and the Grenadines

## Overview

Saint Vincent and the Grenadines is a multi-island state consisting of 32 islands and cays spanning 150 square miles. Its economy is dependent on tourism, agriculture, and, to a lesser extent, an offshore financial services sector. The country continues to make progress on its anti-money laundering/combating the financing of terrorism (AML/CFT) regime.

The financial intelligence unit (FIU) works closely with the police, prosecutors, Coast Guard, and Customs to address money laundering challenges. The Financial Services Authority (FSA) is the regulatory body that supervises the offshore financial sector, and the FIU is the supervisory authority for designated nonfinancial businesses and professions (DNFBPs).

The FSA reports there are two international banks, 2,750 international business companies (IBCs), 1,875 limited liability companies, 59 international trusts, 14 registered agents, and 60 mutual funds. IBCs can be incorporated in less than 24 hours from receipt of application.

## Vulnerabilities and Money Laundering Methodologies

Saint Vincent and the Grenadines reports that drug trafficking is the main source of illicit funds. These funds are often laundered through cash couriers and cash-intensive businesses. Couriers carry money through the airport, ports, or other points of entry.

The country is the Eastern Caribbean's leading producer of marijuana and has also reported increasing amounts of marijuana being trafficked into the country from the United States and Canada. It also serves as a transshipment point for narcotics via go-fast boats or private yachts.

Physical presence is not required for offshore sector entities and businesses, except for offshore banks. Resident nominee directors are not mandatory except when an IBC is formed to carry on banking business. The government requires registration and custody of

bearer share certificates by a registered agent who must also keep a record of each bearer certificate.

Saint Vincent and the Grenadines reports it has increased supervision over nonprofit organizations and DNFBPs, including car dealers and car rental businesses, to combat new money laundering typologies.

There are no free trade zones or economic citizenship programs. Gaming is legal, but there are no casinos in operation.

## Key AML Laws and Regulations

Saint Vincent and the Grenadines has comprehensive AML legislation and regulations, including the “2017 Proceeds of Crime (Amendment) Act” (POCA) and the “2017 Anti-Money Laundering Terrorist Financing Code.” An anti-terrorism act and AML/CFT regulatory amendments were promulgated in 2023, partly to better implement the confiscation and forfeiture of terrorists’ assets. Proceeds of crime that are confiscated are paid into a confiscated assets fund overseen by the Ministry of Finance pursuant to the POCA. The government disseminates to financial institutions a list of foreign politically exposed persons (PEPs) as well as those PEPs who are senior officials of international organizations.

The United States and Saint Vincent and the Grenadines have a bilateral mutual legal assistance treaty.

The FIU is a member of the Egmont Group of FIUs. Saint Vincent and the Grenadines is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Saint Vincent and the Grenadines’ most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Companies are not required to maintain up-to-date registries of beneficial ownership, and the FSA and other agencies do not store beneficial ownership data. However, Saint Vincent and the Grenadines maintains that authorities can obtain such information from registered agents and financial institutions.

Virtual assets are not addressed under the current AML/CFT framework.

Saint Vincent and the Grenadines should become a party to the United Nations Convention against Corruption.

## **Enforcement/Implementation Issues and Comments**

The FIU's core risk assessment and training objectives are to identify developing trends and common typologies relating to money laundering vulnerabilities.

Saint Vincent and the Grenadines continues to increase AML cooperation between the FIU and other national law enforcement agencies. The country utilizes a web-based reporting tool for the more efficient filing of suspicious activity reports. To increase AML/CFT awareness and compliance, the FIU utilizes risk assessments, workshops, and training of compliance officers of entities overseen by the FIU.

In 2023 Saint Vincent and the Grenadines reported one successful money laundering-related prosecution, including the confiscation of \$18,000. In addition, there were five forfeiture orders in 2023 totaling approximately \$180,000.

# Senegal

## Overview

Senegal's strategic coastal location makes it a regional business center for Francophone West Africa. Illicit proceeds are derived from both domestic and foreign crimes.

Senegal is exposed to risks from organized crime, drug trafficking, cybercrime, fraud, and a large informal, cash-based economy. Major sources of illicit proceeds include narcotics, human trafficking, illegal trade in wildlife and timber, counterfeiting, tax evasion, and public corruption.

Senegal has taken steps toward improving the technical compliance of its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. Senegal has established a database to collect statistics and data on money laundering/terrorist financing (ML/TF) investigations and prosecutions, increased risk-based supervision of nonprofit organizations (NPOs), and improved its understanding of the risks posed by the misuse of legal persons and arrangements. The sanctions regime for violations of ultimate beneficial ownership disclosure obligations has also been strengthened. However, strategic deficiencies in the effectiveness of the AML/CFT regime remain.

## Vulnerabilities and Money Laundering Methodologies

Senegal's strategic location supports the development of trade routes for illicit goods and funds. Corruption and drug trafficking are the most likely sources of laundered proceeds. Other sources include illicit trade in artisanal mining, car theft, smuggling, and counterfeiting, including counterfeit pharmaceuticals. According to law enforcement, the banking, real estate, and designated nonfinancial businesses and professions (DNFBP) sectors, along with cross-border movement of funds, are most frequently used to launder illicit funds.

The gaming sector presents substantial ML risks due to the influence of foreign ownership and management, increasing cross-border movements of funds, a growing online sports betting presence, and crypto-facilitated gaming. Key deficiencies include legislative gaps regarding the licensing and regulation of online casinos; lack of cooperation to license,

monitor, and supervise casino activity for AML purposes; and the lack of suspicious transaction reporting and information sharing between casino and gaming establishments and the financial intelligence unit (FIU).

Widespread use of cash, hawaladars, and new payment methods present ML vulnerabilities. Resource constraints prevent effective AML supervision of these entities.

The nascent Dakar Integrated Special Economic Zone (SEZ) is an offshore economic zone being developed in partnership with EZW (Economic Zones World), an investor and operator of economic free zones. Senegal has approved to date a total of eight SEZes, but only three are currently operational.

Touba, an autonomous municipality under the jurisdiction of the Mouride religious brotherhood, is the center of a worldwide network of Mouride communities. Touba is the destination for significant annual remittances, particularly during the Grand Magal, a major religious pilgrimage. Touba enjoys quasi-extraterritorial status from Senegal and is considered a free trade zone. These facts, combined with the national government's limited jurisdictional authority in the city, make Touba vulnerable to ML/TF.

## Key AML Laws and Regulations

Senegal has adopted more than 13 relevant legislative texts in recent years. In December 2022 the government issued decree No. 2022-2308 to implement targeted financial sanctions. This decree was revised in 2023 to comply with international standards, and implementation guidelines and practical guidance were issued. Decree No. 2022-1676 issued September 16, 2022, integrates a risk-based supervisory approach for NPOs.

The United States and Senegal do not have a bilateral mutual legal assistance treaty or an extradition treaty. Mutual legal assistance can and does occur through multilateral conventions with applicable provisions.

The FIU is a member of the Egmont Group of FIUs. Senegal is a member of the Inter Governmental Action Group Against Money Laundering in West Africa (GIABA), a Financial Action Task Force-style regional body. See [Senegal's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

AML/CFT shortcomings include deficiencies in understanding the risks posed by the misuse of legal persons and arrangements, the effectiveness of the beneficial ownership registry, weaknesses in the forfeiture regime, lax enforcement, inadequate supervision of covered entities, and weak capacity of competent authorities responsible for AML/CFT. Failure to comply with asset declaration obligations and other transparency measures is not accompanied by proportionate and dissuasive sanctions.

Other outstanding deficiencies encompass gaps in the legal framework; inadequate supervision of nonbank financial institutions, DNFBPs, and NPOs; weak stakeholder involvement in AML/CFT, especially by the DNFBP supervisory authorities; weak security measures; and weak border controls. Authorities are also progressing too slowly in areas that have long been AML/CFT weak spots, such as beneficial ownership transparency and international cooperation.

## Enforcement/Implementation Issues and Comments

Sluggish action in implementing AML/CFT obligations in the DNFBP sectors, with infrequent examinations or sanctioning, adversely impacts the effectiveness of the AML/CFT regime. The government faces challenges implementing financial sanctions and identifying beneficial owners. The legal framework for transparency of beneficial ownership was initially limited to the mining sector. It has been expanded to cover all sectors of the economy; however, implementation is lagging.

Senegal implemented a risk-based approach for financial institutions and DNFBPs in 2023. Guidelines for the insurance sector, dealers in precious metals, real estate, lawyers, and authorized foreign exchange dealers were disseminated. Senegal deployed in 2022 an automated suspicious transaction report platform, and the beneficial ownership register has been operationalized. The supervisory authorities are slowly starting to impose effective, proportionate, and dissuasive sanctions.

Most actors in the criminal justice chain have an inadequate understanding of AML/CFT laws and related legal concepts. Competition coupled with the lack of cooperation among AML/CFT agencies compounds this critical resource gap and impedes the efficiency of the

entire criminal justice system and the effective coordination of national responses to ML/TF and corruption.

ML offenses and activities are investigated, albeit at a slow pace, and offenders are prosecuted. However, criminal sanctions are not effective, proportionate, or dissuasive. In 2022 there were 19 ML prosecutions.



# Sint Maarten

## Overview

Sint Maarten is an autonomous country within the Kingdom of the Netherlands (the Kingdom), which shares a Caribbean Island with an overseas collectivity of France. The Dutch government retains responsibility for Sint Maarten's foreign policy and defense, including negotiating and concluding international conventions. There is a law enforcement memorandum of understanding (MOU) between the four Kingdom countries and the United States. The Dutch-based legal system is effective in the detection and prosecution of money laundering suspects.

## Vulnerabilities and Money Laundering Methodologies

Sint Maarten has 13 officially licensed casinos serving a population of approximately 40,000 persons, approximately 30,000 temporary, seasonal residents, and the nearly two million tourists who visit the islands annually. According to local sources, some of these gaming houses have garnered a reputation as money laundering centers for the owners and their business partners. Online gaming is legal.

The government of Sint Maarten lacks sufficient regulatory authority over its national lottery, which has also been cited as a potential money laundering vector. Seven lottery licensees on Sint Maarten operate approximately 360 lottery retail outlets distributed over the island's 13 square mile area.

Sint Maarten hosted offshore companies and banks and provided fertile ground for large-scale real estate investors until Hurricane Irma in 2017 destroyed many of these properties. Foreign investors have remained hesitant to return even as the Sint Maarten government makes progress on rebuilding key infrastructure.

Sint Maarten's cruise terminal is one of the largest in the Caribbean islands, although the seaport and airport have yet to fully recover from Hurricane Irma. Larger cargo ships docked at the container facility offload onto regional feeders that supply the smaller, surrounding islands. Customs and law enforcement authorities are on alert for regional smuggling, trade-based money laundering, and value transfer schemes.

## Key Anti-Money Laundering (AML) Laws and Regulations

Under the 2019 “National Ordinance Combating Money Laundering and Terrorist Financing,” the financial intelligence unit (FIU) supervises designated nonfinancial businesses and professions, including gaming entities. The transaction reporting threshold of \$14,000 covers cash, precious metals, jewelry, and rare objects of high value.

Legislation covers the gaming industry, which includes casino gaming, lotteries, and internet gaming businesses.

The “National Ordinance Material Civil Service Law” and the “National Ordinance on Design and Organization of Government” address international standards focusing on corruption. The United Nations Convention Against Corruption is implemented in the “Code of Criminal Law.”

In June 2023 the Central Bank of Curaçao and Sint Maarten announced new anti-money laundering/combating the financing of terrorism (AML/CFT) regulations and guidelines that broadly target the financial sector. These measures replace the existing 2013 regulations.

For client due diligence, reporting entities are required to consult sanction lists containing individuals, entities, and legal persons, which are subject to freezing measures.

Dutch authorities may extend international conventions to the countries within the Kingdom if said countries agree to participate. The Kingdom extended to Sint Maarten (as a successor to the Netherlands Antilles) the application of the 1988 United Nations (UN) Drug Convention in 1999 and the UN Convention against Corruption and the UN Convention against Transnational Organized Crime in 2010. In accordance with international agreements entered into by the Dutch Government, each autonomous country can be assigned a status of its own within international or regional organizations subject to the organization’s agreement. The autonomous countries may conclude, within parameters, MOUs in areas in which they have autonomy.

The 1981 mutual legal assistance treaty between the Kingdom of the Netherlands and the United States applies to Sint Maarten and is regularly used by U.S. and Sint Maarten law enforcement agencies for international drug trafficking and money laundering investigations.

The 2004 U.S.- Netherlands mutual legal assistance agreement, incorporating specific U.S.- European Union provisions, was not extended to Sint Maarten.

The FIU is a member of the Egmont Group of FIUs. Sint Maarten is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Sint Maarten's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Sint Maarten's AML/CFT regime lacks cryptocurrency legislation. A national risk assessment report and a draft national policy are not expected until 2024.

The Sint Maarten government still needs to draft policies and update some AML/CFT regulations. The Justice Ministry has not established a specific policy to combat money laundering and terrorist financing as stipulated in the law but has since used the reforms in a Dutch government reform package as a guideline.

## Enforcement/Implementation Issues and Comments

Sint Maarten has an “unusual transaction” reporting system. Covered entities are required to file unusual transaction reports (UTRs) with the FIU on any transaction that appears unusual or when there is reason to believe a transaction relates to money laundering, terrorist financing, or proliferation. If, after analysis of a UTR, a strong suspicion of money laundering arises, those suspicious transactions are reported to the public prosecutor’s office.

A Law Enforcement Council assessment indicates the judicial authorities need greater AML/CFT capacity. The Council observed the continuation of various bottlenecks that impede an effective joint approach to transnational money laundering and terrorist financing. In particular, the continuous lack of resources hampers the authorities from achieving the desired results.

The four FIUs within the Kingdom implemented a secure network (FCInet) with highly effective privacy-enabled data matching capabilities. The FIU seeks to extend these tools to other partners.

# Spain

## Overview

Spain proactively identifies its money laundering vulnerabilities and works to mitigate risks. Due to Spain's geographic location, Spain remains a logistical hotspot for organized crime groups based in Africa, Latin America, and the former Soviet Union. Spain is also a transshipment point for illicit drugs entering Europe from North Africa and Latin America.

Spain continues to largely comply with international anti-money laundering/combating the financing of terrorism (AML/CFT) standards and has updated AML/CFT regulations and competent authorities. Spain continues to make progress on AML issues.

As of December 2023, Spain led the European Commission's ambitious package of legislative proposals to strengthen the European Union's (EU) AML/CFT regime and create a new EU authority to fight money laundering.

## Vulnerabilities and Money Laundering Methodologies

The major sources of criminal proceeds are drug trafficking, organized crime, customs fraud, human trafficking, and counterfeit goods. Illicit proceeds are primarily invested in real estate on the Spanish coast. Alternate areas of investment of illicit proceeds include services, communications, automobiles, artwork, and financial sector assets.

Spain is a transshipment point for the cross-border flow of illicit drugs. It is an entry point for Moroccan hashish and cocaine from Latin America that is distributed and sold throughout Europe. The resulting proceeds often return to Spain. There are informal money transfer services which aid in cash transfer between Spain and Latin America (particularly Colombia). Passengers traveling between Spain and Latin America also reportedly smuggle sizeable sums of bulk cash in both directions. Law enforcement authorities have identified a trend of drugs and drug proceeds entering Spain from newer EU member states with weaker law enforcement capabilities.

Laundering money often is performed through a network of companies, subsidiaries, and contracts related to the procurement and management of real estate. Additional methods

include the exploitation of money or value transfer services and the use of cash couriers. Drug trafficking organizations have also used virtual currency platforms to launder drug proceeds in recent years, although the EU adopted a new virtual currency regulatory framework with AML measures that will take effect in 2024.

## Key Anti-Money Laundering (AML) Laws and Regulations

Spain's current AML/CFT law entered into force in 2010. All associated implementing regulations entered into force in 2014. Spain implemented the EU's Fifth AML directive in 2021. Spain has comprehensive customer due diligence, and suspicious transaction report regulations, and politically exposed persons are subject to enhanced due diligence. In September 2023 Spain created a Central Register of Beneficial Owners.

The Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offenses (SEPBLAC) is Spain's AML/CFT regulator and financial intelligence unit (FIU). SEPBLAC falls under the Spanish Ministry of Economic Affairs and Digital Transformation.

SEPBLAC is a member of the Egmont Group of FIUs. Spain is a member of the Financial Action Task Force. See [Spain's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

International experts recommend stronger implementation of targeted financial sanctions and oversight of nongovernmental organizations. Additionally, despite improvements in oversight in recent years, Spanish authorities have not yet achieved full enforcement of AML/CFT obligations for legal professionals.

Information about AML fines in Spain is not made available to the public.

## Enforcement/Implementation Issues and Comments

Spain actively investigates and prosecutes money laundering cases, including those involving third-party money laundering, self-laundering, and laundering the proceeds of both domestic and foreign predicate offenses. Spain has successfully dismantled organized criminal groups by identifying and shutting down their complex money laundering networks

of national and international companies. However, the judicial system's limited capacity to handle complex money laundering cases in a timely fashion is a weakness.

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# Suriname

## Overview

Most money laundering in Suriname is linked to the transshipment of cocaine, primarily to Europe. Casinos, real estate, foreign exchange companies, car dealerships, and the construction sector remain vulnerable to money laundering due to lax enforcement, though Suriname's financial intelligence unit (FIU) has increased its engagement with designated nonfinancial businesses and professions. Public corruption also contributes to money laundering. Profits from small-scale gold mining fuel a thriving informal sector. Much of this money does not pass through the formal banking system. In Suriname's interior regions, bartering with gold is common, and senior Surinamese government officials estimate that up to 200-250 kilos of gold per month are smuggled into the United States via Miami.

## Vulnerabilities and Money Laundering Methodologies

In 2021 the Central Bank of Suriname moved the Surinamese dollar (SRD) to a fluctuating exchange rate. Subsequently, the Surinamese dollar depreciated from 28.35 SRD to one U.S. dollar (USD) (October 31, 2022) to 38.23 (September 30, 2023). An economic reform program mandated by the International Monetary Fund has disproportionately impacted some individuals and is blamed for increasing crime and the growing popularity of online gaming at gaming centers.

Banking sector efforts to implement customer due diligence (CDD) rules have resulted in customers keeping money out of the banking sector. In 2020 banks began promoting wire transactions and introduced mobile pay services to track money flows and limit cash transactions. Bank customers must provide the source of funds for deposits of any amount and pay administrative fees to deposit money. The commercial banks' measures to comply with CDD rules and promote a cashless economy deter many Surinamers from depositing money, especially U.S. dollars, in banks. The end result is that much of the money in circulation is in cash (primarily SRD, USD, and euros), and does not touch the formal financial sector.

The most common money laundering methodologies used in Suriname include international wire transfers and companies increasingly using business checking accounts to exchange



foreign currency. Companies in the import and export sector use their corporate checking account to exchange foreign currency for local currency in violation of the “Money Exchange Act.” According to this act only commercial banks and licensed exchange houses can exchange foreign currency for local currency.

Suriname’s gaming sector includes casinos, sports betting, and online gaming. The increase of sport betting shops and online gaming are concerns. Nineteen casinos are licensed to operate in Suriname. The Gaming Supervision and Control Institute is responsible for gaming oversight, but supervision for anti-money laundering/combating the financing of terrorism (AML/CFT) purposes is weak.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Suriname has an adequate legal framework for AML enforcement, including CDD and suspicious transaction reporting (STR) requirements. CDD and STR requirements cover banks and credit unions; asset managers; securities brokers and dealers; insurance agents and companies; currency brokers, remitters, and exchanges; auditors, accountants, and notaries; lawyers; real estate agents; dealers in gold or other precious metals and stones; gaming entities and lotteries; and motor vehicle dealers.

Suriname adopted several laws addressing AML/CFT in the last year, including the Act of 19 November 2022, the “Act for the Prevention and Combating of Money Laundering and Terrorism Financing” (PCMLTF); the Act of 5 September 2023, amending the Criminal Code and the PCMLTF; the Act of 13 September 2023, amending the “Gambling Supervision and Control Act;” the Act of 13 September 2023 (“Hazard Games Act”), containing rules regarding the exploitation of gaming, as well as further amendments to the Criminal Code and the “Casino Tax Act 2002;” and the Act of 13 September 2023 (“Lotteries Act”), establishing rules regarding the operation of lotteries.

Suriname is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Suriname’s most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

The final draft of the national risk assessment was formally handed over to the Surinamese president in August 2021. The gaming sector is cited as potentially high risk. The government staffed the gaming board, but there is still little effective supervision of the large gaming sector. Suriname's national assembly passed amendments to the "Gaming Board Law" and the "Casino Industry and Lotteries Act" in November 2023 to better align to international standards. The main issues are the increase of sport betting shops and online gaming.

Suriname has requirements for enhanced due diligence procedures for foreign and domestic politically exposed persons.

Suriname's FIU is not a member of the Egmont Group of FIUs.

## Enforcement/Implementation Issues and Comments

The government undertook steps toward the full implementation of the 2017 anti-corruption law by installing the members of the National Anti-Corruption Committee (NACC) in May 2023. The committee is tasked with prevention and early detection of potential corruptive practices at government entities. On September 5, 2023, the government also passed a decree requiring all government officials to register their assets and wealth in sealed declarations housed at the NACC. The law provides criminal penalties for official corruption, and the government implemented the law effectively at times.

In 2023 the FIU received 363,417 STRs; of those, 6,946 led to possible further criminal investigations.

# Syria

## Overview

Syria, a designated State Sponsor of Terrorism since 1979, continues to face significant money laundering risks owing to ongoing conflict, the territorial influence of non-state actors including terrorist groups, the lack of a banking sector, and steep economic decline. Syrian law criminalizes money laundering, but elements of the Government of Syria and affiliated groups remain actively involved in money laundering and other illicit activities.

## Vulnerabilities and Money Laundering Methodologies

In 2023 Syria continued to experience instability and violence in many regions of the country. The Syrian government controls over two-thirds of the country; local non-state actors exert influence over the remaining one-third of the country. The Syrian government depends greatly on support from the Russian and Iranian governments, local tribes, and Iran-aligned militia groups to maintain control over the areas under its influence because it lacks capacity and financial resources to do so on its own. Syrian government partner and U.S.-designated terrorist group Hizballah and other Iran-backed militia groups are also prevalent in many areas in Syria. Non-state actors in northeast and northwest Syria, including the Self-Administration of Northeast Syria (affiliated with U.S. counterterrorism partner the Syrian Democratic Forces), the opposition-backed Syrian Interim Government, and the Syrian Salvation Government controlled by U.S.-designated terrorist organization Hayat Tahrir al-Sham, manage security and regulate economic activity in their zones of influence. Terrorist groups, such as the Islamic State of Iraq and Syria (ISIS), also maintain a presence in Syria and engage in arms trafficking and money laundering, including through companies located in neighboring countries.

Syria's borders remain porous and open to human smuggling and drug trafficking. Some Syrian actors have taken advantage of the black market in neighboring Lebanon to launder funds and smuggle illicit goods.

## Key Anti-Money Laundering (AML) Laws and Regulations

Syria retains several anti-money laundering/combating the financing of terrorism (AML/CFT) laws that criminalize money laundering, bribery, terrorist financing, and narcotics trafficking. These include Legislative Decree 33/2005 that established the Combating Money

Laundering and Terrorism Financing Commission (CMLC), Syria's financial intelligence unit (FIU), which has authority over "all matters related to money laundering and terrorist financing." CMLC also has authority to prosecute money laundering offenses. There is no updated reporting on recent changes to Syria's regulatory environment.

The United States and Syria do not have bilateral extradition or mutual legal assistance treaties.

The CMLC is a member of the Egmont Group of FIUs. Syria is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a FATF-style regional body. See [Syria's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Syrians continue to conduct most business transactions in cash. Both legitimate actors, such as humanitarian organizations and Syrian expatriates, and malign groups, such as ISIS and Hizballah, continue to rely on hawala networks rather than on the formal banking system to informally transfer funds to and from Syria. From January 1 to November 1, 2023, the official U.S. dollar exchange rate rose from 4,522 Syrian pounds to roughly 12,500 Syrian pounds to the dollar, representing a nearly 180 percent devaluation. The Central Bank of Syria (CBS) pursued this policy of partial currency floating in an attempt to narrow the gap between the official rate and black market exchange rate, which stood at 13,850 Syrian pounds to the dollar as of November 1.

Syria remains a designated State Sponsor of Terrorism and continues to support terrorist groups such as Hizballah, the Popular Front for the Liberation of Palestine-General Command, and the Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF). The Government of Syria, including the CBS, remains subject to U.S. and other countries' sanctions, including asset freezes, for its ongoing involvement in malign activities.

In May, the United States designated two Syrian money service businesses that facilitated funds transfers to the central bank on behalf of the Government of Syria, Hizballah, and the IRGC-QF in violation of sanctions. In addition, the Commercial Bank of Syria remains an entity of primary money laundering concern and is blocked pursuant to U.S. sanctions.

## **Enforcement/Implementation Issues and Comments**

Despite Syria's existing laws and memberships, the Government of Syria has neither the capacity nor the will to abide by its domestic law or international commitments. Syria's AML/CFT regime continues to contain significant deficiencies according to international experts.

Elements of the Syrian government and affiliated groups continue to engage in illicit activities including money laundering, weapons trafficking, and the production and trafficking of the amphetamine-type stimulant known as captagon with relative impunity. In March, the United States designated individuals affiliated with the Bashar al-Assad regime and/or Hizballah who are responsible for captagon production or export.

# Tajikistan

## Overview

Tajikistan has made significant strides in complying with international anti-money laundering/combating the financing of terrorism (AML/CFT) standards. Despite efforts to improve technical compliance with recommendations made by international experts, Tajikistan has yet to demonstrate effective implementation of its AML/CFT laws and regulations and its ability to detect, disrupt, investigate, and successfully prosecute substantive money laundering/terrorist financing violations and to confiscate illicit proceeds.

Transnational narcotics trafficking, human trafficking, and corruption make Tajikistan vulnerable to financial crimes.

## Vulnerabilities and Money Laundering Methodologies

Tajikistan is located between Afghanistan, the world's largest illicit opium producer, and major European markets. Tajikistan's geographic proximity to Afghanistan makes it susceptible to terrorism and related financing.

Real estate and/or high-value property purchases using microfinance organizations and virtual currency transactions are the most common ways to launder money. Proceeds are also laundered through import and construction companies, and hawala transactions are widely used for money transfers throughout the region.

The Prosecutor General's Office (PGO) seeks to strengthen cooperation between law enforcement authorities and the Financial Monitoring Department (FMD), Tajikistan's financial intelligence unit (FIU), and has identified the prevailing money laundering trends as financial pyramid schemes, fraud, virtual currency, and cross-border transactions.

Tajikistan has five designated free trade zones (FTZ): Sughd, Pyanj, Dangara, Kulob, and Ishkoshim. These FTZs are managed by administrations with the status of state agencies appointed by the Government of Tajikistan. Banks and credit organizations operating in FTZs are subject to the laws of the Republic of Tajikistan.

## Key Anti-Money Laundering (AML) Laws and Regulations

Tajikistan has an AML/CFT legal framework and is continually enacting reforms to strengthen that framework based on recommendations from international experts. Tajikistan has implemented a national action plan, the “National AML/CFT/Proliferation Financing Concept 2018-2025.” Despite the advances in technical compliance, implementation of the framework is mixed.

In March 2023 Tajikistan adopted an amendment to the “Law on Combating Legalization of Illegal Proceeds and Financing Terrorism” with the support of an international donor in accordance with recommendations to eliminate deficiencies with technical compliance. With donor support, Tajikistan drafted a “Due Diligence Standard Operating Procedure (SOP)” in September 2023, which establishes reporting guidelines for financial entities.

The FMD is a member of the Egmont Group of FIUs. Tajikistan is a member of the Eurasian Group (EAG), a Financial Action Task Force-style regional body. See [Tajikistan's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Despite Tajikistan’s high level of political commitment to address its strategic AML/CFT deficiencies, the country has made mixed progress in implementing applicable laws/legislation. Tajikistan is challenged by a pervasive culture of corruption, which serves as both a source of illicit funds and an impediment to the successful prosecutions of money laundering/terrorist financing investigations.

Tajikistan’s legislation does not include provisions for asset sharing.

The PGO is currently seeking technical assistance to establish a risk assessment and analytical center. Tajikistan recently signed memorandums of understanding with Azerbaijan and Turkmenistan to enhance cooperation and exchange of financial intelligence related to money laundering and terrorist financing.

## Enforcement/Implementation Issues and Comments

Multiple government bodies can investigate and prosecute money laundering cases, which are often conducted in conjunction with parallel investigations of predicate offenses such as drug trafficking. A recent evaluation showed information sharing and communication gaps between law enforcement bodies and the FMD, as well as among law enforcement bodies themselves could be leading to inefficiencies in money laundering investigations.

In the first three quarters of 2023, the FMD responded to 352 requests from law enforcement agencies related to money laundering and suspected terrorist/extremist activity. The FMD also initiated notifications and provided supporting materials to 52 Tajik law enforcement authorities and foreign state FIUs, with 38 related to terrorist financing and 14 related to money laundering and predicate offenses. The PGO identified one money laundering case in 2023.



# Tanzania

## Overview

Tanzania ostensibly has the institutional and legal framework to address money laundering and terrorist financing. However, an underdeveloped financial sector, political interference, and limited training and capacity make Tanzania vulnerable to money laundering and financial crimes.

Suspicious transaction reports are sent for analysis to the financial intelligence unit (FIU), which then tasks law enforcement agencies. Criminal activities with a nexus to money laundering include transnational organized crime, tax evasion, corruption, smuggling, trade invoice manipulation, narcotics trafficking, intellectual property violations, counterfeit goods, wildlife trafficking, and terrorism. Few arrests for money laundering result in convictions.

Historically, the government has misused these laws to target opposition, hindering the government's ability and willingness to combat real money laundering crimes. In an improvement, the current administration refrains from those tactics, and Tanzania has shown increased commitment to addressing deficiencies and vulnerabilities related to money laundering and illicit financing. For example, by developing and publicizing a National Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT), and Counter Proliferation Financing Strategy (2023/2024-2026/2027). Tanzania still needs extensive law enforcement, financial sector, customs, tax collection, and judicial training to realize this strategy and efficiently and effectively counter money laundering.

## Vulnerabilities and Money Laundering Methodologies

Tanzania has porous land and maritime borders with eight countries. The country is predominantly cash-based with 47 percent of workers in the informal economy and only 22 percent using formal financial services and institutions. The Tanzania Revenue Authority (TRA) prioritizes increasing tax collection efforts – which can be aggressive or arbitrary, which motivates businesses and individuals in the formal sector, especially international traders, to move money to informal financial systems to avoid TRA attention. Criminal organizations use the same systems.

Businesses particularly vulnerable to money laundering include convenience stores, auto repair shops and dealerships, gas stations, retail stores, and restaurants. Other areas susceptible to money laundering include Tanzania's large and under-regulated mining sector, which has an under-regulated trade in minerals and metals. Front companies, hawaladars, and currency exchange operations are also used to launder money, especially in Zanzibar. The country's under-regulated and obfuscated seaports and smaller ports are susceptible to trade-based money laundering (TBML). Real estate and foreign investment in tourism are also used to launder money. Tanzania published its national money laundering risk assessment in June 2023.

## Key Anti-Money Laundering (AML) Laws and Regulations

Tanzania passed key AML regulations in March 2022, which introduce stricter customer due diligence (CDD) requirements, broaden the scope of offenses considered to be money laundering predicate offenses, and strengthen language on terrorist financing. Other AML legislation includes: the "Criminal Procedure Act;" "Economic and Organized Crime Control Act;" "Mutual Legal Assistance in Criminal Matters Act;" and the "Proceeds of Crime Act." These laws allow mutual legal assistance requests and enforcement of foreign forfeiture orders but not asset sharing.

Semi-autonomous Zanzibar has its own "Anti-Money Laundering and Proceeds of Crime Act" and regulations. Both mainland Tanzania and Zanzibar use CDD and suspicious transaction reporting regulations, which carry noncompliance penalties.

Although no bilateral mutual legal assistance treaty exists between the U.S. and Tanzania, both countries are parties to various multilateral conventions that provide for cooperation in money laundering investigations and prosecutions. Tanzania does not have a formal records-exchange mechanism with the United States, although cooperation is facilitated by the Egmont Group of FIUs.

The FIU is a member of the Egmont Group of FIUs, and Tanzania is a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a Financial Action Task Force (FATF)-style regional body. See [Tanzania's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Tanzania has deficiencies in its AML laws. The financial sector does not follow government regulations mandating a risk-based approach for dealing with customers. There is little policy coordination within the government. The government also rarely consults the private sector or stakeholders. Tanzania still does not have an AML statistics database.

Authorities rarely address problems with non-conviction-based forfeitures. Tanzania needs improved laws, regulations, and enforcement related to AML/CFT, particularly related to financing weapons of mass destruction, TBML, mobile money, and virtual currencies.

## Enforcement/Implementation Issues and Comments

Tanzania has limited capacity to implement AML laws, supervise the banking and financial sectors, and regulate the informal economy and illicit mining. Tanzania should take AML seriously and increase awareness of money laundering issues. The government should allocate the necessary human, technical, and financial resources to update and implement a national AML strategy. Tanzanian authorities must ensure existing AML laws and regulations are enforced and applied in the spirit in which they are intended – instead of for political intimidation – and focus on convicting criminals engaged in money laundering and financial crimes.

# Thailand

## Overview

Thailand continues to emerge as a logistics and financial hub within Southeast Asia. The country's porous borders and uneven law enforcement make it vulnerable to money laundering, drug trafficking, and other categories of transnational crime. Thailand is a source, transit, and destination country for illicit trafficking and smuggling, a production and distribution hub for counterfeit consumer goods, and a center for the production and sale of fraudulent travel documents and drugs. The proceeds of illegal gaming, official corruption, underground lotteries, and prostitution are laundered through the country's informal financial channels.

## Vulnerabilities and Money Laundering Methodologies

Funds from various illegal industries are transported across Thailand's land borders and through airports and seaports. Money launderers and traffickers use banks, nonbank financial institutions, and businesses to move the proceeds of criminal enterprises. Unlicensed and unregulated hawala brokers serve Middle Eastern travelers by transferring money through their own honor-based channels rather than formal financial instruments. Unregulated Thai and Chinese remittance systems are also prevalent, including through local gold shops.

## Key Anti-Money Laundering (AML) Laws and Regulations

Thailand's "Anti-Money Laundering Act B.E. 2542 (1999)" (AMLA) has been amended several times, broadening the overall scope of criminal liability, and increasing powers to conduct investigations and make seizures. Tax offenses, terrorism, and proliferation are money laundering predicate offenses.

AMLA Section 20-22 includes customer due diligence and suspicious transaction reporting requirements. The Anti-Money Laundering Office (AMLO) acts as the country's financial intelligence unit (FIU). It is responsible for supervision of all reporting entities and is the key anti-money laundering/combating the financing of terrorism (AML/CFT) enforcement agency.

Financial institutions are required to keep customer identification and financial transaction data for five years after the termination of the relationship. They must also keep due diligence records for at least ten years, and up to 15 years in certain circumstances. Penalties for violating reporting requirements can include potential asset seizure. In October 2022, the Bank of Thailand, together with the AMLO, issued a regulation effective on November 15, 2022, requiring cash depositors at cash-deposit machines to verify their identity by using an ATM card or debit/credit card or entering their bank account number so suspicious transactions can be traced.

Thailand has been preparing to amend the AMLA and the “Counter Terrorism and Proliferation of Weapons of Mass Destruction Financing Act B.E. 2559” to be consistent with international standards since 2019. As of October 2023, the Council of State (the government’s legal advisory body) completed review of the two draft revisions, which are now pending approval by the cabinet before being submitted to the parliament.

The Thai Securities and Exchange Commission (SEC) supervises the operations of crypto and other digital exchanges and intermediaries. Virtual currencies, digital tokens, and any other electronic data unit as specified by the SEC are covered under the law. Exchanges, brokers, and dealers are required to apply for licenses from the Finance Ministry, and the SEC must approve initial coin offering portals.

Since 2022 the SEC, together with the Bank of Thailand and the Ministry of Finance, have jointly reviewed the benefits and risks of digital assets and deemed it necessary to regulate the usage of digital assets as a means of payment for goods and services in accordance with the relevant legal frameworks, to avert potential impacts on the country’s financial stability and economic system.

Thailand has varying reporting requirements for the import and export of currency depending on the source and destination jurisdictions. At airports, foreign or Thai baht (THB) currency/coins or negotiable monetary instruments with aggregate amounts exceeding approximately \$15,000 must be declared to customs. Approval from the Bank of Thailand is required to take Thai cash in amounts exceeding approximately \$1,400 out of the country. The threshold is higher at approximately \$57,000 for Thai currency destined for Cambodia, Laos, Burma, Vietnam, Malaysia, and China’s Yunnan province. Any person purchasing, selling, depositing, or withdrawing foreign currencies with an authorized bank in

an amount of \$50,000 or above shall be required to report such foreign exchange transactions.

The United States and Thailand have a mutual legal assistance treaty in place.

The AMLO is a member of the Egmont Group of FIUs, and Thailand is a member of the Asia/Pacific Group on Money Laundering, a Financial Action Task Force-style regional body. See [Thailand's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Thailand has numerous unlicensed, unregulated informal remittance systems. The AMLA's compliance regime should be applied more strictly to these money service businesses to deter their use as money laundering vehicles.

International experts identified several deficiencies in the current AML/CFT legal and regulatory regime, including the absence of measures requiring foreign trustees to disclose their status to financial and nonfinancial institutions, a lack of information sharing by some non-financial institutions, and insufficient identification and assessment of money laundering/terrorist financing risks arising from new technologies.

## Enforcement/Implementation Issues and Comments

Operationally, Thai government authorities continue to utilize the AML regime to focus on non-conviction-based asset seizure and forfeiture, as well as criminal enforcement. The AMLO is effective in fighting money laundering and can operate in conjunction with, or independently from, other law enforcement bodies. The AMLO has exercised its authority to seize assets in several suspected human trafficking cases. From October 2022 to September 2023, there were 183 cases prosecuted targeting \$215.9 million (approximately THB 7,662.1 million).

Thailand actively shares information with international partners, including the United States. Thailand has some difficulty sharing information with jurisdictions that require separate memoranda of understanding outside of the Egmont Group of FIU information-sharing process.

# Trinidad and Tobago

## Overview

Trinidad and Tobago's geographical location in the southern Caribbean, developed financial systems, and use by transnational criminal organizations (TCOs) as a transshipment point for narcotics and other illicit goods make it vulnerable to money laundering.

Trinidad and Tobago has made strides to strengthen its anti-money laundering/combating the financing of terrorism (AML/CFT) framework, including the improvement of its legislative framework and the investigation and prosecution of suspected money laundering. Trinidad and Tobago has a national AML/CFT committee, which acts as an interagency coordinator to ensure the AML/CFT/counter-proliferation financing (CPF) regime is followed, and the central bank has an AML unit. The country allows for mutual legal assistance requests from non-Commonwealth nations.

Despite some progress on judicial reform, existing vulnerabilities related to Trinidad and Tobago's case backlog, prevalence of TCOs and drug trafficking, systemic corruption, and illegal gaming are reasons for concern.

## Vulnerabilities and Money Laundering Methodologies

Due to Trinidad and Tobago's proximity to Venezuela and its position as a regional hub for commercial air and shipping, TCOs use the country for the transshipment of narcotics and other illicit goods, creating illicit money flows. Its relative wealth and well-developed financial sector heighten the risk of money laundering. Illicit trafficking, fraud, tax evasion, corruption, and illegal gaming are among the most common sources of laundered funds. These proceeds are often the result of successful TCO enterprises and are increasingly tied to criminal elements connected to the People's Republic of China.

Narcotics-related money laundering trends include the use of businesses and third parties to facilitate illicit financial flows via the use of wire transfers and debit bank cards; the comingling of accounts between individuals and their businesses for the purpose of tax evasion; the establishment of shell companies and accounts in jurisdictions that offer

offshore banking and/or international business facilities; and the use of remittance services to transfer funds to other countries.

While public casinos and online gaming are illegal, there are numerous illegal gaming enterprises operating in the country, with widespread illegal lotteries. The Financial Intelligence Unit of Trinidad and Tobago (FIUTT) monitors virtual assets and their vulnerability to criminal misuse. The Trinidad and Tobago Police Service's Financial Investigation Branch (FIB) investigates money laundering, terrorist financing, and the financing of weapons of mass destruction.

Trinidad and Tobago does not have an offshore banking sector nor an economic citizenship program. The country is in the process of replacing the free trade zones regime with a new regime of special economic zones (SEZ) pursuant to the Special Economic Zones Act of 2022, which is intended to be more internationally attractive and compliant with international tax standards.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Trinidad and Tobago has comprehensive customer due diligence and suspicious transaction reporting regulations and requires enhanced due diligence for politically exposed persons.

The core AML laws are the "Proceeds of Crime Act 2000;" "Civil Asset Recovery and Management and Unexplained Wealth Act of 2019;" "Anti-Terrorism Act of 2005;" "Prevention of Corruption Act of 1987;" "Integrity in Public Life Act of 2000;" "Companies Act of 2019;" "E-Money Issuer Order of 2020" (this regulates virtual currency); and the "Gambling (Gaming and Betting) Control Act of 2021." These laws contain detailed provisions of money laundering and terrorist financing offenses.

Trinidad and Tobago is party to a mutual legal assistance treaty (MLAT) with the United States. There is also a mutual assistance in criminal matters law, which also allows the country to provide legal assistance to non-Commonwealth countries with which it does not have MLATs.

The FIUTT is a member of the Egmont Group of FIUs, and Trinidad and Tobago is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional



body. See [Trinidad and Tobago's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Trinidad and Tobago criminal prosecutions take years (sometimes over a decade) to complete. The lack of timely prosecutions has a corrosive impact on AML efforts and heightens the attractiveness of financial crimes.

## **Enforcement/Implementation Issues and Comments**

The FIUTT aids Caribbean law enforcement authorities domestically and internationally in the detection, deterrence, and dismantling of money laundering networks. The FIUTT uses intelligence provided from the analysis of suspicious transaction reports/suspicious activity reports (STRs/SARs) to ensure compliance with the AML/CFT/CPF legal obligations.

The FIB, working in collaboration with the FIUTT, charged 12 people with laundering \$600,000 between January 9 and October 25, 2023. As of October 2023 Trinidad and Tobago has filed 51 asset forfeiture court cases related to money laundering with a cumulative value of \$2.2 million. These charges have various predicate offenses including fraud, illegal gaming, corruption, drug trafficking, misbehavior in public office, breach of income tax act, illegal importation of controlled drugs and antibiotics, and the stand-alone offense of money laundering.

Trinidad and Tobago still has deficiencies in its AML/CFT regime and should dedicate the necessary resources to implement reforms aimed at countering money laundering. Trinidad and Tobago should also demonstrate sustained political will to combat corruption, including the increased utilization of unexplained wealth order provisions, and take further steps toward improving the functioning of the criminal justice system.

# Türkiye

## Overview

Türkiye's efforts to combat illicit finance are complicated by its commercial relationships and geographic proximity to politically turbulent countries. Conflicts close to Türkiye's southern border create further challenges as Türkiye has been a hub for unregulated money remitters, many of whom serve the more than four million refugees in Türkiye. Türkiye has recently passed legislation on money or value transfer services (MVTs); unregistered MVT activities are regarded as offenses.

Türkiye's anti-money laundering/combating the financing of terrorism (AML/CFT) legislation largely is in line with international standards. Since October 2021, when Türkiye made a high-level political commitment to strengthen the effectiveness of its AML/CFT regime, it has taken steps to increase analytical staffing at the financial intelligence unit (FIU), pursue additional domestic designations to target terrorist financing, and set up specialized courts, prosecutors, and judges for money laundering cases.

## Vulnerabilities and Money Laundering Methodologies

Türkiye's national risk assessment identifies drug trafficking, fraud, and illegal betting as the crimes that pose the highest ML risks. Türkiye is part of the Balkan route used to smuggle illegal opiates from Afghanistan into Europe and a corridor for smuggling and trafficking migrants out of Syria and Iran. Front and shell companies are used to disguise illicit proceeds as legitimate income. Türkiye has seen a rise in potential money laundering through online services.

Unlicensed money remitters, especially those associated with the large refugee population, are known to use their bank accounts and bulk cash to move illicit proceeds. The ongoing internal turmoil, instability, and conflict affecting areas in Syria, Iraq, and Afghanistan are resulting in migration to Türkiye and Europe. Migrant smuggling activities are sometimes carried out under the control of terrorist organizations together with networks they have created in regions close to the Turkish borders. There are also links to organized criminal groups operating in the region.

Since Russia's invasion of Ukraine, Türkiye has been a destination for Russian funds. Russians have become the top purchasers of homes in Türkiye and are using even more cash than usual in the context of the heavy financial sanctions on Russia. While Russian citizens escaping from Russia may account for some of the spending, there are opportunities for money laundering as well.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Turkish legislation mandates customer due diligence and suspicious transaction reporting. The Financial Crimes Investigation Board (MASAK), Türkiye's FIU, is the AML/CFT regulatory and supervisory authority. MASAK carries out supervisory activities through its experts as well as examiners from other prudential regulatory and supervisory authorities.

A November 17, 2022, communique (MASAK General Communique No. 21) provides for enhanced due diligence measures to be applied to politically exposed persons, enforceable according to Turkish law.

Türkiye's current "Irregular Migration Strategy Document and National Action Plan," covering 2021 to 2025, contains measures to combat money laundering such as increasing border security and increasing effectiveness in combating illegal organizations. MASAK has developed implementation methods involving strategic analysis based on geographical, demographic, and transaction risk.

The United States and Türkiye have a bilateral mutual legal assistance treaty. The 1979 "Treaty on Extradition and Mutual Assistance in Criminal Matters between the United States of America and The Republic of Turkey" addresses confiscation and sharing of assets.

MASAK is a member of the Egmont Group of FIUs. Türkiye is a member of the Financial Action Task Force. See [Türkiye's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Türkiye has addressed most of its action plan items and is implementing a plan to increase risk-based onsite inspections by supervisors across all sectors, enhance the use of financial intelligence to support money laundering investigations, increase proactive information

disseminations by the FIU, and undertake more complex money laundering investigations and prosecutions, among other items.

## **Enforcement/Implementation Issues and Comments**

In several cases Türkiye has collaborated with the United States to freeze assets of individuals determined to be conducting illegal financial activities. Several were members of large terrorist networks also reportedly engaging in drug-related money laundering.

The United States and Türkiye took a joint action on May 2, 2023, to freeze the assets of two individuals who were identified as financing terrorist organizations.

Concurrently with the U.S. designation of critical nodes of a key financial facilitation network of the Islamic State of Iraq and Syria (ISIS), the Turkish Ministry of Treasury and Finance, together with the Ministry of Interior, implemented an asset freeze against members of this network.

On December 1, 2022, the Turkish Ministry of Treasury and Finance ruled on freezing the assets of 17 individuals and four companies linked to ISIS.

MASAK reports there were approximately 425,000 STRs filed in 2022, 6,541 money laundering investigations, 1,032 prosecutions, and 118 convictions.

# Turkmenistan

## Overview

Turkmenistan is not a regional financial center and is relatively isolated from the global financial system. Turkmenistan has made significant efforts to identify and understand its money laundering/terrorist financing risks and to develop measures to lessen those risks. Apart from the Central Bank of Turkmenistan (CBT), there are eight domestic banking institutions. Deutsche Bank is the primary bank for conducting international transactions with Turkmen banks and provides guidance and monitoring on the anti-money laundering/combating the financing of terrorism (AML/CFT) measures, although it suspended its correspondent banking relationship with several Turkmen joint stock banks due to concerns about lack of capacity to comply with AML/CFT measures.

Turkmen citizens, to include government officials and their extended families, are known to have offshore accounts with little public scrutiny or accounting. The lack of government transparency makes it difficult to get accurate information on potential cases of money laundering, although there is no knowledge of Turkmen financial institutions conducting transactions related to international drug trafficking. Limitations on foreign currency exchange and the dual currency exchange system make converting the local currency (manat) into foreign currency difficult.

## Vulnerabilities and Money Laundering Methodologies

Given Turkmenistan's shared borders with Afghanistan and Iran, potential money laundering in the country is conceivable as there could be proceeds from the trafficking and trade of illicit narcotics as well as those derived from domestic criminal activities, including corruption. In spite of the Taliban being in power in Afghanistan since August 2021, there are no signs of worsening of the situation with border security, drug trafficking, and money laundering. Gasoline, tobacco products, and other commodities – as well as cash – could be smuggled across the borders in a systematic way.

Digital technologies continue to be introduced in Turkmenistan's banking system, including cashless payments, although their use remains low. The number of non-cash payments using the internet and bank cards is slowly increasing, which may lead to a reduction of

opportunities for money laundering. Turkmenistan has shown an interest in studying all issues related to the use of virtual currency for financial transactions, though there are no current efforts to either facilitate or regulate the use of virtual currency.

Much of Turkmenistan's wealth is kept offshore, and little is known about these holdings. Amendments to the tax code exempt construction and installation of tourist facilities from the value added tax (VAT). Various services offered at tourist facilities, including catering and accommodations, are also VAT-exempt. All operations related to petroleum production, including all types of supporting services, are VAT-exempt under the "Petroleum Law of Turkmenistan."

## **Key Anti-Money Laundering (AML) Laws and Regulations**

The State Service for Combating Economic Crimes was merged with the Ministry of Internal Affairs in 2019 to better combat economic crimes and strengthen law enforcement agencies. The Financial Monitoring Service (FMS), within the Ministry of Finance and Economy, serves as Turkmenistan's financial intelligence unit (FIU). FMS has published annual reports about its activities, though the reports are often not timely, and the data is difficult to assess. Turkmenistan has customer due diligence and suspicious transaction reporting (STR) regulations.

The United States does not have a mutual legal assistance treaty with Turkmenistan.

The FMS is a member of the Egmont Group of FIUs. Turkmenistan is a member of the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG), a Financial Action Task Force-style regional body. See [Turkmenistan's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

Lack of transparency, storage of wealth offshore, widespread or endemic corruption, and a lack of investigative capacity all impact the supervision and regulation of financial institutions and the implementation of AML laws and regulations in Turkmenistan. The government should accelerate reforms that will make Turkmenistan's AML regime fully compliant with international standards.

Confiscation of proceeds, instrumentalities, and means of crime is one of the main objectives in criminal proceedings. Law enforcement agencies need routine access to government records and databases that would assist in the identification of such property. Additionally, there is no centralized management of confiscated assets. Turkmenistan should permit the sharing of seized assets with foreign jurisdictions that assisted in the conduct of the underlying investigation.

While the collection and retention of beneficial ownership data is mandated, there is no requirement to verify the accuracy of the information.

The definition of politically exposed person (PEP) does not comply with international standards. The legislation also does not cover close associates of foreign PEPs.

## **Enforcement/Implementation Issues and Comments**

Relevant risk assessments carried out by the government in 2015-2017 and 2018-2020 resulted in establishment of a program to identify and mitigate national risks related to money laundering and terrorist financing. Turkmenistan's legal system provides protection and exemption from liability for financial institutions filing STRs with the FMS and sets limitations on the disclosure of information financial institutions obtain in performing their AML obligations. The lack of government transparency makes it difficult to get accurate information on potential cases of money laundering.

International donors along with local government agencies conducted AML-related seminars in 2023. Representatives of the FMS, ministries of economy and finance, CBT, and other ministries and law enforcement agencies participated in trainings, round tables, forums and seminars on AML/CFT and other topics.

# Ukraine

## Overview

Money laundering continues to remain an issue in Ukraine, despite the country's concerted efforts to combat corruption. Laundered criminal proceeds often go undetected due to the inability of state institutions to detect sophisticated money laundering schemes. Launderers use shell companies and foreign bank accounts to integrate laundered funds into licit businesses. Virtual currency is increasingly used to launder proceeds from the illicit narcotics trade.

The National Anti-Corruption Bureau (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SAPO) are taking proactive steps to tackle money laundering through rigorous investigations and prosecutions. While NABU is currently understaffed, the government passed legislation to increase its staffing over the next three years. Despite these challenges, Ukraine has implemented a robust anti-money laundering/combating the financing of terrorism (AML/CFT) system. Newly adopted legislation strengthens monitoring of politically exposed persons' (PEPs) financial activities.

## Vulnerabilities and Money Laundering Methodologies

Russia's 2022 full-scale invasion led to mass migration, capital flight, and business closures; had a significant impact on money laundering schemes; and led to an increase in money laundering risks. As a result, there has been a shift in the nature and types of criminal activity and the mechanisms used to launder funds. Economic turbulence has led to an increase in crime related to the laundering of drug proceeds and the legitimization of illicit funds obtained by organized criminal groups. A key component has been a more prolific use of virtual currencies, virtual exchanges, and other digital options. Virtual currency transactions are key sources for financing the expansion of clandestine drug laboratories and drug market networks.

Law enforcement reports organized crime leaders are often located abroad, thus complicating attempts to localize and stop the activities of such groups in Ukraine. Using a global network of virtual currency exchanges, organizers can easily move funds across



borders. Consequently, Ukrainian law enforcement efforts to counter money laundering requires not only greater national coordination but also multinational engagement.

Much of the domestic illicit proceeds are not laundered. Rather, they are held by criminal organizations as cash reserves and are a prime underpinning of corruption in Ukraine.

## Key AML Laws and Regulations

Ukraine has a sufficient legal framework for the prosecution of money laundering and cooperation with international partners. The State Financial Monitoring Service (SFMS), Ukraine's financial intelligence unit (FIU), monitors AML/CFT efforts. The Asset Recovery Management Agency traces and manages assets derived from corruption and other crimes.

The cornerstone of Ukraine's AML framework is the "Law of Ukraine on Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism, and Financing of Proliferation of Weapons of Mass Destruction." This legislation serves as the central pillar for regulating and enforcing AML/CFT activities in the country.

On October 17, 2023, parliament adopted a law designed to strengthen the financial monitoring of PEPs. The most significant change makes PEP status lifelong for top officials, instead of the previous three-year term. Additionally, the bill increases the liability of covered entities for unjustified refusals to provide financial services to users.

In December 2022 the Ministry of Finance of Ukraine issued Order No. 465 providing updated money laundering/terrorist financing risk criteria. The SFMS committed to implementing these standards.

A virtual assets law was adopted in February 2022 but has not yet entered into force. This legislation should help to promote a proactive approach to the virtual financial market.

Ukraine and the United States have a bilateral mutual legal assistant treaty but not an extradition treaty.

The SFMS is a member of the Egmont Group of FIUs. Ukraine is a member of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), a Financial Action Task Force-style regional body. See [Ukraine's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Ukraine exhibits generally technical legal, policy, and regulatory deficiencies in its AML/CFT regime. Its legislative framework aligns with international AML/CFT standards. However, challenges may persist in the realm of political will, which could impact the effective implementation and enforcement of AML/CFT measures.

Ukraine needs to improve its supervision of designated nonfinancial businesses and professions and bolster the availability of sanctions applicable to these entities.

## Enforcement/Implementation Issues and Comments

According to international experts, legal and procedural gaps, jurisdictional overlaps, institutional fragmentation, prevalent corruption, the inefficient use of resources, the uneven level of professionalism, and underdeveloped IT infrastructure remain obstacles in the fight against organized crime. Strengthening interagency coordination remains crucial.

Furthermore, financial investigations are not conducted in a consistent and sustainable manner. International experts point to a lack of understanding by law enforcement as to what is meant by financial investigations. To address these shortcomings, the Office of the Prosecutor General issued instructions to all regional prosecution offices on money laundering investigations and the application of financial investigations in proceeds-generating crimes. However, there is no legal obligation to apply them in all proceeds-generating offenses, undermining their consistent application.

In July 2023 the National Bank of Ukraine took action against three banks and 16 financial institutions, fining and issuing warnings to them for violations of AML/CFT and currency legislation requirements. Another bank's license was revoked. Several nonbanking institutions were also fined.

In addition, the NABU and SAPO are taking actions against current high-level officials and related individuals for corruption. Notably, by mid-2023 the High Anti-Corruption Court (HACC) was evaluating 38 money laundering cases against 51 persons investigated by the NABU and prosecuted by the SAPO.

# United Arab Emirates

## Overview

As an international trade and finance hub, the United Arab Emirates (UAE) is vulnerable to illicit actors, who take advantage of the UAE's open business environment and global transportation links. The overlapping, yet distinct, jurisdictional regimes for supervision and enforcement across the seven emirates and disparate commercial and financial free zone (FFZ) systems within the UAE create exposure to regulatory arbitrage.

In recent years, the UAE government has taken steps to enhance its anti-money laundering/combating the financing of terrorism (AML/CFT) program. Relevant authorities have streamlined internal mechanisms to improve the interagency decision-making process, enhanced efforts to investigate money laundering and terrorist financing, and proactively implemented and enforced related laws.

## Vulnerabilities and Money Laundering Methodologies

The UAE remains a transshipment point used frequently by sanctions evaders, illegal narcotics facilitators, and as a pass-through for proceeds of money laundering. Funds are laundered primarily through banks, money/value transfer services, dealers in precious metals and stones, general trade, and real estate. Exchange houses, hawaladars, and general trading companies are vulnerable to misuse by illicit actors through bulk cash smuggling, trade-based money laundering, abuse of corporate structures, laundering of proceeds of foreign predicate crimes, and transfer of funds for illicit activity elsewhere.

The UAE has an extensive offshore sector, including two FFZs and more than 37 free trade zones (FTZs). Several of these free zones provide permissive environments for unidentified, under-regulated, or under-supervised entities, such as general trading companies. Though UAE law prohibits shell companies, FTZs present a significant gap in regulatory oversight and many de facto shell companies exist. Because the FFZs and FTZs are independently regulated, the UAE's federal authorities exercise limited oversight.

## Key Anti-Money Laundering (AML) Laws and Regulations

In 2023 the government issued several new AML/CFT guidelines. In January the Central Bank of the UAE (CBUAE) issued AML/CFT guidance for licensed financial institutions on the use of digital identification for customer due diligence. In May CBUAE issued additional AML/CFT guidance regarding virtual assets.

In June 2023 the Abu Dhabi Global Market, the Abu Dhabi-based FFZ, launched its inaugural “Money Laundering and Terrorist Financing Risk Assessment of Legal Persons and Arrangements.” In July the UAE Federal Judicial Council approved the creation of federal prosecution offices dedicated to money laundering and equipped them with experts in financial investigations, with offices in Abu Dhabi, Dubai, and Ras Al Khaimah.

The United States and UAE have signed a bilateral mutual legal assistance treaty, but the treaty is not yet in force.

The UAE financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. The UAE is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a FATF-style regional body. See the [UAE's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

The UAE's role as an international financial center and commercial hub with a fragmented and uneven federal regulatory and enforcement regime presents systemic vulnerabilities illicit actors can exploit.

Following the identification of strategic deficiencies by international experts, the UAE agreed to an action plan in February 2022. This included a pledge to increase outbound mutual legal assistance requests; increase money laundering/terrorist financing risk awareness in designated nonfinancial businesses and professions (DNFBPs); increase the number and quality of suspicious transactions reports (STRs); improve understanding of the risk of abuse of legal arrangements; increase resources to the FIU; increase the effectiveness of investigations and prosecutions; and proactively identify and combat sanctions evasion.

## Enforcement/Implementation Issues and Comments

In 2023 the UAE continued to take steps to enhance the effectiveness of its AML/CFT framework. The UAE reports the number of UAE-prosecuted money laundering cases and STRs increased by 48 percent during the first half of 2023. In August the UAE Ministry of Interior announced it had arrested 387 international suspects for money laundering and confiscated \$1.1 billion over the past two years through joint investigations with international law enforcement agencies.

The CBUAE revoked licenses of several financial institutions for money laundering, including one bank. The regulators of FFZs also took similar actions.

During the first eight months of 2023, UAE authorities imposed \$57.2 million in fines on companies that were not in compliance with AML/CFT regulations. In the first quarter of 2023, the Ministry of Economy inspected 840 companies, fined 137 companies, and suspended 50 DNFBPs for failure to register on the FIU's suspicious transactions monitoring system.

In May 2023 the Abu Dhabi Criminal Court convicted 13 defendants and seven companies for money laundering and sentenced the defendants to five to 10 years in jail, confiscated the seized funds, and fined them. Between July and October the UAE suspended a gold refinery's accreditation and took several AML/CFT enforcement actions related to the gold sector, including fines and revocation of company licenses.

# United Kingdom

## Overview

The United Kingdom (UK) is a leader in combating illicit finance and has recently passed key legislation to fight financial crime. In 2023 the UK passed the “Economic Crime and Corporate Transparency Act (ECCTA),” boosting transparency on beneficial ownership of companies, granting law enforcement greater powers, and allowing courts to dismiss spurious lawsuits. The ECCTA follows the “Economic Crime (Transparency and Enforcement) Act 2022.” Both acts are key elements of the UK’s “Economic Crime Plan (2019-2022) (ECP),” which includes public and private sector reform. However, money laundering continues to present risks to the UK because of the size and sophistication of its financial system. UK law enforcement combats cash-based money laundering, the drug trade, and high-end money laundering through the financial sector and professional services. Despite these efforts, the UK’s tepid economic growth has led to constrained budgetary resources for law enforcement and international efforts to tackle money laundering.

## Vulnerabilities and Money Laundering Methodologies

Cash-based and high-end money laundering remain the greatest risks to the UK. The main methods of laundering are cash collection networks, international controllers, and money services businesses. Criminals often use professional services to disguise the origins of funds, using legal, accountancy, and company service providers to establish corporate structures for laundering purposes.

Intelligence gaps persist, particularly regarding high-end money laundering, where proceeds are held in complex trading arrangements, real estate, or other non-cash investments. Such methods are often used to launder the proceeds of major fraud and foreign corruption. UK law enforcement agencies have taken steps to fill these gaps.

## Key Anti-Money Laundering (AML) Laws and Regulations

As part of the UK’s push for transparency of beneficial ownership, the UK passed the ECCTA on October 26, 2023. The Companies House, the UK business registry, will receive

enhanced abilities to verify the identities of company directors, remove fraudulent organizations from the register, and share information with criminal investigation agencies. Law enforcement agencies will have greater powers to seize, freeze, and recover virtual assets, while legal reforms will allow the courts to dismiss spurious lawsuits.

The UK's Crown Dependencies and permanently inhabited overseas territories have committed to adopting publicly accessible company beneficial ownership registers by 2023. The UK exchanges information about potential shell companies suspected of being misused for money laundering purposes with foreign law enforcement and other authorities.

Money laundering can be considered a component or predicate offense of more serious crime. Unexplained wealth orders (UWOs), although used only a handful of times thus far, help identify and recover assets linked to corruption and other serious offenses. The UK has a comprehensive anti-money laundering/combating the financing of terrorism (AML/CFT) regime and participates in multilateral efforts to counter transnational financial crimes. The AML regulations cover virtual assets, art market participants, and leasing agents.

The UK's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. The UK is a member of the Financial Action Task Force (FATF). See the [UK's most recent mutual evaluation report](#) for more information.

## **AML Legal, Policy, and Regulatory Deficiencies**

International experts have identified areas for improvement in the UK's AML/CFT legal framework, including the FIU's insufficient resources and limited role, and weaknesses in suspicious transaction reporting. The UK, through implementation of its ECP, is making improvements to its risk-based supervision and implementation of AML/CFT measures within the private sector.

## **Enforcement/Implementation Issues and Comments**

The UK has robust legislation combating financial crime, but UK law enforcement continues to suffer from budgetary constraints that hinder its enforcement capabilities. Although the UK's National Crime Agency's (NCA) budget is increasing nearly 8 percent during the

2023/2024 budget year, researchers and legal experts widely acknowledge the NCA does not yet have sufficient budgetary resources to effectively combat financial crime.

Structurally, there are 25 AML supervisors of financial institutions and designated nonfinancial businesses and professions in the UK, ranging from public-sector statutory organizations to professional bodies. The government maintains the Office for Professional Body AML Supervision to ensure effective supervision of the legal and accountancy sectors by the professional bodies covering those sectors.

There were 1,083 money laundering convictions for the year ending June 2022 in England and Wales. Conviction ratios remained high, with an 89 percent conviction ratio in the same year. For the year ending March 2022 \$428 million (£354 million) was recovered from confiscation, forfeiture, and civil recovery orders. Comparable statistics for Scotland and Northern Ireland are not available.

Although used in practice only a handful of times, UWOs can require persons suspected of links to serious crime and non-European Economic Area politically exposed persons suspected of corruption to explain how they lawfully acquired their assets.

The UK maintains a publicly accessible register of company beneficial ownership information. Companies that do not provide information are subject to penalties.

The National Economic Crime Centre, hosted within the NCA, coordinates the UK's response to economic crime at home and abroad. The NCA also hosts and provides substantial staffing to the International Anti-Corruption Coordination Centre.

The UK is a leader in multilateral discussions and implementation of international asset recovery efforts involving proceeds of high-level corruption. The U.S.-UK Strategic Dialogue on Illicit Finance convened most recently in November 2021.



# Uzbekistan

## Overview

Uzbekistan took steps to reform its legislation and increase adherence to international standards, including by implementing enhanced financial controls, increasing customer due diligence (CDD) requirements, and introducing targeted financial sanctions related to terrorism financing. However, endemic corruption, conflicts of interest, poorly coordinated regulatory agencies, undue political influence, and the shadow economy continue to hinder reforms, including efforts to combat money laundering and terrorist financing.

Existing anti-money laundering/combating the financing of terrorism/countering proliferation financing (AML/CFT/CPF) legislation does not address criminal liability for legal entities, income and asset declarations for public officials, and asset recovery and management. Uzbekistan needs to implement comprehensive measures to comply with international standards.

## Vulnerabilities and Money Laundering Methodologies

Corruption, embezzlement, fraud, informal economic activities, drug trafficking, and smuggling of both goods and cash produce most of Uzbekistan's illicit proceeds. Visa-free travel within Central Asian countries apart from Turkmenistan, as well as Uzbekistan's proximity to Afghanistan, increase the country's vulnerability to the transit of illicit goods, cash, and drugs. Illegal proceeds are largely invested into construction and trade. Uzbek law enforcement lacks the expertise and cyber capabilities necessary to combat money laundering through virtual currencies.

Uzbekistan is suspected to be a transshipment point for Russian actors seeking to evade Western export controls.

Institutional and technological weaknesses leave Uzbekistan's 22 free economic zones vulnerable to money laundering. Politically exposed persons (PEPs) and their connections frequently register legal entities abroad to evade taxes and conceal assets.

The government is the owner of over 2,000 industrial and commercial enterprises, and weak corporate governance at some state-owned entities raises the risk of corruption.

## Key Anti-Money Laundering (AML) Laws and Regulations

AML/CFT investigations are processed by the Department for Combating Economic Crimes (DCEC), Uzbekistan's financial intelligence unit (FIU), within the General Prosecutor's Office. While legislation criminalizes money laundering and terrorist financing offenses, asset freezing and confiscation mechanisms need improvement.

Uzbekistan has CDD requirements. All designated nonfinancial businesses and professions (DNFBPs) must keep records and conduct CDD on all customers, with enhanced CDD required for high-risk customers. Entities performing financial and real estate transactions must submit suspicious transaction reports (STR) to the DCEC, which established updated STR criteria as of April 2023. The DCEC issued a new decree in May 2023 to augment existing AML/CFT/CPF internal compliance control regulations for Exchange market employees.

In 2023 Uzbekistan showed progress in addressing targeted financial sanctions related to terrorism, terrorist financing, and proliferation of weapons of mass destruction. However, the country lacks a unified legal or regulatory framework guiding the application of such sanctions to terrorism and proliferation finance.

The United States and Uzbekistan do not have a bilateral mutual legal assistance treaty.

The DCEC is a member of the Egmont Group of FIUs. Uzbekistan is a member of the Eurasian Group, a Financial Action Task Force-style regional body. See [Uzbekistan's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Uzbekistan lacks a legislative framework for asset seizure and recovery, payment safeguards, conflicts of interest, liability of legal persons, and whistleblower protection.

Beneficial owner (BO) identification requirements, as well as the verification of BO affiliates, are in place for both banks and DNFBPs. However, DNFBPs have different approaches to

BO identification procedures and not all DNFBPs collect and retain the necessary information. These factors can negatively influence the effectiveness of targeted sanctions' implementation because of possible sanction evasion via false legal entities.

Uzbekistan's financial institutions lack AML/CFT technical expertise, software, risk management, and automated internal controls. DCEC's updated criteria establish more robust CDD and STR procedures to comply with international standards. However, AML/CFT reporting entities do not have IT capabilities and data analytics training to effectively comply with the updated procedures.

Uzbekistan's legislation is not in full compliance with international AML/CFT standards or UN convention requirements. While foreign PEPs are subject to enhanced CDD measures, domestic PEPs and their connections are not. There is no legislative definition of PEPs, associated money laundering risks, or institutions to ensure appropriate consequences for exceeding authority and conflict of interest.

## **Enforcement/Implementation Issues and Comments**

Barriers to improving the enforcement of AML/CFT policies include insufficient technical capabilities, frequent staff turnover, law enforcement's susceptibility to political influence, and gaps in legislation. Uzbekistan is interested in international engagement, especially equipment donations and capacity building assistance to establish an asset recovery and management system. In 2023 Uzbekistan reaffirmed its commitment to improve its national legislation in line with international standards, however, the government's reluctance to share essential AML/CFT data with international counterparts hinders effective cooperation.

# Venezuela

## Overview

In 2023 rampant illicit financial activity and endemic public corruption continued in Venezuela. Maduro and his representatives utilize income from drug trafficking, illegal mining, and other illicit activities to stay in power. Informal dollarization in the economy has helped end hyperinflation and somewhat stabilize the economy; however, the prevalence of dollars, particularly in cash, also raises concerns about money laundering.

For years, public officials and elites affiliated with Maduro have been convicted or accused of embezzling and laundering money from state-owned oil company Petróleos de Venezuela S.A. (PDVSA), the country's main source of income and foreign currency. For example, on March 29, 2023, Alvaro Ledo Nass, former PDVSA general counsel, pleaded guilty in U.S. federal court in connection to a conspiracy to siphon at least \$550 million from state coffers through corrupt currency deals and acknowledged taking \$11.5 million in bribes between 2012 and 2017. Money manager Luis Fernando Vuteff remains detained in the United States, awaiting trial for conspiracy as part of a \$1.2 billion scheme to launder PDVSA funds.

Claudia Patricia Díaz Guillen, the former national treasurer of Venezuela, and her husband were convicted and sentenced in a U.S. court for their roles in a multibillion-dollar bribery and money laundering scheme involving access to purchase bonds from the government at a favorable exchange rate. The conspiracy involved bulk cash hidden in cardboard boxes, offshore shell companies, Swiss bank accounts, and international wire transfers used to purchase luxury goods.

There have been minimal improvements in Venezuela's anti-money laundering/combating the financing of terrorism (AML/CFT) efforts since the U.S. Treasury's Financial Crimes Enforcement Network's (FinCEN) 2019 updated "Advisory on Widespread Public Corruption in Venezuela." According to the advisory, all Venezuelan government agencies and bodies, including state-owned enterprises, appear vulnerable to public corruption, money laundering, and other financial crimes. The Maduro representatives appear to use control over large parts of the economy to generate significant wealth for senior political figures and associates. U.S. Presidential Executive Order 13884 of August 2019, "Blocking Property of

the Government of Venezuela,” imposes economic sanctions, broadly prohibiting U.S. persons from engaging in transactions with the Maduro government or its property and remains largely in force.

The U.S. government objectives to counter money laundering connected to international narcotics trafficking from Venezuela are to: prevent illicit proceeds from entering the United States; prosecute those laundering proceeds through the United States financial system; ensure Venezuelan civil society organizations can share information on money laundering; and facilitate information sharing among jurisdictions Venezuela has targeted as locations to launder illicit funds connected to Venezuela-related international narcotics trafficking.

## **Vulnerabilities and Money Laundering Methodologies**

Money laundering is widespread, through the petroleum industry, illegal mining, gold and gas smuggling, falsified contracts, casinos, and to a lesser extent, commercial banks, real estate, agriculture, and securities. Currency exchange schemes have somewhat diminished as Maduro and his representatives have allowed greater informal dollarization in the economy. Still, Venezuelan elites routinely move their assets abroad to safe or favorable jurisdictions offering benefits to politically exposed persons and those of financial privilege. Front persons and shell companies are often used to hide these individuals’ identities, particularly since many are included on the Specially Designated Nationals List administered by the U.S. Treasury Department’s Office of Foreign Assets Control.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

Under the 2012 “Organic Law Against Organized Crime and Financing of Terrorism” (2012 Organic Law), revised in 2014, virtually all parties participating in the economy have the obligation to report suspicious activities related to money laundering and terrorist financing to Venezuela’s National Finance Intelligence Unit (UNIF). The National Office against Organized Crime and Financing of Terrorism (ONCDOFT) issued administrative rules in 2021 that require individuals and legal entities to report activities related to money laundering and terrorist financing. Further, the “Anti-Corruption Law” criminalizes both active and passive bribery and money laundering.

The UNIF is a member of the Egmont Group, and Venezuela is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Venezuela's most recent mutual evaluation report](#) for more information.

## AML Legal, Policy, and Regulatory Deficiencies

Venezuelan entities responsible for combating money laundering and corruption have a low level of effectiveness, lack political will, and are complicit in financial crime. Furthermore, their technical capacity and willingness to address financial crimes remain inadequate. A politicized judicial system further compromises effectiveness and impartiality.

The Superintendent of Banking Sector Institutions' oversight prevents UNIF from acting independently. FinCEN's 2006 suspension of information sharing with the UNIF due to an unauthorized disclosure of information FinCEN had shared remains in effect until FinCEN has assurances shared information will be protected.

The 2012 Organic Law and its 2014 revision include roughly 900 offenses that can be prosecuted as "organized crime," which empowers Maduro to suppress and intimidate the political opposition, the private sector, and nongovernmental organizations (NGOs) – including those that provide humanitarian assistance. Despite ONCDOFT's limited operational capacity, the Maduro-aligned legislature approved a first draft of legislation in 2023 that would require NGOs to undergo a complex, invasive registration process. Civil society representatives have expressed concerns the information collected could be used to surveil and control participating human rights and pro-democracy groups.

## Enforcement/Implementation Issues and Comments

Maduro and his representatives maintain off-budget accounts containing foreign currencies that lack transparency and oversight, making them vulnerable to corruption, and oftentimes use lower-profile individuals as account custodians to evade enforcement entities.

# Vietnam

## Overview

Vietnam made minimal progress in reducing the risks of money laundering in 2023. Systemic vulnerabilities, including the extensive use of cash, minimal bank scrutiny on suspicious transactions, corruption, long and porous borders, and inadequate customs enforcement, combined with regulatory deficiencies and poor operational coordination hinder an effective anti-money laundering/combating the financing of terrorism (AML/CFT) regime.

In June 2023 Vietnam made a high-level political commitment to address noted AML/CFT deficiencies. Among the action items Vietnam needs to address are domestic and international coordination and cooperation; effective risk-based supervision of both financial and nonfinancial institutions; the regulation of virtual assets and virtual asset service providers; supervisory deficiencies; providing relevant authorities with adequate, accurate, and up-to-date information on beneficial ownership; the independence of the financial intelligence unit (FIU); and increasing the number of money laundering investigations and prosecutions.

## Vulnerabilities and Money Laundering Methodologies

Vulnerabilities include purchases of Vietnamese assets by foreign entities to avoid tax obligations in their countries of origin, organized crime groups, corruption, fraud, illegal gaming, prostitution, counterfeiting of goods, and trafficking in persons, drugs, and wildlife. Vietnam's long land border, topography, and proximity to other cash-based economies and trafficking areas in the region create conditions for the illegal transport of goods and currencies across the country's border.

Vietnam remains a predominantly cash-based economy. Consumers routinely purchase high-value items with cash and gold, including real estate, investment stakes, and luxury items. Foreign entities can easily transfer significant amounts of money into Vietnamese financial institutions without having to answer questions about the money's provenance.

Vietnam has not enacted legislation or regulations requiring virtual asset service providers (VASPs) to be registered or licensed and has not applied AML/CFT measures to VASPs. Vietnam is a jurisdiction with materially important VASPs, based on trading volume, as well as a large virtual asset user base (over one million users).

Vietnam does not offer an economic citizenship program.

Vietnam hosts numerous economic or industrial zones that grant certain tax benefits and permit foreign ownership.

The banking system remains vulnerable to money laundering through customs fraud. Trade-based money laundering through invoice manipulation is not uncommon.

Vietnam has nine licensed casinos; all but one exclusively serve foreign visitors. The Ministry of Finance supervises casinos on a limited basis. Online gaming is illegal.

## **Key Anti-Money Laundering (AML) Laws and Regulations**

In 2023 Vietnam issued guidance on implementation of the new AML law passed in 2022. The 2022 AML law expands the scope of reporting subjects for AML/CFT purposes and requires covered entities to regularly assess money laundering and terrorist financing risks, perform customer due diligence (CDD), and file suspicious transaction reports (STR). Vietnam is conducting a second national risk assessment as well as several sectoral risk assessments.

Vietnam does not have an extradition treaty or mutual legal assistance treaty with the United States, though Vietnam is a signatory to several bilateral and multilateral instruments that permit cooperation. The scope for mutual legal assistance and international exchanges of records with the United States and other countries is limited. The U.S.-Vietnam Customs Mutual Assistance Agreement entered into force in 2020.

Vietnam is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body. See [Vietnam's most recent mutual evaluation report](#) for more information.



## AML Legal, Policy, and Regulatory Deficiencies

The government needs to improve overall operational-level effectiveness by addressing gaps in risk awareness and strengthening AML/CFT supervision. Key gaps include virtual assets, virtual asset service providers, foreign trusts, and predicate offenses. AML/CFT supervision needs to shift from a rules-based to a risk-based approach. National action plans do not sufficiently address AML deficiencies.

Vietnam has made minimal progress in implementing risk-based AML/CFT supervision. There has been no application of effective, proportionate, and dissuasive sanctions for AML violations. Banks, insurance, securities, and remittance companies generally have adequate CDD and STR mechanisms. For other financial institutions, CDD and STR processes are inadequate. Vietnam has partial measures in place for the collection, retention, and disclosure of beneficial ownership information. Laws and regulations addressing enhanced due diligence for politically exposed persons are not comprehensive.

Although Vietnam requires inbound and outbound travelers to declare cash and other valuables, inconsistent enforcement, legal ambiguity, and the lack of a universal declaration form facilitate flows of illicit finance. Vietnam needs to improve the detection, interdiction, and prosecution of offenses related to bulk cash smuggling and trafficking of illegal narcotics, persons, and wildlife.

Vietnam is not a member of the Egmont Group of FIUs and has not applied for membership.

## Enforcement/Implementation Issues and Comments

For Vietnam to make significant AML/CFT progress, the country will need improved interagency communication and international coordination. Cumbersome bureaucratic procedures impede whole-of-government efforts. A lack of resources and investigative capacity hinder parallel money laundering investigations during predicate crime investigations. The Ministry of Public Security, as the primary money laundering investigative agency, does not have a dedicated investigation team to target money laundering and lacks the capacity to perform complex financial investigations. Legal enforcement agencies and other investigative authorities should improve the development and regular use of financial intelligence and other relevant information to prioritize financial

investigations to develop evidence and trace criminal proceeds. An international donor is providing assistance to address AML/CFT obstacles.