

Financial Crime in Latin America and the Caribbean

Understanding Country Challenges and
Designing Effective Technical Responses



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GLOBAL FINANCIAL INTEGRITY

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The conclusions reached in this report reflect the views of the authors and were arrived at through careful, technical research. They do not necessarily reflect the views of the individuals or organizations who participated in expert interviews.

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Glossary of Terms, Abbreviations, and Acronyms

Abbreviation Term

AML	Anti-money laundering
ASFI	Autoridad de Supervisión del Sistema Financiero (Bolivia) Financial System Supervisory Authority
ASM	Artisanal and small-scale mining
ATS	Amphetamine-type stimulants
BO	Beneficial ownership
BCB	Banco Central do Brasil Central Bank of Brazil
BMPE	Black market peso exchange
BRIDEC	Brigada Investigadora de Delitos Económicos (Chile) Economic Crime Unit
<i>cambista</i>	Money exchanger
Carabineros	Armed corps and police in Chile
CARICOM	Caribbean Community
CBI	Citizenship by investment
CDD	Customer due diligence
CFATF	Caribbean Financial Action Task Force
CFT	Combating the financing of terrorism
CICAD	Comisión Interamericana para el Control del Abuso de Drogas Inter-American Drug Abuse Control Commission
CICIES	Comisión Internacional contra la Impunidad en El Salvador International Commission against Impunity in El Salvador
CICIG	Comisión Internacional contra la Impunidad en Guatemala International Commission against Impunity in Guatemala
CICTE	Inter-American Committee against Terrorism
CNBV	Comisión Nacional Bancaria y de Valores (Mexico) National Banking and Securities Commission
CON- TRALAFT	Comisión Ejecutiva Multisectorial contra el Lavado de Activos y Financiamiento del Terrorismo (Peru) Multi-sectoral Executive Commission Against Money Laundering and Terrorist Financing
COAF	Conselho de Controle de Atividades Financeiras (Brazil) Council for Financial Activities Control
DADIN	Dominica Alcohol and Drug Information Network
DEA	Drug Enforcement Administration (United States)

DHS	Department of Homeland Security (United States)
DIAN	Dirección de Impuestos y Aduanas Nacionales (Colombia) National Directorate of Taxes and Customs
DNFBP	designated non-financial businesses and professions
DOJ	Department of Justice (United States)
<i>doleiros</i>	Informal money changers
DT	Drug trafficking
DTO	Drug trafficking organization
EDD	Enhanced due diligence
ELN	El Ejército de Liberación Nacional (Colombia) National Liberation Army
<i>empresas fachada</i>	Fake companies
ENCCLA	Estratégia Nacional de Combate à Corrupção e à Lavagem de Dinheiro (Brazil) National Strategy for the Combat Against Corruption and Money Laundering
EU	European Union
FARC	Las Fuerzas Armadas Revolucionarias de Colombia Revolutionary Armed Forces of Colombia
FATF	Financial Action Task Force
FECI	Fiscalía Especial Contra la Impunidad (Guatemala) Special Prosecutor against Impunity
FID	Financial Investigations Division (Jamaica)
FinCEN	Financial Crimes Enforcement Network (United States)
FIU	Financial intelligence unit
FIUTT	Financial Intelligence Unit of Trinidad and Tobago
FPWMD	Financing the proliferation of weapons of mass destruction
FSRC	Financial Services Regulatory Commission
FSU	Financial Services Unit
FTZ	Free trade zone (also referred to as free zones, foreign trade zones, special economic zones, free ports, and export processing zones, among others, depending on the country)
FUR	Follow-up report
GAFILAT	Grupo de Acción Financiera de Latinoamérica Financial Action Task Force of Latin America
GDP	Gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit German Corporation for International Cooperation
<i>huachicolero</i>	Gasoline theft

ICE	Immigration and Customs Enforcement (United States)
IDB	Inter-American Development Bank
IFF	Illicit financial flows
ILO	International Labor Organization
IMF	International Monetary Fund
IMPACS	Implementation Agency for Crime and Security (CARICOM)
INCSR	International Narcotics Control Strategy Report
IOM	International Organization for Migration
KSMH	Kaloti Suriname Mint House
LAC	Latin America and the Caribbean
Lava Jato	Operation “Carwash”
MACCIH	Misión de Apoyo contra la Corrupción y la Impunidad en Honduras Support Mission against Corruption and Impunity in Honduras
MDAMA	3,4-Methylenedioxyamphetamine, also commonly referred to as ecstasy
MER	Mutual evaluation report
ML	Money laundering
MLAT	Mutual legal assistance treaty
MLPA	Money Laundering (Prevention) Act (St. Lucia)
MOU	Memorandum of understanding
MS-13	Mara Salvatrucha
NGO	Non-governmental organization
Norad	Norwegian Agency for Development Cooperation
NPOs	Non-profit organizations
NRA	National risk assessment
NSP	National Security Policy (Jamaica)
OAS	Organization of American States
OCG	Organized criminal group
OECD	Organization for Economic Co-operation and Development
OGP	Open Government Partnership
OIA	Office of International Affairs
PCC	Primeiro Comando da Capital
PDVSA	Petróleos de Venezuela, S.A.
PEP	Politically exposed person
PID	Policía de Investigaciones (Chile) Investigations Police

POCA	Proceeds of Crime Act (Jamaica, Dominica, and more)
PROCELAC	Procuraduría de Criminalidad Económica y Lavado de Activos (Argentina) Prosecutor for Economic Crime and Money Laundering
PWMD	Proliferation of weapons of mass destruction
Red TTD	Red de Control del Transporte Transfronterizo de Dinero
SAR	Suspicious activity report; also referred to as a suspicious transaction report (STR) or reporte de operaciones sospechosas (ROS) in Spanish
SBS	Superintendencia de Banca y Seguros (Peru) Superintendency of Banking and Insurance
SENABICO	Secretaría Nacional de Administración de Bienes Incautados y Comisados (Paraguay) National Secretariat for the Administration of Seized and Confiscated Property
SEPRELAD	Secretaría de Prevención de Lavado de Dinero o Bienes (Paraguay) Secretariat for the Prevention of Money and Asset Laundering
SHCP	Secretaría de Hacienda y Crédito Público (Mexico) Secretariat of Finance and Public Credit
SII	Servicios de Impuestos Internos (Chile) Internal Revenue Services
SOM	Smuggling of migrants
<i>sou sou</i>	Informal savings/loan clubs
SUSEP	Superintendência de Seguro Privado (Brazil) Superintendence of Private Insurance
SVG	St. Vincent and the Grenadines
T&T	Trinidad and Tobago
TBA	Tri-Border Area
TBML	Trade-based money laundering
TBTF	Trade-based terrorism financing
TCO	Transnational criminal organization
<i>testaferros</i>	Front or straw men that act on behalf of another to disguise the BO
TF	Terrorism financing
THC	Tetrahydrocannabinol
TIP	Trafficking in persons
TOC	Transnational organized crime
TTU	Trade Transparency Unit
UAFE	Unidad De Análisis Financiero Y Económico (Ecuador) Financial Economic Analysis Unit
UCREF	Unité Centrale de Renseignements Financiers (Haiti) Central Unit for Financial Intelligence

UIAF	Unidad de Información y Análisis Financiera (Colombia) Financial Intelligence and Analysis Unit
UN	United Nations
UNAC	Unidad Especializada Anticorrupción de la Fiscalía Nacional (Chile) Specialized Anti-Corruption Unit
UNIF	Unidad Nacional de Inteligencia Financiera (Venezuela) National Financial Intelligence Unit
UNODC	United Nations Office on Drugs and Crime
U.S.	United States
USAID	U.S. Agency for International Development
WMD	Weapons of Mass Destruction

Note: Countries may use terms differently.

Introduction

Countries in Latin America and the Caribbean (LAC) face a complex, dynamic and challenging financial crime landscape. The same security threats that make the region one of the most violent in the world also generate large amounts of illicit proceeds, which are subsequently laundered back into the region's economies and often used to perpetuate further violence and insecurity. Countries in the region face a daunting task in effectively responding.

Global Financial Integrity (GFI) has analyzed these challenges in an effort to help countries in the region more effectively combat financial crimes. The following report provides a comprehensive, in-depth analysis of financial crime threats in 33 LAC countries. It begins with a country-by-country overview that lays out the scope of financial crimes, the main threats facing each country, and the effectiveness of the current national anti-money laundering and counter terrorism financing (AML/CFT) response. Additionally, it presents six case studies that exemplify some of the financial crime methodologies used. Next, the report analyzes four illicit economies that generate criminal proceeds regionally: drug trafficking, mineral trafficking, corruption, and trafficking in persons and smuggling of migrants (TIP/SOM). It subsequently presents a regional overview of four specific financial crime types: money laundering (ML), trade-based money laundering (TBML), terrorism financing (TF) and corruption. The report concludes with an analysis of programmatic efforts to address these financial crimes as well as a mapping of relevant national laws and international treaties.

The report draws on a variety of sources and methodologies. To begin with, it dissects financial crimes using more nuanced, technical concepts including methods, channels, geographic routes, and facilitators. Identifying these pathways and stakeholders with greater specificity is essential to understanding how criminal proceeds move—and how best to respond.

Moreover, to better understand local contexts and current conditions, GFI carried out 250 interviews with subject matter experts from government, civil society, the private sector and international organizations. Our analysis of financial crime threats, channels, routes and facilitators as well as our assessment of the effectiveness of current national AML/CFT efforts includes the results of these interviews.¹

In addition, GFI analyzed other materials regarding financial crimes, including national risk assessments (NRAs) as well as mutual evaluation reports (MERs) by the Financial Action Task Force (FATF) and regional bodies such as the Grupo de Acción Financiera de Latinoamérica (GAFILAT) and the Caribbean Financial Action Task Force (CFATF). Furthermore, GFI reviewed national legislation and international treaties on financial crimes and illicit economies. Finally, GFI mapped and analyzed current interventions to combat financial crimes, including donor technical assistance programs, initiatives by international organizations, and regional or national efforts led by countries in the region.

Lastly, GFI used a variety of quantitative methodologies to estimate the scope of financial crimes. For national estimates of illicit proceeds, GFI used the two to five percent “consensus range” for criminal proceeds, which has been widely used by organizations such as the United Nations Office on Drugs and Crime (UNODC) and the FATF. Starting with World Bank gross

¹ In particular, it should be noted that each country's average score for AML/CFT effectiveness is based on expert interviews and reflects national perceptions of AML/CFT performance. The score does not necessarily reflect the views of GFI. GFI's assessment is provided in the section titled “Vulnerabilities and Weaknesses.”


domestic product (GDP) data, GFI applied a two percent (low-end) and five percent (high-end) estimate to obtain a yearly range. However, it is important to note that not all illicit financial flows are laundered. Based on estimates by the UNODC that 70 percent of illicit financial flows are laundered, a second range is provided, indicating the estimated yearly value of ML for each economy. It should be noted that these figures are rough estimates at best, and there is some debate about whether the two to five percent figure should be considered illicit proceeds or ML itself.² By considering the range to be illicit proceeds, and ML a smaller subset, GFI's estimate is conservative.

The scope of this report is limited in several ways. The report includes only countries within the LAC region; other jurisdictions are mentioned where relevant but are not analyzed in depth. In addition, the report focuses on four criminal economies and four financial crime types, which is a limited subset of all illicit proceeds. Research for this report was conducted from November 2020 to August 2021, and country contexts and national legislation have changed quickly, especially during the COVID-19 pandemic.

The following report is intended to assist national governments and other stakeholders in better understanding financial crime threats and strengthening AML/CFT efforts. While there is no doubt that nationally-led efforts are the most meaningful, international donor assistance plays an important role in facilitating and, in some cases, shaping, such efforts. As a Washington, D.C.-based think tank, GFI was particularly interested in the role of the U.S. as one of the major donor governments involved in efforts to strengthen the fight against financial crimes in the Western Hemisphere. Many of the recommendations contained in the report focus on how the U.S. can align technical assistance and international cooperation efforts with areas of greatest need.

The authors hope that the information contained herein serves as a starting point for a regional discussion about how to better combat financial crimes. While each country context is unique, there are many shared challenges throughout the region, and understanding these challenges is an important first step towards action.

² For more discussion on quantitative methodologies, see United Nations Office on Drugs and Crime, *Estimating Illicit Financial Flows from Drug Trafficking and Other Transnational Organized Crimes* (Vienna: UNODC, October 2021). [Link here.](#)



Antigua & Barbuda

Antigua and Barbuda has displayed a strong political commitment to tackling the issue of drug trafficking and its relationship to ML. This is reflected in their legislative model and the structure of the financial intelligence unit (FIU), as well as publicly reported information on investigations and seizures. As with other countries in the Caribbean that have had to evolve their economies beyond offshore financial services, Antigua and Barbuda too developed its own citizenship by investment (CBI) program. Corruption and transparency risks within their CBI program have been highlighted by the U.S as well as civil society organizations.³ However, this remains a politically sensitive issue for the government.⁴

BASELINE

Key background materials identified include the FIU's annual reports dating from 2011 – 2016. The FIU of the country, the Office of National Drug and Money Laundering Control Policy, has not publicly disclosed any additional information since 2018. Additional documents include the 2018 CFATF fourth round MER from 2018 and subsequent follow-up reports. Though Antigua and Barbuda completed their NRA, the document is not publicly available. Other reference documents on criminal activities affecting Antigua and Barbuda were sourced from the UNODC, the International Monetary Fund (IMF), and the International Organization for Migration (IOM).

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds amount to US\$34 million to US\$86 million a year, and that ML of said proceeds amounts to US\$24 million to US\$60 million for Antigua and Barbuda.

CURRENT THREATS

When asked about the most prevalent types of financial crimes affecting the country, drug trafficking and ML were identified as the most pressing issues. Cocaine and cannabis are the most common drugs trafficked through the country. Much of the seizure activity and news reports indicate that cannabis is the primary focus. In 2015, 3,667 lbs of cannabis and approximately 50 kg of cocaine were seized.⁵

TF was not considered a significant threat, though the country has robust frameworks and processes mitigating against it. Financial institutions, as part of their CFT efforts, are required to review their client base and ascertain whether or not they are in control or in possession of terrorist property. In 2015, the FIU received 339 reports, an increase of 10.40 percent from previous year.⁶ However, there is no information on how much of this materialized into actual investigations and subsequent prosecutions.

Corruption within the government was identified after drug trafficking and ML as a primary financial crime. Similarly, an examination of the suspicious activity report (SAR) filings from the

³ Sim Sim Wisgott, “Golden passports: Scheme for the wealthy boon for the criminals?,” CGTN, September 3, 2020. [Retrieved online.](#)

⁴ “Antigua PM accuses U.S. of trying to kill Caribbean citizenship by investment programs,” Dominica News Online, April 8, 2021. [Retrieved online.](#)

⁵ Office of National Drug and Money Laundering Control Policy, *Annual Report 2015-2016* (Saint John's: ONDCP, 2016), 41. [Retrieved online.](#)

⁶ Ibid, 32.

most recent two years of publication (2015 and 2016) show the cases referred for further investigations primarily involved drug trafficking, fraud, and tax evasion.⁷ As noted by experts, TIP within the region was typically connected to the entertainment industry, with trafficking victims often entering a situation voluntarily, but conditions of poor pay ultimately forcing them into situations of servitude and sexual exploitation. Experts acknowledged that even though much of the human trafficking and smuggling occurs in plain sight, the country still faces challenges in assessing its risks. Both TBML and mineral trafficking do not appear to be an area of focus within the government. Finally, cybercrime was seen as a growing threat, with the FIU noting an increase in “phishing and account takeover schemes, payment redirection scams, mystery shopper and grandparent scams.”⁸

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Antigua & Barbuda</i>			
AVG. SCORE	MAIN WEAKNESS IDENTIFIED	+ STRONGEST AREA	- WEAKEST AREAS
2.5 / 5	Narrow focus on drug trafficking	Enforcement	Prevention and detection

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

Antigua and Barbuda was amongst the earliest of the Caribbean countries to do an extensive reform of its regulatory architecture targeting financial crime. The main statutes addressing financial crime in the country are the Money Laundering Prevention Act of 1996; the Proceeds of Crime Act of 1993; the Misuse of Drugs Act of 1974; and the Prevention of Terrorism Act of 2005. All the main legislation that addresses financial crime has been amended and updated to reflect current methodology and legal thinking.

Overall, the government has a strong knowledge of the requirements to target financial crimes. The bulk of the country’s reform took place following the country’s 2008 CFATF mutual evaluation. Since then, the focus has been on educating reporting entities and improving implementation. In this regard, the country has had a fair amount of success. Through these efforts, the supervisory agencies responsible for enforcing laws are well-informed of the processes, requirements, and risks. Additionally, banks throughout the country implement a risk-based approach and both experts and CFATF mutual evaluation confirm there is a high degree of knowledge within the sector. Much like in other parts of the world, the designated non-financial business and profession (DNFBP) sector remains a challenge.

VULNERABILITIES AND WEAKNESSES

Vulnerabilities and weaknesses in the financial crime architecture of Antigua and Barbuda include:

- Attorneys, accountants, real estate, and car dealerships along with international banks and money service businesses are primary conduits and facilitators for financial crime.

⁷ Ibid.

⁸ Ibid.

There is inadequate supervision and compliance especially among gatekeeper professions.

- The used car market in Antigua and Barbuda is neither regulated nor supervised. Given the focus on drug trafficking, it is surprising that there isn't increased attention on the sector. Nearly all cars in Antigua and Barbuda are part of a secondhand market.⁹ Drug trafficking and the used cars market have a long association of being used for narcotics-related ML.¹⁰
- Though there are legal requirements for financial institutions and DNFBPs to identify beneficial owners, in practice implementation is inconsistent.
- The NRA was completed only a month before the CFATF evaluation team arrived to conduct its assessment, and since then the document has not been made public. It is unclear to what extent implementation of the assessment has occurred beyond the identification of risks carried out by supervisory agencies in the country.
- The law enshrines well developed mechanisms for cooperation and coordination. However, in practice, coordination between domestic authorities is still lacking.
- The country still suffers from poor quality SAR reporting from financial institutions, with very low numbers of SARs from the DNFBP sector in particular. The lack of financial intelligence in turn impacts how effective investigations can be.
- Investigations conducted by the Royal Police Force of Antigua and Barbuda are predominantly focused on drug trafficking and related minimally to ML. This narrow focus means that it is unlikely a financial crime investigation will occur unless there is a nexus with drugs.

PROGRAMMATIC EFFORTS

Antigua and Barbuda is in many ways in a good position to tackle financial crime, and the country has strong political will and technical capacity, as well as a knowledgeable financial sector. Recent programmatic efforts include an Interpol-led initiative in conjunction with the Canadian government to provide technical assistance to Antigua and Barbuda on the issue of human trafficking.¹¹ The U.S. too has ongoing efforts to provide technical assistance to Caribbean countries on ML.

It appears that given the U.S. focus on drug trafficking and its influence in the region, U.S. interventions also need to look beyond the issue of drug trafficking. This would arguably encourage Antigua and Barbuda to also diversify its enforcement strategy to include other financial crimes. Many of the vulnerabilities identified would also be addressed by a diversification of strategy that moves past drug seizures and prosecutions for drug-related offences.

9 Caribbean Financial Action Task Force, Antigua and Barbuda: Mutual Evaluation Report, July 2018 (Port of Spain: CFATF, 2018), 8. [Retrieved online.](#)

10 Bridget Johnson, "Drugs, Laundering and Used Cars: Hezbollah's Criminal Network Breaches U.S., Helps Iran," Homeland Security Today, January 9, 2020. [Retrieved online.](#) Financial Action Task Force, Financial flows linked to the production and trafficking of Afghan opiates (Paris: FATF, June 2014), 42. [Retrieved online.](#)

11 "Americas: Hundreds of human trafficking victims rescued," Interpol, April 30, 2018. [Retrieved online.](#)



Argentina

Argentina faces different challenges that include not only financial crimes, but also rising poverty and inflation that affect the wellbeing of the country. Major corruption scandals in Argentina have involved the political elite including judges, the executive branch, and former heads of state and ministers. Moreover, the Tri-Border Area shared with Paraguay and Brazil is a large source of drug trafficking and smuggling as well as alleged Hezbollah activity. All of these country conditions impact the financial crime landscape.

Since 2016, Argentina has been strengthening its AML framework and reinforcing the FIU's capabilities. However, the country faces challenges related to political will, prosecutions of ML, and the judiciary, among others, that make the country vulnerable to financial crimes.

BASELINE

Key documents include the 2010 FATF third round MER, which pinpointed lingering weaknesses in Argentina's financial system, including a lack of oversight, lack of human and resource capacity, and insufficient AML/CFT training for agencies. In 2014, the FATF declared that Argentina had made "sufficient progress in implementing the technical requirements of the Core and Key Recommendations."¹² On the other hand, even though the publishing of the NRA on TF was approved in 2019, the results are not available on their portal.¹³

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds in Argentina are between US\$9 billion and US\$22.5 billion per year. From these amounts, we estimate that US\$6.3 billion and US\$15.7 billion per year is laundered.

CURRENT THREATS

When experts were asked the most prevalent types of financial crimes affecting the country, they identified corruption as the main financial crime in Argentina, followed by ML and TBML; TF was ranked last.

Regarding the primary sources and activities generating criminal proceeds, corruption was considered the main source, followed by drug trafficking, human trafficking and smuggling, and mineral trafficking. The main channels for financial crimes were cash (transactions, *cambistas*, and smuggling), the use of cryptocurrency, remittances, and U.S. dollar exchange in the parallel market (which can be an additional channel of U.S. dollar exchange without supervision and potential ML risk). The top facilitators mentioned by experts were lawyers.

Experts highlighted that corruption is systemic in the country, and affects the judiciary in particular. Corruption occurs as much in the public as in the private sector, and it is often interconnected. Experts mentioned that doing business with the government sometimes involves bribes, collusion and diversion of funds. With high-level officials involved in corruption, it is uncertain

¹² Financial Action Task Force, "Outcomes from the meeting of the FATF Plenary, Paris, 25-27 June 2014," June 27, 2014. [Retrieved online.](#)

¹³ "Aprobación del Informe de la Evaluación Nacional De Riesgos De Financiación Del Terrorismo y la Proliferación de armas de Destrucción Masiva de la República Argentina," Resolución 1.231/2019, Sistema Argentino de Información Jurídica, November 4, 2019. [Retrieved online.](#)

whether there will be sufficient political will to legislate financial crimes. There is often a delay in the investigation and prosecution of cases, which can make it more difficult to trace associated financial flows, and convictions are few in number. It was also mentioned that the judiciary is politicized. Specialists mentioned that technology and digitalization are scarce, and paper-based cases (especially in the COVID-pandemic context) make sharing information more difficult.

Some problems that affect Argentinian society eventually worsen the fight on financial crimes, such as informality. In 2019, informal employment in Argentina was around 49.4 percent, which may have grown because of the pandemic.¹⁴ Tax evasion is also present as, according to experts, poverty levels and informality drive people to not report all their profits or simply not pay taxes. Under the aforementioned contexts, it becomes challenging for prosecutors to follow the money.

The prevalence of cash as well as a parallel market to exchange dollars is also an issue. Even though a large portion of the country is technically banked, this suggests that most financial transactions still occur outside the AML/CFT supervision of the banking system. According to experts, other vulnerable sectors are casinos and real estate; properties in areas near Puerto Madero or in Paraguay have been purchased in cash in order to launder money. Elites have commonly used offshore accounts to hide illicit flows, with the IMF estimating that around US\$180 billion is held offshore.¹⁵

Experts also mentioned that Argentina has a border issue with contraband, where false and undeclared products cross the borders from neighboring countries, especially across the north and northeast border with Bolivia, Paraguay and Brazil.

Regarding drug trafficking, since 2014 the increase in the production of drugs sparked debate whether Argentina was still just a transit country or whether cocaine is refined as well.¹⁶ Interviewed experts also highlighted the appearance of synthetic drugs such as LSD, ecstasy, and methamphetamine in the domestic consumption market. In regards to regionally-produced drugs, experts noted that cocaine would enter Argentina mainly from Bolivia via Salta and Jujuy provinces, while cannabis would enter through Paraguay. Rio Parana is also a port of entry for drugs such as cannabis, supplying nearby distribution cities such as Corrientes and Santa Fe.¹⁷ Furthermore, the Tri-Border Area is also vulnerable to drug trafficking, terrorism and TF.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Argentina</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREA
2 / 5	Resources, political will, laws and their implementation	Prevention and detection	Prosecution

Source: Compilation of expert interviews conducted for this project.

14 "Argentina: informal employment share 2010-2019," Statista, accessed July 10, 2021. [Retrieved online.](#)

15 Eli Moskowitz, "Argentina Confronts its Multi-Billion Dollar Offshore Wealth Problem," Organized Crime and Corruption Reporting Project, July 23, 2020. [Retrieved online.](#)

16 "Narcotráfico: América Latina dejó de tener países de tránsito," Infobae, April 6, 2014. [Retrieved online.](#)

17 "Operativo cerrojo en el río: Prefectura desarticuló una banda narco que operaba en el litoral," Gobierno de Argentina, October 11, 2019. [Retrieved online.](#)

LEGAL FRAMEWORK

A few of the highlighted laws for the prevention and prosecution of financial crimes are the Criminal Code; Law 26.268 which delineates TF crimes; Law 23.737 on narco-trafficking; Law 26.683 and Law 25.246 which regulate ML, obliged persons and entities.

Agencies in Argentina work together to address financial crimes, specifically the federal courts, the Office of the Prosecutor for Economic Crime and Money Laundering (Procuraduría de Criminalidad Económica y Lavado de Activo or PROCELAC), and the police. Since 2011, the PROCELAC reports prosecuting only 31 ML cases; around 58 percent of those cases were narcotics-related crimes and 51 percent were located in Buenos Aires.¹⁸

In 2019, outgoing President Mauricio Macri announced a National Anti-Corruption Plan through Decree 258/2019 which remains in effect until 2023. In 2019, President Macri's government also passed Decree 331/2019, which created the Coordination Committee for the Prevention and the Fight Against ML, TF and the PWMD. Furthermore in 2020, the Argentine Tax Authority released General Resolution 4697/2020 on beneficial ownership (BO) to combat illicit activities.

VULNERABILITIES AND WEAKNESSES

Argentina's vulnerabilities and weaknesses in regards to financial crimes include:

- Despite having a framework in place, Argentina has struggled to keep up with the evolving nature of financial crimes.
- Legislation regarding financial crimes is concerned mainly with fraud, tax crimes and white-collar crimes, public corruption, ML, and TF.
- Regardless of the crime, experts highlighted that there is a high-level of impunity for suspects in cases.

PROGRAMMATIC EFFORTS

Argentina has had an MLAT with the U.S. on criminal matters since 1990, and a TTU on TBML since 2006. The U.S. and Argentina also have held meetings on illicit finance to develop joint strategies to address ML, TF and illicit threats.¹⁹ Further initiatives need to address the empowerment of the judiciary and the police, as well as anti-corruption measures, especially at the highest levels of government. Training on financial crimes and the use of technology should also be promoted within the relevant agencies and the judiciary, in order to not rely mainly on paper cases, promote faster information sharing and reduce bureaucracy.

¹⁸ "A diez años de la ley que reestructuró el delito de lavado: el rol y el enfoque de la PROCELAC y un repaso estadístico de sentencias," Ministerio Público Fiscal, July 1, 2021. [Retrieved online.](#)

¹⁹ "Treasury Completes Fourth Argentina-United States Dialogue on Illicit Finance," U.S. Department of the Treasury, May 31, 2018. [Retrieved online.](#)



The Bahamas

Since the conclusion of its fourth round mutual evaluation in 2017, the Bahamas has redoubled its commitment to tackle financial crimes, with most of its efforts centered around addressing identified deficiencies. A series of sweeping legislative reforms have clearly created a much stronger framework to address financial crime. However, it is still too early to assess whether previous challenges, including low levels of prosecution and capacity constraints, will continue to impede progress.

BASELINE

Key background materials included the FIU's 2001-2018 annual reports, the 2017 CFATF MER and the subsequent follow-up reports, and the 2015-2016 NRA and associated government briefing documents. Additionally, FATF statements around the country's progress as well as its addition and removal from FATF's grey list were also referenced.²⁰ Finally, reference documents on criminal activities affecting the Bahamas, such as the 2014 report by the UN Special Rapporteur on human trafficking and the 2019 IMF Financial Stability Assessment were also utilized.

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate the criminal proceeds amount to be US\$256 million to US\$641 million per year. From these amounts, we estimate US\$179 million to US\$448 million per year is laundered.

CURRENT THREATS

When asked the most prevalent types of financial crimes affecting the country, experts identified ML followed by corruption as the most pressing issues. While the NRA mentioned the risk of trade-based financial crimes, this did not appear to be a concern for the experts interviewed, as they did not rank TBML risks as high. The political situation in The Bahamas lends strength to the assessment that TF is a low risk. Based on FIU reports, fraud is one of the most prevalent ML predicate offences committed in The Bahamas. Typical schemes identified in the NRA included "fraud by false pretenses, stealing by reason of employment, possession of forged documents, counterfeit currency, and forgeries."²¹ The total number of fraud cases reported between 2011-2016 was 2,747.²²

The main activities generating illicit financial flows, as ranked by order of perceived magnitude, are corruption, drug trafficking, and TIP/SOM, with mineral trafficking not featuring as a serious concern amongst experts. The Bahamas is a transit point for the trafficking of drugs, humans and firearms. The primary drugs smuggled through the country were cannabis and cocaine. Cocaine continues to transit the country via go-fast boats, small commercial freighters, containers and small aircraft. The drugs are transported from The Bahamas to the nearby countries of Haiti, Jamaica, the U.S., Turks and Caicos and Panama. The Bahamian FIU provides extensive information about illicit financial flows (IFFs) related to drug trafficking on its website, which

²⁰ The FATF "Grey List" is a list of jurisdictions subject to enhanced monitoring due to deficiencies identified during mutual evaluations.

²¹ Central Bank of The Bahamas, *Commonwealth of The Bahamas National Money Laundering and Terrorist Financing Risk Assessment Summary 2015/2016* (Nassau: Central Bank of the Bahamas, 2017), 20. [Retrieved online.](#)

²² *Ibid.* 20

is likely connected to the fact that The Bahamas has a strong relationship with the U.S., which itself prioritizes counter-drug trafficking efforts very highly.

By contrast, even though TIP/SOM is considered by the government to be a significant threat, there is little publicly reported government information about it. This suggests that the focus within the FIU on TIP/SOM may be minimal, with government resources allocated more towards drug trafficking. A report from the UN identified The Bahamas as a transit and destination country for trafficked persons from the Caribbean region and from Central and South America. Due to its proximity to the U.S., The Bahamas is a major transit country for migrants attempting to enter the U.S. Criminals and migrant smugglers promise individuals that they will be taken to the U.S. but actually take them to The Bahamas, increasing their vulnerabilities to trafficking and exploitation. Victims from the Dominican Republic and Jamaica have been made to dance in bars and sell sexual services. Labor trafficking is thought to occur in the construction, agriculture, fishing and domestic work sectors, with suspected cases involving Haitian, Filipino, Chinese, Dominican and Colombian nationals.²³

While not a focus of the interviews conducted, reports from the FIU show that fraud was also a significant risk.²⁴ In 2018, 105 STRs were filed under the category of fraud, the highest number for any category; surprisingly, there was no category of STRs for ML.²⁵ It is unclear if offences for fraud are lumped in with ML.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in the Bahamas</i>			
AVG. SCORE	MAIN WEAKNESS IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREA
2.5 / 5	Absent AML/CFT laws and implementation is yet to be tested of newly passed enactments	Prevention and detection	Prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

In recent years, The Bahamas has overhauled its regulatory architecture around financial crimes, largely driven by its CFATF evaluations, and in December 2020 was removed from the FATF “grey list.” Our conversations with experts identified the following key areas of reform:

- Completing the National AML/CFT Risk Assessment in 2017;
- Completing the National Identified Risk Framework Strategy in 2018;
- Enacting the Proceeds of Crime Act which creates broad AML/CFT obligations in the country and empowers the police, customs, and the judiciary in ML investigations;
- Enacting the Beneficial Ownership Register Act in 2018, which provides for the establishment of a secure search system to facilitate searches of BO;

²³ United Nations General Assembly, Human Rights Council, *Report of the Special Rapporteur on trafficking in persons, especially women and children, Joy Ngozi Ezeilo*, A/HRC/26/37/Add.5 (New York: United Nations, June 5, 2014), 5. [Retrieved online.](#)

²⁴ The Commonwealth of Bahamas Financial Intelligence Unit, *Annual Report, 2018* (Nassau: Commonwealth of The Bahamas, 2019), 8. [Retrieved online.](#)

²⁵ Ibid.

- Updating the Financial Transactions Reporting Act in 2018 to impose significantly more responsibilities on banks and financial institutions to properly verify customers' identity and legitimacy before doing business with them as well as expanding the scenarios under which an obliged entity would have to carry out CDD and EDD;
- Updating the Anti-Terrorism Act in 2018 to finally permit The Bahamas to comply with UN Security Council resolutions and mandate "dissuasive sanctions for offences."²⁶

VULNERABILITIES AND WEAKNESSES

Vulnerabilities and weaknesses in The Bahamas financial crime architecture include:

- Trade-based schemes are an acknowledged risk, but little appears to be done by way of prevention, detection, and enforcement.²⁷
- STR filing by financial institutions and DNFBPs is paper-based and not electronic. This impacts STR collection, reporting, and analysis by both obliged entities and the FIU.
- The judicial system moves extremely slowly, with the bulk of major cases pending before the courts for years unless the defendant pleads guilty upon arraignment. For example, the outcomes of many of the major drug cases over the period 2011-2015 have still not been decided.
- Law enforcement appears to only have a consultative relationship with financial institutions and DNFBPs.²⁸

PROGRAMMATIC EFFORTS

An important programmatic effort has focused on legislation to establish a secure system to collect BO information. The legislative model has been through amendments to bring it in line with FATF standards. A concern is that a lot of the efforts have simply focused on getting The Bahamas off the FATF's grey list. Since the overhaul of the legal framework around financial crimes, there is no publicly available information on its effectiveness, such as enforcement measures that can tell how implementation is progressing. This is both a concern in regards to the aims of the reform because if the government's focus is to simply stay off the grey list, the allocation of resources are geared towards not actually addressing the problem but completing a check box exercise that would meet FATF requirements. Positively, the Bahamian FIU has sponsored several countries' membership to the Egmont Group, including Haiti and Montserrat.²⁹

Going forward, it is recommended that future interventions assist the Bahamian government in priority areas that they have identified as being critical to better addressing financial crime. This includes increasing the number of qualified staff within the IT departments responsible government agencies, modernising the FIU's IT infrastructure, acquiring software that would change the existing STR filing system from paper-based to electronic and acquiring software that would help the FIU with their analysis and create better quality financial intelligence.³⁰

26 "Bahamas Makes Significant Strides in Fight Against Financial Crime: Update on The Bahamas' National Identified Risk Framework," Bahamas National Identified Risk Framework Coordinator, September 24, 2020, 3. [Retrieved online.](#)

27 Central Bank of The Bahamas, *The Bahamas ML/TF Risk Assessment Summary 2015/2016*, 22.

28 Financial Intelligence Unit, *Annual Report 2018* (Nassau: Commonwealth of The Bahamas, 2019), 77. [Retrieved online.](#)

29 Ibid, 27.

30 Ibid, 28.



Barbados

Much like other countries in the Caribbean, AML/CFT reforms in Barbados have been in part spurred by poor international assessments and its placement on various deficiency lists. This black/grey listing in turn raises business costs, which disincentivizes the extension of correspondent banking services to financial institutions in Barbados. It also raises the risk for investment and access to credit. Therefore the main aim of financial crime reform in Barbados is to remove the country from these international lists (EU, FATF, and USG).

BASELINE

Key background materials included Barbados' 2019 NRA, the 2018 CFATF MER and associated follow-up reports, and the Barbados FIU's annual reports for the years 2013 to 2018. There appear to be no updates from the FIU since the conclusion of the last MER. Statements from FATF and the European Union (EU) on the inclusion of Barbados as a jurisdiction with strategic deficiencies and as a non-cooperative jurisdiction were also examined. Additional reference documents on criminal activities affecting Barbados were sourced from the UNODC, 2016 IMF financial stability assessment, and 2015 IOM assessment of trafficking in persons in the Caribbean.

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds amount to US\$104 million to US\$260 million a year, and that ML of said proceeds amounts to US\$72 million to US\$182 million dollars a year for Barbados.

CURRENT THREATS

Barbados has been considered a jurisdiction with strategic deficiencies that limit its ability to effectively tackle financial crimes since its last CFATF MER. It was only recently removed from the EU's blacklist of countries that are considered non-cooperative jurisdictions. The NRA identified fraud and drug trafficking as posing the highest threats to ML in the country; experts interviewed also identified drug trafficking as the primary source of criminal proceeds.

Enforcement records show that there were over 400 prosecutions for drug trafficking, drug-related offences and ML in 2017 - the most recent year where such information was available. Analysis by the FIU of Barbados also revealed that the FIU primarily referred cases related to drug trafficking or drug-related offences to the FIU.³¹ As of February 2018, a third of the prison population in Barbados was incarcerated on drug-related charges.³²

Barbados is a transit point for cocaine and cannabis despite the fact that the local consumption drug of choice is cannabis with a limited use of cocaine domestically. Proceeds of crime arising from the investigations were in the range of US\$421,382. The main types of fraud schemes identified were the use of fraudulent checks; the creation of false invoices; document forgery for availing loans; skimming from ATMs; and business email compromise.³³

31 Financial Intelligence Unit of Barbados, *Report on Assessment of National Money Laundering & Terrorist Financing Risk: Barbados* (Bridgetown: Financial Intelligence Unit of Barbados, December 2019), 22. [Retrieved online.](#)

32 Ibid.

33 Ibid, 23.

Experts viewed ML as the top financial crime because legislative efforts have focused on implementing the FATF 40 Recommendations. There appears to be a limited understanding and/or awareness of TBML in the country which was evidenced by the level of knowledge demonstrated in expert interviews and only one reference to trade finance in the NRA.³⁴ Overall, corruption was considered a relatively moderate threat. Terrorism and TF were rated as inherently low risk to the country.

Lawyers, corporate and trust service providers, and international banks were identified as high risk channels. Much of the focus on threats is on the role of the financial sector in facilitating ML and drug trafficking. Commercial banks, deposit-taking finance companies, non-deposit finance companies, and real estate were other high-risk areas.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Barbados</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREA	- WEAKEST AREAS
2.5 / 5	Absent laws and poor implementation	n/a	Detection, prosecution, and prevention

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

Barbados passed sweeping reforms in 2019 to address financial crimes, however some of these reforms are still insufficient to address the deficiencies within Barbados' regulatory framework, limiting their usefulness to supervisory and law enforcement authorities. The main reforms carried out by the government to the legal framework include:

- Barbados revised its methodology for NRAs and conducted a new NRA that was published in 2019. This revised methodology comprehensively identified risks.
- The Companies Act was amended in 2019 to create BO requirements for legal entities created in Barbados. However, the provisions do not ensure the accurate capture of BO information and the timely access to law enforcement authorities.
- The Anti-Money Laundering Act of 2019 was passed and enshrined the need for financial institutions to carry out a risk-based approach as well as created reporting requirements for high-risk actors like lawyers.
- The Proceeds and Instrumentalities of Crime Act of 2019 was passed which created provisions around the “forfeiture and confiscation of the proceeds and instrumentalities of crime when gifted or otherwise placed in the control of third parties.”³⁵

³⁴ Ibid, 31.

³⁵ Caribbean Financial Action Task Force, *Barbados: 2nd Enhanced Follow-Report & Technical Compliance Re-Rating* (Port of Spain: CFATF, February 2021), 7. [Retrieved online.](#)

VULNERABILITIES AND WEAKNESSES

Vulnerabilities and weaknesses in the Barbados financial crime architecture include:

- The continued absence of effective risk-based supervision for FIs and DNFBPs.
- Barbados legislation on BO does not provide law enforcement authorities timely access to BO information that is accurate and up to date.
- The FIU of Barbados suffers from financial and technical capacity constraints and there continue to exist limitations in the quality of information the FIU can share with law enforcement authorities. These limitations are caused by the FIU's lack of access to databases and the inefficiencies of their own operating technology that hinders analysis that would generate information that can be passed onto law enforcement.
- There are significant issues in law enforcement authorities' ability to carry out investigations and prosecutions, with a sizable backlog of cases and significant delays in completing cases.
- Foreign cooperation efforts are limited, this is due to delays in court proceedings and understaffing at various critical departments.

PROGRAMMATIC EFFORTS

Barbados is a member of the Caribbean Basin Initiative, which permits duty free entry of many products manufactured or assembled in Barbados into markets, including the United States. This is a positive measure for trade facilitation but presents a serious risk since TBML has not been investigated or assessed. As echoed through this section, much of the efforts at reform have focused on getting Barbados removed from the FATF's grey list. The recent nature of the reform has also meant that it is very hard to assess effectiveness because there is no public information that can be used to corroborate statements from interviewees. Law enforcement authorities lack timely access to BO information that is accurate and up to date.

The FIU of Barbados suffers from capacity constraints and there continue to exist limitations in the quality of information the FIU can share with law enforcement authorities. Finally, an expert interview from Barbados mentioned that having a U.S. ambassadorship to Barbados would be instrumental in improving cooperation and addressing concerns around financial crimes and associated criminal activities. Going forward, it is recommended that understaffing at various critical agencies be examined and gaps filled. Future interventions must look beyond technical training to focus on shoring up the resources needed (personnel, technical, and technological) within judiciary and law enforcement to tackle financial crime cases.

 **Belize**

Belize is a unique country that bridges Central America and the Caribbean. Narcotics trafficking is the largest transnational organized crime (TOC) affecting the country, while high levels of gang violence have routinely placed Belize among the top five countries in the world with the worst per capita murder rates.³⁶ Because of Belize's relatively small population, familial connections between politicians, civil servants, and the private sector are not uncommon. This plays an important role in understanding how Belizean society operates, and can contribute to serious problems such as corruption, nepotism, and patronage as well as facilitate financial and transnational crimes.

BASELINE

Primary source materials included the 2015 CFATF eighth follow-up report (FUR) to the third round MER, the 2019 Belize FIU Annual Report, and the 2019 NRA. It is worthwhile to note that this was Belize's first NRA, and as such marks an important step in the government identifying and understanding the country's risks, though it only covered the period 2010-2016. Additionally, Belize underwent its third round CFATF MER in 2011, and exited the follow-up process in 2015; it should begin the fourth round MER in 2021.

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds in Belize are valued at US\$38 million to US\$94 million annually, with ML equaling US\$26 million to US\$66 million.

CURRENT THREATS

Experts ranked corruption and ML as the most pressing financial crimes affecting Belize, while drug trafficking was viewed as the primary source of illicit proceeds; this closely aligns with the country's assessment in the 2019 NRA. Other financial crimes noted include trade misinvoicing, specifically to evade customs duties on imports into Belize.

Belize is a major transshipment point for cocaine and there is small-scale production of cannabis, primarily for domestic consumption. Experts explained that cocaine coming from Colombia and Venezuela is moved north through the country primarily by air, an occurrence that happens very frequently; to a lesser extent drugs are transported to Belize via go-fast boats and then moved on via land to Guatemala and Mexico, destined for the U.S. According to experts, the Mexican cartels involved in the trafficking typically hire locals, including gangs, as fixers, in part due to the fact that Belize is an English-speaking country. Trafficking is facilitated by corruption, including support from local law enforcement.

Several experts noted that corruption, including grand corruption, has been present throughout much of Belize's history. In the most recent municipal (2021) and general (2020) elections, corruption and anti-corruption were seen as defining issues. More than one expert noted that while there is political will at the highest levels of government to fight corruption, efforts are often focused against the opposition/the previous administration and taper off after an initial period.

36 "Belize 2020 Crime & Safety Report," Overseas Security Advisory Council, March 27, 2020. [Retrieved online.](#)

One expert pointed out that the state of Belize, a former British colony, was essentially set up for plunder, with corruption typically tied to land, natural resources, and money/trade flows. This historical legacy carries into the present day, most recently with allegations that the former Minister of Lands Gaspar Vega illegally gave or sold land, including private land, to political allies, business associates, or family members; later, some of these individuals would receive compensation from the government for the land that was up to 40 times the price they paid.³⁷

Like some of the Caribbean jurisdictions, fraud is a prevalent financial crime. According to the FIU's *2019 Annual Report*, fraud—including check fraud, loan fraud, romance scams, invoice redirection fraud, and wire transfer fraud—was the most frequently identified activity in suspicious transactions reports each year over the period 2015-2019.³⁸ The massive, sophisticated Sanctuary Bay real estate scam that defrauded investors out of more than US\$100 million was halted by the U.S. Federal Trade Commission in 2018.³⁹

Smuggling is a major problem for Belize, with one expert remarking that it was a “tradition” due to the country’s high taxes as well as variations in tax collection between departments. With the borders between Mexico and Guatemala being extremely porous, drugs, irregular migrants, money, and contraband pass through easily. Interestingly, Belize’s NRA rated the country’s ML threat from smuggling and contraband as medium-low.⁴⁰

The Belize-Guatemala border dispute has been perpetually simmering with flare ups from time to time. There has been a “long tradition,” according to one expert, of Guatemalans crossing over into Belize, in particular Chiquibul National Park, to engage in illegal gold mining, illegal logging, and wildlife trafficking. The Guatemalans can access this remote region relatively easily, however it is difficult for Belizeans to access it, making prevention and enforcement efforts challenging. An expert reported that Belize is planning to create a new border protection force to deploy to this region in order to combat such illegal activities.

Belize has a small financial sector, and like much of the Caribbean, has a fragile relationship with correspondent banking. One expert noted that narco-traffickers would “overwhelm” the banks if they tried to move any substantive amount of money through the country. Belize is a cash economy, and coupled with the above, it is unsurprising that narco-proceeds are typically moved via bulk cash smuggling in planes traveling to the U.S. or Mexico. Other channels used for ML are cash couriers and real estate.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Belize</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
n/a	Implementation, political will, technical capacity	Investigation and prevention	Detection and prosecution

Source: Compilation of expert interviews conducted for this project.

37 “Gaspar Vega Resigns from Cabinet Following Land Scandal,” The San Pedro Sun, October 19, 2016. [Retrieved online.](#); “John Briceño Says Gaspar Vega Should Be Criminally Investigated,” *Channel 5 Belize* (blog), November 4, 2020. [Retrieved online.](#)

38 Belize Financial Intelligence Unit, *2019 Annual Report* (Belmopan: Belize Financial Intelligence Unit, 2020), 26. [Retrieved online.](#)

39 “At FTC’s Request, Court Halts Massive “Sanctuary Belize” Real Estate Investment Scam,” Federal Trade Commission, November 8, 2018. [Retrieved online.](#)

40 Belize Financial Intelligence Unit, *2019 Annual Report*, 44.

LEGAL FRAMEWORK

The primary legislation (and its associated amendments) addressing financial crimes in Belize is the Money Laundering and Terrorism (Prevention) Act of 2011, which criminalizes ML and TF, sets forth AML/CFT supervision, and provides for asset freezing and forfeiture. Belize's Prevention of Corruption Act in Public Life of 2000 establishes the Integrity Commission, outlines financial disclosure requirements, and details corruption offenses; it is notable that the Commission sat dormant between 2009 and 2017.⁴¹

Belize's FIU leads the country's fight against financial crimes. The government has established two related inter-governmental bodies: the Financial Crimes Working Group and the National Anti-Money Laundering Committee.

VULNERABILITIES AND WEAKNESSES

Vulnerabilities and weaknesses in Belize's fight against financial crimes include:

- Despite allegations of corruption, bribery, and other official wrongdoing at the highest level, the country has never successfully prosecuted anyone under the Prevention of Corruption in Public Life Act.⁴²
- Belize's free trade zones remain a major vulnerability, as they are privately managed, are the largest designated non-financial business in terms of revenue generated, have a high-risk client base, involve cross-border activity, and have high levels of cash transactions.⁴³
- Although the real estate sector has AML/CFT reporting requirements, the sector itself remains unregulated, despite the massive Belize Sanctuary scam.
- The Central Bank of Belize's AML/CFT Guidelines for Banks, Financial Institutions, Credit Unions, and Money Transfer Service Providers defines a beneficial owner as someone holding at least 10 percent of the shares of a legal person, however the country does not have a law on BO nor a registry.

PROGRAMMATIC EFFORTS

Belize's international activity includes participation in the Central America Regional Security Initiative, Caribbean Community (CARICOM) Implementation Agency for Crime and Security (IMPACS), and collaboration with the U.S. Government in a variety of initiatives. While there have been no effective prosecutions of bribery and corruption and a dearth of ML prosecutions, the country, and the FIU in particular, has taken strides recently to complete its first NRA as well as to prepare for its next MER.

Future support for Belize should be focused on 1) working with the FIU to create a public-private partnership with relevant stakeholders; 2) helping the FIU create an awareness program for DNFBPs on their AML/CFT obligations; 3) supporting ongoing efforts between the real estate industry and the government to establish a formal regulatory framework for the sector; 4) work-

⁴¹ "Seven Members Sworn-in to Reactivate Integrity Commission of Belize," The San Pedro Sun, January 20, 2017. [Retrieved online.](#)

⁴² "2020 Country Reports on Human Rights Practices: Belize," U.S. Department of State, March 30, 2021. [Retrieved online.](#); "Freedom in the World 2020: Belize," Freedom House, accessed September 30, 2021. [Retrieved online.](#)

⁴³ U.S. Department of State, *INCSR Vol. II*, 2021, 56.; Government of Belize, *Belize National Risk Assessment of Money Laundering and Terrorist Financing* (Belmopan: Government of Belize, 2019), 15. [Retrieved online.](#)

ing with the OAS and UNODC to support Belize's full implementation of the Inter-American Convention against Corruption and the UN Convention on Anti-Corruption, respectively; and 5) providing support to Belize's civil society to increase their anti-corruption advocacy.

 **Bolivia**

Bolivia is compliant with AML laws and frameworks, but financial crimes have not been center stage in the country's political arena, although it is vulnerable to them. Its geographical position makes the country prone to contraband and ML. In addition, Bolivia is a major producer of coca leaf and cocaine, with Spain and Portugal as major destination countries. Bolivia does not have access to the sea directly, and criminal activity transits through its neighboring countries as well. In recognition of this risk, Bolivia is strengthening its efforts to work with Chile and Brazil to tackle, among others, the fight against drug trafficking. Rising poverty rates and high levels of informality are areas of concern that may increase the risk of financial crimes.

BASELINE

Key materials include mainly national laws and available information from GAFILAT, such as the second round MER of Bolivia from 2006, and the third round MER from 2011, as well as the Follow Up Report of 2013 on the MER of 2011 that pointed to improvements in the Bolivian legislation. Furthermore, in 2019 Bolivia committed to an NRA to be performed sometime in 2021.⁴⁴

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds in Bolivia are between US \$817.9 million and US \$2 billion per year. From these amounts, we estimate that US \$573 million to US \$1.4 billion per year is laundered.

CURRENT THREATS

When asked about the most prevalent types of financial crimes affecting the country, experts identified ML as the main financial crime in Bolivia, followed by TBML, corruption, and finally TF.

With regard to the main illicit activities generating criminal proceeds, there was a mixed response from experts, with systemic private and public corruption leading the list (especially in public investment projects), and TIP/SOM last. Our experts stated that Bolivia has a drug and minerals smuggling issue. Typically, gold and other minerals are trafficked to and from Brazil and Peru, and criminal groups use water and air routes to do so as well.

The main facilitators identified are lawyers and the main channels used are real estate, remittances, digital currencies and cash. Our specialists highlighted the solidity of the banking system. However, they noted that information is not easily available to contrast and compare data. Fraud has also been emphasized, especially internet fraud that increased during the pandemic, targeting individual users more than financial institutions (including identity theft and phishing). Real estate fraud/scams have increased, related to mortgages, lots and land trafficking from companies and individuals. Large real estate investments in La Paz and Santa Cruz are suspicious and thought to be part of ML activities, according to experts. Pawn shops are also a unique channel for ML in Bolivia according to our experts. They were first registered by the Financial Supervisory Authority (Autoridad de Supervisión del Sistema Financiero or ASFI) in 2018, but issues related to ML and abusive conduct from their owners, who in some cases may act with impunity, still remain.

44 Decreto Supremo N° 3838”, Lexivox, March 20, 2019. [Retrieved online.](#)

With regards to the justice system, the experts interviewed reiterated that prosecutions were scarce, especially because investigations face a number of barriers. As regards to investigations themselves, the FIU in 2018 only investigated 53 percent of the cases of ML in eight years, leaving 360 cases stuck.⁴⁵

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Bolivia</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREA	- WEAKEST AREA
2.42 / 5	Political will and a structural problem	Prevention	Prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

The most relevant laws include the National Penal Code and its modifications, the Marcelo Quiroga Law on Corruption, Law 974 on Transparency Units and Corruption, Law 393 on Financial Services, Law 262 and Supreme Decree 1553 on freezing of assets of subjects linked to terrorism and TF. Additional laws include the Supreme Decree 29681 that tackles foreign exchange and Law 1008 that addresses coca and controlled substances. Other relevant frameworks include FIU Resolutions on adopting a risk-based approach on illicit proceeds and TF.⁴⁶

Since 2014, Bolivia has placed a ban on the use of cryptocurrencies. Directory Resolution 144/2020 prohibits the use of cryptocurrency, states that it is not a legal currency in the country, in order to avoid scams, ML and TF. However, Bolivians still access cryptocurrency from foreign accounts or through PayPal accounts.

VULNERABILITIES AND WEAKNESSES

Anti-corruption laws are not enforced properly and corruption is present in most government entities, including law enforcement and industries such as extractives. Impunity and bribery have also been significant issues, especially during the pandemic, and several corruption scandals have arisen.

Regarding the judiciary, the constitution establishes that the election of judges is by popular vote, but their nomination by the legislature could be subject to political influence. In addition, it has been common to prosecute political opposition leaders since former President Morales was in office. Access to justice is also an issue, especially for citizens that do not have the resources or knowledge of how to use the system. Likewise, cases can spend years without a trial. On the other hand, experts mentioned that law enforcement is poorly paid and prone to corruption.

Another potential vulnerability would be the use of cryptocurrency despite the ban. Despite numerous arrests, crypto users in Bolivia have created communities to exchange knowledge and mining references. In 2020, within a period of six months, more than US\$500,000 was traded by Bolivians on LocalBitcoins, a bitcoin marketplace, surpassing trade from Uruguay, Paraguay, and

⁴⁵ “La UIF investigó el 53% de casos de lavado de dinero en 8 años,” Unidad de Investigaciones Financieras, October 2014. [Retrieved online.](#)

⁴⁶ Unidad de Investigaciones Financieras, Resolución Administrativa N° UIF/092/2019. [Retrieved online.](#)

Honduras on the platform.⁴⁷ This changing regional reality may present channels for unsupervised financial activity and criminality.

PROGRAMMATIC EFFORTS

In 2013, the Ministry of Institutional Transparency and Fight Against Corruption was created to tackle corruption including updating preventive measures, highlighting access and information, as well as promoting education on the matter. Our experts emphasized that transparency units were created in almost all public entities.

Another sign of progress is that the ASFI has worked to make banking more accessible to Bolivians. In this sense, more citizens access it and more AML/CFT supervision is now possible. FIU workshops and educational seminars to obligated parties and interested individuals are also valuable to expand knowledge on financial crimes.⁴⁸

Other efforts in Bolivia include a 2020 training by U.S. Immigration and Customs Enforcement (ICE) training with Brazil and Bolivia on investigation techniques on ML. Keeping good relations and collaboration with U.S. agencies on information exchange is also a sustainable effort that needs to continue.

Going forward, it would be advisable to promote the political and legislative debate of financial crimes and its proper regulation within lawmakers. Another recommendation includes strengthening the capacity within law enforcement and the judiciary to investigate and prosecute more cases. Exchange of information among the police, FIU, and financial entities is also recommended. Legal reforms to avoid politicizing the judge's candidacies and influencing the popular vote would also be advisable. Finally, since corruption is a major issue, further measures that involve capacity building and technical assistance should be supported to promote prevention, build knowledge, and avoid impunity.

⁴⁷ Jesús Gonzalez, "Dónde comprar y vender bitcoin en Bolivia (2021)," CriptoNoticias, January 28, 2021. [Retrieved online.](#)

⁴⁸ "La U.I.F. realizó eventos de capacitación en las ciudades de La Paz y Santa Cruz dirigido a Casas de Cambio a nivel nacional, dando continuidad a la implementación del Sistema Modular." Unidad de Investigaciones Financieras, accessed July 4, 2021. [Retrieved online.](#)



Brazil

Brazil is one of the largest economies in the region and suffers financial crimes on a grand scale, especially in the areas of corruption, ML and drug trafficking. Other challenges include political interference with law enforcement agencies and anti-corruption institutions, resulting in setbacks to their frameworks and affecting not only the country but the region as a whole.

BASELINE

Key background materials identified include the FATF MER from 2010 and FATF statements. Since 2016, FATF has expressed concern that Brazil has not addressed the deficiencies related to terrorism and TF from their last MER.⁴⁹ As an additional source, Brazil's 2018 National Action Plan from the Open Government Partnership (OGP) was included in our research.⁵⁰

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds in Brazil are between US\$36.8 billion and US\$92 billion per year. From these amounts, we estimate that US\$25.8 billion and US\$64.4 billion per year is laundered.

CURRENT THREATS

When asked about the most prevalent types of financial crimes affecting the country, experts identified ML as the most prevalent, followed by corruption and TBML respectively. TF was ranked as the least prevalent financial crime type. The main illicit activities generating financial crimes were drug trafficking followed by corruption and TIP/SOM, and lastly mineral trafficking.

From our research and data collection, the main channels used for financial crimes in Brazil included cash and companies. Other channels involved the use of the financial system, real estate, gas stations, and shell companies, among others. In addition, the top facilitators in the country were lawyers.

Regarding narcotics and smuggling in general, the Tri-Border Area between Brazil, Argentina and Paraguay remains a financial crime area, despite national and international efforts. Also, our experts identified the Primeiro Comando da Capital (PCC) as one of the most organized criminal organizations in Brazil, with operations abroad in other regional countries as well as in Europe and Asia. PCC is linked to drug shipments, robberies, kidnappings, and potentially has ties with FARC and Hezbollah, according to experts.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Brazil</i>			
AVG. SCORE	MAIN WEAKNESS IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREA
3.4 / 5	Lack of knowledge	Prevention and investigation	Prosecution

Source: Compilation of expert interviews conducted for this project.

49 “FATF Statement on Brazil,” Financial Action Task Force, February 22, 2019. [Retrieved online.](#)

50 Open Government Partnership, “Brazil’s 4th National Action Plan,” (Brasilia: Open Government Partnership, 2018). [Retrieved online.](#)

LEGAL FRAMEWORK

Brazil boasts a solid institutional framework for financial intelligence, hosting a system that balances state, federal, and even international powers in the fight against financial crime.

The main AML legislation checked is Law 9.613/1998 and its later modifications, which defined ML in Brazil. Two laws in particular, Law 13.260/2016 and Law 13.170/2015, are meant to prevent ML and TF. Additional legislation addressing TF includes Law 13.810/2019, which enforces the immediate freezing of terrorist assets, in compliance with the UN Security Council's sanctions related to terrorist offenses.

Along the same lines, the Private Insurance Superintendence (Superintendência de Seguro Privado or SUSEP) has created a working group for the ML and financing of proliferation of weapons of mass destruction (FPWMD) NRA, and will prepare their first NRA by September 3, 2021.⁵¹ The latest efforts on tackling financial crimes include Law 13.810/2019 and Decree 9.825 that enforce freezing of terrorist assets, Law 13.974/2020 that modified the AML legislation, and Central Bank of Brazil (Banco Central do Brasil or BCB) Circular 3.978/2020 that promoted the AML/CFT framework.

VULNERABILITIES AND WEAKNESSES

Based on our research and interviews with experts, our analysis shows that Brazil's decentralized public procurement system produces differences in institutional capacity in each state (including disparities in technological equipment, capability, accountability, and budget, among others), potentially creating vulnerabilities for crime and corruption in states with lower institutional capacity to battle financial crimes. Another highlight according to our experts was that the exchange of information between the federal and state police may not be very fluid or accurate, as states may have more updated information than what is shared federally. Some hotspots for corruption were identified within state owned companies, state banks, energy supply companies, and nuclear state-owned companies, among others.

In addition, our experts emphasized that some authorities and prosecutors would prefer to continue the fight against financial crimes (even if threatened), but noted that businessmen and politicians involved can obstruct the justice system, endangering its independence. The many moving parts can also cause problems. For example, questions of jurisdiction may delay cases, and "inter-service rivalries may hinder cooperation between agencies," according to experts. There is also no reliable centralized database to track ML criminal groups, and there is incomplete reporting of statistics, which limits access to updated information.⁵² Although ML cases are punishable by three to ten years in prison and a fine up to 20 million Brazilian reais,⁵³ Brazil ultimately ends up with a low conviction rate for financial crimes cases. From 2006 to 2008, only 11 out of the 4,760 initiated investigations resulted in convictions.⁵⁴ The low conviction rates could also be the result of willful blindness controversially allowed under Law 9.613/1998 that "some federal judges have been inclined to apply" in the past decade, according to experts.⁵⁵

51 "Avaliação Nacional de Risco de PLD/FT," Superintendência de Seguros Privados, accessed July, 2021. [Retrieved online.](#)

52 Financial Action Task Force, *Mutual Evaluation Report Federative Republic of Brazil* (Paris: FATF, June 25, 2010), 35. [Retrieved online.](#)

53 Cynthia Catlett, "Promising Anti-Money Laundering Legislation in Brazil," FTI Consulting, August 13, 2013. [Retrieved online.](#)

54 FATF, *MER Brazil 2010*, 36.

55 Rogério Fernando Taffarello, "First-step analysis: anti-money laundering provisions in Brazil," Lexology, June 14, 2019. [Retrieved online.](#)

PROGRAMMATIC EFFORTS

Brazil has passed legislation on ML and TF over the years. More recently, the CBC has improved its framework in 2020 and 2021, jointly with the Supervised Entities, and the Council for Financial Activities Control (COAF), including implementing a risk-based approach and comprehensive monitoring, as well as regulations on ML, TF, and FPWMD.⁵⁶

Since enacting new frameworks for identifying and freezing terrorist assets and preventing ML, the FATF has viewed Brazil as making substantial progress and addressing most of its targeted deficiencies. Recently, the National Strategy for the Combat Against Corruption and Money Laundering (Estratégia Nacional de Combate à Corrupção e à Lavagem de Dinheiro or ENCCLA) has worked to toughen accountability for lawyers and accountants, who are “not subject to AML/CFT obligations.”⁵⁷ In conjunction with another obstacle in the system—that prosecution for ML crimes can only target individuals rather than legal entities like corporations—the exception of selected individuals can become problematic.⁵⁸

Brazil can keep benefiting from international cooperation and cooperative agreements among national institutions to address financial crimes accordingly. Independent, neutral, and truthful pathways to report wrongdoing in the government (and in the private sector) should also be encouraged.

⁵⁶ Banco Central Do Brasil, Circular n° 3.978 de 23/1/2020, introduced in January 23, 2020. [Retrieved online.](#)

⁵⁷ FATF, *MER Brazil 2010*, 15.

⁵⁸ Taffarello, “First-step analysis.”



Chile

Chile is one of the fastest-growing economies in Latin America and has independent and democratic institutions, low levels of corruption, and solid laws and practices to fight financial crimes. However, the country faces its own set of challenges. Since 2019, intense civil protests have focused on social and economic inequality and the pension system. Protests have continued into 2021 and have created political instability, with the drafting of a new constitution anticipated in the upcoming months in addition to general elections in November 2021. Under these circumstances, it is not clear if financial crimes would be on the political or legislative agenda in the near future.

BASELINE

Key background materials include the 2010 GAFILAT third round MER and the 2017 NRA that highlights the need for regional cooperation to lower financial threats, as well as efficient coordination among national public and private entities.⁵⁹ Other sources include the OGP's *Open Government Plan 2020-2022 (Fifth Action Plan)* that promotes transparency and the 2021 Organization for Economic Co-operation and Development (OECD) *Fighting Tax Crime - The Ten Global Principles, Second Edition* that outlines Chile's legal accomplishments on addressing financial crimes.

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds amount to between US\$5.6 billion and US\$14.1 billion per year. Of this, we estimate that between US\$4 billion and US\$9.9 billion is laundered each year.

CURRENT THREATS

In our interviews, experts identified ML as the most prevalent financial crime in the country. Regarding corruption, experts highlighted that it is most evident among high-level officials. White-collar criminals typically receive shorter jail sentences or fines only when compared to middle class criminals, experts alleged. Also according to them, an interesting indication of the level of financial crime activity might be the country's real estate bubble, where properties are sold at high prices but then remain vacant, suggesting that the sector is used to park and/or launder criminal proceeds.

Experts noted that TBML existed and was heavily linked to trade misinvoicing (including import under-invoicing and export over-invoicing). The GFI report *Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017* identified a US\$14.5 billion value gap in trade between Chile and its partner nations. The lack of automatic exchange of customs information among countries contributes to this issue, according to experts. Experts also noted that TF was not identified as a threat for the country. Violent conflicts in the southern part of the country in the indigenous Mapuche communities are mostly treated as land disputes, though some are being prosecuted as terrorist attacks.⁶⁰

The main illicit activity generating criminal proceeds is drug trafficking, with Chile serving as

⁵⁹ When the 2010 MER was completed, the Financial Action Task Force of Latin America (*Grupo de Acción Financiera de Latinoamérica* or GAFILAT) was named the South American Financial Action Task Force (*Grupo de Acción Financiera de Sudamérica* or GAFISUD).

⁶⁰ Myrna Diaz Villegas, “Tratamiento jurisprudencial del terrorismo en Chile (1984-2016),” *Política criminal* 13 no. 25, 2018. [Retrieved online.](#)

a transit country for cocaine from Peru and Bolivia heading to Europe. In addition, not only has drug trafficking slowly become more prevalent in Chile (taking advantage of the country's ports to export cocaine), the production of synthetic drugs as well as the domestic consumption of cocaine have also increased.⁶¹ Additionally, experts declared that mineral trafficking is present, with gold smuggled into the country, mainly from Colombia and Peru, and then exported back to the true source country with Chile falsely declared as the country of origin in order to launder it.

The most common channels used to move criminal proceeds in Chile include the use of companies and front companies (*empresas fachada*), the use of offshore accounts that can camouflage BO and avoid taxes (especially for drug trafficking), luxury vehicles, and cash (to avoid tracking). Furthermore, while lawyers were named the most common facilitators, *testaferros* (frontmen that act on behalf of another to disguise the BO) were also mentioned in expert interviews, as they are linked to helping enable financial crimes through businesses and other means. A study from the FIU noted that between 2007 and 2015, ML cases most commonly involved *testaferros* and *empresas fachada*.⁶²

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Chile</i>			
AVG. SCORE	MAIN WEAKNESS IDENTIFIED	+ STRONGEST AREA	- WEAKEST AREA
2.6 / 5	Political will	Prevention	Prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

Chile has a solid framework to tackle financial crimes, mainly Law 20.818/2015, which refines the mechanisms of prevention, detection, control, investigation, and prosecution of crimes relating to ML. Additionally, Law 20.507/2007 addresses TIP/SOM and establishes norms for the prevention and more effective prosecution of such crimes. Furthermore, Law 20.393/2018 and its 2020 amendment on the criminal responsibility of legal persons is applicable to the crimes of ML, TF and bribery of national and international public officials.

In regards to the agencies that tackle financial crimes, the Investigations Police (Policía de Investigaciones de Chile or PDI) has specialized units for combating drug trafficking and organized crime as well as an Economic Crime Unit (Brigada Investigadora de Delitos Económicos or BRI-DEC), which focuses on financial crimes involving tax, customs, and banks. Similarly, within the Public Prosecution Office, the Specialized Anti-Corruption Unit (Unidad Especializada Anticorrupción de la Fiscalía Nacional or UNAC) focuses on corruption and economic crimes.

VULNERABILITIES AND WEAKNESSES

Chile's vulnerabilities do not stem from their legal framework, but rather from their ability to tackle traditional financial crime hotspots and emerging threats. Risks arise mainly from a strong

61 Antia Castedo, "Esto antes era impensable": la creciente preocupación por el narcotráfico en Chile," BBC Mundo, July 18, 2020. [Retrieved online.](#)

62 Unidad de Análisis Financiero, *Informe de Tipologías y Señales de Alerta de Lavado de Activos en Chile: Análisis de las sentencias definitivas condenatorias 2007-2015* (Santiago: Unidad de Análisis Financiero, 2016), 24. [Retrieved online.](#)

connection between politicians and the economy, which can affect public procurement as well as political will to address important matters such as financial crimes. In addition, public unrest, elections and the drafting of a new constitution may pose challenges for governance and create possible outlets for corruption as well as other financial crimes.

Additional challenges for the country involve the need for more effective control of their three free-trade zones (FTZs). This may result in smuggled goods as well as public corruption within the FTZs.

The country's national police have been seen as one of the most respected institutions in Chile,⁶³ but troublingly have also been involved in corruption, drug trafficking, gangs and organized crime scandals in recent years.⁶⁴

PROGRAMMATIC EFFORTS

Chile has strong institutions and solid interagency coordination. According to the OECD, Chile has a successful practice in enforcing foreign court rulings as well.⁶⁵

Among some of the recommended measures going forward, Chile should promote more disuasive prosecutions (especially among high-level officials and “white collar” criminals). Additionally, tax officers could benefit from more power to freeze and confiscate assets, specifically “rapid freezing of assets and non-conviction based confiscations”.⁶⁶ Furthermore, it is important for the country to strengthen awareness regarding TBML and deploy resources to effectively identify and address trade misinvoicing. Lastly, Chile should work to improve inter-agency coordination as well as bilateral coordination with neighboring countries to properly address the trafficking of contraband and drugs.

63 Michelle Bonner, “The Politics of Police Image in Chile,” *Journal of Latin American Studies* 669-694, November 2013. [Retrieved online](#). doi10.0107/S0022216X13001168.

64 “Corrupción en Carabineros: las más de 40 alertas que nadie quiso escuchar,” CIPER, March 16, 2017. [Retrieved online](#).

65 Organization for Economic Co-operation and Development, *Fighting Tax Crime – The Ten Global Principles, Second Edition*;: *Country Chapters* (Paris: OECD, 2021), 92. [Retrieved online](#).

66 Ibid.



Colombia

Colombia has a strong, modern AML/CFT framework that gets many things right. Unfortunately, the current framework is not fully and optimally implemented, as can be seen in terms of the low numbers of prosecutions and convictions for financial crimes. Moreover, the country faces a very complex security situation and major ML risks, both domestically with regards to organized criminal groups (OCGs), and externally due to its proximity to Venezuela and Panama. In order to adequately manage these risks, more needs to be done to bolster the Colombian AML/CFT response. Certain milestones, such as joining the OECD and the next round of GAFILAT mutual evaluations, may serve as springboards for further action.

BASELINE

Key background materials identified include the 2018 GAFILAT MER, the 2019 NRA, a 2017 UNODC summary of Colombia's asset forfeiture laws, as well as GFI's own work on the subject, such as its 2019 report on *Illicit Financial Flows and Colombia*, its 2020 report *Narcotics Proceeds in the Western Hemisphere* and its 2021 report on the illegal gold trade. The Colombian government has an excellent overview of its AML/CFT framework available on the UIAF website. Finally, as part of joining the OECD, Colombia went through an evaluation on implementing the OECD anti-bribery convention in 2019, which provides a comprehensive overview of corruption issues. Gaps in the current research include insufficient analysis of topics such as TBML, BO, and gatekeepers.

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds amount to between US\$6.5 billion and US\$16.2 billion per year. Of this, we estimate that between US\$4.5 billion and US\$11.3 billion is laundered each year. This places Colombia among the top locations in the hemisphere for criminal proceeds and ML based on both the size of its economy and the nature and severity of the security threats that it faces.

Other quantitative studies suggest that the value may be at the higher end of the range. In Colombia's recent NRA, authorities estimated that ML was roughly equivalent to 5.4 percent of GDP in 2017.⁶⁷ Considering that Colombia's GDP was US\$311.9 billion that year, the value of ML in the Colombian economy would be nearly US\$17 billion.⁶⁸ A World Bank study conducted around the same time came to similar conclusions, at 4.7 percent of Colombian GDP, which would be roughly US \$14.7 billion.⁶⁹

CURRENT THREATS

When asked the most prevalent types of financial crimes affecting the country, experts identified ML, followed by corruption, TBML and lastly TF. The main illicit activities generating criminal proceeds, according to expert interviews, are drug trafficking and mineral trafficking, which are seen as closely intertwined. Some of the main channels used for financial crimes are the banking sector, followed by the trade sector, either through TBML or service-based ML, which is

67 Colombian National Risk Assessment, as cited at: GAFILAT, *Mutual Evaluation Report of Republic of Colombia* (Buenos Aires: GAFILAT, 2017). [Retrieved online.](#)

68 GDP (current US\$), World Bank Data, 2017. [Available here.](#)

69 Edgar Villa, Martha Misas and Norman Loayza, "Illicit Activity and Money Laundering from an Economic Growth Perspective: A Model and an Application to Colombia," World Bank Group, February 2016. [Retrieved online.](#)

becoming more dangerous and more prevalent, according to one expert interviewed. The latter typically involves the falsification of invoices for services, particularly professional services, and is difficult to detect due to the subjective value of the service rendered.

The primary foreign jurisdiction involved in Colombian financial crimes is the U.S., specifically Florida, which was described as “the main ML hub for Latin America” by one expert. Other relevant jurisdictions include Guatemala, Ecuador and Venezuela. The role of Panama as a ML center for Colombian criminal proceeds is decreasing but remains relevant, according to experts interviewed. The fact that many neighboring countries are either de jure or de facto dollarized economies presents a challenge for Colombia in terms of USD bulk cash smuggling related to narcotics proceeds. Illegal gold mining and mineral trafficking involve neighboring jurisdictions including Venezuela and Peru, as well as regional trade and finance hubs such as Panama and the United States.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Colombia</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREA
2.5 / 5	Implementation, legal framework, and corruption	Prevention, detection	Prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

The foundation of Colombian AML policy is Law 190 of 1995 which first identified asset laundering as a crime. It has subsequently been defined in the penal code as “acquiring, safeguarding, investing, transporting, transforming, storing, conserving, holding custody over, or administering” items that were acquired either directly or indirectly from criminal activities, and includes over 60 underlying (i.e. predicate) offenses. Subsequently, Law 1121 of 2006 outlines steps to prevent, detect, investigate and prosecute TF, as well as the responsibilities of the Financial Intelligence and Analysis Unit (Unidad de Información y Análisis Financiera or UIAF), the Ministry of Foreign Affairs, the Financial Superintendence and the Attorney General’s Office. More recently, Law 1941 of 2018 created a Center for Coordination on Financing by Criminal and Terrorist Groups, an attempt to strengthen inter-agency collaboration. Colombian law allows financial crime charges to be brought even if the underlying offenses occurred outside of the country, according to Law 1121 of 2006. In 2020, Bill 341/20 was introduced in the Colombian Congress, which would, among other things, strengthen anti-corruption measures and create a BO registry.⁷⁰

While many Colombians take pride in their legal and regulatory framework, it is important to note that the FATF has been more critical. In the most recent round of mutual evaluations, Colombia received a rating of “Compliant” on only 9 out of the 40 recommendations, placing it among the lowest performers regionally, alongside Mexico and Nicaragua.⁷¹

70 Claudia Helms, “Colombia Considers New Beneficial Ownership Legislation,” Global Financial Integrity, November 17, 2020. [Retrieved online.](#)

71 GAFILAT, *Plan Estratégico GAFILAT 2020 - 2025* (Buenos Aires: GAFILAT, 2020). [Retrieved online.](#)

VULNERABILITIES AND WEAKNESSES

On the legal/regulatory side, the lack of a BO registry is problematic, as well as multiple and competing definitions of what BO is.⁷² This lack of transparency creates vulnerabilities in terms of shell companies, front companies or shelf companies being used in asset laundering. Another weakness is the lack of adequate whistleblower protections, which stymies progress on the anti-corruption front.

On the enforcement side, ML prosecutions are weak, perhaps in part because of a lack of highly trained, specialized staff to work on financial crimes cases. In addition, oftentimes a lesser charge of “illicit enrichment” is sought since it has a lower burden of proof. According to one expert interviewed, this charge is an “easy out” for Colombian prosecutors, but is also a missed opportunity to investigate and dismantle complex criminal networks. In a similar vein, asset forfeiture is often used in place of full ML investigations, which one expert characterized as “wins for public relations, but not real wins in the fight against organized crime.”

PROGRAMMATIC EFFORTS

The U.S. has been heavily involved in technical assistance to Colombia, though this is more focused on counternarcotics than on AML/CFT. Other relevant actors include the UNODC, the OECD, the World Bank, the Inter-American Development Bank (IDB), the OAS, and the governments of the United Kingdom and Australia, among other countries. On the anti-corruption front, the OGP is active.

According to some experts, Colombian authorities and international partners place more emphasis on seizing illicit goods (narcotics, assets, money) than on the more difficult task of dismantling networks. Colombia typically tracks SARs by number of reports produced, assets seized, and illicit enrichment cases. As one expert noted, a good indicator to include in the future would be the ratio of SARs reports and UIAF analyses to investigations and prosecutions. The heavy focus on reporting caused one expert to state that the UAIF “behaves like a think tank” rather than creating more actionable intelligence. Another expert noted that illicit enrichment is the wrong indicator to use: “the conviction looks good for their statistics, but doesn’t really help to take down illicit networks.”

Going forward, it may be useful to consider ways to link financial transparency and AML best practices to economic development projects, such as the “Colombia Crece” initiative. It is also important to better coordinate U.S. agencies’ involvement, since many Colombian experts perceive it as somewhat disjointed. Lastly, donor assistance and capacity building programs should do more to include and engage the Colombian customs and tax authority, Dirección de Impuestos y Aduanas Nacionales (DIAN), a key actor in preventing and detecting TBML.

⁷² Global Financial Integrity and Cedetrabajo, “Beneficial Ownership & Colombia: Policy Needs and Opportunities,” accessed August 5, 2021. [Retrieved online.](#)



Costa Rica

By virtue of its geography, Costa Rica faces many of the same financial crime threats as its neighboring Central American countries, most notably the laundering of narcotics proceeds. From 2005-2013, for example, Liberty Reserve, which became one of the largest ML cases in the world, operated out of Costa Rica, where it processed over US\$8 billion in dubious digital currency transactions.⁷³ With its stellar international reputation for strong institutions and governance, Costa Rica is an attractive target for ML given that the aim of such efforts is to make illicit funds appear “clean” by moving them into reputable countries.⁷⁴ Despite these challenges, Costa Rica is well positioned to tackle them. The country’s AML/CFT response is characterized by strong institutions and solid democratic governance, which makes an important difference.

BASELINE

Key background materials identified include Costa Rica’s 2021 NRA, which identifies the country’s primary risk as its geographic location, and additional risks pertaining bulk cash smuggling, corruption, and growth in drug trafficking and organized crime.⁷⁵ The country’s 2017 MER points to many strengths but highlights some issues related to DNFBPs.⁷⁶ Costa Rica’s 2020 anti-bribery report, conducted as the country prepared to join the OECD, provides a good overview of anti corruption efforts.⁷⁷ Gaps in the current research include limited information regarding the financial pathways of environmental crimes, such as illegal mining.

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds amount to between US\$1.2 billion and US\$3.1 billion per year. Of this, we estimate that between US\$865 million and US\$2.2 billion is laundered each year. An official estimate by Costa Rican authorities placed the figure somewhat higher, at US\$4.2 billion a year in ML.⁷⁸

CURRENT THREATS

When asked the most prevalent types of financial crimes affecting the country, experts identified ML, followed by TBML, corruption and TF. The main illicit activities generating criminal proceeds are drug trafficking and corruption, followed on a lesser scale by mineral trafficking and TIP/SOM. Some of the most prominent channels used for financial crimes are banking and TBML, followed by real estate, corporate structures, tourism and bulk-cash smuggling. As for bulk-cash smuggling, the Costa Rican NRA expresses concern with the amount of USD in circulation, noting that from SARs filed during a one-year period, there were over US\$900 million in circulation.⁷⁹ Large amounts of USD may be indicative of narcotics proceeds, with drugs sold

73 Hugo Solano, “Tribunales Sólo Concretaron 94 Condenas Por Lavado de Dinero En Seis Años,” *La Nación*, January 7, 2018. [Retrieved online.](#); “Liberty Reserve Founder Arthur Budovsky Sentenced in Manhattan Federal Court to 20 Years for Laundering Hundreds of Millions of Dollars through His Global Digital Currency Business,” U.S. Department of Justice, May 6, 2016. [Retrieved online.](#)

74 For more on this concept, see Matthew Collin, “Angola and the Money Laundering Paradox,” The Brookings Institution, January 28, 2020. [Available here.](#)

75 Unidad de Inteligencia Financiera and Instituto Costarricense sobre Drogas, *Evaluación Nacional de Riesgos de Legitimación de Capitales, Financiamiento al Terrorismo Y La Proliferación* (San Jose: UIF and ICD, 2021). [Retrieved online.](#)

76 GAFILAT, *Informe de Evaluación Mutua de La República de Costa Rica* (Buenos Aires: GAFILAT, 2017). [Retrieved online.](#)

77 OECD, *Implementing the OECD Anti-Bribery Convention; Phase 2 Report: Costa Rica* (Paris: OECD, 2020). [Retrieved online.](#)

78 Lore Riesenfeld, “\$4.2 Bn Laundered in Costa Rica Every Year: Official,” *InSight Crime*, May 14, 2015. [Retrieved online.](#)

79 Unidad de Inteligencia Financiera and Instituto Costarricense sobre Drogas, *Evaluación Nacional de Riesgos*, 68, 82.

in the U.S. and the earnings subsequently repatriated to countries in Central or South America. Experts interviewed for this project suggested that certain sectors and commodities, such as pineapples, were especially high-risk.⁸⁰ The main “gatekeeper” identified were corrupt public officials, such as customs agents.

The main foreign jurisdictions involved in financial crimes are the United States, Colombia, China, Malta, Cypress, Luxembourg, and Cayman, according to interviews conducted.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Costa Rica</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREA
2 / 5	Few convictions, enforcement weak. Legislation needs updates.	No consensus among interviews	Prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

The foundation of Costa Rican AML policy is Law 8204, which covers narcotics, ML and TF. It should be noted that counternarcotics and AML/CFT are often addressed jointly, and in fact, the Costa Rican FIU is part of the Costa Rican Institute on Drugs. Other key laws include Law 8754 on organized crime. Law 9416 on Fiscal Fraud established a BO registry. Despite debate on the implementation of the registry, and whether it should be public or private (it is currently private), Costa Rica is undoubtedly a regional leader on BO transparency for corporate structures.⁸¹ Laws 9699 and 8422 lay out the legal responsibilities for legal persons and civil servants, respectively, regarding anti corruption.

VULNERABILITIES AND WEAKNESSES

On the legal/regulatory side, certain areas could be strengthened. For example, it is important for the country to consider a whistleblower policy or law as an anti-corruption measure.

On the implementation side, more can be done to strengthen connections between reporting, investigations and prosecutions. According to one interview, “there is so much noise generated by all the SARs that it’s hard to see what is real and what is just noise.” Moreover, even if cases do advance, it can take five to eight years to investigate a financial crime case in Costa Rica, which, according to experts interviewed, “discourages people from reporting,” due to a sense that the case will go nowhere.

To exemplify these issues, one expert interviewed described the case known as “Juicio Caja-Fischel,” one of the largest corruption cases in the country that sent a former president to prison for embezzlement. The expert noted that Law 8204 did not prevent or detect the case, and no SARs were filed. It was discovered by accident, by a local real estate agent who called a

⁸⁰ Alejandro Zuñiga, “Costa Rica Draws the Line: All Pineapple Shipments Checked for Drugs,” The Tico Times, 2021. [Retrieved online.](#)

⁸¹ Andres Knobel, “Costa Rica: A Bill Threatening to Render Its Beneficial Ownership Register Useless,” Tax Justice Network, April 3, 2020. [Retrieved online.](#)

government agency to report strange dealings. The bottom line, according to this expert, was that “Costa Rica is sometimes able to detect, investigate and prosecute large financial crime cases, but not necessarily because Law 8204 and the AML framework are working well.”

PROGRAMMATIC EFFORTS

Current U.S. assistance has focused on maritime seizures of cocaine, modernization of border control, municipal-level crime prevention, and police training.⁸² Another current project seeks to prevent sex trafficking in Costa Rica. However, combating criminal proceeds and associated financial crimes does not appear to be on the agenda.

Costa Rica is a trustworthy, serious partner for U.S. AML/CFT efforts, and going forward, the U.S. should engage more. To start with, the U.S. can help Costa Rica prosecute financial crime cases more successfully and efficiently by providing training as well as more timely exchange of information. Moreover, the U.S. should engage more closely with Costa Rica on issues pertaining to cash in U.S. dollars. Costa Rica and other countries in the region are part of an interesting information exchange group related to cross border movements of cash, and it appears that the U.S. is not yet part of the initiative.

⁸² “Bureau of International Narcotics and Law Enforcement Affairs: Costa Rica Summary”, U.S. Department of State, Accessed August 6, 2021. [Retrieved online.](#)

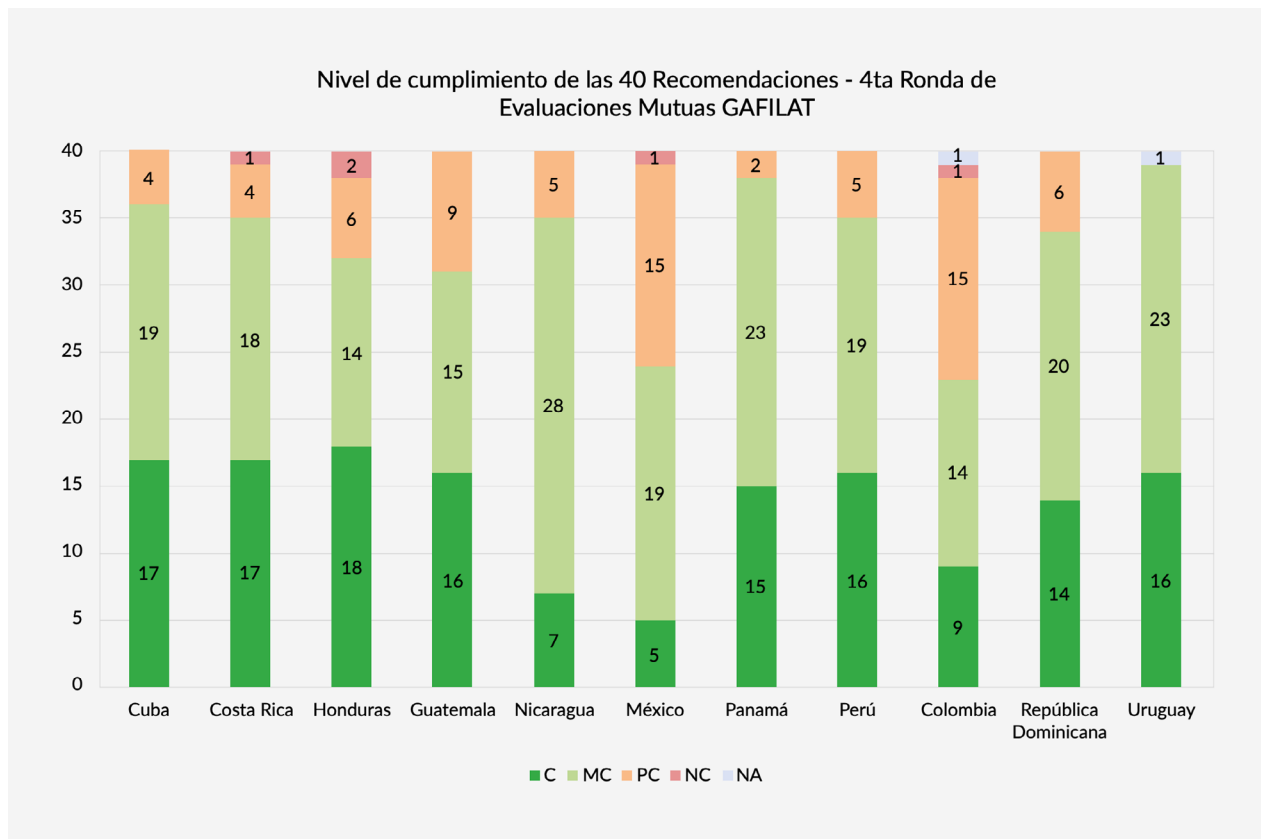
Cuba

Financial crimes in Cuba take on different characteristics due to the unique realities of the country. Four factors in particular impact the financial crime landscape: U.S. sanctions, isolation from the international financial system, substantial government control over the economy, and economic scarcity.

Interviews with in-country AML/CFT or anti-corruption experts generally form the backbone of this report. In the case of Cuba, it was not possible to speak with anyone inside the country, though attempts were made. This limits the quality of the information available. External experts, based in the U.S. and other LAC countries, were able to shed some light on the AML/CFT landscape. It was particularly helpful to speak with representatives from remittance companies, who had traveled recently to Cuba and spoken with financial institutions and government authorities there about AML/CFT matters.

BASELINE

Key background materials identified include Cuba’s 2015 GAFILAT MER. The GAFILAT 2020-2025 Strategic Plan, which summarizes mutual evaluations, rates Cuba favorably compared to many of its neighbors in the region, with no “noncompliant” recommendations and only four “partially compliant.”⁸³



Source: GAFILAT, *Nivel de Cumplimiento de Las 40 Recomendaciones - 4ta Ronda de Evaluaciones Mutuas GAFILAT*, 2020. [Retrieved online.](#)

83 GAFILAT, *GAFILAT Strategic Plan 2020-2025* (Buenos Aires: GAFILAT, 2019), 25-27. [Retrieved online.](#)

Much of what has been analyzed with regards to Cuban AML/CFT is simply compliance with U.S. sanctions against Cuba, which leaves large gaps in terms of understanding AML/CFT matters internally or in relation to other countries around the world. Going forward, it would be important to better assess and understand these dynamics. Moreover, any political or economic opening of the Cuban regime in coming years should be carefully monitored in terms of potential impacts on financial crimes. To put it differently, Cuba's high marks on the FATF recommendations (see graphic above) may say more about its closed economy than its AML/CFT measures.

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that proceeds of crime amount to between US\$2 billion and US\$5 billion per year. Of this, we estimate that between US\$1.4 billion and US\$3.5 billion is laundered each year. However, the closed nature of the Cuban economy makes it relatively unattractive for launderers; therefore, we believe that the lower side of this range is more accurate. As GAFILAT found in a recent evaluation, “it seems that Cuba is not an attractive place for ML/TF.”⁸⁴ The 2021 INCSR report came to a similar conclusion: “The government-controlled banking sector renders Cuba an unattractive location for large-scale, third-party money laundering through financial institutions.”⁸⁵

CURRENT THREATS

When asked the most prevalent types of financial crimes affecting the country, experts identified corruption. They specified that, unlike many other countries, it is a corruption “based in scarcity” that might include, for example, skipping the line or bypassing bureaucratic processes to access certain foods, medicines, or materials. The presence of other financial crimes was low, according to their comments. The main illicit activity generating illicit proceeds, according to expert interviews, is corruption; TIP/SOM and drug trafficking occur but to a lesser extent. Some of the main channels used for financial crimes are preferential bureaucratic processes, informal channels (such as human couriers), hotels, banks, cars, forex and artwork. The main foreign jurisdictions involved in such financial crimes include Spain and Venezuela.

From the U.S., frequent changes in regulations allowing or not allowing family remittances to Cuba have created a large degree of uncertainty and informality. It is estimated that, as of 2019, Cuba receives approximately US\$1.5 billion a year in money transfers (larger amounts sometimes cited elsewhere include in-kind remittances in addition to money transfers).⁸⁶ Unfortunately, informality within the remittance and foreign exchange sector is especially noteworthy. Studies suggest that as of November 2020, approximately 50 percent of remittances went through Western Union and 50 percent were informal; the decision by the Trump Administration to block remittances via Western Union and its Cuban payer Fincimex is estimated to have pushed an additional US\$300 million - US\$400 million a year into informal channels.⁸⁷ The website Revólco provides important insights into informal methods currently used, including human couriers and a plethora of other creative methods, like converting money into a third currency or sending via a combination of other payment platforms such as Zelle and PayPal,

84 GAFILAT, *Mutual Evaluation of Cuba* (Buenos Aires: FATF, 2015), 7. [Retrieved online.](#)

85 U.S. Department of State, *INCSR Vol. II, 2021*, 80.

86 See Manuel Orozco, *Remittances to Latin America and the Caribbean in 2019: Emerging Challenges* (Washington, D.C.: The Dialogue – Leadership for the Americas, 2020), 4. [Available here.](#); Manuel Orozco, Laura Porras, and Julia Yansura, *The Continued Growth of Family Remittances to Latin America and the Caribbean in 2015* (Washington, D.C.: The Dialogue – Leadership for the Americas, 2016), 19. [Retrieved online.](#)

87 Denisse Delgado Vázquez, “U.S. Restrictive Policies on Cuban Remittances: Effects on Cuban Families and the Emerging Private Sector on the Island,” Columbia Law School – Cuba Capacity Building Project, January 18, 2021. [Retrieved online](#)

with arrangements typically made via WhatsApp.⁸⁸ Unfortunately, informal remittance mechanisms create concerns in terms of AML/CFT as well as consumer financial protection.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Cuba</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
n/a	Lack of implementation, lack of technology to properly manage AML/CFT	n/a	n/a

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

AML/CFT supervision falls under the responsibility of the Central Bank of Cuba, and specifically, its Directorate General of Financial Transactions Investigation (Dirección General de Investigación de Operaciones Financieras), which serves as the country's FIU.⁸⁹ However, the financial sector that it supervises is small; there are nine commercial banks, 12 non-banking financial institutions, and nine foreign financial institutions.⁹⁰ Lack of telecommunications infrastructure has substantially limited the move to digital financial services. The DNFBP sector is similarly small in Cuba. There are no casinos, real estate agents, or registered dealers in precious stones in Cuba.⁹¹

A spate of new AML/CFT laws were passed in 2013-2014. These include Law decree 317/2013, On the Prevention and Detection of Operations Combatting Asset Laundering, Terrorism Financing, Arms Proliferation and Movement of Illicit Assets (De la prevención y detección de operaciones en el enfrentamiento al lavado de activos, al financiamiento al terrorismo, a la proliferación de armas y al movimiento de capitales ilícitos) which among other topics, establishes the requirement to submit SARs. Its supporting regulatory guidance can be found in Regulation 51/2013. Law decree 118/2014 on foreign investment should also be noted.

Inter-agency coordination appears to be adequate, with the most recent MER report noting a "significant level of commitment and inter-agency cohesion."⁹² However, the use of paper records instead of digital files may ultimately hinder the speed and effectiveness of coordination while also hindering attempts to detect suspicious activity.

VULNERABILITIES AND WEAKNESSES

At the time of its most recent on-site mutual evaluation visit, Cuba demonstrated weaknesses with its SARs process. The MER report notes that as of this visit, "no ML or TF STRs had been received from FIs or DNFbps, and no intelligence reports had been created on these matters."⁹³ Some of the barriers seem to have been related to information technology. While the low levels

88 "Divisas – Compra/Venta Cuba," Revolico, accessed August 6, 2021. [Retrieved online.](#)

89 "Fundamentos de La Supervisión Bancaria," Banco Central de Cuba, 2021. [Retrieved online.](#)

90 "Sistema Bancario Nacional," Banco Central de Cuba, 2021. [Retrieved online.](#)

91 GAFILAT, *MER Cuba*, 124.

92 Ibid, 110.

93 Ibid, 7.

of SARs is perhaps not surprising given the structure of the Cuban economy, it is nonetheless concerning in terms of effective AML/CFT measures.

Moreover, ML/TF prosecutions remain low. As Cuba's most recent MER notes that, "although Cuba has made great efforts to align its AML/CFT regulatory framework with international standards, the fight against these offences does not seem to have been very effective in the fields of ML investigation and prosecution, as only two ML cases have been tried since the inclusion of ML in the Criminal Code" in 1999.⁹⁴

PROGRAMMATIC EFFORTS

There are few technical assistance programs operating in Cuba. Some EU programs on drug trafficking, organized crime and illicit flows have included Cuba in addition to other countries in the hemisphere. One of the most important sources of AML/CFT expertise for Cuba is GAFILAT, of which Cuba is a member. The GAFILAT process offers tremendous opportunities for information exchange and learning for Cuba. Future efforts to strengthen AML/CFT in Cuba should be engaged via GAFILAT, and should consider strengthening SARs reporting capacity and digital information exchange as a starting point.

94 Ibid, 9.



Dominica

Dominica is a narcotics transshipment point connecting South America and Europe, particularly Venezuela and France. In addition to the large threat posed by drug trafficking, the country is also vulnerable to financial crimes due to widespread fraud schemes and its CBI program. The country has a robust legislative and regulatory base, however Dominica faces significant challenges in enforcement and implementation, particularly due to low institutional capacity.

BASELINE

Primary source material included the CFATF 2009 third round MER for Dominica and the 2014 eighth FUR (subsequent to which the country exited the follow-up process), the 2021 INCSR Volume II country assessment, and the 2018 Annual Report of the Dominica Alcohol and Drug Information Network (DADIN). As MERs are completed every ten years, the country is late in undergoing its fourth mutual evaluation, however it is set to be conducted in 2022. Dominica began its first formal NRA in 2016, but neither the report nor any additional information about it could be located since the initial announcement.⁹⁵ Literature gaps exist on the dynamics of corruption and TIP/SOM on the island as well as their relation to financial crimes.

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds in Dominica are valued at US\$12 million to US\$30 million annually, of which US\$8 million to US\$21 million is laundered.

CURRENT THREATS

Money laundering was ranked as the biggest problem for Dominica, followed by corruption, TF, and TBML. Dominica is a transit country for drug trafficking, primarily cocaine, coming from Venezuela and other parts of South America and moving to the nearby French overseas departments of Martinique and Guadeloupe, and onward to Europe; corresponding criminal proceeds move in the opposite direction.

An expert reported that Dominica has been impacted by the flow of migrants from Venezuela, with increased levels of TIP/SOM. Pyramid and Ponzi schemes have afflicted the island frequently enough that the Financial Services Unit (FSU) issued an advisory to citizens in July 2020.⁹⁶ There have been some instances of ATM skimming, a type of fraud where ATMs are rigged with devices to steal customers’ card and account information, with incidents totaling in the tens of thousands of dollars.⁹⁷

Corruption in Dominica has extended to some of the highest levels in government. Earlier in 2021, two government officials—the Deputy Labour Commissioner and an employee from the Ministry of Health —were indicted for immigration fraud, specifically on charges of providing

95 “Gov’t launches Dominica’s National Risk Assessment and Sensitisation Workshop,” Dominica News Online, 5 May 2016. [Retrieved online.](#); “National Risk Assessment,” Financial Intelligence Unit, Government of the Commonwealth of Dominica, accessed 13 August 2021. [Retrieved online.](#)

96 “Dominicans warned about pyramid scheme,” Dominica News Online, 6 July 2020. [Retrieved online.](#)

97 “Brazil man charged for stealing from NBD ATM,” Dominica News Online, 17 September 2019. [Retrieved online.](#); “Jamaica Investigators contact Dominica police after recent arrest of 3 Chinese nationals, suspected of involvement in a fraud ring,” Q95FM, 8 August 2016. [Retrieved online.](#)

forged work permits and other related documents to Haitian citizens.⁹⁸ There is also an ongoing investigation into cash stolen from the Treasury.⁹⁹

Per one expert, cash—typically U.S. dollars or euros—is the primary form of illicit proceeds, moved either by smuggling in bulk or via couriers to and from the island. Criminal proceeds that are generated on the island or that remain there during transit are routinely laundered through front companies, such as car dealerships or cash-intensive businesses, and are not directly deposited into the formal financial system. In a statement in late November 2020, the Director of Dominica’s FIU stated that the unit had seized more than \$1 million so far in 2020, primarily in cash;¹⁰⁰ cash seizures are consistently in the tens or hundreds of thousands.¹⁰¹

Dominica bills its CBI program as being one of the fastest and least expensive in the world, with a US\$100,000 minimum investment, and has been ranked first (i.e. best) for four years in a row in the CBI Index, which is published by the *Financial Times*.¹⁰² While the CBI program brings important investment for the island—Dominica collected US\$444 million over the three-year period 2017-2020—it still presents a vulnerability for the country as applicants whose background checks return unfavorable information are reportedly not always rejected, applicants are not automatically disqualified for providing false information, nor is there much transparency about the program save for its annual earnings and the number of passports issued.¹⁰³

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Dominica</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
2.5 / 5	Ineffective implementation, lack of political will, insufficient institutional capacity	n/a	n/a

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

There are two primary pieces of legislation (and their amendments) addressing financial crimes in Dominica: the Money Laundering (Prevention) Act of 2011, which outlines, among other items, the ML offense and regulatory requirements; and the Proceeds of Crime Act (POCA) of 1993, which provides for the forfeiture of proceeds from certain crimes. In addition, there is the Suppression of the Financing of Terrorism Act of 2003 and the Integrity in Public Office Act, which establishes the Integrity Commission, mandates financial disclosure by and establishes a code of conduct for public officials, and outlines the offense of bribery and other acts of corrup-

98 “Deputy Labour Commissioner and another gov’t employee on bail for work permit fraud,” Dominica News Online, 2 April 2021. [Retrieved online.](#)

99 “Money laundering, theft at Treasury and fraud among matters being investigated by police,” Dominica News Online, 31 March 2021. [Retrieved online.](#)

100 “FIU investigates over \$1 million seized in 2020,” Dominica News Online, 24 November 2020. [Retrieved online.](#)

101 “Money laundering, theft at Treasury;” “Police seize over half million dollars at Macoucherie; one arrested,” Dominica News Online, 19 July 2018. [Retrieved online.](#); “Police seize \$1.5-million in Antrim,” Dominica News Online, 2 February 2015. [Retrieved online.](#)

102 “Rankings,” CBI Index, accessed 13 August 2021. [Retrieved online.](#)

103 Converted to US\$444 million from XCD 1.2 billion. “Major Strides for Dominica as Citizenship by Investment Generates Over \$1 Billion in Reserves,” Citizenship by Investment Unit, 10 November 2020. [Retrieved online.](#); U.S. Department of State, *INCSR Vol. II*, 2021, 89.

tion. The Integrity in Public Office Act was enacted in 2003, however it did not come into operation until 2008; also suggestive of a relatively dormant anti-corruption regime is the fact that the last available annual report for the Integrity Commission is six years old.¹⁰⁴

Dominica does not have a law mandating companies to report BO information to the government. The Money Laundering (Prevention) Statutory Rules and Orders No. 4 of 2013 does define the term “beneficial owner” and the threshold for reporting is ten percent control, stemming from Section 181 of the Companies Act of 1994.

VULNERABILITIES AND WEAKNESSES

Vulnerabilities and weaknesses in Dominica’s fight against financial crimes include:

- Over the period 2016 to 2018, Dominica concluded 21 ML-related asset seizures worth approximately US\$1.9 million, however it initiated only 10 ML investigations, of which seven cases were prosecuted.¹⁰⁵ There is conflicting information about the outcomes of these prosecutions, as the 2018 DADIN Annual Report shows one person sentenced, while an expert stated that the country has never achieved a ML conviction.¹⁰⁶ Nevertheless, successful prosecutions are either nonexistent or extremely rare. In addition, all the above cases are related to drug trafficking, which, while the principal source of criminal proceeds, is not the only major criminal activity on the island.
- The CBI program does not appear to have rigorous standards for applicants, nor does the country provide comprehensive statistics on the program.
- The FSU has a very small staff—only six individuals—yet a very large mandate: it is the non-bank financial sector regulator, ML supervising authority for all entities, and is also responsible for administering the CBI program.

PROGRAMMATIC EFFORTS

Dominica has extradition and mutual legal assistance treaties with the U.S. and has also ratified the Inter-American Convention on Mutual Assistance in Criminal Matters. It participates in the Caribbean Basin Security Initiative and CARICOM IMPACS, among other initiatives.

Future support for Dominica should be focused on 1) training judges, prosecutors, and other stakeholders on the prosecution of ML and corruption cases as well as provisions relating to asset seizure, freezing, and confiscation of property; 2) providing technical support to Dominica in its amendment of the Companies Act to require BO declarations as well as the creation of a BO registry; 3) assisting Dominica in streamlining its NRA process - it began its first NRA in 2016 and started the process of addressing any gaps in 2020, and; 4) training relevant stakeholders, such as the FIU and customs, on detecting and investigating TBML.

104 Integrity Commission, *The Integrity Commission Eighth Annual Report 2016* (Roseau: Government of the Commonwealth of Dominica, 2017). [Retrieved online.](#)

105 Dominica Alcohol and Drug Information Network, *2018 Annual Report of the Dominica Alcohol and Drug Information Network* (Roseau: Government of the Commonwealth of Dominica, 2019), 29-30. [Retrieved online.](#)

106 It is possible that the sentencing was the result of the defendant entering a guilty plea.



Dominican Republic

Due to its location along major drug trafficking corridors, as well as long-standing problems with corruption and institutional capacity, the Dominican Republic is up against several challenges when it comes to AML/CFT. The country is not a major financial center or shipping hub, but it does attract tourism, recreation, and lots of international visitors. In the case of tourism, this is a massive economic sector, earning over US\$7 billion in revenue in 2019, which can sometimes serve as a front for the illicit movement of people, goods and money.¹⁰⁷ Despite these challenges, there are indications that the country is moving in the right direction, with the implementation of its new AML law in 2017 and its reinstatement into the Egmont Group in 2019.¹⁰⁸

BASELINE

Key background materials identified included the Dominican Republic's 2018 GAFILAT MER and 2019 Follow Up Report. The country's 2014 NRA identifies threats related primarily to its geographic location, weaknesses related to DNFBPs, PEPs, and new technologies, as well as a "lack of technological, human and financial resources on behalf of the FIU."¹⁰⁹ The NRA served as the point of departure for the country's 2017 National Risk Strategy.

There are many gaps in the current research. One area that would be important to explore further is the relationship between the Dominican Republic and Venezuela, going beyond drug trafficking linkages to include an analysis of ML, corruption and possibly illicit gold.¹¹⁰ In addition, more research is needed to understand the channels used to move and launder illicit proceeds (see "Current Threats").

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds amount to between US\$1.8 billion and US\$4.5 billion per year. Of this, we estimate that between US\$1.3 billion and US\$3.1 billion is laundered each year. Trade-related IFFs are a particular challenge for the country. As is noted in the 2021 INCSR report, "the eight international airports, 16 seaports, and a large porous frontier with Haiti present Dominican authorities with serious challenges."¹¹¹ Reports by GFI on trade-related IFFs have found a US\$2.6 billion dollar annual value gap in the country's international trade that is indicative of trade misinvoicing.¹¹²

CURRENT THREATS

When asked the most prevalent types of financial crimes affecting the country, experts identified corruption, followed by ML, TBML, and TF in last place. The main illicit activities generating criminal proceeds, according to expert interviews, are corruption and drug trafficking, which

107 Parker Asmann, "Drug Ring Exposes Massive Money Laundering in Dominican Republic," InSight Crime, August 11, 2020. [Retrieved online.](#)

108 "Luego de 13 Años República Dominicana Reingresa al Grupo Egmont," Diario Digital RD, July 4, 2019. [Retrieved online.](#)

109 Comité Nacional Contra el Lavado de Activos, *Informe Ejecutivo Resultados Evaluación Nacional*, 9. [Retrieved online.](#)

110 Lisseth Boon and Lorena Meléndez, "De Empresario de Turismo a 'Oro-Traficante': Avionetas Turísticas Se Llevan El Metal Precioso Del Paraíso," Alianza, 2019. [Retrieved online.](#)

111 U.S. Department of State, *INCSR Vol. II*, 2021, 90.

112 Global Financial Integrity, *Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008 – 2017* (Washington, D.C.: Global Financial Integrity, 2020), 60. [Retrieved online.](#)

they perceive as similar in scale. To a lesser degree there are issues with TIP/SOM. Experts interviewed do not perceive mineral trafficking to be a problem based on the results of the most recent NRA. According to experts, the single most important channel used for financial crimes was the non-financial sector, also sometimes referred to as DNFBPs. This was followed by other channels including public procurement, real estate, shell companies, banking, the informal sector, and casinos.

It should be noted that these responses are not consistent with the 2021 INCSR report, which states that “bulk cash smuggling by couriers and the use of wire transfer remittances are the primary methods for moving illicit funds from the United States into the DR. Once in the DR, currency exchange houses, money remittance companies, real estate and construction companies, and casinos facilitate the laundering of these illicit funds.”¹¹³ Moreover, it is unclear from the INCSR report what a “wire transfer remittance” is since most wire transfers are bank-to-bank transactions, whereas 97 percent of migrant remittances to the Dominican Republic move through money transfer companies.¹¹⁴ More research may be needed on channels to clear this matter up.

The main foreign jurisdictions involved in such financial crimes include the U.S., Haiti, Panama, the Bahamas, and the Cayman Islands. In an interview for this report, the FIU noted that a priority for them going forward will be the incorporation of new data and technologies to better understand geographic routes as they pertain to specific financial crimes and illicit activities.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in the Dominican Republic</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREA
3.4 / 5	Implementation/application of laws, learning curve for some sectors	n/a	Prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

The foundation of Dominican AML policy is Law 155 of 2017, the Law Against Asset Laundering and Terrorism Financing (La Ley contra el Lavado de Activos y el Financiamiento del Terrorismo) which replaced the original 2002 AML law. This new legislation represented a major step forward and brought the Dominican Republic in line with international standards such as the FATF Recommendations. It also addressed predicate offenses and increased the number of obligated subjects (those with AML/CFT reporting requirements). To complement the law, normative guidance was passed, including Decree 407-17 of 2017 as well as Decree 408-17 of 2017. The Dominican Republic has a number of legal agreements with the United States for mutual assistance on financial crimes as well as predicate offenses, and regularly cooperates on a variety of cases.¹¹⁵

113 U.S. Department of State, *INCSR Vol. II, 2021*, 91.

114 Manuel Orozco and Julia Yansura, *On the Cusp of Change: Migrants' Use of the Internet for Remittance Transfers* (Washington, D.C.: The Inter-American Dialogue, May 2017), 3. [Retrieved online.](#)

115 GAFILAT, *Informe de Evaluación Mutua de República Dominicana* (Buenos Aires: GAFILAT, 2018), 61. [Retrieved online.](#)

VULNERABILITIES AND WEAKNESSES

The Dominican Republic exhibits weaknesses in its AML/CFT framework with regards to PEPs, asset forfeiture, and DNFBPs. With regards to DNFBPs, new legislation has helped to bring them under AML/CFT reporting requirements, but now the challenge is fully implementing it. Moreover, relatively few ML convictions have been achieved, even for drug trafficking, which experts perceive as one of the largest illicit activities affecting the country.¹¹⁶

Corruption is another major vulnerability. As one Dominican AML/CFT report recently noted, “We would dare to infer that a considerable part of businessmen, judges from different jurisdictions and, above all, politicians, could become the main offenders in this matter, especially when the latter assume public office and fail to resist temptations, not only with regard to enrichment with other people’s money, but also with influence peddling, bribery, extortion and coercion.”¹¹⁷

PROGRAMMATIC EFFORTS

Currently, U.S. technical assistance is heavily focused on counternarcotics and seizing illicit substances; less emphasis is placed on the money behind this illicit economy.¹¹⁸ The Dominican Republic is part of the Caribbean Basin Security Initiative, which has provided training to law enforcement.¹¹⁹ The Dominican Republic receives assistance under U.S. DOJ’s Judicial Studies Institute program, which provides training to judges in countries transitioning from an inquisitorial to an accusatory system to improve judicial efficiency and transparency, as well as asset forfeiture training.

Going forward,

- It is important to help the Dominican Republic to continue to strengthen AML/CFT oversight and compliance for the DNFBP sector. For example, it would be helpful to re-evaluate the country’s progress since the 2017 law covering DNFBPs was passed, ensuring that implementation is effective.
- Strengthening data as a means to better understand financial crime risks and geographic pathways is important. As the NRA notes, there is a “...lack of collection of the necessary information to be able to elaborate reliable statistics on ML by state institutions.”¹²⁰ GAFILAT further points out that due to “...the absence of statistical data in some sectors, the risks are understood to a lesser extent...”¹²¹
- Finally, donors and other stakeholders should consider ways to strengthen both Caribbean (including the Dominican Republic) and Central American AML/CFT simultaneously. History has shown that when enforcement is stepped up in one drug corridor, criminal groups shift to the other. The USG should carefully consider this dynamic, particularly as additional funding and programmatic attention is focused on combating corruption, drug trafficking, and TIP/SOM in the Northern Triangle during 2021.

116 Ibid, 9.

117 Delta Comercial S.A, *Lavado de Activos Y Delito Fiscal* (Santo Domingo: Pais Dominicano Tematico, 2018), 1. [Retrieved online.](#)

118 “Bureau of International Narcotics and Law Enforcement Affairs: Dominican Republic Summary,” U.S. Department of State, accessed August 6, 2021. [Retrieved online.](#)

119 “Caribbean Basin Security Initiative: Dominican Republic,” U.S. Department of State, accessed August 6, 2021. [Retrieved online.](#)

120 Superintendencia de Bancos de la República Dominicana, *Informe Ejecutivo Resultados Evaluación Nacional de Riesgos de Lavado de Activos Y Financiamiento Del Terrorismo República Dominicana* (2010-2014) (Santo Domingo: Superintendencia de Bancos de La República Dominicana, 2018), 9. [Retrieved online.](#)

121 GAFILAT, *Informe de Evaluación Mutua de República Dominicana*, 38.



Ecuador

President Guillermo Lasso assumed office in May of 2021 and his key priorities include promoting international investment, fighting against corruption, and focusing on reducing bureaucracy. He also faces several security challenges. The closeness of Ecuador to drug producing countries such as Peru and Colombia, as well as the proximity of the Pacific Ocean positions the country as a major drug transit hub. Additionally, using the U.S. dollar as the national currency increases the threat for ML and cash smuggling with neighboring countries such as Colombia, Peru, and Venezuela where dollars are highly valued.

BASELINE

Key background materials identified include the NRA of 2021, the *First National Action Plan Ecuador 2019-2021* from the OGP, the MER from 2011 and the Follow Up Report of 2015. We identified a forthcoming OECD report, *Public Integrity in Ecuador: Towards a National Integrity System*, which will be interesting to analyze as it focuses on public integrity as a way to address corruption, promote trust in public institutions and manage the COVID-19 pandemic.¹²²

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds in Ecuador are between US\$2.1 billion and US\$5.4 billion per year. From these amounts, we estimate that between US\$1.5 billion and US\$3.8 billion per year is laundered. Also, from recent research, GFI found a value gap of US\$2.5 billion between the official exports and Ecuadorian imports reported by its trading partners among 36 advanced economies.¹²³

CURRENT THREATS

When asked the most prevalent types of financial crimes affecting the country, experts unanimously identified corruption followed by ML and TBML. TF was identified as the least prevalent. Experts mentioned that because of the COVID-19 pandemic, public corruption, identity theft (including “*testaferrismo*”), and crimes related to ML increased.

The main illicit activities generating financial crimes were corruption followed closely by drug trafficking. In 2020, the Ecuadorian police seized 128.4 tons of drugs, surpassing the former historical record of 110 tons in 2016.¹²⁴ Approximately one-third of Colombia’s cocaine production flows into Ecuador, from which it is then dispatched to diverse global locations such as the U.S. (approx. 44 percent), Europe (approx. 22 percent), Asia, and Oceania.¹²⁵

Mineral trafficking was identified as an issue, especially through the border with Peru, according to experts. TIP/SOM were identified lastly. The main channels used for financial criminals were real estate, banks and the purchase of high-end cars (by individuals without the economic profile to afford them). From the interviews, facilitators were varied and included lawyers, notaries, real estate agents, and advisors, among others.

122 Organization for Economic Co-operation and Development, *Public Integrity in Ecuador: Towards a National Integrity System* (Paris: OECD, September 2021). [Retrieved online.](#)

123 Global Financial Integrity, *Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017* (Washington, D.C.: Global Financial Integrity, 2020). [Retrieved online.](#)

124 Sara Ortiz, “128,4 toneladas de droga se incautaron en Ecuador, en el 2020,” *El Comercio*, June 2, 2021. [Retrieved online.](#)

125 James Bargent, “Ecuador: A Cocaine Superhighway to the US and Europe,” *InSight Crime*, October 30, 2019. [Retrieved online.](#)

It was noted by the experts that it is fairly easy to create a company in Ecuador, so a large number of financial crimes are facilitated through the use of front companies and shell companies. Some other channels mentioned included camouflaging drugs in handicrafts for transit to Europe and the U.S., as well as the increased use of jewelry markets in ML. The presence of Mexican cartels in the country was also noted as a rising security threat.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Ecuador</i>			
AVG. SCORE	MAIN WEAKNESS IDENTIFIED	+ STRONGEST AREA	- WEAKEST AREA
2.7 / 5	Political will	Prevention*	Prosecution

Source: Compilation of expert interviews conducted for this project.

*Answers to "Strongest area" were very miscellaneous.

LEGAL FRAMEWORK

Relevant legal norms in Ecuador are the Law and Regulation for the Prevention of Money Laundering and Crime Financing and its modification in 2020, the Penal Code and Financial Economic Analysis Unit (Unidad De Análisis Financiero Y Económico or UAFE) Resolutions such as UAFE-DG-SO-2017-0002 and UAFE-DG-SO-2017-0009. In addition, the 2021 Domain Extinction Law is an interesting addition to the legal framework. Additionally, legislation tackling indirect causes of financial crimes is also underway, such as the Executive Decree No. 85 in 2021 that decreases bureaucratic procedures so that reports, administrative acts, statements, etc. would be simplified and clearer, avoiding unnecessary formalities that could be prejudicial and prone to corruption and other crimes.¹²⁶

VULNERABILITIES AND WEAKNESSES

Public corruption and bribery have been major issues highlighted by our experts as well as by recent prosecution scandals that involved former president Correa,¹²⁷ the Comptroller Celi,¹²⁸ and former vice president Glas,¹²⁹ among other high-level individuals. Even though there are frameworks to tackle financial crimes they are not always enforced appropriately. Furthermore, officials engage in criminal activities with large impunity, according to experts interviewed. Public contracting procedures were also mentioned as a vulnerable sector by our specialists.

Despite strengthening their AML and financial crimes frameworks over the years, 2020 has represented a particularly challenging year for Ecuadorian anti-narcotics efforts, as the planted hectares of crops used to produce drugs (primarily cocaine) increased in Colombia, providing criminal organizations with three yearly harvests, instead of the typical two, which exacerbates the volume of drugs coming into Ecuador.¹³⁰

126 "Decreto Ejecutivo Nro. 85," ASOBANCA, 2021. [Retrieved online.](#)

127 Mark Schneider, "A Diagnostic on Corruption in Ecuador: The Way Forward," Center for Strategic & International Studies, October 13, 2020. [Retrieved online.](#)

128 "UPDATE 1-Ecuador detains comptroller, ex-minister in Petroecuador probe," Thomson Reuters, April 13, 2021. [Retrieved online.](#)

129 Mar Romero, "Nueva condena por corrupción a Jorge Glas, exvicepresidente de Ecuador," France 24, January 26, 2021. [Retrieved online.](#)

130 Mario Alexis González, "2020 será un año récord para el narcotráfico en Ecuador," Primicias, November 21, 2020. [Retrieved online.](#)

The 2021 NRA emphasized that the victims of TIP/SOM do not report their experiences to the authorities and that Ecuador does not have a high-level, coordinated unit to produce policies and lines of action on this matter. Another issue highlighted was that prosecuted cases usually included more fines than prison sentences. Regarding the prosecutors, the assessment revealed that there are not enough officers that have specialized knowledge on the matter, and most of them were concentrated in Quito, which can lower the quality of cases elsewhere.¹³¹

PROGRAMMATIC EFFORTS

Ecuador has been working with U.S. agencies on AML matters, as well as with other regional partners, to strengthen its capacity to address financial crimes. Ecuador also has an MOU with the U.S. in order to strengthen public institutions, democratic governance, and the fight against corruption, among others. Regional efforts include agreements and bilateral efforts in tackling drug trafficking, such as those in place with Colombia. However, in this particular case, there are territories that are not accessible because they are controlled by FARC dissidents.

Ecuador has continued to strengthen its AML framework, but still needs to implement additional measures to promote expertise among government officers, including the judiciary. The U.S. has strengthened ties with Ecuador, including drafting a MOU to create an Ecuadorian inter-agency AML Unit which includes the police, the attorney general's office, and the UAFE, along with the Drug Enforcement Administration (DEA) and the U.S. Department of State Bureau of Narcotics and Law Enforcement Affairs (INL) which will bring support to the unit.¹³² Ecuador also has similar initiatives to create regional agreements with countries (and their respective intelligence units) such as Chile, to tackle ML and TF.¹³³

Going forward, Ecuador needs to keep working together with the U.S. and regional neighbors to tackle crimes together, as they are all part of the same illicit chain of vulnerabilities and criminalities. Recommendations for Ecuador include the strengthening of legislation and supervisory entities. Additionally, the new 2019 IMF New Economic Plan in Ecuador includes a US\$4.2 billion investment to improve areas such as sustainable growth, transparency and strengthen the fight against corruption, representing a strong commitment on the matter.¹³⁴

131 Unidad de Analisis Financiero y Economico, "Evaluación Nacional de Riesgos de Lavado de Activos y Financiamiento de Terrorismo", 5. [Retrieved online.](#)

132 "United States Bolsters Ties with Ecuador; Improves Prosperity, Security, and Democracy," U.S. Embassy & Consulate in Ecuador, February 12, 2020. [Retrieved online.](#)

133 "UAF de Chile y de Ecuador Suscriben Convenio de Intercambio de Información para Prevenir el Lavado de Activos y el Financiamiento del Terrorismo," Unidad de Análisis Financiero, December 7, 2017. [Retrieved online.](#)

134 "Ecuador's New Economic Plan Explained," International Monetary Fund, March 21, 2019. [Retrieved online.](#)



El Salvador

By virtue of its geographic location, its dollarized economy, and its close economic ties to the United States, El Salvador has a vital role to play in regional AML/CFT efforts. The country has made certain progress in recent years, including being reinstated into the Egmont Group, resuming information sharing with FinCEN, hiring additional ML prosecutors, and achieving their first ML convictions against MS-13.¹³⁵ The Bukele administration has stated that it wants to modernize and do things differently, from adopting Bitcoin as an official currency to implementing “Tax Evasion Thursdays” to publicly shame entities that evade taxes.¹³⁶

Despite the progress, there are reasons for concern, particularly in the growing gap between rhetoric and actions. President Bukele ran his campaign on an anti-corruption platform and won by a large margin under the slogan, “There’s enough money when no one steals.” Nonetheless, he recently terminated the Comisión Internacional Contra la Impunidad en El Salvador (CICIES), an OAS anti-corruption body.¹³⁷ Moreover, there is concern regarding the politicization of AML/CFT efforts. For example, the regulatory authority of El Salvador prohibited banks from closing accounts of those being investigated for financial crimes, which is perceived as a way to protect government officials; InSight Crime described the action as “the latest in a long line of incidents that expose the country’s hollow fight against graft.”¹³⁸

BASELINE

The background information that is available for El Salvador is somewhat weak and out of date, especially in light of the many changes the country has undergone. El Salvador’s most recent CFATF MER was published in 2010, and follow-up reports are available through 2014. The country’s NRA does not appear to be publicly available. Acción Ciudadana, a local think tank, provides important information on the effectiveness of the judicial process.¹³⁹ More research will be needed in 2021 and beyond to assess the impacts of El Salvador’s decision to adopt Bitcoin as an official currency.

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds amount to between US\$541 million and US\$1.4 billion per year. Of this, we estimate that between US\$378 million and US\$946 million is laundered each year. The government of El Salvador has cited GFI’s estimates on trade-based IFFs,¹⁴⁰ which amounted to US\$1.4 billion a year, on average, over the past ten years.¹⁴¹ According to the Central Bank of El Salvador, the annual cost of extortion to businesses was US\$756 million in 2014, or the equivalent of three percent of GDP.¹⁴²

135 U.S. Department of State, *INCSR Vol. II, 2021*, 96.

136 Nelson Renteria, “Bitcoin Law Is Only Latest Head-Turner by El Salvador’s ‘Millennial’ President,” Reuters, June 11, 2021. [Retrieved online.](#)

137 Associated Press, “El Salvador: Anti-Corruption Candidate Nayib Bukele Wins Presidential Election,” The Guardian, February 4, 2019. [Retrieved online.](#)

138 Shane Sullivan, “El Salvador Protege Cuentas Bancarias de Presuntos Lavadores de Dinero” InSight Crime, January 13, 2021. [Retrieved online.](#)

139 “Datos Operatividad Y Eficacia de La Fiscalía General de La República,” Acción Ciudadana, 2018. [Retrieved online.](#)

140 “Propone Combate Integral a La Corrupción En América Latina,” Gobierno de El Salvador, November 25, 2020. [Retrieved online.](#)

141 Global Financial Integrity, *Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008 - 2017* (Washington, D.C.: Global Financial Integrity, 2020), 48. [Retrieved online.](#)

142 Margarita Peñate, Arnulfo Quintanilla, Kenny De Escobar, and César Alvarado, “Estimación Del Costo Económico de La Violencia En El Salvador 2014” (presented at the Banco Central de Reserva by Redibecen, April 2016). [Retrieved online.](#)

CURRENT THREATS

When asked the most prevalent types of financial crimes affecting the country, experts struggled to rank them, though ML and corruption appeared to be the most prevalent. The main illicit activities generating criminal proceeds are drug trafficking and corruption, which are often linked, according to expert interviews. Some of the main channels used for financial crimes are bulk cash smuggling, campaign financing, construction, trade, and Chinese financial institutions, according to interviews. The main gatekeepers involved are notaries, lawyers, and transportation companies.

Foreign jurisdictions involved in ML and corruption cases include Guatemala, Honduras, and the United States, among others.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in El Salvador</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREA	- WEAKEST AREA
2 / 5	Implementation, political immunity	Not clearly identified	Prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

El Salvador's main AML/CFT laws include the Law on Money and Asset Laundering (Ley contra el lavado de dinero y de activos), the Special Law Against Acts of Terrorism (Ley especial contra actos de terrorismo) and the Banking Law (Ley de Bancos).¹⁴³ Important anti-corruption laws include the Law on Citizen Participation (Ley de Participación Ciudadana) and the Law on Access to Public Information (Ley de Acceso a Información Pública). The 2021 Bitcoin Law is the newest legal addition.

Reforms to the Money Laundering Law are being considered,¹⁴⁴ in part on the urging of the international community.¹⁴⁵ Analysts have raised concerns that El Salvador could be greylisted by the FATF following the next round of evaluations if it has not demonstrated sufficient progress.¹⁴⁶

VULNERABILITIES AND WEAKNESSES

Vulnerabilities include the pending need to update the country's AML law, lack of regulatory clarity surrounding Bitcoin and its potential use for financial crimes, and the lack of BO transparency, among other things.

143 "Otros Documentos Normativos. Portal de Transparencia," Banco de Desarrollo de la República de El Salvador, 2021. [Retrieved online.](#)

144 Rita Vega Cosette Fuentes, Patricia Alonso, *Propuesta de Nueva Ley Para La Prevención de Lavado de Dinero Y Activos Y Su Impacto En Las Sociedades Mercantiles* (San Salvador: Deloitte, 2019). [Retrieved online.](#)

145 Ricardo Flores, "Organismos Internacionales Piden a El Salvador Reformar Ley Antilavado," La Prensa Gráfica, October 30, 2018. [Retrieved online.](#)

146 Javier Castro de León, "Posición Institucional No. 115: Es Necesario Restablecer La Credibilidad de El Salvador En La Lucha Contra El Lavado de Dinero Y La Corrupción," FUSADES, October 7, 2018. [Retrieved online.](#)

On the implementation side, the path from detection to investigation and prosecution is inefficient due to a combination of factors that include lack of resources, challenges in inter-agency cooperation, and at times, political will. According to an interview conducted for this project, “from 2013 to 2018, the prosecutor’s office had a level of procedural impunity around 89 percent, that is, every 100 cases that enter the prosecutor’s office, 89 will not obtain a sentence or an acceptable resolution.”

Finally, the dismissal of CICIES is cause for concern in terms of the country’s anti-corruption efforts.

PROGRAMMATIC EFFORTS

The U.S. provides assistance to El Salvador through the DOJ’s Judicial Studies Institute program, for example, which provides training to judges in countries transitioning from an inquisitorial to an accusatory system to improve judicial efficiency and transparency, as well as asset forfeiture training. A recent U.S. Agency for International Development (USAID) project provided training and technical assistance to 14 municipalities supporting the Government of El Salvador’s commitment under OGP. The OAS has been substantially involved due to its work with CICIES, but the Commission was subsequently cancelled in 2021. The Bukele Administration has requested technical assistance from the World Bank and the Central American Bank of Economic Integration to create an appropriate regulatory framework for Bitcoin. Other important stakeholders in technical assistance programming include the UNODC and the OGP, as previously noted.

Going forward, the U.S. should consider opportunities to engage with El Salvador surrounding issues of trade misinvoicing. The issue is important to El Salvador due to the loss of fiscal revenues and their concern with tax evasion, but also may help to meet U.S. counternarcotics and counter organized crime objectives due to the use of trade channels for narcotics-related IFFs.



Grenada

In preparation for its MER by CFATF in 2020, Grenada made renewed efforts to assess financial crime risks and enacted legislation to better ensure implementation of the country's primary AML/CFT legislation. Nevertheless, financial crime risks remain a challenge for the country due to its geographical location along drug trafficking routes, its popular CBI program, and the absence of strong BO laws.

BASELINE

The key background materials for Grenada include its 2009 CFATF MER and 10 Follow-Up Reports until 2014. Preliminary findings from Grenada's first NRA have also been referenced. However, the full assessment is not publicly available. Additional government sources used include annual reports produced by the FIU of Grenada going up to 2018. Reports from international organizations like the 2018 report from the UNODC on human trafficking in Central America and the Caribbean, the 2014 OAS report on corruption, and a 2002 report from the IMF on Caribbean offshore financial centers. There is a lack of in-depth available research on the issues of TBML, corruption and mineral smuggling in Grenada.

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds amount to US\$24 million to US\$60 million a year, and that ML of said criminal proceeds amounts to US\$16 million to US\$42 million. There are no further estimates available on the proceeds of crime or amounts laundered in Grenada annually.

CURRENT THREATS

The top financial crime identified by experts was ML. While there are comprehensive laws in place, TF was not seen as a significant risk. There was also low awareness of TBML as a financial crime risk. Corruption after ML was seen as the most serious threat. Grenada along with other Eastern Caribbean islands have "significant areas of unprotected deserted beaches, poor border control... [that] continue to provide crime groups with an easy environment in which to land drug shipments."¹⁴⁷ Grenada continues to serve as an important transit route for drugs including cocaine going into the U.S., and the maritime drug trafficking corridor between St. Vincent and the Grenadines (SVG) and Grenada is considered very active.¹⁴⁸ Unsurprisingly, drug trafficking was identified as the top criminal activity, followed by TIP. Mineral trafficking was not seen as a significant threat.

Outside of the country's well-known risks from drug trafficking, top facilitators and channels identified included banking, car dealerships, lawyers, real estate, and credit unions.¹⁴⁹ In contrast, Dia Forrester, Grenada's Attorney General, concluded that as per CFATF's evaluation, Grenada's high risk sectors are its commercial banks and CBI program, at the middle level are

147 Council of the European Union, *Regional report on the Caribbean*, Report no. 15107/14 (Brussels: Council of the European Union, November 5, 2014), 2. [Retrieved online.](#)

148 Dave Alexander and Elizabeth Japal, *Grenada Drug Epidemiology Network Annual Report; Volume 1: Drug Control 2019* (Saint George's: Drug Control Secretariat, 2020), 1. [Retrieved online.](#)

149 Linda Straker, "National action plan for emerging issues on financial crimes," Now Grenada, September 12, 2019. [Retrieved online.](#)

its credit unions, and at the lower risk level are the country's insurance companies.¹⁵⁰ The difference in these assessments, at least in the case of CBI schemes, is arguably due to their important revenue generating role in Grenada's economy. Following the global recession in 2008-09, Grenada, along with other international financial centers in the Caribbean, was required to reform its regulatory approach towards banking and enact stringent AML/CFT laws.¹⁵¹ The combination of these reforms along with de-risking has seen Grenada struggle to compete with other international financial services centers in the Caribbean, which maintain a zero percent corporate tax rate.¹⁵² Grenada is currently estimated to have less than 0.001 percent of the global market for offshore financial services.¹⁵³ The ML risks therefore have become quite limited in this regard. As of 2017, Grenada had no reported cases of TIP.¹⁵⁴

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Grenada</i>			
AVG. SCORE	MAIN WEAKNESS IDENTIFIED	+ STRONGEST AREA	- WEAKEST AREAS
2 / 5	Low awareness of AML/CFT requirements & compliance obligations	Comprehensive legal framework	Investigation and prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

Grenada has a comprehensive framework of AML legislation, most notably the 2012 Proceeds of Crime Act (POCA), which enables authorities to confiscate cash and property determined to be the proceeds of drug trafficking or other relevant offences. The legislation permits confiscated proceeds to be used to strengthen law enforcement capacity to fight financial crime.¹⁵⁵ In 2018 Grenada amended POCA to introduce a provision that would require the registration of entities with AML/CFT obligations. This legislation is noteworthy because even though the legal framework to tackle financial crime had been operational for six years, many entities were simply unaware of their obligations.¹⁵⁶ The amendment requiring registration provided the government a method to conduct outreach but also assess the full scale of vulnerabilities within the country. Other key legislation includes the Terrorism Act of 2012 and the Integrity in Public Life Act of 2013, the country's first legislation that required public servants to disclose their assets and income for review.¹⁵⁷

150 "Anti-money laundering and terrorist financing measures under the microscope," The New Today, July 3, 2021. [Retrieved online.](#)

151 Sheldon Mclean and Ava Jordan, *An Assessment of the Challenges to Caribbean Financial Centers* (Port of Spain: Economic Commission of Latin America and the Caribbean, 2017), 3. [Retrieved online.](#)

152 Caribbean Financial Action Task Force, *De-Risking in the Caribbean Region - A CFATF Perspective* (Port of Spain: CFATF, 2019), 29. [Retrieved online.](#)

153 Tax Justice Network, "Financial Secrecy Index 2020: Report on Grenada," 2020. [Retrieved online.](#)

154 United Nations Office on Drugs and Crime, *Central America and The Caribbean* (Vienna: UNODC, 2018), 3. [Retrieved online.](#)

155 "Proceeds of Crimes Act," Financial Intelligence Unit of Grenada, 2012. [Retrieved online.](#)

156 New National Party Grenada, "Grenada Completes National Assessment," YouTube Video, 3:04, June 25, 2019. [Retrieved online.](#)

157 "Proceeds of Crimes Act, 2012;" Lady A. Anande Trotman-Joseph, "Building an Anti-Corruption system in Grenada, Carriacou & Petite Martinique," (presented at National Stadium, Queens Park, St. George) September 27, 2017. [Retrieved online.](#)

VULNERABILITIES AND WEAKNESSES

The AML/CFT framework of Grenada suffers from the following vulnerabilities:

- Low awareness amongst entities with AML/CFT requirements of the AML/CFT regulatory framework;
- Limited resources (both personnel and infrastructure) for investigation along its marine coastline;
- Informal relationships between public and private sectors raise the risk of “tipping off”;¹⁵⁸ and
- Lack of BO legislation that requires companies to record and file BO information.

PROGRAMMATIC EFFORTS

In 2018, Grenada’s FIU organized the first China-Caribbean Anti-Corruption Law Enforcement Cooperation Conference to facilitate greater cooperation in financial investigations between China and other countries in the Caribbean.¹⁵⁹ More recently, the FIU of Grenada and the Financial Investigation Division, a Department of the Ministry of Finance and the Public Service of Jamaica, signed an MOU to ensure greater exchange of information “in support of investigation and prosecution of persons suspected of money laundering and (related) criminal activities.”¹⁶⁰ Grenada has only recently developed its AML/CFT framework, therefore its proactive approach in both making requests and honoring requests through the Egmont Group is all the more impressive.

Between 2016 and 2018, Grenada’s FIU used the Egmont Secure Website to send three requests and received fourteen requests for information. Grenada’s investigative team has sent requests to jurisdictions as diverse as the U.S., UK, Saudi Arabia, Chile, Belize and Australia and received requests from its neighbors but also from countries like Nigeria.¹⁶¹ Because Grenada is still trying to inculcate a culture of compliance, the FIU treats educating the country’s “financial institutions, DNFBPs and in particular their clients who are considered to be conducting high risk business” as a key part of its mandate.¹⁶² Other stated efforts domestically include the development of an appropriate vetting policy for staff attached to the FIU that includes polygraph testing;¹⁶³ enrolling staff in CFATF’s program for the accreditation of financial investigators; and training relevant staff on how to carry out risk assessments.¹⁶⁴

Going forward, Grenada should prioritize outreach programs to raise awareness amongst entities with AML/CFT requirements of the AML/CFT regulatory framework. Future interventions should focus on providing expanded resources to the responsible government agencies including law enforcement agencies responsible for carrying out enforcement along the country’s coastline.

158 “Anti-money laundering and terrorist financing measures under the microscope,” The New Today, July 3, 2021. [Retrieved online.](#)

159 Financial Intelligence Grenada, *Annual Reports (2016 - 2018)* (Saint George’s: Financial Intelligence Unit, 2018), 12. [Retrieved online.](#)

160 Ibid, 15.

161 Ibid, 23.

162 “About Us,” Financial Intelligence Authority, accessed July 2020. [Retrieved online.](#)

163 Ibid.

164 Ibid.



Guatemala

Guatemala's financial crime landscape is much like the country itself: sprawling, diverse, and complex. The AML/CFT legal system is outdated, and implementation is uneven. There is the sense that AML/CFT requirements are “very strict for normal people, but very flexible for powerful people,” according to a former investigator. This not only undermines legitimate AML/CFT and anti-corruption efforts, but creates barriers to inclusion for the 91 percent of the population living in poverty.¹⁶⁵

BASELINE

Key background materials identified include Guatemala's 2016 MER and 2018 Follow-Up Report. Guatemala's 2018 NRA identified vulnerabilities related to money transfer businesses, cooperative credit unions, vehicle sales, real estate, NGOs and armored car services.¹⁶⁶ A 2019 report by the Global Initiative against Transnational Organized Crime and InSight Crime provides information on extortion in Guatemala,¹⁶⁷ which occurs at the highest rate of any Central American country and is an important driver of migration.¹⁶⁸ The Comisión Internacional contra la Impunidad en Guatemala (CICIG), a UN-backed anti-corruption commission that investigated complex political and financial crimes in Guatemala from 2006-2019, is another important point of reference. The CICIG's website provides in-depth data on 124 cases, offering fascinating insights into the financial crime methodologies and actors involved.¹⁶⁹ Interestingly, these cases do not appear aligned with the areas of risk mentioned in the NRA, instead pointing to involvement of major banks and powerful political figures.

Gaps in the research include a weak understanding of the financial pathways of TIP/SOM.

SCOPE OF FINANCIAL CRIMES

With a GDP of US\$76 billion, Guatemala is the largest economy in Central America. Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds amount to US\$1.5 billion to US\$3.8 billion a year, and that ML of said criminal proceeds amounts to US\$1.1 billion to US\$2.7 billion dollars a year for Guatemala.

In the 2018 NRA, Guatemalan officials indicated that they use the two to five percent estimate as well and cited GFI data.¹⁷⁰ In 2017, the Banking Regulatory Agency (Superintendencia de Bancos) placed the value of ML through the financial system at US\$690 million per year.¹⁷¹ This figure is consistent with GFI estimates, considering the prevalence of non-financial channels (see case study “Los Huistas”). According to USAID Guatemala, extortion in Guatemala may amount to US\$60 million to US\$400 million annually.¹⁷²

165 “La Pobreza, Reflejo de La Exclusión Y La Inequidad,” Programa de las Naciones Unidas para el Desarrollo, 2021. [Retrieved online.](#)

166 GAFILAT and CFATF, *Mutual Evaluation Report of the Republic of Guatemala* (Buenos Aires, Port of Spain: GAFILAT, GAFIC, 2016), 14. [Retrieved online.](#)

167 InSight Crime and Global Initiative Against Transnational Organized Crime, *A Criminal Culture: Extortion in Central America* (Geneva: Global Initiative Against Transnational Organized Crime, 2019). [Retrieved online.](#)

168 “USAID/Guatemala Country Fact Sheet,” USAID, April 2020. [Retrieved online.](#)

169 “Casos 2009-2018,” Comisión Internacional Contra la Impunidad en Guatemala, 2019. [Retrieved online.](#)

170 Noé Pérez, “Evaluación Sobre Riesgos Del Lavado de Dinero Ayudará a Combatir Delitos Contra La Seguridad Del País,” *Diario de Centro América*, September 13, 2018. [Retrieved online.](#)

171 “Cifras de Lavado En Guatemala,” infolat, 2017. [Retrieved online.](#)

172 “USAID/Guatemala Country Fact Sheet, USAID, 1.

CURRENT THREATS

In interviews conducted for this project, experts identified ML as the single largest financial crime, followed by corruption, TBML and TF. The main activities generating criminal proceeds, ranked by order of perceived magnitude are drug trafficking, corruption, and TIP/SOM. Experts consulted for the project do not perceive mineral trafficking to be an issue in Guatemala. Though outside the scope of this study, experts also identified extortion as a major illicit activity affecting the country and its financial system.

The primary channels identified by experts were incredibly diverse and varied, suggesting that there are a plethora of methods used to move dirty money in Guatemala, including banks, politics, shell companies, construction, infrastructure projects, misinvoicing, bulk cash smuggling, supermarkets, gas stations, and even churches. Similarly, experts were not able to identify a single gatekeeper role. Experts mentioned political operators (individuals who are involved in campaign financing and political machinations),¹⁷³ bankers, lawyers and notaries,¹⁷⁴ suggesting a complex operating environment with many channels and facilitators. In an interview, a former CICIG financial analyst commented that “laundering money is easy in Guatemala.”

The decision by former Guatemalan President Jimmy Morales to expel CICIG from the country in 2019 was a major setback for anti-corruption efforts from which the country has still not recovered. Hopes were placed on the Special Prosecutor against Impunity (Fiscalía Especial Contra la Impunidad or FECI), a prosecutory unit established to work alongside the CICIG, to continue such investigations. Yet the dismissal of leading FECI prosecutor Juan Francisco Sandoval is considered by many to be a tremendous blow to anti-corruption and AML efforts in the country.¹⁷⁵ The end of CICIG offers many lessons: the failures of Guatemalan elite to support anti-impunity efforts when they hit close to home, the risks of fighting too many anti-corruption battles at once, the importance of sustained U.S. support, and the need to better align U.S. anti-narcotics and anti-corruption efforts.¹⁷⁶

Guatemalan financial crimes frequently involve jurisdictions such as the U.S., Mexico and other Central American countries, according to experts interviewed.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Guatemala</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
2 / 5	Corruption, lack of political will, weak institutions, legal framework not updated	Investigation and prosecution	Prevention and detection

Source: Compilation of expert interviews conducted for this project.

¹⁷³ Adriana Beltrán, “Behind the Fight to Hijack Guatemala’s Justice System,” Washington Office on Latin America, July 10, 2020. [Retrieved online.](#)

¹⁷⁴ In Guatemala, lawyers offer notary services.

¹⁷⁵ Due Process of Law Foundation, *International organizations reject the dismissal of the prosecutor Juan Francisco Sandoval in Guatemala* (Guatemala City, San José, Washington DC, Geneva and The Hague: DPLF, 2021). [Retrieved online.](#)

¹⁷⁶ Mary Beth Sheridan, “U.S. Sends Dozens of Military Vehicles to Guatemala despite Alleged Misuse,” *The Washington Post*, December 6, 2018. [Retrieved online.](#)

LEGAL FRAMEWORK

Law 67-2001 serves as the country's AML foundation. In 2005, Guatemala passed Law 58-2005 on CFT. In 2010, Guatemala passed an asset forfeiture law, Law 55-2010, which includes an illicit enrichment clause that shifts the burden of proof to the accused individual to prove assets were legally acquired. In 2020, lawyers and notaries were designated as "obligated subjects" under Law 58-2020. There is the sense among experts that further updates to the legal framework are pending. For example, the country does not have a fintech law, BO legislation, or a regulatory framework for certain inclusive financial institutions.

VULNERABILITIES AND WEAKNESSES

The Guatemalan AML/CFT system fails to clearly regulate inclusion-based financial institutions, including microfinance institutions, community credit unions, fintech, mobile money providers, and certain remittance payers. These institutions provide an important role in a country where less than half the population has a bank account, so efforts should be made to find an appropriate balance between security, inclusiveness, and consumer financial protection. Another AML vulnerability is access to identification: an estimated three million Guatemalans, or 17 percent of the population, do not have official IDs.¹⁷⁷

Looking beyond the AML/CFT laws, experts interviewed for this report noted that "the problem lies with institutionalization, with corrupt entities co-opting supervision, investigation, and sanction."¹⁷⁸ Nowhere is this more evident than with the courts. Many issues pertain to the role of lawyers and the independence of the courts from corrupt influences. This results in cases in which corrupt Guatemalan prosecutors may "repurpose" AML/CFT laws to attack anti-corruption leaders.¹⁷⁹

Moreover, financial crime prevention efforts are extremely weak. The country's lack of BO requirements is one factor.¹⁸⁰ Greater transparency regarding the companies involved in public works, who owns them, and their ties to government officials is key to preventing corruption. Consider, for example, the fact that of the past 13 ministers of the Ministry of Communications, Infrastructure, and Housing, 11 have been accused or convicted of grand corruption.

PROGRAMMATIC EFFORTS

In terms of international technical assistance, the U.S. plays an enormous role. However, the cut in aid during the Trump Administration had a damaging impact, interrupting important efforts and emboldening corrupt actors.

Going forward, U.S. efforts should focus on two key areas: prevention and judicialization. With regards to the former, while anti-corruption commissions are crucial, the ultimate goal should be to prevent financial crimes from occurring in the first place, a perspective that is frequently overlooked. With regards to the latter, U.S. efforts should support the institutional independence of the country's courts, which is currently threatened. It is important to consider the process of court nominations, starting with the College of Lawyers and Notaries of Guatemala (Co-

177 World Bank, "The World Bank Data Catalog," Global ID4D Database, accessed July 16, 2021. [Retrieved online.](#)

178 Fundación Myrna Mack in discussion with the author, March 17, 2021.

179 Héctor Silva Ávalos, "Guatemala's Attorney General Lashes out against Anti-Corruption Prosecutor's Office," InSight Crime, October 14, 2020. [Retrieved online.](#)

180 GAFILAT and GAFIC, *Informe de Evaluación Mutua de La República de Guatemala*.

legio de Abogados y Notarios de Guatemala), a lawyers' guild that is responsible for nominating judges to the country's highest courts, including the Supreme Court and Court of Appeals, and is known for corruption, according to expert interviews. In addition, the U.S. should also consider an exit strategy for financial crime prosecutors and judges, since the sensitive nature of their work may put their livelihoods—and lives—in considerable danger.

 **Guyana**

The scale of Guyana's informal and illegal economy is particularly noteworthy because it has created a breeding ground for criminal activities that have a close nexus with corruption and violence, including drug and human trafficking, illegal logging and the illicit gold trade.¹⁸¹ Since 2014, Guyana has passed a host of laws to tackle corruption and ML as a way to remove the country from the FATF's grey list of non-compliant countries. However, the country is severely constrained by its lack of financial resources as well as limited capacity and technical expertise, all of which negatively affect implementation, let alone enforcement.

BASELINE

The key background materials for Guyana include its 2011 CFATF MER and its 11 follow-up reports until 2016. Guyana's NRA from 2017 provides an important source of information. Additional government sources used include annual reports produced by the FIU of Guyana. Nevertheless, these are unavailable publicly from 2014 onwards. Reports from international organizations like the UNODC, IOM, and OAS cover the topics of drug trafficking and TIP. There is a lack of in-depth available research on the issues of TBML.

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds amount to US\$85 million to US\$214 million a year, and that ML of said criminal proceeds amounts to US\$59 million to US\$149 million a year for Guyana. There are no further estimates available on the size and scale of illegal economies and financial crimes within the country.

CURRENT THREATS

Experts identified corruption, followed by ML, as the country's most significant threats. There was awareness of TF, but this was not considered a significant risk. Because of the risks from mineral trafficking and drug trafficking, we see TBML as constituting a significant threat. However, experts interviewed were unfamiliar with TBML as a financial crime. As for criminal activities, Guyana's strategic location and corruption at its ports underpins the country's role as a crucial transit point for cocaine heading to the rest of the world. Experts interviewed pointed to both drug trafficking and, more currently, mineral trafficking as the top criminal activities. Guyana's porous borders with key drug trafficking countries like Venezuela and Brazil make it a key location for traffickers and smugglers to move cocaine into the U.S and Europe.¹⁸² James Singh, the head of Guyana's Customs Anti-Narcotics Unit, in an interview said that "robust counter-narcotics measures taken by nearby nations had resulted in a balloon effect, pushing traffickers to establish new routes in Guyana."¹⁸³ TIP was also identified as a significant threat by experts and ranked on par with mineral trafficking. Experts noted that victims are trafficked for both sex and as forced labor. The political crisis in Venezuela has caused a significant increase in Venezuelan nationals trafficked into Guyana.¹⁸⁴ Labor trafficking victims have been commonly

181 "Guyana's Informal economy second behind Jamaica's in region," Stabroek News, September 8, 2017. [Retrieved online.](#)

182 Taylor Owen and Alexandre Grigsby, *In Transit: Gangs and Criminal Networks in Guyana* (Geneva: Small Arms Survey, February 2012), 10. [Retrieved online.](#)

183 Katie Jones, "Corruption, containers, cocaine; Guyana's role in transnational drug trafficking," InSight Crime, November 20, 2020. [Retrieved online.](#)

184 "Venezuelans, other foreign nationals main victims of human trafficking in Guyana," Guyana Chronicle, July 30, 2020. [Retrieved online.](#)

found in sectors like mining, agriculture, domestic service, and in shops.¹⁸⁵ According to experts, women and children from Guyana and countries in the surrounding region often become sex trafficking victims in mining communities. However, because of limited government presence in Guyana's interior regions, the full scale of the trafficking remains undetected.

Experts did not point to specific channels or facilitators. However, as per the country's 2017 NRA, unregulated currency exchange houses and dealers in precious metals and stones pose a risk to Guyana's AML/CFT system. Other sectoral vulnerabilities include the banking industry and unregulated attorneys, real estate agents, used car dealers, and charities.¹⁸⁶ Additionally, the newly-developed oil sector has been identified as a significant area of risks and threats for ML.

LEGAL FRAMEWORK

The main laws applicable in Guyana are the AML/CFT Act, 2009 and its attendant regulations, the Guyana Gold Board Act, 1981, and the Integrity Commission Act, 1997. Under the current coalition administration, Guyana has made significant progress on the AML front; the Ministry of Legal Affairs has conducted AML/CFT outreaches and sensitization seminars throughout the country. It has also placed much focus on co-ops, charities and developing the Special Organization Crime Unit (SOCU) and other agencies critical to the fight against AML/CFT.¹⁸⁷

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Guyana</i>			
AVG. SCORE	MAIN WEAKNESS IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
2 / 5	Low awareness of AML/CFT requirements and scandals plaguing the country's FIU	Not identified	Prevention, detection, and prosecution

Source: Compilation of expert interviews conducted for this project.

While not part of the matrix of queries, the main strength identified was the recent effort to re-draft the legal framework.

VULNERABILITIES

The AML/CFT framework of Guyana suffers from the following vulnerabilities:

- Low awareness amongst entities with AML/CFT requirements of the AML/CFT regulatory framework.
- Limited resources (both personnel and infrastructure) for investigation along its marine coastline.
- Lack of BO legislation that requires companies to record and file BO information.
- The SOCU, Guyana's main investigative arm for financial crimes, has been hamstrung for several years by internal scandals and personnel changes including allegations of falsify-

185 "Venezuelans, other foreign nationals."

186 "2nd National Risk Assessment nears completion," Guyana Times, December 28, 2020. [Retrieved online.](#)

187 "Guyana taken off European Commission's money laundering list," Kaieteur News, May 10, 2020. [Retrieved online.](#)

ing records and missing documents.¹⁸⁸

- Guyana's efforts have focused on drafting laws. Additionally, there is little publicly available data on enforcement.¹⁸⁹ In preparation for its next round of MEs by CFATF, the government appears to be working towards increased data collection. Yet this may be an effort to appease the standard setting body rather than driven by a national agenda to redress vulnerabilities.
- Guyana recognizes that internationally, attorneys and accountants are generally considered to be high-risk gatekeepers.¹⁹⁰ The approach within the country has been to try and remedy as many things as possible before the international assessment team arrives. But at the same time, this shows there is little awareness or any current enforcement within some of these high-risk actors of AML/CFT obligations.

PROGRAMMATIC EFFORTS

Guyana, along with Suriname, were the first countries in the Caribbean to join the UNODC-WCO Container Control Programme.¹⁹¹ The program helps countries improve port security and prevents the illegal use of sea containers in many criminal activities. Expanded container control programs are also helpful in addressing the risks of TBML, TF, and other financial crimes. In recent years, the EU has commissioned a program in Guyana to assist countries that are high-risk with strategic AML deficiencies.¹⁹² The U.S. and OAS together have initiated programs on tracing illicit gold proceeds. Finally, Interpol, in conjunction with the Canadian government, has implemented programs to tackle TIP in Guyana.¹⁹³

The above programs, while targeting relevant issues, are focused primarily on technical assistance and training. The larger problem in Guyana appears to be more endemic with integrity challenges in SOCU and inconsistency in personnel appointed to the organization, arguably limiting the effectiveness of technical assistance programs. Additionally, some of the programs cover more than 10 countries in the region.¹⁹⁴ It is unclear if the program strategy also includes cooperation between source, transit, and destination countries. Going forward, it is recommended that the Guyanese government focus on a top-down reform of its FIU, prioritizing integrity and transparency measures as well as outreach campaigns for reporting entities to know their AML/CFT requirements. Additionally, future overseas interventions should build integrity measures for SOCU along with technical assistance.

188 "Guyana gets ready for CFATF 4th round evaluation," Guyana Times, May 14, 2019. [Retrieved online.](#)

189 "Data collection key for Guyana 4th round evaluation," Guyana Chronicle, November 16, 2017. [Retrieved online.](#)

190 "Guyana gets ready for CFATF 4th round evaluation."

191 "Guyana and Suriname are first Caribbean countries to join container control program," UNODC, August 23, 2012. [Retrieved online.](#)

192 "Working Together to Face COVID-19 Challenges in the Americas," Organization of American States, March 2021. [Retrieved online.](#)

193 "Americas: Hundreds of human trafficking victims rescued," Interpol, April 30, 2018. [Retrieved online.](#)

194 "Working Together to Face COVID-19 Challenges in the Americas;" "Americas: Hundreds of human trafficking victims rescued."



Haiti

Government instability, weak institutions (particularly the judiciary), and high levels of poverty have plagued Haiti, complicated by frequent natural disasters and rampant violence connected to gang activity; the country's trajectory is creeping from a weak to a failed state. Corruption allegations had closely shadowed President Jovenel Moïse during his time in office, and, combined with claims that he had exceeded his term limit, his presidency had edged towards dictatorship until he was assassinated in July 2021. With rule of law essentially nonexistent, financial crimes as well as TOC, such as the trafficking of narcotics, humans, and arms, have flourished.

BASELINE

Primary source material included the 2019 CFATF fourth round MER, the Central Unit for Financial Intelligence's (Unité Centrale de Renseignements Financiers or UCREF) 2017-2018 Annual Report, and the INCSR 2021 Vol. II - Money Laundering. Haiti has not conducted an adequate NRA.

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds in Haiti are valued at US\$287 million to US\$717 million annually, of which US\$201 million to US\$502 million is laundered.

CURRENT THREATS

Overall, corruption was viewed by experts as the largest financial crime, followed by ML, TBML, and TF. Corruption ranked slightly higher than drug trafficking as a principal source of illicit proceeds, with TIP/SOM and mineral trafficking as well as arms trafficking coming next.

The primary channels for illicit proceeds were reported by experts to be trade, cash (particularly USD), financial institutions, real estate, and cash-intensive businesses, such as restaurants, gas stations, and casinos. Licensed and unlicensed casinos pose a serious ML vulnerability because of poor (or absent) regulation and monitoring. While the most recent CFATF MER identified 157 licensed casinos, the Haitian government reported only 24 licensed casinos, of which just two were registered.¹⁹⁵ Experts identified notaries as the leading facilitator but also noted the role of government officials as well as private sector firms.

Trade misinvoicing has been a problem for the island, most notably with petroleum products. A July 2020 joint government investigation found that over the period of March 2010 to May 2020, oil companies importing gasoline and diesel made undue profits of more than US\$94.7 million, allegedly costing the Haitian government in US\$1.2 billion in lost revenues.¹⁹⁶

One expert alleged that oligarchs in the country will use their money and connections to get appointed as honorary consuls for governments in order to take advantage of diplomatic privileges. Once appointed, they will often operate the honorary consulate in conjunction with their

¹⁹⁵ Caribbean Financial Action Task Force, *Republic of Haiti: Mutual Evaluation Report*, July 2019 (Port of Spain: CFATF, 2019), 24, 34. [Retrieved online.](#)

¹⁹⁶ Unité Centrale de Renseignements Financiers, *Inspection Générale des Finances, and Unité de Lutte contre la Corruption, Résumé Exécutif Du Rapport Intérimaire d'enquête: Pertes Enregistrées Par l'état Dans Le Cadre Des Marchés d'acquisition de Produits Pétroliers Entre Mars 2010 et Mai 2020* (Port-au-Prince: Government of Haiti, July 2020). [Retrieved online.](#)

private business, which the expert claimed would be used to facilitate various criminal activities including ML. It is important to note that there does not appear to be any investigation into nor concrete proof of this alleged practice of using honorary consulates to conceal illicit activity. A review of current honorary consulates, however, does show that a large number are located at businesses, and that many of the honorary consuls come from Haiti's elite, including from five of the six families that, according to the *Los Angeles Times*, "control the Haitian economy and have essentially called the shots [in Haiti] for generations."¹⁹⁷

Corruption reaches the highest levels of government, with Moïse having been accused of, among other things, outright collusion between his administration and Haitian gangs. In 2020, the U.S. sanctioned three government officials for human rights abuses related to the November 2018 attack on the La Saline neighborhood in which at least 71 people were killed and over 400 houses were destroyed.¹⁹⁸ Most notable was Jimmy Cherizier, popularly known as "Barbecue," a then-police officer who has since become an extremely influential gang leader. The Chief Prosecutor of Port-au-Prince signed an arrest warrant in 2020 for Cherizier, but despite the rather public role he plays as a self-styled "community organizer," he has yet to be arrested.¹⁹⁹

Billions of dollars in international aid have flowed into Haiti, and there is a very high risk for the funds to be mismanaged, diverted, and/or stolen by both the public and private sectors.²⁰⁰ According to experts, aid has been applied somewhat selectively to those individuals, businesses, and communities connected to people in power, and it has typically not had a very meaningful impact on those who need it the most.

While the investigation of corruption offenses may occur, it is uncommon for individuals or entities to be prosecuted, let alone convicted. For example, despite substantial evidence of government and ministerial wrongdoing as well as recommendations from the High Court of Auditors to take action, no charges have ever been filed in connection with the looting of the PetroCaribe fund.²⁰¹

Haiti is a transit point for cocaine and cannabis that is destined for the United States. The country is also "awash" in illegal guns, often trafficked from the U.S., according to interviews. An established guns-for-drugs trade exists between Haiti and Jamaica, with drugs from Jamaica—primarily cannabis—being exchanged for weapons from Haiti. One expert speculated that while mineral trafficking is not very common at the moment, it is projected to become a major problem in the future as minerals are increasingly being discovered, including gold, silver, and copper. Trafficking of children within Haiti as well as the trafficking of women from the Dominican Republic and Venezuela into Haiti were reported by experts as large problems.

197 "Haiti Embassies and Consulates," EmbassyPages, August 12, 2021. [Retrieved online.](#); "Diplomatie : La grande bourgeoisie Haïtienne contrôle des postes clés "consuls honoraires" partout dans le monde," *Le Patriote*, June 19, 2020. [Retrieved online.](#); Tracy Wilkinson, "Haiti's elite hold nation's future in their hands," *Los Angeles Times*, January 21, 2010. [Retrieved online.](#); Garry Pierre-Pierre, "Haitians can no longer hide behind the caste system killing our country," *The Haitian Times*, July 16, 2021. [Retrieved online.](#)

198 "Treasury Sanctions Serious Human Rights Abusers on International Human Rights Day," U.S. Department of the Treasury, December 10, 2020. [Retrieved online.](#)

199 VICE News, *Haiti's Political Crisis Plunges Its Capital Into Chaos*, 2021. [Retrieved online.](#)

200 Maria Abi-Habib, "Why Haiti Still Despairs After \$13 Billion in Foreign Aid," *New York Times*, July 8, 2021. [Retrieved online.](#)

201 "PetroCaribe scandal: Haiti court accuses officials of mismanaging \$2 bln in aid," *France24*, August 18, 2020. [Retrieved online.](#)

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Haiti</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
1 / 5	Political will, political interference, weak institutions, implementation, enforcement	None	n/a

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

Haiti's AML/CFT legislation (Loi sanctionnant le blanchiment de capitaux et le financement du terrorisme) was updated in 2016 (Loi modifiant la loi du 11 novembre 2013 sanctionnant le blanchiment de capitaux et le financement du terrorisme) to meet international standards, however implementation is still a huge challenge. Although a new penal code was introduced by Moïse in 2020, it does not appear it will have any meaningful impact on combating financial crimes. Haiti's efforts to combat financial crimes often stop after legislation, with little follow-through on implementation or enforcement. For example, the government set up the Anti-Corruption Commission (Unité de Lutte Contre la Corruption) in 2004, however it lacks resources and political will, evidenced by the absence of enforcement of the public disclosure law.²⁰² UCREF is likewise seen as an ineffective agency.

VULNERABILITIES AND WEAKNESSES

Vulnerabilities and weaknesses in Haiti's fight against financial crimes include:

- The constitution grants members of parliament immunity while they are in office, and it cannot be waived by the state in order to prosecute them. One expert noted that, as a result, illicit actors that traffic in guns, drugs, etc. are increasingly running for office and running their criminal enterprises from the top levels of government.
- While the government of Haiti indicated that they intend to step up their efforts to deter the illicit flow of cash, they still do not require cross-border currency declarations.²⁰³
- There is no supervision of DNFBBPs, including notaries, identified by experts as a primary facilitator of financial crimes.
- The judiciary is extremely adverse to prosecuting/hearing corruption cases, which is likely due to either threat of reprisal or active participation in corrupt acts.

PROGRAMMATIC EFFORTS

Haiti has not conducted any successful ML prosecutions or secured any convictions for at least the last seven years.²⁰⁴ Per UCREF's 2017-2018 Annual Report, the U.S. Embassy in Haiti had funded the installation of the AML software goAML to strengthen UCREF's receipt and analysis

202 "2019 Investment Climate Statements: Haiti," U.S. Department of State, accessed August 17, 2021. [Retrieved online.](#)

203 U.S. Commercial Service, *Doing Business in Haiti: 2019 Country Commercial Guide for U.S. Companies* (Washington, D.C.: U.S. & Foreign Commercial Service; U.S. Department of State, 2018), 69. [Retrieved online.](#); U.S. Department of State, *INCSR Vol. II*, 2021, 32.

204 CFATF, *Republic of Haiti: MER 2019*, 5; U.S. Department of State, *INCSR Vol. II, 2020*, 112; U.S. Department of State, *INCSR Vol. II, 2020*, 106.

of STRs, however more than one expert noted that there is no adequate mechanism in place to report financial crimes.²⁰⁵

Future support for Haiti should be focused on 1) supporting the government in conducting an NRA and the creation of a risk-based strategy for AML/CFT; 2) strengthening the work of civil society to fight corruption and financial crimes, such as supporting the creation an advocacy campaign linking corruption, IFFs, and human rights so that the public is better aware of the connections and impacts; 3) conducting additional research around the appointment of honorary consuls, and; 4) supporting the efforts of the Professional Magistrate Association (Association professionnelle des magistrats) in their attempt to engage the Haitian government to strengthen the structure of judicial system as well as the technical capacity of its stakeholders.

205 Unité Centrale de Renseignements Financiers, “Rapport d’activités: Exercice 2017-2018,” 3.



Honduras

Honduras has significant AML/CFT weaknesses that stem from high levels of government corruption, weak institutions and the powerful presence of drug trafficking and organized crime. Honduras is the second poorest country in the hemisphere yet has large illicit economies, which makes AML/CFT efforts particularly complex. According to a Honduran expert interviewed for this project, “you know when there is dirty money circulating in town, because when you go to the supermarket you’ll see the shelves are full of food.”

Official corruption in Honduras goes well beyond graft to include high-level financial and operational complicity with major drug trafficking organizations. Most notably, current Honduran president Juan Orlando Hernández has been named in several criminal cases in what U.S. prosecutors call “state-sponsored drug trafficking.”²⁰⁶ With the November 2021 presidential elections coming up, Honduran voters will choose between a candidate convicted of laundering drug money, a candidate under investigation for embezzlement, and a candidate whose husband is accused of taking drug money.²⁰⁷ In this context, political will to implement or enforce AML/CFT is very weak.

BASELINE

Key background materials include Honduras’ GAFILAT 2016 MER and its 2015 NRA, which does not appear to be publicly available, but is cited in GAFILAT reports. An important point of reference for U.S. assistance on governance issues is the Wilson Center report, *U.S. Foreign Aid to the Northern Triangle 2014-2019*.²⁰⁸ Civil society assessments, including those by Consejo Nacional Anticorrupción, Asociación para una Sociedad Más Justa and the Observatorio de la Violencia, play a particularly important role.

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds amount to US\$502 million to US\$1.3 billion a year, and that ML of said proceeds amounts to US\$351 million to US\$878 million dollars a year for Honduras. One study by the Global Initiative against Transnational Organized Crime found that the estimated value of extortion in Honduras was \$200 million in 2015.²⁰⁹ Given the dynamics previously mentioned as well as the estimate for extortion, we believe the high end of the above ranges is most accurate.

CURRENT THREATS

In interviews, experts unanimously identified corruption as the single largest financial crime in the country. It was followed by ML, and, to a lesser extent, TBML and TF. The main activities generating criminal proceeds, ranked by order of perceived magnitude, are corruption, drug trafficking, TIP/SOM, and mineral trafficking. The primary channels used for financial crimes are banks, bulk cash smuggling, corporate structures and political parties, according to experts, while the primary gatekeepers involved are lawyers. Honduran financial crimes frequently

206 Marlon Gonzalez, “US Seeks Extradition of Former Head of Honduras’ Police,” AP News, May 14, 2021. [Retrieved online.](#)

207 AQ Editors, “Meet the Candidates: Honduras,” Americas Quarterly, March 23, 2021. [Retrieved online.](#)

208 Jeff Ernst et al, *US Foreign Aid to the Northern Triangle 2014 – 2019 – Promoting Success by Learning from the Past* (Washington, D.C.: Wilson Center - Latin American Program, 2020). [Retrieved online.](#)

209 InSight Crime and Global Initiative Against Transnational Organized Crime, *A Criminal Culture*, 3.

involve jurisdictions such as Panama, the U.S. (specifically real estate), Guatemala, Mexico and Colombia.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Honduras</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
2 / 5	Lack of political will, weak institutions	Detection and prevention	Investigation and prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

Among the most important AML/CFT laws is the 2015 Special Law on Asset Laundering (Ley Especial Contra el Lavado de Activos), which updates and establishes the system of prevention, control and combating of ML and FT to effectively prevent and fight organized crime. In response to the high levels of organized crime threats, the National Congress issued the 2010 Law on Definitive Deprivation of the Domain of Goods of Illicit Origin (Ley Sobre Privación Definitiva del Dominio de Bienes de Origen Ilícito); the objectives of this law are to identify, locate, recuperate, and secure goods or assets of illicit origin.²¹⁰ The 2015 Law Regulating Designated Non-Financial Activities and Professions (Ley Para la Regulación de Actividades y Profesiones no Financieras Designadas) establishes measures implemented by natural or legal persons dedicated to DNFBPs.²¹¹

Despite the bevy of laws and regulations, there is evidence of backsliding. Honduras' National Congress recently passed a new criminal code that lowers the sentence for corruption and drug trafficking cases from 15-20 years to four-seven years in prison. Another controversial measure is the penalization for those that publish, reproduce and repeat slander and defamation. Dagoberto Rodriguez, president of the *Colegio de Periodistas de Honduras*, has stated that “the provisions contained in the new Penal Code are serious and threaten freedom of expression and of the press.”²¹² Moreover, the new criminal code has caused setbacks in the fight against corruption.

Finally, Honduras' failure to renew the mandate of the Support Mission against Corruption and Impunity in Honduras (Misión de Apoyo contra la Corrupción y la Impunidad en Honduras or MACCIH) speaks volumes. Between January 2016 and January 2020, MACCIH investigated relevant cases involving public and private corruption networks, focusing on reforming and strengthening the institutional framework. Honduras' unwillingness to renew MACCIH is emblematic of systemic issues and lack of political will, experts note.

210 Congreso Nacional, *Ley Para La Regulación de Actividades Y Profesiones No Financieras Designadas* (Tegucigalpa: Republica de Honduras, 2015). [Retrieved online.](#)

211 Ibid.

212 Redacción, “Los Seis Datos Que Debes Saber Sobre El Nuevo Código Penal de Honduras,” *El Heraldo*, May 16, 2019. [Retrieved online.](#)

VULNERABILITIES AND WEAKNESSES

The main vulnerability to Honduras' AML/CFT efforts is political: numerous reports show that drug money is omnipresent in politics, from the Congress all the way to the Presidency. At a more technical level, vulnerabilities include lack of BO information. Requiring information on the real or "beneficial" owners of assets could be effective, particularly if extended beyond anonymous companies to include aircraft, boats, or other types of transportation involved in drug trafficking and bulk cash smuggling.

PROGRAMMATIC EFFORTS

In terms of international technical assistance, the U.S. is the most significant actor involved. Unfortunately, U.S. efforts on AML/CFT and illicit economies in Honduras have been problematic.

To begin with, U.S. assistance to Honduras has underestimated and failed to adequately manage corruption risks. Going forward, given Honduras' extremely high-risk profile, anti-corruption measures should be incorporated into all U.S. technical assistance. For example, the U.S. should consider projects that address corruption and drug trafficking jointly, as two interconnected challenges.²¹³ Separate treatment of the two issues leads to a disjointed approach and may send the message that the U.S. is willing to turn a blind eye to corrupt law enforcement as long as certain counternarcotics milestones are met.

Moreover, U.S. officials should carefully consider more responsive, agile and nuanced mechanisms for dealing with senior officials suspected, but not proven, to be involved in high-level corruption or organized crime, as this will probably continue to be a challenge. As a former U.S. ambassador wrote recently, "It is hard to get to the top of the political or economic ladder in Northern Triangle countries without playing by the corrupt rules of the game. They are not corrupting the system. This is the system."²¹⁴

Finally, better institutional coordination between DEA, DOJ and U.S. State Department is critically needed. While this is a regional challenge, perhaps no country is a better example of why this is needed than Honduras.

213 For an interesting example of how this can be done, see "Lucha Contra La Corrupción Y Lucha Contra El Narcotráfico En Colombia: Análisis Del Fenómeno Desde Una Perspectiva Institucional y de Política Pública," *Transparencia por Colombia*, July 27, 2021. [Available here.](#)

214 James D Nealon, "The Corruption Conundrum in Central America," *Univision*, December 7, 2020. [Retrieved online.](#)

Jamaica

Jamaica faces major security challenges as a narcotics transshipment and source country as well as from fraud schemes, corruption, extortion, and a guns-for-drug trade that fuels gang activity. The government has recognized that “violence, crime, and corruption have profoundly retarded Jamaica’s development,” and therefore have made it a key priority to “remove the profit from crime.”²¹⁵ While the country has taken steps to address legislative gaps in its fight against financial crimes, it still suffers from shortcomings in enforcement, institutional capacity, and political will, and remains on the FATF grey list.

BASELINE

Primary source materials include the 2017 CFATF fourth round MER for Jamaica and the Third Follow-Up Report to the previous MER completed in 2021, as well as Jamaica’s 2014 National Security Policy (NSP). Jamaica completed its first official NRA in May 2016, however the NRA does not seem to have been publicly released.²¹⁶ The country appears to have commenced a subsequent NRA, with a target completion date of April 2021, however its current status is unclear.²¹⁷

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds in Jamaica are valued at US\$329 million to US\$823 million annually, with ML equaling US\$230 million to US\$576 million. However, this is likely very conservative as estimates place lottery scams alone at US\$300 million to US\$1 billion each year,²¹⁸ and another estimate put the cost of corruption to the island at five percent of GDP.²¹⁹

CURRENT THREATS

Experts ranked corruption as the most pressing financial crime for Jamaica, followed by ML, TBML, and TF. In regards to the crimes generating illicit proceeds, corruption and drug trafficking were viewed as two of the largest contributors, followed by TIP/SOM. Mineral trafficking was not seen as a problem for the island.

Additionally, several experts remarked on the severity of financial frauds, principally lottery and advance-fee scams, which are perpetrated from Jamaica. As noted by one expert, this is evidenced by the fact that, while drug trafficking represented the largest crime reported in SARs in terms of value, fraud was the largest in terms of number of SARs filed. Per expert interviews, fraud schemes in Jamaica overwhelmingly target American citizens, particularly the elderly, and have been observed to have increased in sophistication and volume over the last four to five years.

Cocaine is trafficked from Colombia through Jamaica via maritime routes by TCOs and on to the

215 Government of Jamaica, *A New Approach: National Security Policy for Jamaica* (Kingston, Jamaica: Government of Jamaica, 2014), 4. [Retrieved online.](#)

216 Caribbean Financial Action Task Force, *Jamaica: Mutual Evaluation Report, January 2017* (Port of Spain: Caribbean Financial Action Task Force, 2017), 102. [Retrieved online.](#)

217 Durrant Pate, “BOJ confident of Jamaica being removed from Anti-Money Laundering (AML) and Counter-Financing of Terrorism Watchlist,” *Jamaica Observer*, November 25, 2020. [Retrieved online.](#)

218 Wayne Drash, “Driven to Death by Phone Scammers,” *CNN*, October 7, 2015. [Retrieved online.](#); Kate Chappell, “Lottery Scams Prey on the Vulnerable and Help Fuel Violence in Jamaica,” *The Guardian*, April 2, 2017. [Retrieved online.](#)

219 “Full Time to Change Public Corruption in Jamaica,” *Caribbean National Weekly*, July 24, 2020. [Retrieved online.](#)

U.S. and, to a lesser extent, Europe. Though cannabis is not cultivated in the same volume as its heyday in the 1970s and before, an expert reported that Jamaica is still the largest source country for cannabis in the Caribbean and is known for its high THC content; it is exported to destinations around the Caribbean and to Central America. There is a recognized drugs-for-guns trade running between Jamaica and Haiti, with narcotics from Jamaica being exchanged for illegal firearms from Haiti. The weapons trafficked into Jamaica significantly contribute to the high level of violence generated by both TCOs as well as local gangs, which in turn has “[fueled] a homicide rate that consistently ranks among the highest in the world.”²²⁰

Corruption, cronyism, nepotism, illicit enrichment and conflicts of interest are considered deep-rooted problems for the island, extending all the way to the Prime Minister’s office. In 2011, former Prime Minister Bruce Golding resigned after it was found that he, in his role as Prime Minister, had engaged a U.S. law firm to lobby the U.S. government to drop its extradition request of Jamaican drug kingpin Christopher “Dudus” Coke. Most recently there have been corruption scandals at the Ministry of Education, Youth, and Information as well as Petrojam, Jamaica’s state-owned oil company.²²¹ However, despite widespread agreement on the seriousness and scale of corruption in Jamaica, the government’s response has fallen short, with very few convictions despite credible allegations of wrongdoing.

The real estate and property development sectors were overwhelmingly viewed as popular channels or destinations for illicit proceeds. TBML was not viewed as a significant and/or common ML typology by experts; however, they also acknowledged that TBML was not well understood by relevant stakeholders. As the country is a major transshipment point for containerized cargo, it is vulnerable to both TBML schemes as well as drug trafficking.²²²

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Jamaica</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
2.75 / 5	Lack of resources and political will, weak investigations	Investigation and prosecution	Detection and prevention

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

The primary legislation (and its amendments) addressing financial crimes in Jamaica is the Proceeds of Crime Act (POCA) of 2007, which both criminalizes ML as well as provides for asset forfeiture. It is complemented by the Terrorism Prevention Act of 2005, the Corruption Prevention Act of 2002, and the Banking Services Act of 2014, which allows for stronger enforcement powers and greater information sharing between the Bank of Jamaica, the Financial Services Commission, and foreign counterparts. In 2021, the government passed the Microcredit Act to regulate and license microcredit institutions, which had been noted for their vulnerability to ML.

220 “Integrated Country Strategy: Jamaica” U.S. Department of State, August 20, 2018, 2. [Retrieved online.](#)

221 “How Ruel Reid and Co. Allegedly Scammed Over \$50 Million from the Education Ministry,” Caribbean National Weekly, October 17, 2019. [Retrieved online.](#); “Former Petrojam boss Floyd Grindley charged with aiding and abetting fraud,” Jamaica Gleaner, March 16, 2021. [Retrieved online.](#)

222 U.S. Department of State, *INCSR Vol. II, 2021*, 160.

While financial crime legislation is generally strong, implementation and enforcement were typically considered weak by experts. For example, one strength within the Corruption Prevention Act is a provision that requires public servants, when requested, to prove how they obtained assets by legal means. Coupled with disclosure requirements for public servants and politicians, this creates a strong anti-corruption foundation. However, these tools remain ineffective as they are not enforced. In the Integrity Commission's First Annual Report for 2018-2019, for example, only 47 percent of public officials had submitted the required statutory declarations.²²³

VULNERABILITIES AND WEAKNESSES

Vulnerabilities and weaknesses in Jamaica's fight against financial crimes include:

- Political will in addressing legislative weaknesses is low. As one expert noted: "While many of the laws are on the face good, they can have significant weaknesses. And when the weaknesses are pointed out—and they have been—they have been very rarely corrected, or it takes an extremely long time, which can be in some part explained by the political class being beneficiaries of corruption."
- A major hurdle identified in the prosecution of ML cases is the length of time it takes for the cases to go through the courts; significant delays as well as postponements have created a severe case backlog within the entire judicial system. These delays have been attributed, in part, to shortages of key personnel such as judges, prosecutors, and defense attorneys as well as lack of training and resources.²²⁴
- Government agencies (other than FID) have a poor awareness of how to apply POCA, and it is therefore severely underutilized.
- While ML charges may accompany drug trafficking and corruption charges, it is uncommon for such charges to be filed in conjunction with any other offenses. Additionally, the government has often not included ML charges or dropped them in pursuit of securing a conviction on the predicate offense.
- Per the POCA, lawyers are subject to AML reporting requirements. However, a 2014 injunction filed by the Jamaican Bar Association has since exempted the profession from complying as they argued it would, among other considerations, violate attorney-client privilege. The Jamaican Government has sought to challenge the exemption but has so far been unsuccessful. Given that notaries must be attorneys, and trust and company service providers are typically lawyers or accountants, this leaves a large gap in Jamaica's reporting.

PROGRAMMATIC EFFORTS

Jamaica and the U.S. have a robust, long-standing relationship on combating TOC, with mutual legal assistance, extradition, and maritime law enforcement treaties. Among other avenues, the U.S. provides support to Jamaica via the Caribbean Basin Security Initiative and has provided funding for capacity building in the judiciary.²²⁵

Future efforts in Jamaica should be focused on 1) supporting the creation of a court that only

²²³ Integrity Commission, *Integrity Commission First Annual Report 2018/2019* (Kingston, Jamaica: Integrity Commission, 2019), 18. Retrieved online.

²²⁴ Government of Jamaica, *Vision 2030 Jamaica: National Development Plan* (Kingston, Jamaica: Planning Institute of Jamaica, 2009), 101. Retrieved online.

²²⁵ U.S. Department of State, *INCSR Vol. I, 2021*, 162.

hears ML and/or financial crime cases; 2) helping the country strengthen its risk-based approach, which has been found to be in a very nascent stage; 3) training relevant stakeholders on TBML, and; 4) supporting an awareness/training campaign for relevant government stakeholders on how to apply POCA.



Mexico

Many signs indicate that Mexico is motivated to address financial crimes; the current administration has prioritized this issue, and many experts working on AML in Mexico see positive momentum. However, several challenges impede progress: the overall weakness of Mexican institutions, the seriousness of organized crime in the country, and low levels of prosecutions.

BASELINE

Key background materials identified include Mexico's 2020 NRA, the U.S.-Mexico Bi-National Criminal Proceeds Study, and Mexico's 2008 and 2018 FATF MERs. GFI's 2020 report, *Narcotics Proceeds in the Western Hemisphere*, also covers Mexican financial crimes associated with the drug trade.²²⁶ Information on the Mexican government agencies involved and their responsibilities pertaining to AML/CFT is outlined through a joint publication by the Secretariat of Finance and Public Credit (Secretaría de Hacienda y Crédito Público or SHCP) and the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores or CNBV).²²⁷ Gaps in the current research include insufficient analysis of topics such as gatekeepers, TBML, gasoline theft (*huachicolero*), and the relationship between arms trafficking and financial crimes.

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds amount to US\$25 billion to US\$62 billion a year, and that ML of said criminal proceeds amounts to US\$18 billion to US\$44 billion a year for Mexico. Mexico's 2020 NRA estimates that from 2016-2018, IFFs in the country surpassed US\$50 billion, amounting to roughly US\$17 billion per year, though they noted that not all types of criminal proceeds were included in this estimate due to methodological difficulties.²²⁸

CURRENT THREATS

When asked the most prevalent types of financial crimes affecting the country, experts identified corruption and ML (tied for most prevalent). This was followed by TBML and TF in last place. The main activities generating criminal proceeds are, ranked by order of perceived magnitude, corruption, drug trafficking, TIP/SOM, and mineral trafficking.

Mexican financial crimes frequently involved other jurisdictions such as China, Colombia and the United States. To a lesser extent, they also involved Panama, Guatemala, and other Central American countries, particularly with regards to bulk cash smuggling.

226 Global Financial Integrity, *Narcotics Proceeds in the Western Hemisphere: Analysis of Narcotics Related Illicit Financial Flows between the United States, Mexico, and Colombia* (Washington, D.C.: Global Financial Integrity, September 2020). [Retrieved online.](#)

227 Secretaría de Hacienda y Crédito Público, *Conocimientos Básicos En PLD/FT* (Ciudad de México: Secretaría de Hacienda y Crédito Público, 2018). [Retrieved online.](#)

228 Secretaría de Hacienda y Crédito Público, Secretaría de Gobernación, and Procuraduría General de la República, *Evaluación Nacional de Riesgos de Lavado de Dinero Y Financiamiento al Terrorismo En México* (Ciudad de México: Secretaría de Hacienda y Crédito Público: 2016). [Retrieved online.](#)

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Mexico</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREA
2.5 / 5	Poor implementation of AML/CFT laws, coupled with lack of political will among certain institutions involved	Prevention and detection	Prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

Within Mexico's legal framework, two laws are particularly important: the Federal Law for the Prevention and Identification of Operations with Resources of Illicit Origin (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*, or *Ley Antilavado*) of 2012, designed to detect and prevent IFFs, and the National Law for Asset Forfeiture (*Ley Nacional de Extinción de Dominio*) of 2019, designed to strengthen the ability to seize illicit funds obtained by private citizens and/or companies. It is also worth mentioning Mexico's 2010 regulatory changes restricting USD in cash for AML purposes, an important step towards addressing bulk-cash smuggling.²²⁹

A number of new policies are currently being considered in Mexico. A proposed reform to Mexico's *Ley Antilavado* has been given the green light by the FIU, and would include BO identification as well as politically exposed person (PEP) identification for vulnerable activities, among other measures.²³⁰ In addition, a new bill under discussion in Mexico would require the Central Bank to purchase USD in cash from Mexican financial institutions, which has raised certain questions about why this would be necessary and from where such large amounts of cash in USD are coming.²³¹ Proponents of the bill claim that it would help remittance recipients who receive USD in cash and need to deposit the funds; experts have been quick to point out that USD cash remittances represent only 0.7 percent of all remittances to the country.²³² If passed, this bill could facilitate the bulk-cash smuggling of USD.

VULNERABILITIES AND WEAKNESSES

Vulnerabilities in the Mexican AML/CFT system include:

- Lack of communication and coordination among government agencies, particularly between the FIU and the *Fiscalía*, which contributes to the low levels of prosecutions and convictions;
- Limited understanding of the risks posed by gatekeepers, combined with minimal reporting requirements for gatekeepers; and

229 "Newly Released Mexican Regulations Imposing Restrictions on Mexican Banks for Transactions in U.S. Currency," Financial Crimes Enforcement Network, June 21, 2010. [Retrieved online.](#)

230 This would include PEP identification for those who have carried out public official duties either in Mexico or abroad. For more information, see Fernando Gutiérrez, "Reforma a La Ley Antilavado, Por Más Vigilancia a Funcionarios Expuestos a Corrupción," *El Economista*, October 1, 2020. [Available here.](#)

231 Marcos Méndez and Luz Elena, "Lo "Bueno" Y Lo "Malo" Del Plan de Reforma a La Ley Del Banco de México, Expansión," December 14, 2020. [Retrieved online.](#)

232 Juan José Li Ng and Carlos Serrano, "México | Remesas, Medios de Envío Y Dólares En Efectivo," BBVA Research, December 15, 2020. [Retrieved online.](#)

- Limited understanding of TBML and the risks it poses.

Other contextual factors limit the effectiveness of Mexico's AML/CFT response, as well, including corruption within government institutions, limited fiscal resources, and very complex physical security challenges that consume attention.

PROGRAMMATIC EFFORTS

In Mexico, there is the sense that “we are afraid to talk about how we measure success because we won't end up looking good,” according to one expert. Under the current administration, success in fighting financial crimes is typically measured in terms of frozen accounts or seized assets. Meanwhile, the U.S. measures success in its AML capacity building efforts in Mexico through persons trained, trainings conducted, and equipment provided. Both Mexican and U.S. indicators are appropriate for short-term achievements; however, efforts should be made to also track medium and longer term impacts; ultimately, if programmatic efforts are truly successful, they should lead to more robust prosecutions and convictions for financial crimes.

Going forward, it is recommended that the U.S. 1) engage with Mexico on financial crime issues through the lens of anti-corruption, which offers many promising opportunities, 2) incorporate TBML prevention into its capacity building programs, particularly where it pertains to trade with the United States, China and Colombia, 3) work with Mexico to address weaknesses in certain gatekeeper professions, starting with notaries, and 4) share information with Mexico regarding BO data and best practices, particularly as the U.S. embarks on its own BO implementation, leveraging this as a tool to fight corruption and financial crimes in both countries.



Nicaragua

While Nicaragua has made certain progress on its legal framework, increasingly authoritarian behavior by President Daniel Ortega impacts the effectiveness of AML/CFT efforts in numerous ways. Ultimately, the politicization of these efforts not only puts pro-democracy groups at risk, but also detracts from efforts to combat real financial crimes. In June 2021, for example, an opposition leader was arrested and disqualified from running for office on charges of ML, which many see as a political attack.²³³ Even the implementation of the country's BO registry, which is typically a positive step, takes on a more sinister tone, with some interviewees asserting that the country's financial intelligence unit operates as a "spy agency" monitoring the finances of political dissidents.²³⁴

BASELINE

Key background materials identified include Nicaragua's 2016 NRA and 2017 MER. The NRA identified drug trafficking, organized crime, corruption, TIP and sexual exploitation as main threats and stated that nonprofits, remittance companies, and currency exchangers were high-risk channels.²³⁵ Meanwhile, the MER identified deficiencies related to the risk-based approach, insufficient TF regulations, and insufficient supervision of nonprofits.²³⁶ Since 2017, Nicaragua has addressed some of these areas but largely in order to use them against pro-democracy and human rights groups.

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds amount to US\$250 million to US\$626 million a year, and that ML of said proceeds amounts to US\$175 million to US\$438 million dollars a year for Nicaragua. These relatively low figures reflect the fact that Nicaragua is one of the smallest, poorest economies in the Western Hemisphere.

CURRENT THREATS

In interviews, experts identified ML and corruption as the most prevalent financial crimes, followed by TBML and TF to a lesser extent. The main activities generating criminal proceeds, ranked by order of perceived magnitude, are drug trafficking, corruption, TIP/SOM, and mineral trafficking. The main channels used for financial crimes are banks, real estate, and international trade, according to experts, and the primary gatekeepers involved are lawyers. Economic sectors such as oil, cattle/slaughterhouses, and real estate are often involved.

One risk factor may be the use of U.S. cash; the Nicaraguan economy is de-facto dollarized. This is a risk factor since many criminal proceeds, such as narcotics proceeds, are collected in USD; the repatriation of funds is typically a challenge since funds must be moved physically or electronically and subsequently converted to local currency. Removing the currency conversion step makes the process simpler and reduces the number of encounters with financial intermediaries

233 Marlon Sorto, Kiarinna Parisi, Abel Alvarado and Philip Wang, "Nicaraguan Presidential Challenger Cristiana Chamorro Placed under House Arrest," CNN World, June 3, 2021. [Retrieved online.](#)

234 Donaldo Hernández, "Economista: 'Ortega Pretende Controlar a Sus Opositores a Través de Las Remesas,'" Voz de América, April 26, 2019. [Retrieved online.](#)

235 GAFILAT, *Mutual Evaluation Report – Nicaragua* (Buenos Aires: GAFILAT, 2017), 7. [Retrieved online.](#)

236 Ibid, 75.

with AML/CFT reporting responsibilities.

Nicaraguan ML and corruption cases frequently involve jurisdictions such as Venezuela, El Salvador, and other neighboring countries.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Nicaragua</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
2.75 / 5	Political situation, issues with enforcement/implementation	Prevention and detection	Investigation and prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

Nicaragua has recently passed important AML/CFT laws and regulations. Law 1035, approved in 2020, requires BO information. Meanwhile, Law 976 of 2018 regulates the roles, powers and operations of the Financial Intelligence Unit (Unidad de Análisis Financiero) to receive and analyze transaction reports and other information relevant to ML and gives them the responsibility to disseminate this information.²³⁷ In 2019, it was amended to extend the responsibility of filing SARs to lawyers and notaries.²³⁸ In 2020, Nicaragua passed the Law Regulating Foreign Agents (Ley de Regulación de Agentes Extranjeros), requiring natural or legal persons, whether Nicaraguan or of other nationalities, who work for foreign governments, companies, foundations or organizations to register with the Interior Ministry as foreign agents and refrain from intervening in matters and activities of internal politics or face legal charges.²³⁹ This law causes “nonprofits, and their staff, working on issues seen as controversial to the government [to] face enhanced scrutiny and penalties.”²⁴⁰ In 2018, Nicaragua’s National Assembly passed Law 977 on ML, TF and weapons of mass destruction (WMD). The law established mechanisms to strengthen prevention, investigation, pursuit and punishment of criminal activities specifically relating to ML and sought to bring Nicaragua more in line with international standards.²⁴¹

VULNERABILITIES AND WEAKNESSES

Vulnerabilities in the Nicaraguan AML/CFT system include: politicization of AML/CFT efforts, lack of independent institutions, and limited opportunities to effectively engage in international cooperation due to Nicaragua’s increasing political isolation. In the words of a Nicaraguan legal expert interviewed for this project who wished to remain anonymous out of fear of reprisals, “AML laws are being used to reverse progress towards democracy”.

237 “Ley No 976: Ley de la Unidad de Análisis Financiero,” Asamblea Nacional de la República de Nicaragua, July 16, 2018. [Retrieved online.](#)

238 “De Interés: Aprueban reforma a la ley de la Unidad de Análisis Financiero,” Unidad de Análisis Financiero, September 5, 2019. [Retrieved online.](#)

239 Valeska Fonseca Torres, “Ley de Regulación de Agentes Extranjeros en Nicaragua,” Garcia & Bodan: Attorneys & Counselors at Law, 1 December 2020. [Retrieved online.](#)

240 Brian Kastner, “New Nicaraguan Legislation Impacts Foreign Foundation Grantmaking,” Council on Foundations, November 2, 2020. [Retrieved online.](#)

241 “Anti-Money Laundering and the Financing of Terrorism Regulations,” Progreso, July 2018. [Retrieved online.](#)

PROGRAMMATIC EFFORTS

International technical assistance to Nicaragua on AML/CFT is limited. Since the U.S. does not provide assistance to the Nicaraguan government directly, it can either engage with the private sector or NGOs as possible partners. However, civil society is shrinking after the Nicaraguan government stripped a number of NGOs of legal status, and any collaboration with the U.S. presents high risks for those remaining. The private sector faces its own challenges. Recently, the Ortega government responded to U.S. sanctions by banning local banks from closing the accounts of sanctioned individuals, leaving the Nicaraguan financial sector in the crosshairs between Managua and Washington,²⁴² in what some experts characterized as an “impossible position.”

Going forward, it is recommended that the U.S. closely follow developments related to the bank accounts closure ban; if the situation worsens, it could become very destabilizing and could dramatically isolate the country from the international economy. Moreover, the U.S. should engage with the FATF and regional bodies to provide clarification surrounding CFT. The misuse of CFT policies presents profound risks to Nicaraguan democracy and detracts from their legitimate and intended purpose.

242 “Nicaragua Bars Banks from Closing Accounts of Sanctioned Individuals,” Reuters, February 4, 2021. [Retrieved online.](#)



Panama

Panama has made progress in the fight against financial crimes, though significant challenges remain. Panama has been off and on the FATF grey list for years,²⁴³ and in 2020, it was added to the EU black list for non-cooperative tax jurisdictions.²⁴⁴ Among several experts consulted for this project, there is a sense that Panama knows what needs to be done to improve, but is not moving quickly enough due to a variety of factors such as a legislative stalemate, lack of inter-agency coordination, private sector push-back and implementation hurdles. Many in Panama, as well as in the international community, are frustrated by the result.

BASELINE

Key background materials include Panama's 2018 GAFILAT MER, which is critical of the country's efforts, stating that "illicit funds derived from other threats, domestically or internationally, as identified by the NRA (drug, gun and human trafficking, smuggling, financial crimes, corruption, and the like) are not adequately faced due to the significant vulnerabilities disregarded by the Strategy in the main risk sectors (corporate services, free zones, real estate and financial sectors)."²⁴⁵ In 2019, Panama updated its NRA to incorporate increased risks of TF, such as upgrading the risk level of remittances in light of increased immigration from conflict zones. Its most recent NRA, from 2020, is available online and provides further insights.

Panama's financial sector risks are well documented, but less has been done on IFFs within commerce, trade and transportation. A *Boston Globe* investigation titled "Secrets in the Sky" offers an important point of departure, documenting the intersections between anonymous companies, aircraft registration, drug trafficking and corruption.²⁴⁶

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds amount to between US\$1.3 billion and U.S.\$3.3 billion per year. Of this, we estimate that between US\$935 million and US\$2.3 billion is laundered each year. Given Panama's prominent role in many TBML cases, it is important to note that trade misinvoicing in Panama amounts to US\$2.6 billion a year on average.²⁴⁷

CURRENT THREATS

When asked about the most prevalent types of financial crimes affecting the country, experts identified ML and corruption, clarifying that the funds typically come from foreign rather than domestic sources. The main illicit activities generating dirty money, according to expert interviews, are corruption followed by drug trafficking. Experts noted that the presence of mineral trafficking and TIP/SOM is minimal.

Some of the main channels used for financial crimes are corporate structures (such as the Pan-

243 It was added to the gray list in 2014, removed in 2016, and put back on the gray list in 2019. For more, see Carlos Berguido et al, "Why Is Panama Back on the FATF's 'Gray List'?", *The Dialogue - Leadership for the Americas*, July 17, 2019. [Available here.](#)

244 "Evolution of the EU List of Tax Havens," European Commission, February 22, 2021. [Retrieved online.](#)

245 GAFILAT, *Mutual Evaluation Report of the Republic of Panama* (Buenos Aires: GAFILAT, 2018), 7. [Retrieved online.](#)

246 Kelly Carr, and Jaimi Dowdell, "Secrets in the Sky," *The Boston Globe*, November 24, 2017. [Retrieved online.](#)

247 Value gap with all global trading partners, 10 year average for 2008-2017. Available at Global Financial Integrity, *Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017* (Washington, D.C. Global Financial Integrity, 2020), 61. [Available here.](#)

amanian Private Interest Foundation), banking, real estate, international trade and bulk-cash smuggling. Experts interviewed unanimously identified lawyers as the most important gatekeeper.

In terms of jurisdictions involved, Panama is a regional financial hub, and as such, its financial crime risks can be linked to almost every country throughout the Western Hemisphere, including the U.S.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Panama</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREA
2.2 / 5	Laws are only “on paper,” failure to implement, lack of inter-agency coordination	None identified	Convictions

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

Panama has passed a number of new AML/CFT laws in an effort to get off international grey lists, but implementation appears half-hearted. Among these are Law 23 of 2015 on the prevention of ML, TF and the proliferation of WMD, and Law 11 of 2015 on international judicial assistance in criminal matters. Law 21 of 2017 adopted new rules to regulate trusts under the supervision of the banking sector regulator (Superintendencia de Bancos). Moreover, Law 70 of 2017 finally criminalized tax evasion as a predicate crime.²⁴⁸

Law 129 of 2020 approved the creation of a BO registry, an important step for Panama given profound AML/CFT weaknesses with corporate structures. However, the slow pace of implementation and the loopholes within the law are cause for concern.²⁴⁹ According to an interview with a high-level government official, BO transparency remains “our Achilles heel”.

VULNERABILITIES AND WEAKNESSES

The FATF has pointed to key deficiencies related to corporate structures, unlicensed money remitters, nominee shareholders, and failure to implement its BO registry, among other things.²⁵⁰ With regards to gatekeepers, experts interviewed for this project characterized AML/CFT requirements as “timid,” noting that these professions are “weakly regulated, weakly supervised, and highly influential in the economy and politics of the country.”

Moreover, the U.S. has pointed out serious concerns with Panama’s CFT framework. The State Department’s 2019 Country Reports on Terrorism found that Panama “does not have compre-

248 For many years, this was an issue. In their 2018 MER report, GAFILAT noted that “tax crimes are not criminalized as a ML base or predicate offense, which significantly affects the possibilities for prevention and investigation of ML offenses, and prevents an adequate cooperation in the requests received from abroad.” See GAFILAT, *Mutual Evaluation Report of the Republic of Panama* (Buenos Aires: FATF, 2018), 7. [Available here.](#)

249 Carlos Barsallo and Ivy Solís, *Panamá: Registro de Beneficiarios Finales* (Ciudad de Panamá: Fundación Para El Desarrollo de La Libertad Ciudadana, 2021), 19. [Retrieved online.](#)

250 “Jurisdictions under Increased Monitoring - February 2021,” FATF, 2021. [Retrieved online.](#)

hensive counterterrorism legislation or a robust counterterrorism legal framework”.²⁵¹

Experts in Panama noted that Panama isn’t weak in laws, but rather in enforcement. Moreover, an expert highlighted that AML/CFT laws may be intentionally weak and ambiguous, since “he who is writing the law is doing so while thinking of ways to ensure it never applies to him.”

PROGRAMMATIC EFFORTS

Donor technical assistance includes support from the UK government on building investigative capacity, as well as significant capacity-building efforts from the U.S. Other important stakeholders include the Open Government Partnership (OGP) and the UNODC.

The implementation of the Corporate Transparency Act in the U.S. provides an opportunity for the U.S. to engage with Panama and invite collaboration on matters pertaining to corporate structures and BO as both countries grapple with these issues. In Panama, there is the sense from those interviewed that the international AML/CFT architecture is unfair, that wealthy countries like the U.S. are able to have lax requirements with little consequences but that for a small country like Panama, the rules are different. Going forward, U.S. efforts should be sensitive to this perception and should find opportunities where both countries can improve standards.

Finally, future AML technical assistance efforts should address Zona Libre de Colón. For example, electronic registration systems, centralized KYC efforts, BO requirements, and limits on cash transactions within the FTZ could provide important AML/CFT benefits.

251 “Country Reports on Terrorism 2019: Panama,” U.S. Department of State, 2019. [Retrieved online.](#)



Paraguay

The current government of President Mario Abdo is implementing measures to tackle corruption, drug trafficking, arms trafficking, human smuggling, and ML, especially in the COVID-19 pandemic context. The President also attests that these crimes have been augmented, at least partially, by cybercrime.²⁵² The geographical position of Paraguay and the Tri-Border Area shared with Argentina and Brazil facilitates criminal activity that includes ML, drug trafficking, and contraband, among others, that contribute to a multitude of illicit activities, valued in the millions of dollars. Even with a developing AML/CFT framework, challenges around the implementation of laws, lack of knowledge, corruption and lack of political will remain major obstacles.

BASELINE

Key background materials identified include the 2008 MER and Follow-Up Report from 2012, the NRA on TF from 2020, the *First Semester of 2021 Management Report* from the Secretariat for the Prevention of Money and Asset Laundering (La Secretaría de Prevención de Lavado de Dinero o Bienes or SEPRELAD) and several bulletins and official reports on the fourth-round GAFILAT MER, which is slated for 2021.²⁵³

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that the criminal proceeds amounted to between US\$763 million and US\$1.90 billion per year. Of this, we estimate that between US\$534 million and US\$1.33 billion is laundered each year.

CURRENT THREATS

According to experts, Paraguay experiences high levels of corruption, limited resources, and lack of political will to tackle financial crimes despite their recent laws on the matter. Implementation, technical knowledge, and impunity are also major issues when addressing crimes. Additionally, the filing of STRs decreased by 21 percent from 2019 (though the COVID-19 pandemic should be considered as context); banks sent the most STRs by far (92.7 percent).²⁵⁴ It was also highlighted that the population is not aware of the implications of financial crimes, and efficient law enforcement can be lacking.

On the other hand, informality in the country is very high, at nearly 69 percent, which can lead to tax evasion (even with a VAT of 10 percent), according to experts. Experts mentioned that corruption is associated with officials who often impose an “administrative cost” that is paid to streamline procedures. Embezzlement of public funds, bribery, and favoritism within the economic/political spheres is also common according to experts.²⁵⁵

Experts highlight that the Tri-Border Area shared with Argentina and Brazil is known for crimes such as smuggling, narcotics including cannabis cultivation and cocaine smuggling from neigh-

252 “Presidente destaca la lucha contra el lavado de dinero, narcotráfico, trata de personas y la pornografía infantil,” Secretaría Prevención de Lavado de Dinero o Bienes, July 1, 2021. [Retrieved online.](#)

253 “Evaluación Mutua Gafilat 2021,” Banco Central de Paraguay, 2021. [Retrieved online.](#)

254 “SEPRELAD recibió 10.612 Reportes de Operaciones Sospechosas en el año 2020,” Secretaría Prevención de Lavado de Dinero o Bienes, January 15, 2021. [Retrieved online.](#)

255 “Informalidad en pandemia: ¿Cómo ha afectado la crisis al empleo?”, MP, July 1, 2021. [Retrieved online.](#)

boring countries such as Peru and Bolivia, ML, TF, and counterfeiting, especially cigarettes.

The banking system is solid and not typically used for financial crimes, which are mostly done through other financial and non-financial sectors. Experts highlighted the use of betting houses, real estate, exchange houses, and casinos as common channels for financial crimes. Front companies are also popular, and the role of lawyers, accountants, auditors, and *doleiros* (informal money changers) should be more closely scrutinized according to experts. Experts also mentioned lack of judicial independence as a current threat to be addressed.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Paraguay</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREA	- WEAKEST AREA
2.8 / 5	Political will, resources	Prevention	Prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

Financial crimes are addressed mainly in the Penal Code. Paraguay has implemented several norms to address ML such as the “AML package,”²⁵⁶ approved in 2019, that included norms on organized crime, TF, management of seized goods, and modifications to the Penal Code, among others. In 2019, the SEPRELAD also approved Resolution 70 on regulation on AML/CFT within a risk-based approach for banks and financial institutions that are regulated. Within the general AML framework, Paraguay has Law 5295 that prohibits nepotism in public administration. Additionally in 2020, Law 2794 addressed regulation on exchange houses. In late 2020, the National Secretariat for the Administration of Seized and Confiscated Property (Secretaría Nacional de Administración de Bienes Incautados y Comisados or SENABICO) approved a project on improving seized goods management from Law 5876.

VULNERABILITIES AND WEAKNESSES

High levels of informality, front companies, and the collusion of facilitators as well as weak channels that lack appropriate AML/CFT vigilance are major vulnerabilities in the country. High levels of corruption in the political elite and key officials are a weakness that prohibits achieving proper AML regulations and efficient implementation. The lack of knowledge of financial crimes, their impacts and how to regulate them should also be addressed, as well as encouraging inter-agency coordination to promote a holistic approach.

PROGRAMMATIC EFFORTS

Domestic efforts to combat financial crimes include the creation of SENABICO in 2017 to manage seized and confiscated property, which, according to experts, was previously a challenge. Several additional measures to understand and tackle financial crimes have been implemented since then, such as the approval of the “AML package,” in 2019.

Regarding TBML, Paraguay has a TTU with the Department of Homeland Security (DHS) and is

256 “Leyes ‘paquete anti-lavado,’” Ministerio Público, accessed July 8, 2021. [Retrieved online.](#)

working closely with the U.S. to keep tackling fake invoices, false information and origin tracking of products. In regard to corruption, by the end of 2020, the National Anti-Corruption Secretariat worked on a law project for public consultation which had support from the IDB.²⁵⁷

Looking forward, Paraguay should keep working on training government officials as well as the private sector to detect, understand, and prosecute financial crimes with impartiality. International agreements and programs should be developed with the U.S. as well as with neighboring countries to tackle common financial crimes. Corruption is widespread, so tougher measures, political will, and rigorous convictions should be promoted.

257 “Senac pone a Consulta Publica el Anteproyecto de Ley de Integridad,” SENAC, 2020. [Retrieved online.](#)

Peru

Peru has shown a strong commitment to fight financial crimes over the years, and that commitment has translated into strong national plans and policies against ML/TF. However, even if Peru has gradually strengthened its regulatory framework, it has been difficult to enforce the current laws and frameworks, as well as to successfully perform investigations and prosecutions.

BASELINE

Key background materials identified include the NRA of 2016, the 2019 MER, the UNODC *Global Report of Trafficking in Persons of 2020*, the *National Plan Against Money Laundering and Terrorist Financing 2018-2021* of Peru's Multisectoral Executive Commission against Money Laundering and Terrorist Financing (Comisión Ejecutiva Multisectorial contra el Lavado de Activos y Financiamiento del Terrorismo or CONTRALAFT), the *Implementing the OECD Anti-Bribery Convention Phase 1 Report on Peru* of 2019, as well as GFI's own work on the matter. It should also be noted that the FIU-Peru and the CONTRALAFT have updated and accessible tools to access information in a transparent manner.

Some gaps in the research include insufficient data on financial crimes during the COVID-19 pandemic, as well as updated information on the correlation between the increase in poverty and the informal sector (which was around 70 percent before the pandemic, according to media reports) with financial crimes.

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, GFI estimates that the criminal proceeds amount for Peru is between US\$4.5 billion and US\$11.3 billion per year. From these amounts, we estimate that between US\$3.2 billion and US\$7.9 billion per year is laundered.

Furthermore, according to a report from the Superintendency of Banking and Insurance (Superintendencia de Banca y Seguros or SBS) between 2010 to 2019, there were 728 financial intelligence reports created, valued in US\$14.96 million, that comprised illegal mining (45 percent), drug trafficking (22 percent), and tax evasion (10 percent), among others.²⁵⁸

CURRENT THREATS

Experts rated corruption as the most widespread and prevalent financial crime. ML and TBML were ranked in second and third place, followed lastly by TF. The main illicit activities generating IFFs, according to expert interviews, are corruption itself and drug trafficking. Some of the main channels used for financial crimes are the use of cash, banks and real estate.

Another threat for Peru is illegal mining, as mining constitutes a significant percentage of the GDP and exports. In 2018, around 10 percent of the GDP and around 61 percent of exports were from the mining sector.²⁵⁹ Factors driving illegal mining include poverty and lack of government presence in areas where mining activities take place, combined with rising global demand for gold, zinc, copper and other metals which have mining deposits in Peru.

258 Superintendencia de Banca, Seguros y AFP, *Información Estadística Unidad de Inteligencia Financiera del Perú* (Lima: Republica de Peru, 2021), 9. [Retrieved online.](#)

259 “Minem: Casi el 10% del PBI y el 61% de las exportaciones del 2018 fueron producto de la minería,” Ministerio de Energía y Minas, June 24, 2019. [Retrieved online.](#)

Additionally, Peru is the second largest cocaine producer in the world and serves as a transit country for drug trafficking directed to the U.S., Europe, Mexico and Canada.²⁶⁰ The profits obtained from illicit drug sales usually follow the same return route.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Peru</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREA	- WEAKEST AREA
2.6 / 5	Corruption and lack of knowledge	Prevention	Prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

The Peruvian legal framework defines ML, illegal mining and organized crime in Legislative Decree 1106, and TF in Law Decree 25475. From a broader view, Law 30737 approves measures that protect the payment of civil reparations in favor of the Peruvian State in cases of corruption and related crimes. A series of laws against human trafficking (Law 28950, among others), and drug trafficking (Law Decree 22095, among others) have also been passed in recent years. BO has been addressed in the national legislation as well. Additionally, Legislative Decree 1327 establishes protection measures for whistleblowers of acts of corruption and penalizes complaints made in bad faith. As a wider measure, the CONTRALAFI and the National Plan Against Money Laundering and Terrorist Financing seek to address these crimes appropriately.²⁶¹

VULNERABILITIES AND WEAKNESSES

Regardless of Peru's robust framework, the geographical position of Peru, its legal structure as well as social and economic conditions and complexities, makes the country vulnerable to different financial crimes. It has a highly porous geographical border that allows illegal goods and money to transit, increasing the ML and criminal organization activities. Remittances from abroad also may increase the number of opportunities for ML activities, according to the NRA. Also, the use of cash and the informal markets allow financial crimes to continue undetected. Finally, the lack of knowledge of financial crimes, low levels of awareness of national and international regulations, and insufficient financial and human resources dedicated to supervisory and law enforcement authorities in charge of addressing financial crimes, creates a challenging scenario.

Our experts identified sectors vulnerable to corruption and highlighted its presence in publicly financed projects (especially recently in the context of the COVID pandemic), assistance to vulnerable populations, equipment acquisition, and electoral political campaigns (in spite of regulations). The most vulnerable sectors included the police, education, and health, as a mixed result of poverty, bureaucracy, low wages, and impunity.

Another recent issue that can potentially create a financial crime vulnerability is the emergence

²⁶⁰ Superintendencia de Banca, Seguros y AFP, *Evaluación Nacional de Riesgos de Lavados de Activos y Financiamiento de Terrorismo* (Lima: SBS, 2016), 17. [Retrieved online.](#)

²⁶¹ CONTRALAFI, *National Policy and Plan Against Money Laundering and Terrorist Financing* (Lima: CONTRALAFI, 2018). [Retrieved online.](#)

of cryptocurrency, as Peru ranks as one of the top three countries in Latin America in its use.²⁶² A study on the use and possible regulation of cryptocurrency is currently being considered/developed by the SBS.²⁶³

Furthermore, experts mentioned that illegal mining is very profitable and that while legal mining companies will often operate within their concessions and according to law, they will sometimes operate with illegal or informal extractions for periods of time as well. As expected, illegal mining also promotes other crimes such as drug trafficking, ML, TIP, and prostitution, among others.

PROGRAMMATIC EFFORTS

According to the latest GAFILAT technical compliance ratings of 2020, Peru has been rated compliant with 16 Recommendations and largely compliant with another 19 Recommendations. On R.24, which addresses BO, the country was re-rated and assessed as being largely compliant after the passage of Legislative Decree 1372 in 2018.²⁶⁴

In the context of its membership in the OGP, Peru developed the *IV Action Plan of Open Government in Peru 2020-2021*,²⁶⁵ strengthening its promise to keep promoting transparency and sharing of information to the society, including citizen participation, as well as the public and private sectors, among other relevant actors to fight against corruption, promote credibility, and pivotal sectors of the country.

Going forward, it would be important to focus technical assistance efforts on tackling corruption and other financial crimes, which are largely interconnected. Also, improvements are needed in inter-agency coordination, training, technology and budget/human resources allocations in key agencies to better address financial crimes.

262 “Perú es el tercer país con mayores transacciones de criptomonedas en Latinoamérica,” *Diario Gestión*, June 2, 2019. [Retrieved online.](#)

263 Álvaro Castro Lora, “Las criptomonedas en el Perú,” *El Peruano*, November 13, 2020. [Retrieved online.](#)

264 GAFILAT, *First Enhanced Follow-Up Report and Technical Compliance Re-Rating* (Buenos Aires: GAFILAT, 2020), 14. [Retrieved online.](#)

265 Open Government Partnership, *IV Plan de Acción Nacional de Gobierno Abierto del Perú 2020-2021; “Rumbo al Bicentenario”* (Lima: Gobierno del Perú, 2020). [Retrieved online.](#)



St. Kitts and Nevis

St. Kitts and Nevis is a federation with two jurisdictions; while most legislation is done at the federal level, the island of Nevis enjoys near-complete autonomy. The country's financial crime landscape is dominated by drug trafficking and fraud. The well-developed offshore financial system as well as rapid company formation and CBI programs present serious vulnerabilities for the country.

BASELINE

Primary source material for conducting research included the country's 2009 CFATF third round MER and ninth FUR as well as the country's 2019 NRA. Despite completing its third round mutual evaluation in 2009, St. Kitts and Nevis has yet to undergo its fourth round. Significant literature gaps exist on the dynamics of corruption and TIP/SOM on the islands as well as their relation to financial crimes.

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds in St. Kitts and Nevis are valued at US\$21 million to US\$53 million annually, of which US\$15 million to US\$37 million is related to ML.

CURRENT THREATS

Expert opinion was that ML and TBML were greater threats than corruption and TF, in that order. The experts interviewed viewed drug trafficking as the principal crime generating illicit proceeds for the islands, followed by mineral trafficking, TIP/SOM, and corruption. The ranking of the last three is interesting, as there are no mineral deposits on either island nor reports of smuggling of precious metals, and there is very limited information on TIP/SOM.

One of the primary channels for moving illicit proceeds was cash, including cash couriers, followed by shell companies, online transactions, and cryptocurrencies. Lawyers, particularly those involved in company formation, are considered the main facilitators for the movement of illicit proceeds.

Drug trafficking is the principal transnational crime impacting the islands, with one expert describing the situation as the islands being located "in the deep blue sea, surrounded by two devils: one devil is the appetite for drugs from the north; the other is drug provision from the south." Besides air couriers, narcotics are commonly moved via go fast boats which take advantage of the islands' open coastal borders and represent a significant policing challenge. While cocaine typically transits the country, cannabis is regarded as the most "relevant" illicit drug domestically.

In St. Kitts and Nevis there does not appear to be much of a dialogue around the issue of corruption in comparison to other Caribbean nations. One report noted that both citizens and the media see government corruption as "occasionally a problem."²⁶⁶ For the islands, the discussion

266 "2020 Country Reports on Human Rights Practices: Saint Kitts and Nevis," U.S. Department of State. [Retrieved online.](#)

of corruption is most commonly associated with the CBI program.²⁶⁷

TIP/SOM is believed to occur to some degree however there is no official consensus on the dynamics on the islands.²⁶⁸ Only one recent report of SOM was identified.²⁶⁹

Journalist Oliver Bullough remarked that, despite a global trend towards transparency for tax havens, Nevis is a “bottom-feeder” among offshore centers and has “doubled down on secrecy.”²⁷⁰ Companies incorporated on the island of Nevis have been at the center of several large-scale financial crimes, including a US\$220 million payday loan scam and US\$2 billion tax fraud.²⁷¹ In the payday loan scam, Richard Mosley Sr., a U.S. citizen, incorporated his company in Nevis to intentionally cultivate the image that his business, Hydra Lenders, was located overseas. This was done in order to dodge potential prosecution in the U.S., whereas in reality all his business activity and accounts were in Missouri.²⁷² One expert noted that some of the main customers of the CBI program come from China, Russia, Sudan and the Middle East, especially Iraq and Kuwait.

The 2019 NRA, using data from the Royal St. Christopher and Nevis Police, identified larceny as the most common offense (73 percent), followed by drug trafficking (12 percent), which primarily involves locally-grown cannabis.²⁷³ The country named its offshore banking sector, DNFBPs, the CBI program, and the international insurance sector as some of its largest vulnerabilities.²⁷⁴

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in St. Kitts & Nevis</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
3.25 / 5	Institutional capacity, political will	Prosecution and prevention	Detection and investigation

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

The primary pieces of legislation (as well as their amendments) targeting financial crimes are the Proceeds of Crime Act of 2000, the Anti-Money Laundering Regulations of 2011, the Anti-Terrorism Act of 2002, the Integrity in Public Life Act of 2013, and the Organized Crime (Prevention and Control) Act of 2002. The Cannabis Act of 2020 decriminalized the possession

267 “Corruption in St Kitts-Nevis’ Citizenship by Investment Programme Attracts US State Department Attention,” *SKN Web News* (blog), March 25, 2019. [Retrieved online.](#)

268 “2020 Country Reports on Human Rights Practices: Saint Kitts and Nevis.”

269 “Coast guard captures vessel smuggling into St. Kitts-Nevis,” Caribbean News Services, 27 May 2020. [Retrieved online.](#)

270 Oliver Bullough, “Nevis: How the World’s Most Secretive Offshore Haven Refuses to Clean up,” *The Guardian*, July 12, 2018. [Retrieved online.](#)

271 “Bermuda, Nevis and BVI Linked to Massive Fraud Case against Texan Billionaire,” KYC360, October 19, 2020. [Retrieved online.](#)

272 “Owner Of Payday Lending Enterprise Sentenced To 10 Years In Prison For Orchestrating \$220 Million Fraudulent Lending Scheme,” U.S. Department of Justice, June 12, 2018. [Retrieved online.](#)

273 Government of St. Kitts and Nevis, *National Risk Assessment for Anti Money Laundering and the Financing of Terrorism: St. Kitts and Nevis 2019* (Basseterre: Government of St. Kitts and Nevis, January 2020), 16. [Retrieved online.](#)

274 Ibid.

of small amounts of cannabis as well as authorized the cultivation of the drug for religious and medicinal purposes, which one expert noted had had, along with other measures, a positive impact in decreasing crime.

In addition to the FIU, competent authorities for AML/CFT include the Financial Services Regulatory Commission of St. Kitts, the Nevis Financial Services (Regulation and Supervision) Department, the Office of the Director of Public Prosecutions, the Customs and Excise Division, and the Royal St. Christopher and Nevis Police Force. In 2020, the Anti-Money Laundering National Committee was formally established as the authority in charge of coordinating national AML/CFT policies.

VULNERABILITIES AND WEAKNESSES

Vulnerabilities and weaknesses in St. Kitts and Nevis' fight against financial crimes include:

- The country has had some degree of success investigating and prosecuting drug trafficking cases, the majority of which involve the importation of cannabis and hashish into the islands. On the other hand, ML charges, prosecutions, and convictions have been uncommon, with no charges filed between 2015 and 2019; however, since 2019, eight individuals have been charged, though no convictions have been secured.²⁷⁵
- One expert noted that the government has not really examined the root causes behind ML in the country, which, with other missteps, has left the country “playing catch-up.”
- The CBI program is opaque; among other items, there is little information published on the revenues from the program, the number of passports issued, or the nationalities of the individuals to whom passports are issued.
- There is no legislation on BO nor does there appear to be any political will to address corporate transparency.

PROGRAMMATIC EFFORTS

The U.S. has extradition, mutual legal assistance, and maritime law enforcement treaties with St. Kitts and Nevis. U.S. assistance has been provided primarily directly by USAID, including the introduction of a digital police records management system in 2019, and as part of the Caribbean Basin Security Initiative, or indirectly through the World Bank, the Caribbean Development Bank, and others.²⁷⁶

Future support for St. Kitts and Nevis should be focused on 1) training judges, prosecutors, and other stakeholders on the investigation and prosecution of ML cases; 2) working with the government to introduce transparency to the CBI process, such as annual reporting of program statistics; 3) helping both jurisdictions improve their intelligence capabilities when screening applicants for the CBI programs (i.e. know your customer); 4) supporting the efforts of the FIU and both branches of the St. Kitts and Nevis Financial Services Regulatory Commission to improve outreach to and training of certain sectors, particularly DNFBPs, of their reporting requirements, and; 5) working with the government to draft legislation on BO.

²⁷⁵ U.S. Department of State, *INCSR Vol. II*, 2021, 163; U.S. Department of State, *International Narcotics Control Strategy Report, Volume II: Money Laundering, 2020* (Washington, D.C.: U.S. Department of State, March 2020), 169. [Retrieved online.](#)

²⁷⁶ “U.S. Relations with Saint Kitts and Nevis,” U.S. Department of State, March 20, 2019. [Retrieved online.](#); United States Government and the Government of St. Kitts and Nevis Join Forces to Digitize Crime and Violence Data,” USAID, September 18, 2019. [Retrieved online.](#)



St. Lucia

Spurred by CFATF recommendations, St. Lucia has in recent years made important strides to curb financial crimes by enacting a series of new laws. However, its geographic location, limited available technical and technological resources, and lack of a comprehensive national strategy continue to pose serious challenges to its AML/CFT agenda.

BASELINE

The main background materials identified include St. Lucia's 2008 and 2021 CFATF MERs, the latter of which also reports on the key findings from St. Lucia's first NRA from 2019. UNODC reports on drug and human trafficking include analyses of the Caribbean, and as such also incorporate St. Lucia.²⁷⁷ There is a lack of available research on the issues of TBML, corruption and mineral smuggling in St Lucia.

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds amount to US\$42 million to US\$106 million a year, and that ML of said proceeds amounts to US\$29 million to US\$74 million for St. Lucia. In its 2019 NRA, St. Lucia estimated that between 2013 – 2017, the criminal proceeds from drug trafficking, fraud, tax crimes, TIP/SOM and cash smuggling exceeded US\$4.3 million.²⁷⁸ Equivalent to 0.25 percent of the country's GDP, this does not seem to be a significant figure. At the same time, St. Lucia recognizes that there are intelligence gaps regarding the true extent, nature and value of the main proceeds-generating crimes.

CURRENT THREATS

St. Lucia faces a high external ML risk due to its geographic location. Its proximity to Latin America, North America and the northern Caribbean makes St. Lucia an important transit point for both drugs and ML activities, such as cash smuggling. As per experts and international assessments, drug trafficking is the primary source of illicit funds in St. Lucia, as well as the main predicate crime linked to ML.²⁷⁹

St. Lucia's external exposure is exacerbated by its CBI program, which is also promoted in jurisdictions with known terrorist activity, including Syria, Iraq and Afghanistan.²⁸⁰ The CBI program requires a minimum investment of US\$300,000 in a real estate development project that is to be held for five years. Gaining citizenship allows the passport holder visa-free travel to 146 countries including the UK, Singapore, and in Europe, including the Schengen area. For the wealthy and corrupt or criminal, this is a low sum of money that permits unrestricted access to world's largest financial centers.²⁸¹ The CBI program therefore poses a systemic risk from both a ML and TF perspective. TF risk in St. Lucia is mostly external, as domestic terrorism threats are low. St. Lucia is also a small offshore financial center that offers international company formation and

277 United Nations Office of Drugs and Crime, *Global Report on Trafficking in Persons 2020* (Vienna: UNODC, 2020). [Retrieved online.](#)

278 Caribbean Financial Action Task Force, *Mutual Evaluation Report of Santa Lucia* (Port of Spain: CFATF, 2021), 18. [Retrieved online.](#)

279 CFATF, *Mutual Evaluation Report of Santa Lucia*, 6.

280 Joshua St. Aimee, "288 granted citizenship through Saint Lucia's CIP in 2018-19," *The Star*, November 9, 2019. [Retrieved online.](#)

281 Henley & Partners, "St. Lucia Citizenship-by-Investment," Henley & Partners, last modified 2021. [Retrieved online.](#)

registration services to non-residents, which could be exploited to facilitate ML or TF.²⁸² As of 2019, this sector comprises 23 registered agents and trustees representing one international partnership, 40 international trusts and 4,000 international business companies (IBCs). These IBCs have beneficial owners from all over the world, with 20 percent coming from the U.S.²⁸³ Further, TBML was recently recognized as an emerging financial crime risk by St. Lucia.²⁸⁴

In addition to drug trafficking, SOM and TIP, for which St Lucia functions as both a source and destination country,²⁸⁵ are also among the most prevalent sources of criminal proceeds.²⁸⁶ Finally, there are reports of some corruption scandals involving politicians from St. Lucia, including a former minister for public works.²⁸⁷

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in St. Lucia</i>			
AVG. SCORE	MAIN WEAKNESS IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
2.2 / 5	Lack of capacity to enforce AML framework	n/a	Detection and supervision

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

The two key laws relevant to St. Lucia's AML/CFT legal framework are the Money Laundering (Prevention) Act (MLPA) and accompanying regulations, imposing AML/CFT obligations on financial institutions and other reporting entities, and the Proceeds of Crimes Act (POCA), providing for the forfeiture and confiscation of the proceeds of certain offences, including those under the Anti-Terrorism Act, Counter-Trafficking Act, Customs Act and MLPA.

Recent legislative developments include the passing of the Anti-Terrorism (Amendment) Act of 2019, designed to strengthen St. Lucia's capacity to combat TF. This amendment was the result of a review of the Anti-Terrorism Act by and recommendations from the National Anti-Money Laundering Oversight Committee, the unit responsible for St. Lucia's AML/CFT strategy.²⁸⁸ New legislation was also passed in the form of a 2018 amendment to the Companies Act, IBC Act and International Partnership Act, to require companies registered under these acts to obtain and keep basic BO information.²⁸⁹ However, there are concerns with regard to accessibility to this data by competent authorities, as well as accuracy of the data as there is no system in place to ensure this information remains up-to-date.

282 At the time of writing this report, no prosecuted cases were publicly identified.

283 Financial Services Regulatory Authority Santa Lucia, *2019 Annual Report* (Castries: Financial Services Regulatory Authority Santa Lucia, 2019), 49. [Retrieved online.](#)

284 Attorney General's Chamber, *2019 Annual Report* (Castries: Attorney General's Chamber, 2019). [Retrieved online.](#)

285 Lori Mann, *Trafficking in Human Beings and Smuggling of Migrants in ACP Countries: Key Challenges and Ways Forward* (Brussels: International Organization for Migration, 2018). [Retrieved online.](#)

286 CFATF, *Mutual Evaluation Report of Santa Lucia*.

287 Mathias Bak, "Overview of corruption and anti-corruption in Antigua and Barbuda, Barbados, Dominica, Guyana, Jamaica, St Lucia, and Trinidad and Tobago" U4 Anti-Corruption Centre, November 28, 2019, 16. [Retrieved online.](#)

288 Brenda Portlant-Reynolds et. al., *2019 Annual Report* (Castries: Attorney General's Chamber, 2019), 23. [Retrieved online.](#)

289 CFATF, *Mutual Evaluation Report of Santa Lucia*.

VULNERABILITIES AND WEAKNESSES

St. Lucia's AML/CFT framework suffers from the following vulnerabilities:

- Limited availability and use of financial intelligence by competent authorities to identify investigative leads, develop evidence and trace criminal proceeds;
- Lack of understanding of TF risks. There has never been an investigation or prosecution for TF, and St. Lucia has no national strategy to counter it;
- Limited AML/CFT supervisory oversight by the Financial Intelligence Authority (FIA). The FIA has not conducted any AML/CFT compliance inspections since 2014, nor has it applied any sanctions on financial institutions or other reporting entities;
- Competent authorities lack effective access to BO information from legal persons, and legal persons have limited requirements to keep this information up to date.

Limited availability of resources is one of the main factors impacting these vulnerabilities. In addition, St. Lucia's geographic location and position as an international financial center pose significant challenges to the country's ongoing efforts.

PROGRAMMATIC EFFORTS

St. Lucia participates in international and regional cooperative frameworks to combat financial crime and related transnational crime. St. Lucia has several bilateral treaties with the U.S. including on maritime law enforcement, mutual legal assistance and extradition, and is part of the U.S. Caribbean Basin Security Initiative, through which St. Lucia has received support from a financial crimes advisor to implement investigative and prosecutorial capacity on civil asset forfeiture.²⁹⁰

Regionally, St. Lucia is a member of the Asset Recovery Inter-Agency Network for the Caribbean, which is a network of legal practitioners from over 30 Caribbean countries working in the field of the recovery of criminal proceeds. Moreover, the UNODC Global Programme Against Money Laundering launched a three-year project in St. Lucia, aimed at building capacity to curtail TBML. Looking forward, St. Lucia should develop a national strategy to tackle TF, provide training to the staff of its FIU on how to utilize financial intelligence for detection and investigations of financial crimes, and create appropriate integrity checks for its CBI program.

290 "Caribbean Basin Security Initiative," U.S. Department of State, accessed July 1, 2021. [Retrieved online.](#)

St. Vincent and The Grenadines

Over the past years, St. Vincent and the Grenadines (SVG) has made major progress with its AML regime, and its FIU has the reputation as being one of the best in the Eastern Caribbean region. Nevertheless, the risks of financial crimes remain a challenge for the island group due to its geographical location along drug trafficking routes as well as its status as an international financial center without strong BO laws.

BASELINE

The key background materials for SVG include its 2010 CFATF MER and the fourteen Follow-Up Reports that were completed until 2018. The country started, but has yet to publish, its first AML/CFT NRA. Reports from international organizations like the UNODC, IOM and OAS provide information on drug trafficking and human trafficking in SVG as part of their coverage of the Eastern Caribbean as a whole. There is a lack of available research on the issues of TBML, corruption and mineral smuggling in SVG.

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds amount to US\$16 million to US\$41 million a year, and that ML of said proceeds amounts to US\$11 million to US\$28 million a year for SVG. There are no further estimates available on the proceeds of crime or amounts laundered in SVG annually.

CURRENT THREATS

SVG’s ML and TF risks are mostly associated with drug trafficking and TCOs. As part of the Eastern Caribbean region, SVG is geographically located within a popular transit zone for the trafficking of cocaine, usually by boat or air, from South America to North America and Europe.²⁹¹ As a transit point as well as producer and exporter of illicit drugs, drug offenses are the principal predicate offences to ML.²⁹² Moreover, SVG is reportedly the lead producer and exporter of cannabis in the Eastern Caribbean region.²⁹³ In addition, SVG is a source, transit and destination country for TIP, including forced labor and sex trafficking.²⁹⁴ Terrorism financing, TBML and corruption are not perceived as major risks in SVG.

Common ML techniques in SVG include cash smuggling, money remittance businesses and the use of third parties to hold assets.²⁹⁵ Other ML/TF risks in SVG are related to its offshore financial sector. As of 2019, the international financial services sector is comprised of 5,368 IBCs, 472 business companies, 82 international trusts, seven trusts, and 14 registered agents. Registered agents, who also provide trustee and fiduciary services, play a very important gatekeeper role for the sector in terms of ensuring legal and regulatory compliance.²⁹⁶ However, due to legislative

291 Council of European Union, *Regional report on the Caribbean* (Brussels: Council of the European Union, 2014). [Retrieved online.](#)

292 Caribbean Financial Action Task Force, *Report on St. Vincent and The Grenadines* (Port of Spain: CFATF, 2016), 18. [Retrieved online.](#)

293 U.S. Department of State, *INSCR Vol. II, 2021*, 165-166. [Retrieved online.](#)

294 The ACP-EU Migration Action, *Baseline Assessment for Capacity Building & Institutional Strengthening* (Brussels: European Union and International Organization for Migration, 2021). [Retrieved online.](#)

295 International Monetary Fund, *Saint Vincent and the Grenadines: Detailed Assessment Report on Anti-Money Laundering and Combating the Financing of Terrorism* (Washington, D.C.: IMF, 2010), 9. [Retrieved online.](#)

296 Financial Services Authority SVG, *FSA Annual Report 2019* (Kingstown: Financial Services Authority, 2020), 29. [Retrieved online.](#)

changes in 2018 which removed corporate tax exemptions for international business companies and trusts, the international financial services sector in SVG is shrinking.²⁹⁷ Now struggling to compete with other international financial services centers in the Caribbean, which maintain a zero percent corporate tax rate, and currently having an estimated share of less than to 0.001 percent of the of the global market for offshore financial services,²⁹⁸ the ML risks posed by SVG's international financial sector are relatively minor.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in St. Vincent and The Grenadines</i>			
AVG. SCORE	MAIN WEAKNESS IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREA
2.5 / 5	Absence of certain critical legal frameworks like BO	Strong FIU focused on detection and information exchange	Regulation of DNFBPs

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

SVG has a comprehensive framework of AML legislation, most notably the 2013 Proceeds of Crime Act (POCA), which enables authorities to issue confiscation orders in relation to persons who benefit from criminal conduct and restraint orders prohibiting the dealing with property obtained through unlawful conduct. Other key legislation includes the Anti-Money Laundering Terrorist Financing Code and Regulations of 2017 and the Anti-Terrorist Financing and Proliferation Act.

In 2018, SVG made a significant change to its IBCs and international trusts legislation with the aim of meeting its commitments to the EU Code of Conduct Group (Business Taxation) and to avert being listed as a non-cooperative jurisdiction in that context. The Amendment Acts require IBCs, now called “business companies” (BCs), to file the names of shareholders and directors, bans BCs from issuing bearer shares, and, most importantly, makes BCs subject to income tax.²⁹⁹ These amendments have already resulted in a decline of the international financial services sector.³⁰⁰

VULNERABILITIES

The AML/CFT framework of SVG suffers from the following vulnerabilities:

- Limited availability of data on ML/TF risks;
- Limited CDD compliance monitoring and supervision in the DNFBP sector;
- Lack of BO legislation that requires companies to record and file BO information.

²⁹⁷ Ibid, 18, 29.

²⁹⁸ Tax Justice Network, *Financial Secrecy Index 2020, Report on St. Vincent and The Grenadines* (Bristol: Tax Justice Network, 2020). [Retrieved online.](#)

²⁹⁹ Financial Services Authority SVG, *International Business Companies Amendment and Consolidation Act* (Kingstown: Financial Services Authority, 2018), 332. [Retrieved online.](#)

³⁰⁰ The overall decline is measured as an aggregate of IBCs, BCs & Continuing IBCs from the previous year. Financial Services Authority SVG, *FSA Annual Report 2019*, 18. [Retrieved online.](#)

PROGRAMMATIC EFFORTS

The FIU of SVG is internationally recognized as one of the best functioning FIUs in the Caribbean region, and it frequently cooperates with other countries to exchange information on ML, including with the U.S. Moreover, SVG has been praised for being the first country in the region to use asset forfeiture in criminal prosecutions. The FIU is responsible for the administration of these seized and forfeited assets.³⁰¹ Regionally, the SVG FIU pursues international cooperation on the issue of ML through their Secondment Programme, which facilitates the exchange of AML professionals in the region, and their membership in the Caribbean Asset Recovery Inter-Agency Network, of which SVG was the inaugural president in 2018.³⁰²

In its relationship with the U.S., SVG has several bilateral treaties on maritime law enforcement, mutual legal assistance and extradition. The small island state is also part of the U.S. Caribbean Basin Security Initiative, through which it has received training and technical assistance to improve counter-narcotics efforts and maritime interdiction capability, as well as support from a financial crimes advisor to implement civil forfeiture and build investigative and prosecutorial capacity.³⁰³ Going forward, SVG should prioritize the creation of a strong BO law for its IBC sector, and improve CDD compliance amongst DNFBPs.

301 Council of European Union, *Barbados and Eastern Caribbean* (Brussels, Council of European Union, 2014), 11. [Retrieved online.](#)

302 LaTeisha A.R. Sandy, “Money Laundering message from Director,” Saint Vincent and Grenadines Financial Intelligence Authority, accessed July 3, 2021. [Retrieved online.](#)

303 “Caribbean Basin Security Initiative: Saint Vincent and Grenadines,” U.S. Department of State, accessed July 4, 2021. [Retrieved online.](#)



Suriname

Crime and politics have had a steady, prosperous relationship in Suriname, bolstered by nearly government-wide systemic corruption. The porous borders with Brazil and Guyana allow for the smuggling of illegal gold and cocaine into and through the country, and the associated IFFs are the primary drivers of ML and corruption. Both the public and private sectors' response to financial crimes can largely be characterized as lacking awareness, expertise, capacity, and will.

BASELINE

The primary sources used were the country's 2009 CFATF third round MER and Eleventh Follow-Up Report, the 2017-2019 Annual Report published by Suriname's FIU, and the *Corruption Risk Assessment for Suriname* published by the UN Development Program in 2017. According to expert interviews, Suriname is to undergo its fourth round mutual evaluation in March 2022. The country recently finalized its first NRA, although it is not publicly available.

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds in Suriname are valued at US\$80 million to US\$199 million annually, of which US\$56 million to US\$139 million is related to ML.

CURRENT THREATS

All experts ranked corruption as the major financial crime affecting the country, with ML and TBML tied for the second largest; TF was considered the least pressing issue. Unsurprisingly, the expert consensus again was that corruption was the primary source of criminal proceeds; experts viewed mineral trafficking as a slightly larger problem than drug trafficking, while TIP/SOM was regarded as the smallest source of criminal proceeds. Illegal logging and timber trafficking were also identified as problems for the country.

Banks were singled out as a principal channel for the movement of IFFs. Expert opinions were that banks lack the capacity to deal with ML and/or lack the willingness to put compliance over profits. With the banks poorly equipped and/or unwilling, they as well as the country itself are at risk of being cut off from the rest of the world, which will ensure that the economy stays largely cash-based.

In addition, more than one expert noted that currency exchange regulations are loosely enforced, with businesses besides the regulated money exchange houses (*cambios*), such as grocery stores, engaging in exchange transactions. Other identified channels included fintech and DNFBPs, such as car dealers, casinos, and the jewelry industry.³⁰⁴ The importation of used cars is believed by experts to be a mechanism to engage in TBML. In regards to facilitators of financial crimes, no one individual or profession stood out; notaries, lawyers, companies, and car dealers were all named.

The jurisdiction most closely associated with financial and other criminal activities is the Netherlands, in large part due to close economic and cultural ties from Suriname's time as a Dutch colony.

³⁰⁴ It is interesting to note that both the used car and jewelry industries refused to participate in the NRA. See Scott B. MacDonald, "Suriname's corruption and money laundering challenges," *Global Americans*, 24 March 2021. [Available here.](#)

Suriname was described by experts as a “money laundering paradise,” with weak institutions, low technical capacity, and poorly implemented legislation and regulations. In 2020, a massive scandal at the Central Bank of Suriname (Centrale Bank van Suriname) involving the disappearance of nearly US\$200 million led to then central bank governor Robert van Trikt as well as then finance minister Gillmore Hoefdraad being charged for fraud, embezzlement, and violating banking and anti-corruption laws, among other crimes.³⁰⁵

Corruption in Suriname extends from the lowest to the highest levels of government, and scandals have involved several political leaders and ministries. One expert described Suriname as being “riddled with corruption,” with another noting that society has somewhat normalized corruption, demonstrated by the common belief that the point of being in government is to get rich.

Although Chan Santokhi took over the presidency from Dési Bouterse in 2020, one expert cautioned that Bouterse, who has been convicted of murder as well as drug trafficking, “still plays the role of kingmaker.” According to another expert, the new government will have to work hard to dig out from systems of corruption and patronage that are deeply entrenched.

While terrorism and TF risks in Suriname are considered low, Dino Bouterse, the former head of the country’s Anti-Terrorism Unit and son of Dési Bouterse, was convicted in U.S. federal court in 2015 for conspiring to import drugs into the country and attempting to provide material support—essentially the country of Suriname as a home base—to Hezbollah.³⁰⁶

Suriname is a transit country for cocaine moving from Colombia and Venezuela to Europe, especially the Netherlands. One expert described Suriname’s drug trafficking role as that of a “broker... bringing customers and producers closer to each other.” Narcotics are primarily moved in large volumes via cargo containers; however, smaller fishing vessels as well as both private and commercial aircraft, including couriers, are also used.³⁰⁷

Gold is Suriname’s largest export, representing 78.4 percent of trade and more than US\$2 billion in 2019.³⁰⁸ Illegal gold mining and smuggling is a major problem for the country, with one expert describing mineral trafficking as “enormous” due to the combination of corruption, weak or non-existent legislation/regulation, and technical capacity. Reports of gold smuggling into the country, particularly from Venezuela, have been growing. This gold is laundered into Suriname’s exports, which typically end up in the UAE, Switzerland, or Belgium.

Demonstrating the depth of corruption and criminalization in the country, in 2015 the Surinamese government transferred the authority of valuation and tax collection of gold exports from the Central Bank of Suriname to the private company Kaloti Suriname Mint House (KSMH).³⁰⁹ Owned in part by Kaloti Precious Metals, a UAE-based gold company plagued by accusations of laundering billions of dollars in gold,³¹⁰ since KSMH’s formation, it has been alleged that the refinery only exists on paper.³¹¹

305 “Central bank scandals prompt mass protests,” Economist Intelligence Unit, March 12, 2020. [Retrieved online.](#)

306 “Former South American Counter-Terrorism Official Sentenced in Manhattan Federal Court to More Than 16 Years in Prison For Attempting to Support Hezbollah,” U.S. Department of Justice, 10 March 2015. [Retrieved online.](#)

307 U.S. Department of State, *International Narcotics Control Strategy Report, Volume I: Drug and Chemical Controls, 2021* (Washington, D.C.: U.S. Department of State, March 2021), 211. [Retrieved online.](#)

308 “Suriname,” Observatory for Economic Complexity, accessed July 14, 2021. [Retrieved online.](#)

309 Douglas Farah and Kathryn Babineau, *Suriname: The New Paradigm of a Criminalized State*, Global Dispatch (Washington, D.C.: Center for a Secure Free Society, March 2017), 6. [Retrieved online.](#)

310 “Public Records, FinCEN Files Show Kaloti Network Poses Risk of Sourcing Illicit Gold and Money Laundering,” Sayari, October 28, 2020. [Retrieved online.](#)

311 Zoe Deceuninck, “Hoe Zuiver Is Het Surinaamse Goud?,” De Groene Amsterdammer, March 3, 2021. [Retrieved online.](#)

TIP was perceived by experts as not being as economically profitable as the other criminal activities examined, though they acknowledge that it is certainly still present. The 2021 TIP report noted that no prosecutions for human trafficking had occurred in the last three years.³¹²

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Suriname</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
2.375 / 5	Political will, patronage, corruption, knowledge, resources	Prevention and detection	Prosecution and investigation

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

The primary pieces of legislation targeting financial crimes are the Disclosure of Unusual Transactions Act (Wet Melding Ongebruikelijke Transacties or MOT Act) of 2002, the Personal Identification Services Act (Wet Identificatieplicht Dienstverleners or WID Act) of 2002, and the Anti-Corruption Act (Anti-corruptiewet) of 2017. Suriname's FIU—Meldpunt Ongebruikelijke Transacties—is the country's primary AML/CFT body, while the Ministry of Justice and Police is responsible for investigating acts of corruption. Despite passing the updated Anti-Corruption Act four years ago, it appears that the law still has not been implemented and the mandated Anti-Corruption Commission has not been established.

VULNERABILITIES AND WEAKNESSES

Suriname's most significant weaknesses in its fight against financial crimes include:

- There is a dearth of political will for the implementation and enforcement of laws/regulations.
- Certain economic sectors, particularly those sectors involving natural resources, are weakly regulated due to government officials with vested interests.
- Convicted criminals continue to be key figures in the government.
- There is a systemic lack of understanding of ML as well as its seriousness by both financial and non-financial institutions as well as society at large.

PROGRAMMATIC EFFORTS

Future support for Suriname should be focused on 1) creating a mentorship and/or training program from the U.S. Department of Justice or similar foreign agency on investigation, prosecution, and asset recovery with the relevant Surinamese bodies; 2) supporting Suriname's efforts to join the Egmont Group and the Extractive Industry Transparency Initiative; 3) working with the government to launch the Anti-Corruption Commission, and; 4) working with Surinamese civil society to sensitize the public about the reality and impacts of financial crimes to try to shift societal beliefs.

312 Office to Monitor and Combat Trafficking in Persons, "2021 Trafficking in Persons Report: Suriname," U.S. Department of State, accessed 12 July 2021. [Retrieved online.](#)

Trinidad and Tobago

As one of the largest Caribbean nations in terms of commerce and trade, it is unsurprising that Trinidad and Tobago (T&T) also plays an established role as a transit point for illicit flows – including drugs, humans, money, and more. The government is working to address loopholes in financial crime legislation, such as laws addressing casinos and scams/schemes. However, issues remain with the enforcement of certain laws as well as the efficiency and efficacy of the judicial system.

BASELINE

The primary sources that were consulted for this research were the country's 2016 CFATF fourth round MER and the Third Follow-Up Report completed in 2019, as well as the FIU of T&T's (FIUTT) 2020 Annual Report. The country began their most recent NRA in March 2021; the last NRA was completed around 2014 but is not publicly available.

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds in T&T are valued at US\$482 million to US\$1.2 billion annually, of which US\$337 million to US\$844 million is laundered. One expert interviewed estimated that less than 10 percent of criminal proceeds are being detected by the government.

Many crimes also have important implications for government revenues; for example, the Commissioner of Police estimated in 2019 that illegal gambling costs the country US\$442 million annually, presumably in tax revenue.³¹³ Additionally, the Trinidad and Tobago Manufacturers' Association noted that illicit tobacco represents about 10 percent of the domestic market, costing the government \$40 million annually in lost revenues.³¹⁴

CURRENT THREATS

All experts identified ML as the largest financial crime; corruption and TBML tied as the second and third largest, while TBML and TF tied for third and fourth. Drug trafficking was the only underlying offense named as a primary source of IFFs, however FIUTT has also commonly cited tax evasion and fraud as important crimes based on filed STRs.³¹⁵ Businesses and front companies, real estate, and private member clubs were the top named channels for IFFs, followed by banks, remittances, and cash. One expert mentioned lawyers as the top facilitator of IFFs.

Experts from the government interviewed for this project reported an increase in fraud in 2020, particularly Ponzi/pyramid schemes, romance scams, and business email compromises, which they attributed to more people being online at home due to COVID-19. Another challenge for the country is informal savings/loan clubs, also known as *sou-sou*: they present both a fraud risk to those who invest as well as a ML/TF risk as they are unsupervised and unregulated. In September 2020, the equivalent of US\$3.5 million in cash was initially seized from one *sou-sou* that

313 Kevin Felmire, “Griffith: Some Chinese Restaurants a Front for Illegal Gambling,” *Trinidad & Tobago Guardian*, April 3, 2019. [Retrieved online.](#)

314 Unclear if this is in US or TT dollars; if in TT dollars, the equivalent would be US\$5.9 million. “TTMA Calls for Task Force to Tackle Illicit Trade” (Trinidad and Tobago Manufacturers' Association, January 23, 2020). [Retrieved online.](#)

315 Financial Intelligence Unit of Trinidad and Tobago, *2020 Annual Report* (Port of Spain: Government of the Republic of Trinidad and Tobago, 2020), 60. [Retrieved online.](#)

was being used as a pyramid scheme to launder dirty money; the investigation has revealed that the scheme was led by a lance corporal from the army and involved other T&T army and police personnel.³¹⁶

Casinos were illegal in T&T until very recently, however, according to experts, many establishments exploited a legal loophole that allowed them to operate as private member clubs, which were unregulated. Although the government passed the new Gambling (Gaming and Betting) Control Act in 2021 to regulate the industry, the amount of resistance to the bill – evidenced in part by it taking at least six years to make it through Parliament – as well as the law largely focused on improving government revenue via taxation, suggest that there may not be sufficient political will to combat illicit activity in the industry.

In 2019, the country began a “demonetization” process where they switched from cotton to polymer 100-dollar-notes. During the currency exchange process, there was a large uptick in STRs connected to transactions where the depositor/exchanger could not provide reasonable proof of the source of the funds.³¹⁷ This suggests that cash is a popular channel for ML, which is not surprising since T&T is very much a cash-based society and one-third of the economy is informal.³¹⁸

Compared to other countries in the LAC region, T&T is relatively unique in that it had an issue with its citizens – both individuals as well as families – traveling, or attempting to travel, to Syria and Iraq as foreign terrorist fighters for the Islamic State. Per expert interviews, common TF methods involved the use of money remitters as well as the use of prepaid debit cards issued by T&T financial institutions in high-risk jurisdictions.

Law enforcement, customs and immigration officials, army personnel, and high-ranking government officials have facilitated and/or operated trafficking and fraud schemes, such as drugs, humans, and pyramid schemes, as well as bribery and ML; some have been prosecuted.³¹⁹ Former attorney general Anand Ramlogan and former opposition senator Gerald Ramdeen were arrested in 2019 on corruption and ML charges related to a kickback/bribery scheme that routed the equivalent of US\$147 million in legal fees to private lawyers for work they did for the government.³²⁰

As the country is just seven miles from Venezuela, drug trafficking – both the narcotics themselves as well as related proceeds – is a major challenge for the country. Interestingly, cannabis seizures appear to be consistently much larger than cocaine seizures; cannabis with high THC levels is typically imported from the U.S., Canada, and St. Vincent and the Grenadines, whereas cannabis from Venezuela transits T&T on its way to other Caribbean islands.³²¹

Besides drugs, Venezuela is also a source country for human trafficking victims as well as irregular migrants that arrive in T&T, and government experts reported an increase in both due

316 Mark Bassant, “Police Intelligence: Pyramid Scheme a Front for ‘Washing Dirty Money,’” *Trinidad & Tobago Guardian*, September 26, 2020. [Retrieved online.](#)

317 Financial Intelligence Unit of Trinidad and Tobago, *2020 Annual Report*, 57.

318 Lester Henry and Shanice Moses, “The Impact of Money Laundering in Beautiful Places: The Case of Trinidad and Tobago,” *Journal of Economics and International Finance* 12, no. 1 (2020): 41.

319 Mark Bassant, “Griffith: Cops Involved in Human Trafficking under Watch,” *Trinidad & Tobago Guardian*, January 29, 2021. [Retrieved online.](#); “In One Caribbean Nation - Sex Trafficking in Plain Sight,” *News Americas News Network* (blog), January 9, 2020. [Retrieved online.](#)

320 Derek Achong, “DPP Takes Ramlogan, Ramdeen Case Straight to High Court,” *Trinidad & Tobago Guardian*, December 15, 2020. [Retrieved online.](#)

321 U.S. Department of State, *INCSR Vol. I*, 2021, 220.

to Venezuela’s instability. Other human trafficking victims in the country are typically from South America. Victims are often lured with false promises of a better life in T&T, but end up in debt-bondage from their passage, forced into prostitution and sexual slavery.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Trinidad and Tobago</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREAS
2.75 / 5	Political will, prosecution, capacity	See below	

Source: Compilation of expert interviews conducted for this project.

Experts did not agree on the strongest and weakest response areas: one listed investigation as the strongest, while another said it was the weakest; another said detection was strong, while another said it was weak.

LEGAL FRAMEWORK

Primary legislation related to financial crimes include the Proceeds of Crime Act of 2000, the Civil Asset Recovery and Management and Unexplained Wealth Act of 2019, the Anti-Terrorism Act of 2005, the Prevention of Corruption Act of 1987, and the Integrity in Public Life Act of 2000. Beneficial ownership reporting was mandated under the Companies Act in 2019, and the BO register is accessible to FIUTT and law enforcement. In 2020, the government published the E-Money Issuer Order (as part of the Financial Institutions Act) that regulates virtual currency and those institutions that transact with it.

VULNERABILITIES AND WEAKNESSES

- Judicial processes can be extremely long, typically taking years; experts felt that some individuals have deep pockets so that they can hire the best lawyers to drag things out.
- Although anti-corruption legislation exists, it is poorly enforced. For example, the Integrity in Public Life Act requires public officials to disclose to the Integrity Commission their income, assets, and liabilities on an annual basis, however per an April 2021 notice, more than 700 officials did not report in 2019, including 69 from Parliament and 23 permanent secretaries.³²²
- The gaming and betting sector, including both legal and illegal operations, is a large vulnerability for the country, particularly as there are concerns that illegal gambling is connected to ML.

PROGRAMMATIC EFFORTS

T&T has mutual legal assistance and extradition treaties with the U.S., and participates in the Caribbean Basin Security Initiative. The two countries also cooperate on drug control and law enforcement efforts, particularly in the maritime domain, as well as tax information exchange.

³²² “Notice: Publication of the Names of Persons in Public Life,” The Integrity Commission of Trinidad and Tobago, accessed July 19, 2021. [Retrieved online.](#)

Future support for T&T should be focused on 1) supporting the government's efforts to create specific courts and judicial officers that are dedicated to dealing with financial crimes; 2) providing training to the government on virtual assets and helping them create an awareness/training program for the private sector, and; 3) providing guidance on the drafting of a comprehensive, adaptive Consumer Protection Bill that will explicitly ban pyramid and Ponzi schemes.³²³

323 Wesley Gibbings et al., "The Caribbean's Pandemic Pyramids and Ponzis," Caribbean Investigative Journalism Network, December 30, 2020. [Retrieved online.](#)



Uruguay

Uruguay enjoys a solid AML/CFT legal framework, and, most importantly, strong institutional capacity to implement it. Uruguay holds the highest Freedom House score in the Western Hemisphere for democratic governance,³²⁴ and according to Transparency International, is the second least corrupt country in the region after Canada.³²⁵ Both of these factors speak to its institutional capacity to effectively address financial crimes. Uruguay was classified as an upper-income country in 2013; it is also one of the most egalitarian countries in the region, with over 60 percent of the population in the middle class.³²⁶ However, while it may seem that Uruguay has few problems of its own, it has attracted some of its neighbors'. Because Uruguay does not tax international wealth,³²⁷ it holds many assets from other countries, including the proceeds of corruption and tax evasion coming from Argentina, Brazil, and other jurisdictions.

BASELINE

Key background materials identified include Uruguay's 2020 GAFILAT MER, as well as the country's 2017 NRA. The NRA identifies issues related to DNFBPs and NGOs, the failure to sufficiently address fiscal crimes, and notes dirty money from neighboring countries is a primary threat.³²⁸

To fill gaps in the literature, future studies should address areas such as cybercrime vulnerabilities in Uruguay as well as risk management within the cannabis sector, which has been legal in Uruguay since 2013.

SCOPE OF FINANCIAL CRIMES

Using the "consensus range" of two to five percent of GDP, we estimate that criminal proceeds amount to between US\$1.1 billion and US\$2.8 billion per year. Of this, we estimate that US\$785 million to US\$2 billion is laundered each year. Based on Uruguay's isolated geographic location and relatively strong AML/CFT framework, the figure is likely towards the lower end of this range.

CURRENT THREATS

When asked about financial crimes affecting the country, experts unanimously ranked them as ML, TBML (often linked to the FTZs), corruption and TF, from most to least prevalent. The single most important illicit activity generating criminal proceeds, according to expert interviews, is drug trafficking. Uruguay is a transit country for cocaine, primarily from Peru and Bolivia, en route to Europe, according to experts interviewed. Other illicit activities, to a much lesser degree, include TIP/SOM, as well as corruption. Mineral trafficking is not perceived to be an issue in the country, though there are some issues with illegal mining and semi-precious stones. As for the main channels used for financial crimes, experts unanimously identified real estate (often in Punta del Este) as the primary channel. It was followed by corporate structures, frontmen, and company service providers.

324 Sarah Repucci, "A Leaderless Struggle for Democracy," Freedom House, 2020. [Retrieved online.](#)

325 "Corruption Perceptions Index," Transparency International, 2020. [Retrieved online.](#)

326 The World Bank, "Overview – Uruguay," (New York City: The World Bank, 2019). [Retrieved online.](#)

327 Guzman Ramirez, "INSIGHT: Uruguay's Tax System and Residence Rules—Tax Planning Opportunities," Bloomberg Tax, April 3, 2020. [Retrieved online.](#)

328 Secretaría Nacional para la Lucha contra el Lavado de Activos y el Financiamiento del Terrorismo, "Evaluación Nacional de Riesgos En Lavado de Activos Y Financiamiento al Terrorismo," [Gub.uy](#), October 10, 2018. [Retrieved online.](#)

The main foreign jurisdictions involved in such financial crimes are the neighboring countries of Argentina and Brazil. Recent human trafficking cases have often involved Europe. Illegal mining of semi-precious stones, such as amethysts and agates, in northern Uruguay appears to be linked to Brazil and China, according to interviews.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Uruguay</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREAS	- WEAKEST AREA
3.3 / 5	Implementation, low financial crime risks means less practice dealing with them when they do occur, lack of financial resources	Investigation and prevention	Detection

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

Uruguay has a robust legal and regulatory framework regarding financial crimes. Law 19.574 of 2017 is perhaps the single most comprehensive AML law in the country, bringing together other previous laws into a unified piece of legislation and also extending AML/CFT responsibilities to the non-financial sector. Law 19.749 of 2019 addresses CFT, and law 19.484 of 2017 established a comprehensive BO registry. Meanwhile, Law 19.210 of 2014, the Financial Inclusion Law, stipulates that all salaries must be paid electronically (as opposed to cash), which contributed to Uruguay's above-average levels of financial inclusion.³²⁹ While electronic transfers are not inherently protected from ML and other financial crimes, they are easier for financial institutions and relevant authorities to track.

VULNERABILITIES AND WEAKNESSES

Gaps in the current AML/CFT framework include insufficient regulation regarding the buying and selling of luxury cars, yachts and aircraft. This will be important to address in coming years, especially due to possible linkages between these types of high-end transportation and drug trafficking usage. In addition, additional legislation may be needed regarding environmental crimes, such as wildlife trafficking, which are not currently predicate offenses for ML in Uruguay.

On the enforcement side, there is the sense that current controls over FTZs may not be sufficient, particularly for very complex corporate structures involved in the import/export process. Moreover, while progress has been made in recent years to address ML risks in the real estate sector, it still remains highly vulnerable, and will require close monitoring going forward.

PROGRAMMATIC EFFORTS

As an upper-income country with only minor security challenges, Uruguay is not a major recipient of international technical assistance programs. As a recent Congressional Research Service report states, the country "(is) now in a position to provide technical assistance to other coun-

³²⁹ In 2017 data, 64 percent of Uruguayans over the age of 15 had some form of financial account, compared to 55 percent on average in the region. The World Bank, *The Global Index Database – 2017* (Washington, D.C.: The World Bank, 2017. [Retrieved online.](#)

tries in the region.”³³⁰ However, the reality is more complex. As a country of just 3.5 million people, Uruguay has limited financial and human resources. For example, experts interviewed for this project expressed the need to update the NRA but also noted that budgetary constraints limited the country from doing so.

Uruguay is a member of the OGP, where it is viewed as a regional leader.³³¹ The country has received some technical assistance from the EU related to countering IFFs and addressing drug trafficking.

³³⁰ Congressional Research Service, *U.S. Foreign Assistance to Latin America and the Caribbean: FY2019 Appropriations* (Washington, D.C.: Federation of American Scientists, 2019). [Retrieved online.](#)

³³¹ Daniel Carranza, “Uruguay Leads Its Neighbors in Open Government,” Harvard Kennedy School ASH Center for Democratic Governance and Innovation, February 16, 2017. [Retrieved online.](#)



Venezuela

Venezuela is suffering from hyperinflation, rising poverty levels, and general instability that has pushed Venezuelans into massive migration waves all over the region. The country has faced authoritarianism as well as corruption and a plethora of financial crimes for decades, a situation which has further declined during the COVID-19 pandemic. The illegitimate Maduro regime and other national and international supporting actors might fund their activities through drug trafficking, illegal mining, public corruption, ML and sanctions avoidance. In addition, international cooperation from sympathizers of the illegitimate regime facilitates these financial crimes. Despite official efforts to promote alternatives to the devaluating Bolivar, such as the use of Petro and the Bolivar Digital, Venezuelans have turned to the use of USD, EUR, cryptocurrency, and the exchange of goods, gold, and any other valuables to tackle the multiple crises they are immersed in.

BASELINE

Key background materials identified include the 2009 CFATF third round MER and the 2014 eight Follow-up Report, the 2018 VIII National Financial Intelligence Unit (Unidad Nacional de Inteligencia Financiera or UNIF) Exercise Typologies, and the updated 2019 FinCEN advisory on public corruption in Venezuela. In addition, Venezuela is currently working towards its 2021 NRA, which has its foundation in a risk-based approach towards ML, TF as well as a FPWMD.³³²

Gaps in current research are largely due to the lack of information sharing, particularly on financial crimes and AML/CFT measures, by the Venezuelan government. Venezuela has been ranked 176/180 in the 2020 Corruption Perception Index, lower than countries like Haiti, Sudan and North Korea.³³³

SCOPE OF FINANCIAL CRIMES

Using the “consensus range” of two to five percent of GDP, we estimate that criminal proceeds amount to between US\$9.6 billion and US\$24.1 billion per year, of which between US\$6.8 billion and US\$16.9 billion is laundered annually.

CURRENT THREATS

According to experts, there is no democracy and no independence or balance of powers in Venezuela. Financial crimes overlap one another and are allowed by authorities, who may or may not be part of a greater network of financial crime facilitators that work in conjunction with other jurisdictions within the region and abroad.

Experts ranked corruption as the major financial crime in the country, and noted that it is a structural issue: high-level political and economic spheres are interested in maintaining networks of corruption for their own benefit, while government institutions are not independent and follow the regime’s political will and convenience. Norms and frameworks may appear competent on paper, but are not appropriately applied for political and strategic reasons. Most cases that make it to prosecution are against the opposition, while cases are dropped or delayed when

332 Nadia Santana, “Preparativos a la Evaluación Sectorial de Riesgo en LC/FT/FPADM,” Superintendencia de la Actividad Aseguradora (SUDEASEG), February 12, 2021. [Retrieved online.](#)

333 “Corruption Perceptions Index 2020.”

they are related to government officials or sympathizers, according to experts.

Another factor mentioned in the interviews was the power and presence of the military since the rise of former President Chavez. According to experts, military officials today occupy top civilian roles where they can profit from illegal transactions, especially in high-ranked posts near the borders or at the airports, with experts highlighting that posts are rotated periodically so “everyone gets a profit”. This situation is not considered as instability, but rather ensuring their own regime’s stability.

Corruption was identified by specialists as the enabler of other crimes such as drug trafficking, mineral trafficking, and human trafficking. ML was considered an everyday activity at all levels of the government and among the private sector; TBML and TF were considered less prevalent. TBML methods typically include the use of front companies and fake accounts, according to experts. TF was mentioned more as a potential risk than a threat. Government ties to Hezbollah, FARC dissidents and the ELN were mentioned by experts as well. Regarding the relationship with FARC dissidents, experts pointed to the exchange of money, gold, cocaine and arms with them.

Venezuela is geographically prone to drug trafficking from Peru and Colombia, with the country used as a bridge to Europe, the Caribbean islands and Central America. Since Venezuela is highly monitored by the U.S., the U.S. is not a main destination, according to experts. Mineral trafficking is also an issue, and gold mining has become controlled by criminal bands that are also involved in human trafficking, according to experts.

The main channels identified by specialists for moving criminal proceeds include cash (mostly in USD and EUR, and used primarily by the lower and middle classes), corruption in the public sector, the use of gold (as payment, illegal mining, air trafficking and smuggling) and the state-owned *Petróleos de Venezuela (PDVSA)*. According to experts, PDVSA has played a key role in laundering and moving money abroad, and then returning it “clean,” which involves working with domestic and international banks. Corrupt actors rely on experts such as accountants, notaries, financial advisors, and lawyers to keep transactions moving. Experts highlighted that facilitators are mostly foreigners, as they work abroad to allocate the proceeds, exploiting the legal system and acting with impunity.

Regarding the government response to financial crimes, experts’ replied that all areas were deficient across the board. This weak response is beneficial for the government, and it is in their interest to maintain the status quo. For example, according to experts, government officials have the capability to accurately detect and investigate financial crimes using parallel surveillance, but they would not prosecute some cases that align with their interests, sometimes allowing the perpetrators to continue.

Unlike most other countries, taxes and revenues are not the main source of income for Venezuela, according to specialists. Spurred by sanctions and international isolation, the government of Venezuela has managed to explore other financial alternatives that include, but are not limited to, cooperation with countries such as Iran, China, and Russia. With Iran, agreements have allowed cooperation and presence of Iranian nationals in the country. Experts noted that the cooperation is cultural, economic, technological and commercial, and public agreements have been signed as well as possible “secret” ones that involve major concessions that allow them to have a more fluid relationship. The Venezuela-China relationship includes, according to experts, possible currency swap considerations to expand China’s role in the region. With Russia, experts

highlighted that the country has tutored the Venezuelan government on topics including cryptocurrency. In general, cooperation with the aforementioned countries meets their own interests, which do not necessarily coincide with international legal standards. In addition, specialists highlighted that the Venezuelan government has learned from its partners how to “evade sanctions successfully”.

POLICY AND LAW ENFORCEMENT RESPONSE

<i>Effectiveness of AML/CFT Efforts in Venezuela</i>			
AVG. SCORE	MAIN WEAKNESSES IDENTIFIED	+ STRONGEST AREA	- WEAKEST AREA
1.33 / 5	Political will	Detection	Prosecution

Source: Compilation of expert interviews conducted for this project.

LEGAL FRAMEWORK

The 2012 Organic Law Against Organized Crime and Terrorism Financing (*Ley Organica contra la delincuencia organizada y Financiamiento al Terrorismo*) constitutes the primary AML framework. In addition, Resolution 083.18 on Scrutiny of AML/TF/FPWMD risks in the banking sector is important since it includes a risk management approach and KYC measures, among others, that seek to build a more solid AML/CFT framework. As confirmed by experts, the AML framework in Venezuela is relatively strong on paper; the major issue lies with the implementation of the norms and prosecution procedures, which are subjected to private and/or political interests.

VULNERABILITIES AND WEAKNESSES

There are major vulnerabilities in Venezuela that have affected the foundations of the country, including poverty, authoritarianism, massive corruption, and insecurity, all of which foster instability for citizens. Regarding financial crimes, efforts to tackle illicit activities are ineffective, and official data is hard to access and corroborate. Measures to combat financial crimes among other illicit conducts from the international community, such as by the U.S., include sanctions as well as the prosecution of actors, including government officials, involved in corruption, ML, and drug trafficking. Within the country, resources and lack of political will are the major obstacles to independent prosecution of cases. The lack of political will and illegitimate involvement in such topics create a barrier to effectively prevent, investigate and prosecute financial crimes. U.S. executive orders and sanctions have targeted Venezuela for years, without any sustained change in the regime.³³⁴

According to experts, another major vulnerability is the de facto behavior of the illegitimate Maduro regime in actively and passively facilitating illicit activities with other state and non-state actors, which promotes sanction avoidance and impunity. The government as well as Venezuelan citizens are turning to USD and cryptocurrency, among other measures, in an attempt to seek financial stability, however neither can be monitored appropriately and both are at a high risk of being part used for illegal activities.

334 “Venezuela-Related Sanctions,” U.S. Department of State, accessed July 2, 2021. [Retrieved online.](#)

PROGRAMMATIC EFFORTS

Venezuela has become a hotspot for financial crimes in the LAC region, and the foundational problems of the government cannot be addressed without political change. Being isolated internationally, Venezuela requires national and international cooperation to work together with citizens in order to make norms effective and provide resources to create sustainability in the country. It would be challenging to elaborate recommendations as the Maduro regime is illegitimate and unpredictable in regards to fighting financial crimes.

Financial Crime Case Studies

To better illustrate the channels, methodologies and actors involved in financial crimes, this report presents five case studies. These cases shed more light on the complex typologies used and highlight the challenges facing specific countries or subregions.

CASE STUDY 1

TBML and Drug Trafficking

One of the principal challenges that international traffickers face, regardless of the commodity being trafficked or countries involved, is how to repatriate their proceeds from the destination country to the source country. A “tried and true” method that has been frequently used by narcotics traffickers in the Western Hemisphere is the black-market peso exchange (BMPE), a type of TBML scheme that, as detailed in the chapter on TBML, is particularly difficult to detect since the value of the commodities, rather than the money itself, is shifted.

In 2019, the United States dismantled a BMPE network run by money brokers operating between Colombia and the United States. Money brokers, also known as peso brokers, act as intermediaries between individuals, businesses, and/or criminal organizations, exchanging one currency for another. They typically conduct business between different jurisdictions, and may operate formally or informally.³³⁵

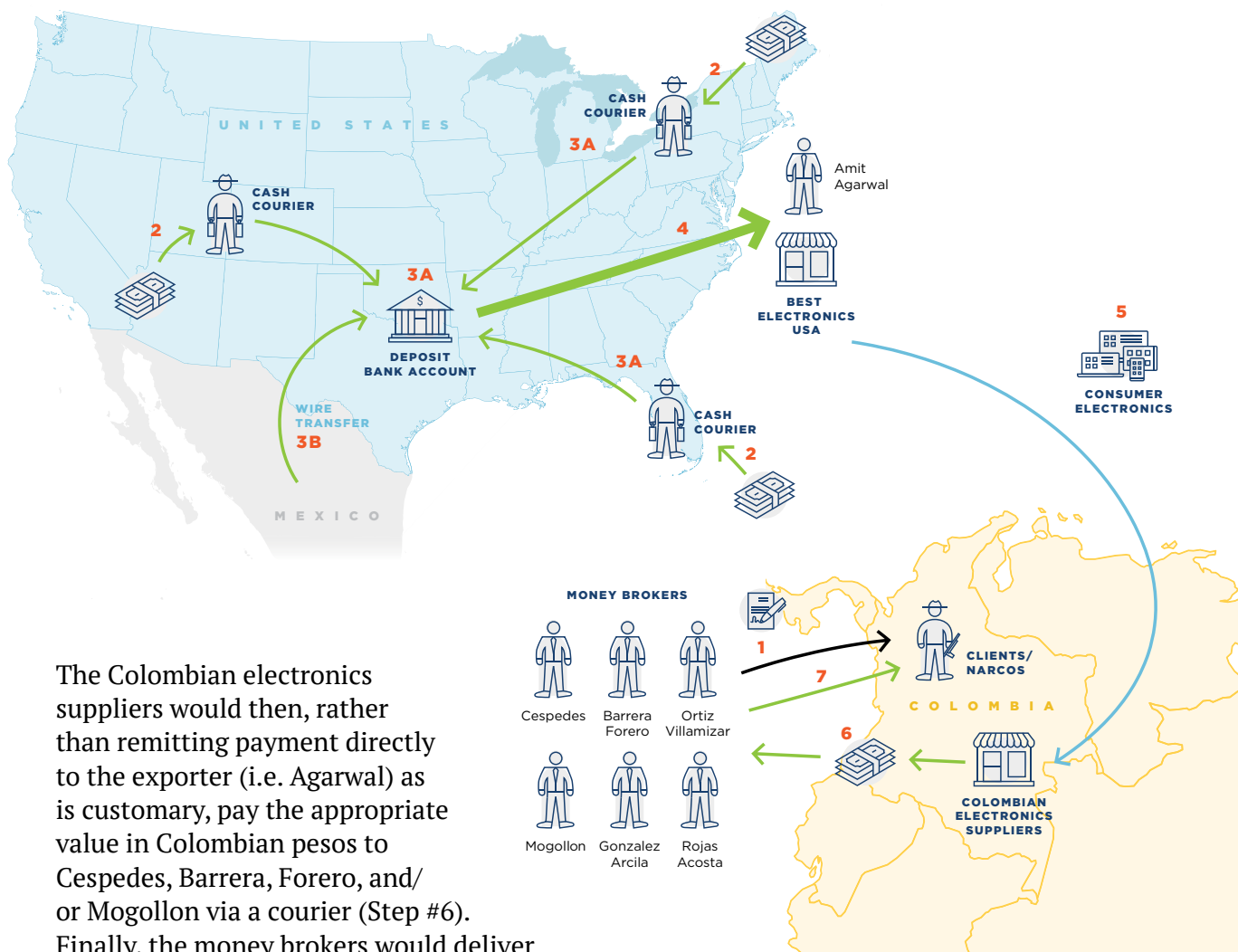
From mid-2018 into 2019, the U.S. Department of Justice alleges that six money brokers based in Colombia facilitated the laundering and repatriation of narcotics proceeds, specifically cash, from the U.S. back to Colombia. Clients (i.e. narco-traffickers), would contact the money brokers to let them know they had cash to be laundered. In a nod to the professionalization of the scheme, the brokers created contracts for their clients whereby they detailed how the U.S. currency would be picked up, that a roughly equivalent value in Colombian pesos would be delivered, and what commission was to be received by the brokers (see graphic, Step #1).

The brokers would then arrange for the pickup of the cash using a network of couriers located throughout the U.S. (Step #2). The courier would then deposit the cash into a particular U.S. bank account (Deposit Bank Account) (Step #3A). The couriers, however, were actually either undercover agents posing as money launderers or confidential sources working with the DEA, and Bank Account A was controlled by the DEA—this explains how the cash was able to be deposited without attracting red flags from the financial institution. The Deposit Bank Account also received wire transfers of illicit proceeds from other countries, including Mexico (Step #3B).

The other primary participant in the network was Amit Agarwal, an Indian national who owned and operated Best Electronics USA, a consumer electronics wholesaler in New Jersey. The proceeds that had been deposited into Deposit Bank Account were then transferred to Best Electronics USA’s business bank account (Step #4). Once Agarwal was notified that money had been transferred to his business account, he would send electronic goods of roughly the equivalent value to Colombian electronics suppliers (Step #5). He would use a code name on the commercial invoice so that the recipient knew it was connected to a transaction conducted by the corresponding money broker. Despite being notified on various occasions that these funds constituted narcotics proceeds, Agarwal agreed to accept the money in payment for these orders.

335 For further discussion of the BMPE, please see the section on TBML.

Graphic 1: BMPE Network Operating between Colombia and the United States from 2018 to 2019



The Colombian electronics suppliers would then, rather than remitting payment directly to the exporter (i.e. Agarwal) as is customary, pay the appropriate value in Colombian pesos to Cespedes, Barrera, Forero, and/ or Mogollon via a courier (Step #6). Finally, the money brokers would deliver these funds to their clients, taking out a commission for themselves and the couriers (Step #7).

Map source: Information provided in case indictments.

All of the money brokers as well as Agarwal have been charged with operation of or conspiracy to operate an unlicensed money transmission business. In addition, Cespedes, Mogollon, and Agarwal were charged with either money laundering or conspiracy to commit money laundering.³³⁶ In February 2021, Agarwal pled guilty to conspiring to operate an unlicensed money transmission business; as of May 2021, he is awaiting sentencing and the six money brokers have been arrested in Colombia and are awaiting extradition to the United States.³³⁷

The above scheme allowed narco-traffickers in Colombia to access the proceeds from drug sales in the United States without the need to engage in bulk cash smuggling or international bank transfers as well as to convert the money from U.S. dollars to Colombian pesos. While they

³³⁶ United States of America v. Omar Mogollon, Luis Felipe Gonzalez Arcila, and Ivan Rojas Acosta, Sealed Indictment for case no. 1:2019cr00837, filed 19 November 2019; United States of America v. Amit Agarwal, Sealed Indictment for case no. 1:2019cr00838, filed 19 November 2019; United States of America v. Miguel Cespedes, Sealed Indictment for case no. 1:2019cr00839, filed 19 November 2019; United States of America v. Alex Barrera Forero and David Ortiz Villamizar, Sealed Indictment for case no. 1:2019cr00840, filed 19 November 2019; all indictments were later unsealed and accessed in Public Access to Court Electronic Records (PACER).

³³⁷ "Owner of Consumer Electronics Wholesale Business Pleads Guilty to Conspiracy To Operating An Unlicensed Money Transmitting Business," US Department of Justice, 11 February 2021. [Retrieved online.](#)

didn't receive the full value of the proceeds due to the commission(s) paid to the money brokers, this is typically an acceptable cost of doing business. It is interesting to note that Agarwal's defense pointed out that the amount of narcotics proceeds handled by Agarwal only represented less than one percent of his total annual sales, possibly in an attempt to minimize his role.³³⁸ However, at roughly US\$700,000 to US\$850,000 this is no insignificant sum, and these funds, once repatriated to Colombia, allowed narco-traffickers to continue their operations.

CASE STUDY 2

Los Huistas in Guatemala

The methods that criminal groups use to launder money depend in large part on the local context in which they operate. And while AML/CFT efforts are often focused around capital cities—national hubs for finance, trade and politics—it is important to consider that rural areas have unique dynamics and present specific challenges. In these areas, criminal groups may be able to engage in illicit activities and launder illicit proceeds with relative impunity.

Such is the case of Los Huistas, a criminal group from a remote, mountainous part of Guatemala near the border with Mexico. The Huistas are allegedly involved in drug trafficking, arms trafficking, contraband, and local corruption, as well as human trafficking and migrant smuggling, leveraging their control over the border region for financial gain.³³⁹ The proceeds of these crimes are subsequently laundered into the local economy.

The name of the group, Los Huistas, refers to the region that they are from. The Huistas are a series of small towns located in the Department of Huehuetenango, approximately 9 hours from Guatemala City by bad roads. These towns are known for being unwelcoming to outsiders; in fact, during a recent operation by Guatemalan authorities, it took law enforcement three attempts before they were able to even enter the area.³⁴⁰ The region serves as a transit point for cocaine from South America heading north to the United States, as well as a source for the small-scale production of opium poppies.³⁴¹ Criminal activity and local poverty have made it a difficult place to live, and the region experiences high rates of emigration.³⁴² Moreover, many migrants from the rest of Guatemala and Central America pass through on their way north. The border crossings in this area are among the most commonly used and as well as the most dangerous for migrants,³⁴³ who are regularly extorted. One study estimated that local police earn over 1 million pesos (or US\$135,000) a month extorting migrants.³⁴⁴

Ensnared in this remote border area, Los Huistas nonetheless enjoy powerful connections nationally and internationally. Among these connections are ties to the family of the Vice

338 United States of America v. Amit Agarwal, Transcript from initial court appearance on 6 January 2020, accessed in PACER.

339 CICIG and UNICEF, *Redes de delincuencia organizada para la trata de personas con fines de explotación sexual*, (United Nations Children's Fund, 2016). [Retrieved online](#); See also Marguerite Cawley, "How 1,500 Grenades Disappeared from Guatemala Military Stocks," *InSight Crime*, 12 August 2014. [Available here](#).

340 "Los Huistas: Banda criminal que logró cerrar un caso de lavado en su contra," YouTube Video, posted by Guatevisión, October 17, 2018. [Retrieved online](#).

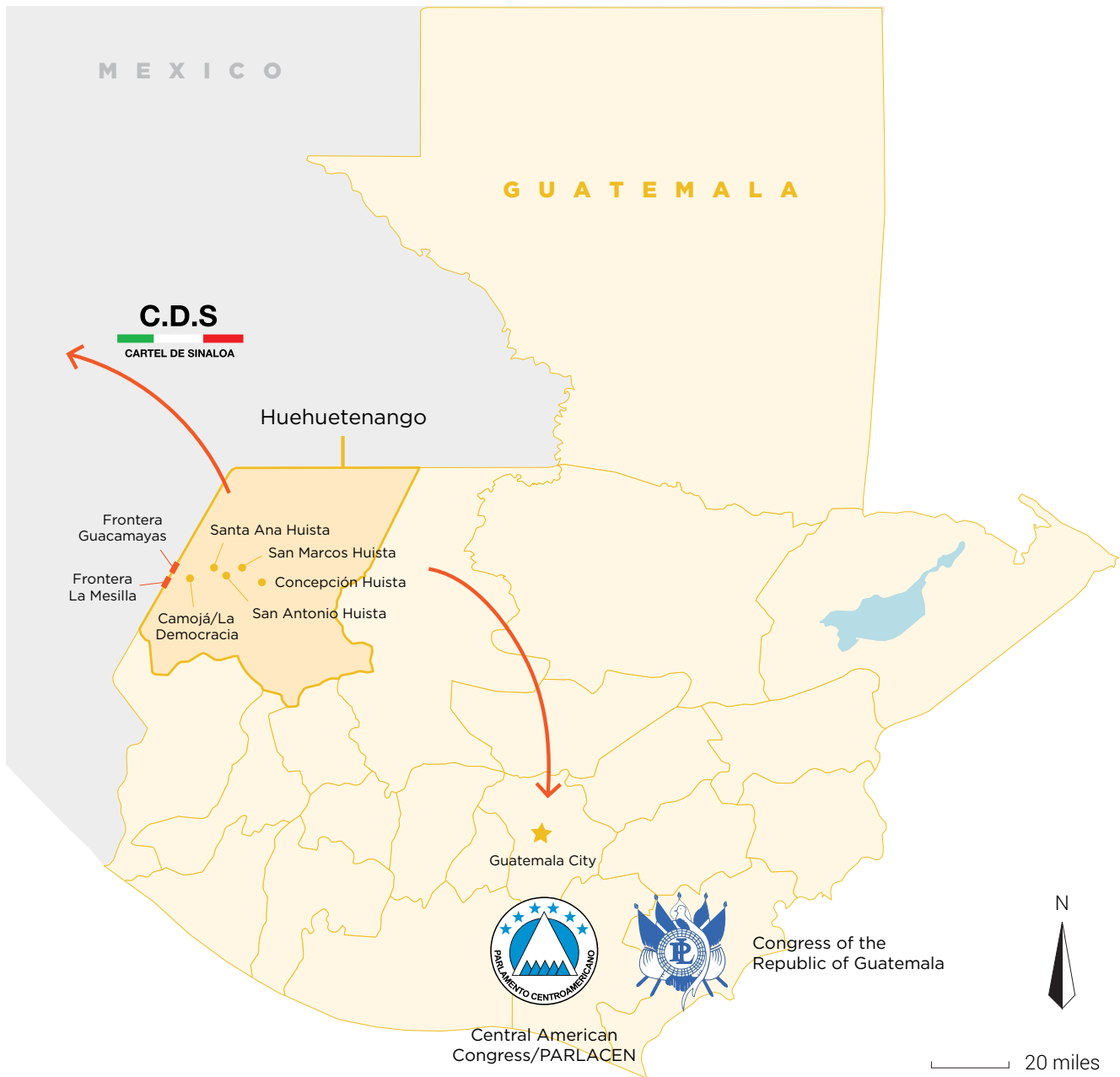
341 InSight Crime, "Guatemala Elites and Organized Crime: The 'Huistas'," September 1, 2016. [Retrieved online](#).

342 Manuel Orozco and Julia Yansura, "Understanding Central American Migration," *The Inter-American Dialogue*, August 2014. [Retrieved online](#); See also: Homeland Intelligence Today, "Unaccompanied Alien Children (UACs) by Location of Origin for CY 2014: Honduras, El Salvador, and Guatemala," 27 May 2014. [Available here](#).

343 Itandehui Reyes Diaz, "Corredor Guatemala-Chiapas, de los más peligrosos para las migrantes," *Cima Noticias*, September 25, 2014. [Retrieved online](#); See also: Nicholas Kulish, "El costo de cruzar la frontera," *New York Times*, July 6, 2018. [Available here](#).

344 Edelberto Torres Escobar, "Aproximación a la In/Seguridad en Huehuetenango," *Cedfog and Dan Church Aid*, May 2007. [Retrieved online](#).

Graphic 2: Los Huistas Case in Guatemala



Map source: GFI using Guatemalan media reports.

President of the Guatemalan Congress, Sofía Hernández Herrera. Her political party, UCN, represents an important political force despite its drug trafficking involvement.³⁴⁵ Los Huistas also have ties to several of Guatemala’s representatives in PARLACEN, the Central American Parliament.³⁴⁶ Internationally, the group is linked to the Sinaloa Cartel through their drug-trafficking operations.³⁴⁷

345 “Los Huistas y sus conexiones políticas,” *El periódico*, January 21, 2021. [Retrieved online.](#); Julie López, “Sofía Hernández, una gran aliada de Giammattei y una diputada bajo la lupa de EEUU,” *Plaza Pública*, February 22, 2021. [Retrieved online.](#); Lucero Sapalú, “Capturan a hermano de vicepresidenta del Congreso en Huehuetenango,” *El periódico*, January 20, 2021. [Retrieved online.](#)

346 “Los Huistas y sus conexiones políticas;” “Ex-Guatemalan presidential candidate sentenced in U.S. drug scheme,” *Reuters*, February 11, 2020. [Retrieved online.](#)

347 Shane Sullivan, “Los Huistas expanden su red de influencias en Guatemala,” *InSight Crime*, February 17, 2021. [Retrieved online.](#)

The ML methods used by Los Huistas are relatively simple: they mix dirty cash into cash-intensive local businesses in an attempt to disguise its origins. A 2018 CICIG case alleged that Los Huistas used methods such as bulk-cash smuggling and then tried to justify the large amounts of cash by buying and selling heavy construction equipment. In addition, Los Huistas allegedly own a large commercial and recreational complex that includes a water park, convention center, gas station and restaurant, which is believed to have served as a channel for the criminal group to launder illicit cash.³⁴⁸ They are also linked to area hotels, resorts and restaurants.³⁴⁹ They allegedly use notaries and lawyers as part of their money laundering schemes.³⁵⁰

The activities of Los Huistas are an open secret in Guatemala, and though charges have sometimes been brought against them, few convictions have ensued. This is due to the fact that “local operatives have established contacts with national politicians, who have seemingly helped them steer clear of judicial troubles.”³⁵¹ For example, in 2021 the Ministerio Público alleged that a former public prosecutor steered a case away from Los Huistas to protect them.³⁵² Moreover, one of the lawyers that allegedly aided Los Huistas is the former Director of the Penitentiary System of Guatemala, which raises its own series of concerns.³⁵³

As the case of Los Huistas suggests, financial crimes are generally only as sophisticated as they need to be. In rural areas with weak state presence, financial crimes may be very easy to observe and detect since they employ simple methods. However, that does not make them easy to address, since doing so comes back to fundamental weaknesses with state presence and political will.

The case also brings up operational challenges facing U.S. government agencies working along the Guatemala-Mexico border, either on counter-narcotics or on efforts to address illegal migration. U.S. government personnel should recognize that many hotels, gas stations, conference centers and restaurants in the area are directly or indirectly linked to these groups and serve as a key part of their money laundering operations.

CASE STUDY 3

Venezuela As a Regional Financial Crime Hotspot

Venezuela’s political, economic and social crises have created the necessary conditions for corruption, impunity, and instability to flourish, not only in the country itself, but also directly affecting the region as a whole.

Venezuela has also been affected by a high level of public corruption within the Maduro Regime, as a continuation of the authoritarian government of former President Chavez. For instance, the Venezuelan National Assembly “documented US\$87 billion in misappropriated funds” in 2017, with a subsequent statement in 2018 from the Comptroller Commission alleging a 20-

348 El periódico, “Los hermanos de la diputada Sofía Hernández y la red de empresas de Los Huistas,” February 12, 2021. [Retrieved online.](#)

349 InSight Crime, “Guatemala Elites and Organized Crime: The ‘Huistas,’” September 1, 2016. [Retrieved online.](#)

350 CICIG, “Capturan a seis personas vinculadas con Los Huistas,” October 17, 2018. [Retrieved online.](#)

351 Steven Dudley, “Guatemala’s New Narco-map: Less Zetas, Same Chaos,” InSight Crime, September 16, 2013. [Retrieved online.](#)

352 José Manuel Patzán, “Ex-Fiscal es ligada a proceso por el caso Los Huistas,” El periódico, March 6, 2021. [Retrieved online.](#)

353 Prensa Libre, “Vinculan a fiscal del MP y a exdirector del Sistema Penitenciario al Caso Los Huistas,” January 18, 2021. [Retrieved online.](#)

year cost of corruption between US\$350-\$400 billion.³⁵⁴ Additionally, the current regime relies on illicit activities such as “money-laundering, drug trafficking, illegal mining, fraud, and public corruption... to fund their illegitimate rule” inside the country and abroad.³⁵⁵ According to our research, major financial crimes are perpetrated to sustain the Maduro regime, which is in illegal collaboration with actors in regional countries such as Aruba, Curacao, Trinidad and Tobago, and Colombia, among others, for ML, drug trafficking and gold smuggling. It is also in illegal collaboration outside the region for finance and training with countries such as Russia and China; and additionally involved with non-state actors such as ELN, Hezbollah and the former FARC.

Despite the regime’s alleged ties to organized crime, corruption, and the associated illicit proceeds, the Maduro government has issued notices on official websites stating that it would be strengthening guidelines on the AML/CFT framework, especially due to the pandemic.³⁵⁶ Administrative Ruling Number 074 (2019), sought to address some of the gaps recognized by the country and by international organizations relating to its financial crime framework. Since 2019, the Ministry of the Popular Power of Economics and Finance has also issued a series of regulations that tighten monitoring of some sectors.³⁵⁷ However, there appears to be limited political will to change the status quo or to prosecute cases against their allies.³⁵⁸

Venezuela is dependent on oil production and exportation (and is subject to the fluctuation of oil prices in this regard) and currently is facing hyperinflation and depreciation of the Bolivar, the national currency. Moreover, the spiraling economy, debt, international sanctions, work restrictions and COVID-19 pandemic have deepened poverty in the country. According to the IDB, the minimum wage in Venezuela for May 2020 was US\$2.30.³⁵⁹ Looking for better opportunities, around 5 million Venezuelans have left the country and migrated to neighboring countries such as Colombia, Ecuador, Peru, Panama, and the United States, among others. Some of these countries were not prepared to receive such a large influx of immigrants and simultaneously respond to other regional crises. In this sense, Venezuelan citizens are constrained and victimized by poverty, the lack of sustainable jobs, low income and/or opportunities to cover basic necessities.

In the midst of the aforementioned crises, Venezuelan citizens and government officials have expanded their use of digital and foreign currency (mainly U.S. dollars). At a State level, digital and foreign currency is used to avoid international sanctions, to disguise illicit origin of funds, to move funds abroad, to send/receive remittances, and to exchange transactions into U.S. dollars, among other things. Transactions made in this context would allow users to make financial arrangements (nationally and internationally) without using the hyperinflated local currency, regardless of the origin of the funds and/or activities. On the other hand, Venezuela has become one of the “fastest adopters” of cryptocurrency in the world. The government has not been effective in its regulation, and instead is promoting the adoption of the Petro, the first state-issued crypto-currency, launched in 2018 and backed on hydrocarbon and mineral reserves. However, information about the technology, the private blockchain data behind it, and its usage

354 Peter D. Bell Rule of Law Program, *CORRUPTION AND CRISIS IN VENEZUELA: ASSET REPATRIATION FOR HUMANITARIAN RELIEF* (Washington, D.C.: Inter American Dialogue, 2020), 10. [Retrieved online.](#)

355 U.S. Department of State, *INCSR Vol. II*, 2020, 202.

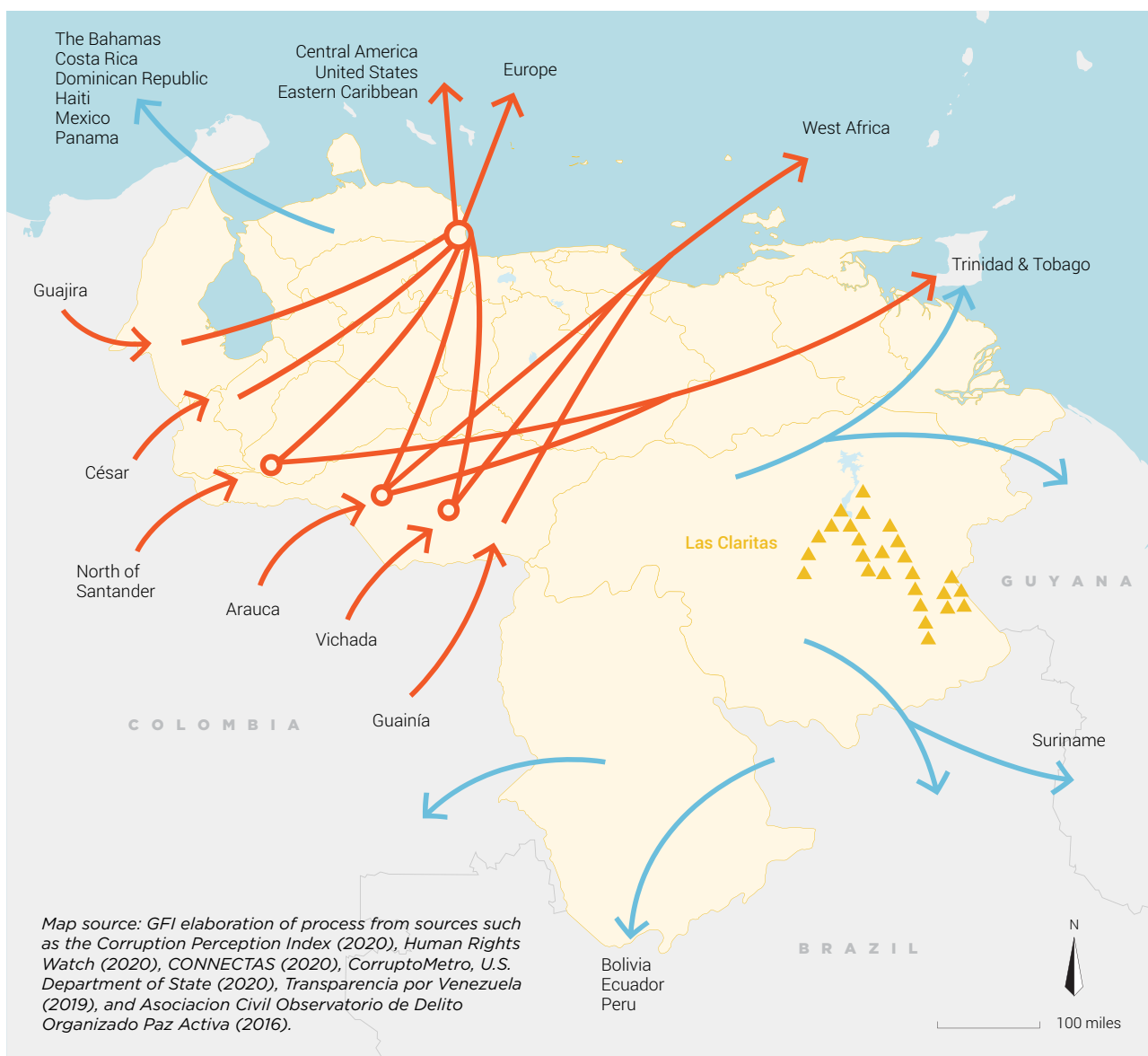
356 UNIF, “Riesgos relacionados con la Legitimación de Capitales, el Financiamiento al Terrorismo y la Proliferación de Armas de Destrucción Masiva, con ocasión a la pandemia del COVID-19,” accessed December 10, 2020. [Retrieved online.](#)

357 SUNAVAL, “Normas,” accessed December 11, 2020. [Retrieved online.](#)

358 UNIF, “Informe Ejecutivo: VIII Ejercicio de Tipologías 2018,” 2018. [Retrieved online.](#)

359 Emmanuel Abuelafia, Jose Luis Saboin, *A Look to the Future for Venezuela* (Washington, D.C.: Inter American Development Bank, 2020), 17. [Retrieved online.](#)

Graphic 3: Venezuela as a Financial Crime Hotspot in Latin America and the Caribbean



HUMAN SMUGGLING AND TRAFFICKING

- Traffickers have mainly exploited Venezuelan victims in The Bahamas, Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, Guyana, Haiti, Mexico, Panama, Peru, Suriname, and Trinidad and Tobago.
- Venezuelan women and girls were particularly vulnerable to sex trafficking in Colombia and Ecuador.
- Traffickers increasingly exploit Venezuelan men in forced labor in other countries, including islands of the Dutch Caribbean.



MINERAL TRAFFICKING

- More than 70% of the gold extracted in Venezuela is taken out of the country in illegal operations. These illegal operations are known by the military and relatives close to the presidential sphere.
- 30% of Venezuela's gold production is destined for smuggling.
- In 2018, Venezuela lost 2.7 billion dollars due to gold smuggling.
- Shortest routes include Guyana and Brazil.



DRUG TRAFFICKING

- The main narcotics dispatch ports are located in Colombia: Guajira, César, North of Santander, Arauca, Vichada, Guainía.
- The main international dispatch routes include, but are not limited to: The U.S., Europe, Central America, West Africa, Trinidad & Tobago, Eastern and Western Caribbean.

CORRUPTION

- The most emblematic corruption cases have been distributed across the country. Some of them within the Venezuelan public administration include cases of several state companies such as PDVSA (based in Caracas), Petrozamorá (based in Zulia), Bariven (based in Anzoátegui), Cencoex (Caracas), Saimé (based in Caracas), the Public Ministry (Caracas) and even the Comptroller General of the Republic (Caracas).
- According to CorruptoMetro (2020), the amount of public money involved in 114 corruption cases is USD \$ 52 billion dollars. With the aforementioned amount, 593 hospitals, 194 schools, and 21 hydroelectric dams could have been built in Venezuela.

are all very limited.³⁶⁰ Nevertheless, the unrestricted mining and use of cryptocurrencies in the Venezuelan context may also increase the risk of ML, drug trafficking, and TBML within the region. The realities of poverty, migration, hyperinflation, corruption and impunity further promote indirect channels of subsistence for Venezuelans; unfortunately, these informal channels also allow fraudulent actors to perpetrate financial crimes without boundaries.

CASE STUDY 4

The Lava Jato Case and its Influence in Latin America and the Caribbean

Operation Car Wash or “Lava Jato” is a criminal investigation that began in Brazil in 2014. The investigation looked into fraudulent concessions of public contracts to interested companies in exchange for bribes to politicians and officials nationally and abroad. The total bribe payment is estimated to be at least US\$1 billion.³⁶¹ The 45 regional companies involved³⁶² included Odebrecht, Andrade Gutierrez, OAS, Queiroz Galvao, UTC Engenharia, and Camargo Correa,³⁶³ with Odebrecht being the most prominent in the operation.³⁶⁴ The latter also operated in other Latin American countries, such as Venezuela, the Dominican Republic, Panama, Argentina, Ecuador, Peru, Guatemala, Colombia and Mexico.³⁶⁵ Although all these countries were affected by “Lava Jato”, the focus of this case study is Peru and Brazil.

Peru joined the “Lava Jato” case following the testimony of the company’s CEO, Marcelo Odebrecht, who acknowledged the payment of US\$29 million in bribes to Peruvian government officials between 2005 and 2014.³⁶⁶ With their collaboration, Odebrecht inflated the costs of construction projects by signing numerous addenda and created the “Structured Operations Division” for the coordination of bribe payments.³⁶⁷ Likewise, to conceal its financial operations, the company formed consortiums with local construction companies, deriving its services and making the flow of money more complex.³⁶⁸ Another method used by Odebrecht was the use of offshore companies, such as Klienfield Services or Velocity Construction and Engineering LLP, to make payments.³⁶⁹ All these operations were registered in two digital platforms, *Drousys* and *MyWebday*, in order to maintain control of the money flow, monitor officials involved, and serve as extortion material in case officials no longer cooperated.³⁷⁰ After the public knowledge of “Lava Jato”, the Peruvian Congress formed an investigative commission to clarify the facts. The final report of the commission mentions several officials, the most prominent being: Alejandro Toledo Manrique, Alan García Pérez, Ollanta Humala Tasso, Pedro Pablo Kuczynski Godard, and

360 Moises Rendon, “How Open and Public Cryptocurrencies Can Help Venezuelans,” April 13, 2021. [Retrieved online.](#)

361 Alberto Armendáriz, “El Impacto de La Operación Lava Jato En Brasil Y El Resto de América Latina,” *La Nación*, July 16, 2018. [Retrieved online.](#)

362 Redacción, “Estas Son Todas Las Empresas Involucradas En El Caso Lava Jato,” RPP Noticias, November 29, 2018. [Retrieved online.](#)

363 “Caso Lava Jato,” Proética - Transparency International, accessed May 15, 2021. [Retrieved online.](#)

364 *Diario Las Américas*, “¿Cuál Es La Relación Entre “Lava Jato” Y El Escándalo de Odebrecht?,” *Diario Las Américas*, April 12, 2017. [Retrieved online.](#)

365 Marina Pasquali, “¿Qué Países Recibieron Más Sobornos de Odebrecht?,” Statista, April 26, 2019. [Retrieved online.](#)

366 “Caso Lava Jato,” Proética - Transparency International. accessed May 15, 2021. [Retrieved online.](#)

367 Redacción, “¿Cómo Funcionaba El Departamento de Sobornos de Odebrecht?,” *El Comercio*, April 14, 2017. [Retrieved online.](#)

368 Bartra Barriga, et al., *Informe Final* (Lima: Congreso de La República, 2018). [Retrieved online.](#)

369 “Caso Odebrecht: “División de Sobornos” Registra Pagos de U\$ 8.8 Millones Por 12 Obras En Perú,” *Convoca.pe - Global Investigative Journalism Network*, June 25, 2019. [Retrieved online.](#)

370 Luis Llamas Puccio, “Odebrecht: Los Servidores “My Webday” Y “Drousys.”,” *Expreso*, March 14, 2021. [Retrieved online.](#)

Graphic 4: Lava Jato Case and its Influence in Latin America and the Caribbean

The information displayed has been compiled by GFI from public data and from expert interviews. It is approximate and for reference purposes only. The total amounts of bribes, benefits per country, and the list of all actors involved in the Lava Jato case is unspecified. Not all persons listed as "relevant actors" have been convicted of crimes.



Map Source: GFI elaboration of process from sources such as InSight Crime (2019), Oxford Analytica and the U.S. Department of Justice (2017).

Martín Vizcarra Cornejo, all former presidents of Peru.³⁷¹ The Public Prosecutor’s Office conducted its own investigation and found evidence of ML in the campaign funds of two presidential candidates for the 2016 elections, Julio Guzman and Keiko Fujimori. Odebrecht contributed US\$400,000 to Guzman’s campaign³⁷² while Fujimori received “more than one million dollars”.³⁷³ In 2021, legal proceedings involving politicians and officials still continue. The most notorious is that of current presidential candidate Fujimori, whom the Prosecutor’s Office accuses of “laundering assets from... Odebrecht, and concealing illicit donations.”³⁷⁴

371 Bartra Barriga, et al., *Informe Final* (Lima: Congreso de la República, 2018). Retrieved online.
 372 Redacción Lucidez, “Fiscalía: Partido Todos Por El Perú Habría Lavado 400 Mil Dólares de Odebrecht,” Lucidez - Principios Ideológicos, November 25, 2020. Retrieved online.
 373 Camilo Toledo, “Lava Jato En Perú: Tres Años de Terremoto Político,” Deutsche Welle, December 21, 2019. Retrieved online.
 374 Marina Sardiña, “La Fiscalía Peruana Pide 30 Años de Cárcel Para Keiko Fujimori Por Presunto Lavado de Activos,” France 24, March 12, 2021. Retrieved online.

In Brazil, the “Lava Jato” case revolved around the state oil company, Petrobras.³⁷⁵ Brazilian prosecutors identified three key groups in the bribery system: representatives of Brazil’s main construction companies, senior Petrobras executives, and intermediaries who served as a link between the two, coordinating the method of payment of bribes.³⁷⁶ Alberto Youssef, a Brazilian banker, and Paulo Costa, the former Petrobras Supply Director between 2004 and 2012,³⁷⁷ pointed out that “as a rule, every contract Petrobras signed with major Brazilian construction companies included kickbacks of 1 or 2 percent of the total value of the contract to the Petrobras officials who approved it”.³⁷⁸ Meanwhile, intermediaries such as Mr. Costa received a percentage of the bribes for their services as mediators. Costa also mentions the coordination between these construction companies to take turns in Petrobras concessions.³⁷⁹ In addition to the statements of the collaborators, Brazilian prosecutors found evidence of deposits in offshore accounts of bribes belonging to four former Petrobras CEOs. Given Petrobras’ illicit financial movements, the investigation estimated a loss of US\$1.9 billion for shareholders, since part of the company’s liquidity was destined to bribes to key Petrobras officials.³⁸⁰ During the investigation, the most prominent figures have included: Luiz Inácio Lula da Silva, Dilma Rousseff, and Michel Temer, all former presidents of Brazil.³⁸¹ As of 2021, the “Lava Jato” investigation is wrapping up. However, the prosecution’s procedures are now being questioned. As a result, Lula da Silva was released from prison.³⁸²

Depending on the country, a different system for the delivery of bribes was applied. In the case of Peru, the system was more complex and focused on the most important political figures. In Brazil, on the other hand, the methods were simpler. Nevertheless, the range of influence of corruption covered a large swath of the political arena.

Beyond the methods of corruption employed, it can be concluded that the damage suffered by Latin America is serious. On the one hand, it revealed inadequate supervision of State Contracting in the countries involved, which allowed operations such as these to proliferate. In addition, the investigations caused several construction projects to come to a halt, leaving formal workers unemployed. In Peru and Brazil, 50,000³⁸³ and 4.4 million³⁸⁴ jobs were lost, respectively.

Moreover, due to the manipulation of public works prices, uncertainty was created in the infrastructure market.³⁸⁵ Finally, the events that transpired generated distrust towards public institutions, a feeling shared by potential foreign investors when they saw a Latin American market monopolized by corruption.³⁸⁶

375 “Qué Es El Lava Jato, El Caso de Corrupción Que Estalló En Brasil Y Sacudió a Toda La Región,” Clarín - Mundo, August 1, 2018. [Retrieved online.](#)

376 Francho Barón, “7 Preguntas Y Respuestas Para Entender La Operación Lava Jato,” CNN En Español, September 26, 2016. [Retrieved online.](#)

377 “Caso Lava Jato,” Proética - Transparency International, Accessed May 15, 2021. [Retrieved online.](#)

378 Sérgio Fernando Moro, “Preventing Systemic Corruption in Brazil”, 2018, *Daedalus* 147 (3): 157–68, 160-161. [Retrieved online.](#)

379 Ibid.

380 Ibid.

381 Nicole Lalleé, “Las Claves Del “Caso Petrobras.”,” *El Mundo*, March 16, 2016. [Retrieved online.](#)

382 Naiara Galarraga, “La Investigación Anticorrupción Lava Jato de Brasil, En La Cuerda Floj,” *El País*, September 6, 2020. [Retrieved online.](#)

383 Redacción Gestión, “Caso Lava Jato: CCL Alerta Pérdida Superior a 50,000 Empleos Formales Por DU 003,” *Gestión - Economía*, January 31, 2018. [Retrieved online.](#)

384 “Lava Jato Costó 4,4 Millones de Empleos Y Generó Pérdidas de 64 Mil Millones de Dólares,” *Misión Verdad*, March 14, 2021. [Retrieved online.](#)

385 Jorge Chávez Álvarez, “El Costo de La Corrupción Lava Jato,” *Alerta Económica - Portal Económico de Maximixe*, 2017, December 11, 2017. [Retrieved online.](#)

386 Ibid.

CASE STUDY 5

Money Laundering Through Emerald Trafficking in Colombia: A Forgotten Financial Crime

Colombia produces two-third of the world's emeralds. For decades, criminals have been drawn to the country's emerald industry. The industry's loose regulation by the state provided a convenient way to fund violence and launder millions in drug proceeds. Emeralds, along with drugs, exacerbated and financed the sixty-year civil conflict. The "Green Wars," as this was referred to, broke out in the 1960s when emerald magnates used paramilitary groups to defend their turf from guerillas and drug traffickers. By the 1980s, Colombian drug cartels became involved in the conflict and tried to take control over the mines. During this period, emeralds were also smuggled and sold on the international black market, which helped funnel millions to armed non-state actors involved in the conflict. Since the signing of the peace accords in 2016, emeralds have dropped off the radar with international attention shifting towards the illicit gold trade and its nexus with the Colombian drug trade. However, the recent court case of Horacio Triana — Colombia's "emerald czar"—puts the spotlight back on the complex relationship between Colombia's rich mineral resources, the people controlling the wealth, and abuse by the country's drug cartels.

In 2019, Horacio Triana, Colombia's leading power player in the emerald sector, pleaded guilty before a Florida court on charges of sending cocaine to the United States and killing witnesses scheduled to testify against him.³⁸⁷ Along with Triana, José Rogelio Nieto and brothers Pedro, Omar and Gilberto Rincón were also extradited. All of them were leading figures within Colombia's lucrative emerald industry and were accused of working with paramilitary groups to traffic drugs to the U.S. through a network that extended into Colombia, Venezuela, Mexico, Haiti and the Dominican Republic. This drug trafficking ring involved Los Urabeños in Colombia and the Sinaloa Cartel in Mexico.

However, Triana's plea deal reveals that he has only pleaded guilty to conspiring to distribute cocaine in the US. The indictments against all the other accused also only focus on their role in helping move thousands of kilograms of cocaine into the U.S.. As per the DOJ, the leader of Clan Rincon arranged intervention from the Defense Forces of Colombia (known by its Spanish acronym, AUC) to keep FARC out of the region.³⁸⁸ The AUC sought something in exchange for keeping the FARC out of Boyacá, namely a tax on the emerald mine owners. However, Clan Rincon proposed a tax on local coca farmers and laboratories instead, and a deal was made.

With approval and assistance from Clan Rincon, coca farmers and drug laboratories paid a protection tax to the AUC. This deal, which Clan Rincon brokered, allowed local narcotics production to continue, and thousands of kilograms of cocaine was subsequently exported to the U.S.

However, the focus of pursuing only drug trafficking charges ignores the role and schemes used in the emerald trade to facilitate organized crime and drug trafficking. Official export statistics reveal that the U.S. is the largest importer of precious gemstones from Colombia.³⁸⁹ In 2019,

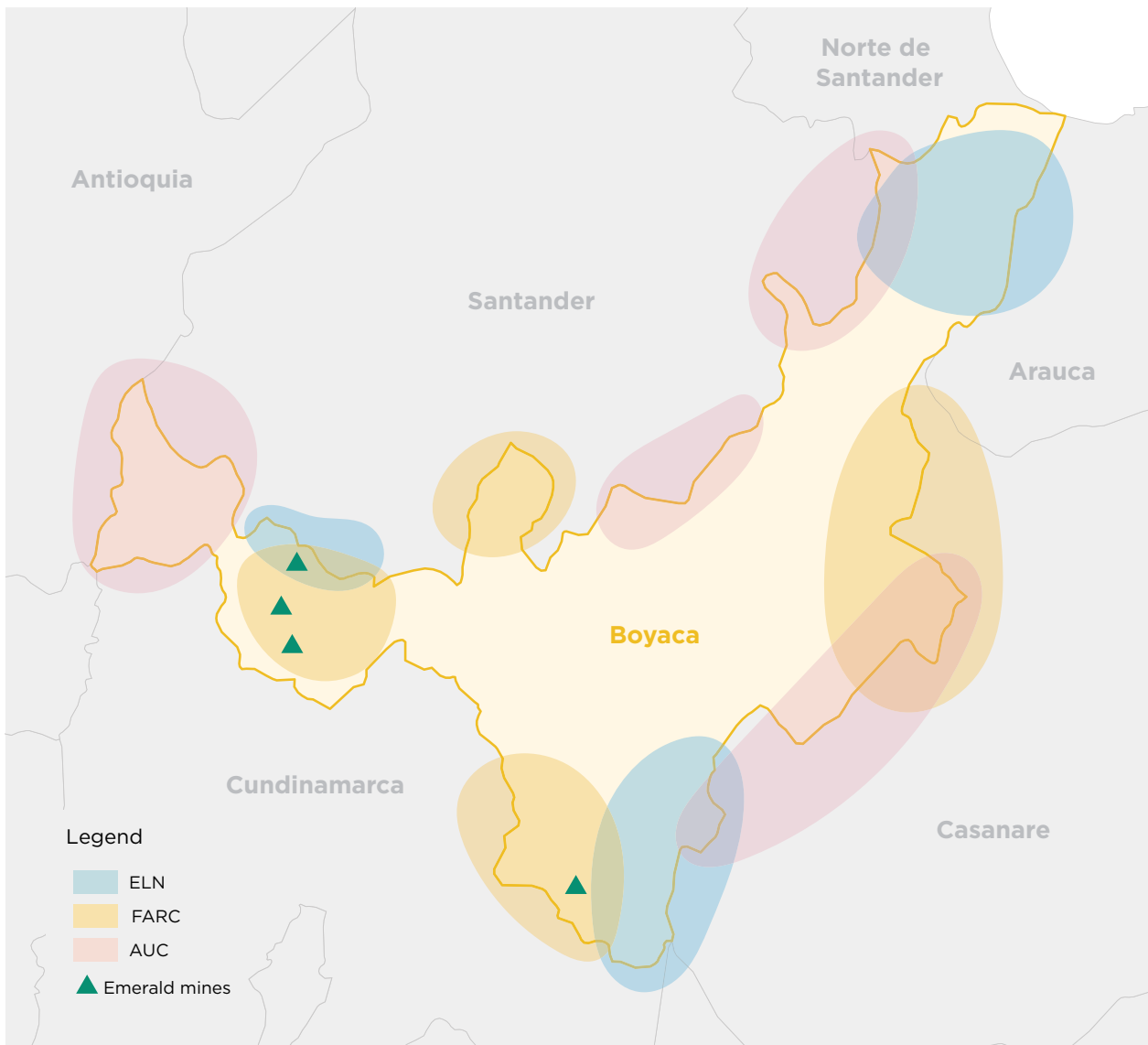
387 United States Attorney's Office Southern Florida District of Florida, "Leaders of Colombia's "Clan Rincon" Sentenced to Prison Terms for Roles in International Drug Trafficking Conspiracy," United States Department of Justice, March 17, 2020. [Retrieved online.](#)

388 The Rincon-Castillo family, otherwise known as "Clan Rincon," has significant influence in the region and owns many of the emerald mines in Boyacá, Colombia.

389 "Colombia: Exports", Observatory of Economic Complexity, 2019. [Retrieved online.](#)

thirty-eight percent of Colombian exports of colored gemstones are sent to the U.S.³⁹⁰ This again does not include emeralds that may be simply smuggled across the border and facilitate the drug trade. A recent book reveals that emeralds are very much part of the narco-trafficking architecture and that the central department of Boyacá “has always been fertile for laundering money because emeralds are expensive and the cost is determined based on what the market is willing to pay... making it very easy to launder money in that way, in many cases drug money.”³⁹¹

Graphic 5: Money Laundering Through Emerald Trafficking in Colombia:
A Forgotten Financial Crime



Source: GFI elaboration using sources such as Centro Nacional de Memoria Histórica (2019), Patricio García Pérez (2016), Colombia Reports (2020) and other public sources.

390 Ibid.

391 Alejandra Rodríguez, “Will US Court Case Shine Light on Colombia’s Corrupt Emerald Industry?,” InSight Crime, December 3, 2019. [Retrieved online.](#)

Regional Analysis of Criminal Activity Types

Mineral Trafficking

Countries in the LAC region are no stranger to the resource curse, which is the “failure of many resource-rich countries to benefit fully from their natural resource wealth, and for governments in these countries to respond effectively to public welfare needs.”³⁹² “Resource-rich countries tend to have higher rates of conflict and authoritarianism, and lower rates of economic stability and economic growth, compared to their counterparts.”³⁹³ Solutions targeting financial crimes related to the extractives sector, or minerals in particular, therefore need to look at larger systemic issues that contribute to weak governance structures, conflict, poverty, and corruption.

This section of the report identifies the abundance of minerals in the LAC region and makes the case that there are financial crime risks related to gemstones like emeralds, jade, and diamonds, as well as to precious metals like silver, and other newly discovered minerals like lithium.

DEFINITIONS

“Mineral trafficking” is a loose term that encompasses a range of activity with ties to ML, transnational organized crime, terrorism, and corruption. In fact, the term “mineral trafficking” itself is very rarely used in international fora. Instead, international bodies and resolutions employ terms like illicit mining,³⁹⁴ illegal mining,³⁹⁵ mineral smuggling,³⁹⁶ and illicit trade or trafficking in precious metals and gemstones.³⁹⁷ Internationally, there is no uniform definition of these terms in use, nor is there consistent application of how law and policy should be applied. Each of these terms conveys certain foreign policy and national government priorities that have defined how the activity is criminalized, the thrust of policy making on the subject internationally, issues of environmental damage, and its connection to financial crimes.

At the same time, national laws around what constitutes illegal mining contain thorny issues of community-based land rights, indigenous and traditional mining rights, environmental protections, industry capture by political elites, politically exposed persons and public servants. While there is no accepted definition internationally on any of these terms, the United Nations has passed two resolutions on the issue. The first resolution, 2013/38 of 25 July 2013, titled “*Combating transnational organized crime and its possible links to illicit trafficking in precious metals*,”³⁹⁸ urged member states to look at the connections between illicit trafficking in precious metals and organized crime. The resolution states that “illicit trafficking in precious metals may represent a significant revenue base for organized criminal groups and thus has the potential to expand criminal enterprises, facilitate corruption and undermine the rule of law through the corruption of law

392 Natural Resource Governance Institute, *The Resource Curse The Political and Economic Challenges of Natural Resource Wealth, March 2015*, (Washington D.C.: Natural Resource Governance Institute, 2015), 1. [Retrieved online.](#)

393 Ibid, 1.

394 “UNODC Supports Efforts to Combat Illicit Mining in Southern Africa,” United Nations Office of Drugs and Crime, November 3, 2020. [Retrieved online.](#)

395 Ibid.

396 “DR Congo: UN supporting probe as employee is implicated in mineral smuggling,” United Nations, August 22, 2011. [Retrieved online.](#)

397 Transnational Alliance to Combat Illicit Trade, *Precious Metals and Gemstones*, (New York: Transnational Alliance to Combat Illicit Trade. [Retrieved online.](#); “Combating transnational organized crime and its links to illicit trafficking in precious metals and illegal mining, including by enhancing the security of supply chains of precious metals,” United Nations Interregional Crime and Justice Institute, July 23, 2019. [Retrieved online.](#)

398 United Nations Economic and Social Council, *Resolution adopted by the Economic and Social Council on 25 July 2013*, (New York: United Nations, 2013). [Retrieved online.](#)

enforcement and judicial officials.”³⁹⁹

The second resolution, approved by the UN’s Economic and Social Council in 2019, is titled “Combating transnational organized crime and its links to illicit trafficking in precious metals and illegal mining, including by enhancing the security of supply chains of precious metals.”⁴⁰⁰ The language in the resolution for the first time recommends that states, in line with their “domestic legal frameworks, (...) consider criminalizing, where appropriate, illicit trafficking in precious metals and illegal mining and to take appropriate measures to prevent and combat illicit trafficking in precious metals and illegal mining by organized criminal groups, including by controlling and securing the supply chain and introducing the legislation necessary to prevent, investigate and prosecute illicit trafficking in precious metals.”⁴⁰¹ But even the language within the resolution is quite weak because it urges states to “consider criminalizing” and limits itself to situations that primarily have ties to “transnational organized crime.” It should be noted that all countries in the LAC region have ratified the UN Convention Against Transnational Organized Crime on which the resolutions are based.

SCOPE OF PROBLEM AND MAIN VULNERABILITIES

Mineral trafficking, which includes the illicit trade of both gemstones and metals, has for decades been highly vulnerable to the risks of ML, corruption, violence, and civil and military conflict. As experts have noted, the “low weight, high value, high durability, stable pricing and ability to be easily moved or smuggled make them especially attractive to launderers and criminal financiers.”⁴⁰² As mentioned, minerals cover a broad range of commodities and include gemstones and metals. Gemstones particularly at risk for illicit trade include diamonds, emeralds, sapphires and rubies.⁴⁰³ In regards to metals, gold, silver, platinum and platinoid metals like iridium, osmium, palladium, platinum, rhodium, and ruthenium—often referred to as ‘precious metals’—are equally vulnerable to illicit trade.⁴⁰⁴ Additionally, precious minerals like tin, tantalum (coltan), and tungsten have a long history of being utilized to finance corruption, criminal activity, and ML as well as engendering political instability and conflict.⁴⁰⁵ This is not to say that they are the only minerals used for conflict. Depending on the country context, copper,⁴⁰⁶ iron,⁴⁰⁷ and even coal,⁴⁰⁸ have all been used to facilitate financial crime and generate millions in illicit proceeds that ultimately undermine democratic institutions, rule of law and good governance practices.

The fragmented and complex global supply chain of precious metals and gemstones make these

399 Ibid.

400 Commission on Crime Prevention and Criminal Justice, *Report on the twenty-eighth session*, (New York: United Nations Economic and Social Council, 2019), 26. [Retrieved online.](#)

401 Ibid, 29.

402 Transnational Alliance to Combat Illicit Trade, *Precious Metals and Gemstones*, (New York: Transnational Alliance to Combat Illicit Trade, 2019), 5. [Retrieved online.](#); “Combating transnational organized crime and its links to illicit trafficking in precious metals and illegal mining, including by enhancing the security of supply chains of precious metals,” United Nations Interregional Crime and Justice Institute, July 23, 2019. [Retrieved online.](#); International Monetary Fund, *Implementing AML/CFT Measures in the Precious Minerals Sector: Preventing Crime While Increasing Revenue*, (Washington, DC: International Monetary Fund, 2014). [Retrieved online.](#)

403 Transnational Alliance to Combat Illicit Trade, *Mapping the Impact of Illicit Trade on the Sustainable Development Goals*, (New York: Transnational Alliance to Combat Illicit Trade, 2019), 94. [Retrieved online.](#)

404 Ibid, 94.

405 Mukhisa Kituyi, “Munich Security Conference panel on illicit financial flows,” UNCTAD, October 20, 2020. [Retrieved online.](#)

406 Financial Action Task Force, *Money Laundering from Environmental Crime*, (Paris: Financial Action Task Force, 2021), 22. [Retrieved online.](#)

407 “Unearthing Corruption Risks in Mining Approvals,” Transparency International, December 5, 2017. [Retrieved online.](#)

408 Rashmi Gavasane, “Trade Based Money Laundering in North Korea,” RegTech Times, accessed July, 2021. [Retrieved online.](#)

commodities particularly well suited as vehicles for IFFs and have been linked to smuggling, drug trafficking, illicit arms trafficking, and TF. All of these metals, minerals, gemstones may be used as cover for laundering “illegal funds generated by other crimes, for example, through price manipulation or false invoices covering fictitious sales of gold or diamonds.”⁴⁰⁹ The table below highlights the minerals identified through public source reporting that are at risk for financial crimes of ML, TBML, TF, and corruption in the LAC region. Of the 33 countries in the LAC region, gold was the most widely available precious metal and in every country where it was present, public sources and expert interviews showed a correlation with all four financial crimes analyzed. In addition, there was frequently convergence with not just the financial crimes (ML, TF, TBML, and corruption) but also with illicit activities such as drug trafficking and TIP/SOM both in terms of the channels used to perpetuate the criminal activity as well as the presence of mining operations as a signifier of the presence of sexual exploitation of women and forced labor practices. The table below is an analysis based on publicly reported information on the presence of minerals through the LAC region and their reported association with the four financial crimes (ML, FT, Corruption, and TBML) analyzed. The last column indicates the use of the mineral in financial crime activity in the region.⁴¹⁰

Table 1: Minerals High Risk for Financial Crimes in LAC

MINERAL	HIGH-RISK IN NO. OF COUNTRIES	INDIGENOUS IN NO. OF COUNTRIES	% RISK OF USE IN FINANCIAL CRIMES IN THE LAC REGION
Gold	22	22	100%
Diamond	3	3	100%
Cobalt	1	1	100%
Lithium	4	5	80%
Emeralds/Gemstones, incl. Jade	5	7	71%
Bauxite/Aluminum	7	11	64%
Uranium	3	5	60%
Coal/Carbon	4	7	57%
Platinum	1	2	50%
Silver	7	16	44%
Tantalum/Coltan	3	7	43%
Tin/Cassiterite	2	5	40%
Manganese	1	3	33%
Tungsten	1	3	33%
Nickel	2	7	29%
Copper	6	23	26%
Iron Ore	4	17	24%

Source: Author's analysis of reporting of financial crimes associated with minerals, identified from publicly reported media and government sources in the LAC region.

409 International Monetary Fund, *Implementing AML/CFT Measures in the Precious Minerals Sector: Preventing Crime While Increasing Revenue*, (Washington, DC: International Monetary Fund, 2014), 2. [Retrieved online.](#)

410 One limitation is that this analysis is based on publicly reported information, and therefore skews in favor of minerals that have received increased donor attention.

In the last few years, the illicit trade in gold has garnered particular attention because of the ease through which the commodity can be traded, its high value returns, and its association with drug trafficking, terrorism, and organized crime – serious problems in their own right as well as policy priorities of the LAC region’s most significant donor, the U.S. government.⁴¹¹ Furthermore, illegally mined or traded gold is often used as alternative currency used by criminals to trade in other illicit goods such as guns and drugs,⁴¹² as well as to fund rebel groups, militias and armed gangs.⁴¹³

But this is also true of diamonds, jade, and emeralds found in the LAC region, which do not receive the same degree of attention.⁴¹⁴ Outside of gold, this report was able to also identify 16 other extractive commodities that are vulnerable to the risks of financial crime. For instance, Venezuela has indigenous sources of bauxite, coal, gold, iron ore, diamonds, tantalum, silver, copper, uranium, and emeralds, all of which are at risk of abuse.⁴¹⁵ Moreover, proceeds from many of these sectors are used to finance the de facto government of Nicolas Maduro. Yet, international reporting and the ongoing U.S. sanctions program is primarily focused on the oil and gold sectors.⁴¹⁶ Similarly, the gold sector in Peru has attracted a lot of donor interventions. By contrast, the country’s copper, silver, uranium, iron, coal sectors have all been implicated in a variety of financial crimes, but there is little attention in comparison.⁴¹⁷

Another area that exacerbates tensions between governments, local citizens, and private companies seeking to exploit the mineral resources in the LAC region is land ownership. As one expert stated, “the LAC region allows both vertical and horizontal land ownership, meaning that one parcel of land can simultaneously have three to four owners.” The expert added that “the local community owns the land and by law is permitted to live on it. At the same time, the government can grant licenses to exploit the minerals under the ground to a private company.” There is little oversight of the negative impacts of environmental pollution from the activities of mining companies and how it affects the community living on the land. At the same time, according to an expert interviewed, “it causes tensions between the community, companies, and government because the community is unable to participate or benefit from the revenues.”

Discussing the convergence between the illicit trade of minerals and other crimes like TIP and drug trafficking, an expert interviewed stated that “prior to the gold rush of 2014, before migrants were willingly interested in mining, they often had to be recruited under false pretenses. They were often told they would be paid at the end of three months. But at the end of the supposed contract, the mine operator/manager would deduct costs towards housing, food etc. and trap individuals in a cycle of debt.” Additionally, an expert interviewed also stated that with gold mining “some of the structures appear purposefully designed to trap individual miners in a cycle of debt.”

411 Katie Jones, “Digging Into Dirty Gold Across the Americas,” InSight Crime, April 7, 2021. [Retrieved online.](#); Girish Gupta, “Dirty Diamonds in South America,” Warscapes, September 3, 2012. [Retrieved online.](#)

412 Katie Jones, “Digging Into Dirty Gold Across the Americas.”

413 Ibid.

414 Hector Silva Ávalos, “Jade: New Crown Jewel for Crime Groups in Guatemala”, Insight Crime, December 16, 2019. [Retrieved online.](#)

415 Stephanie Nebehay, “Some Gold, Bauxite Mines in Venezuelan Amazon Run By Criminal Gangs”, Reuters, July 15, 2020, [Retrieved online.](#); “Global Mining Guide - Venezuela,” BakerMCKenzie. [Retrieved online.](#); “Iran helping Venezuela look for Uranium,” Reuters, September 25, 2009. [Retrieved online.](#)

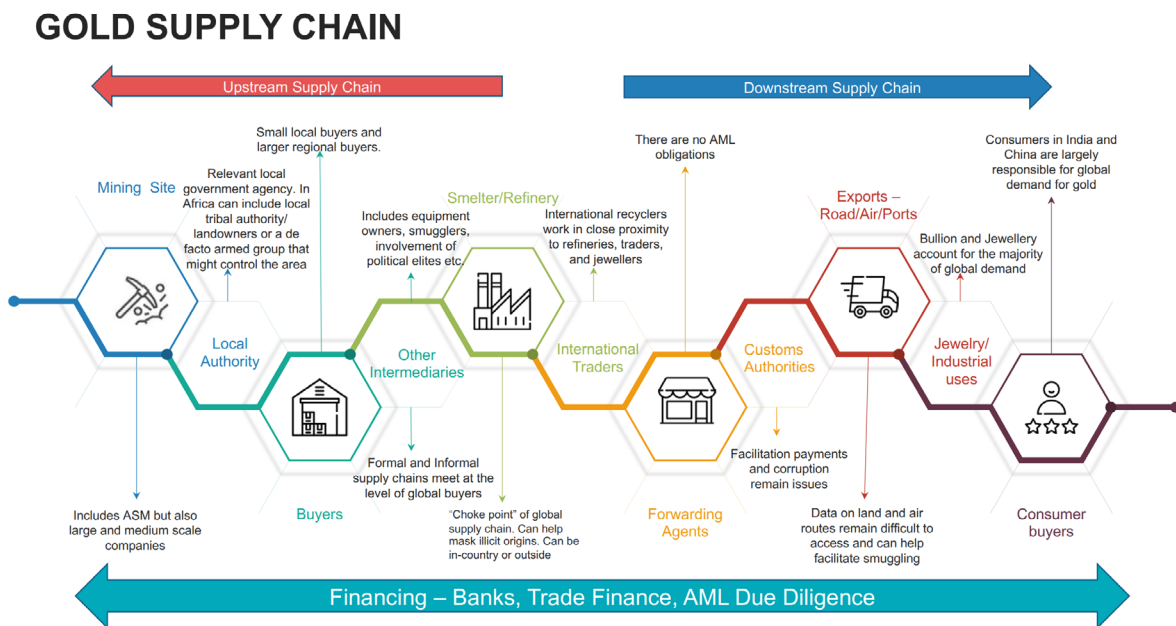
416 Moises Rendon, “Illegal Mining in Venezuela: Death and Devastation in the Amazonas and Orinoco Regions,” Center for Strategic & International Studies, April 16, 2020. [Retrieved online.](#); Katie Burns, “Illegal Mining in Venezuela is Exacerbating Violence, Ecocide, and Global Corruption. The International Community Must Act,” Freedom House, October 1, 2020. [Retrieved online.](#); Regina Thompson, “Illicit Mining: Threats to U.S. National Security and International Human Rights,” Federal Bureau of Investigation, December 5, 2019. [Retrieved online.](#)

417 Marguerite Cawley, “Peru’s Illegal Miners Trafficking Gold to Bolivia,” InSight Crime, November 26, 2014. [Retrieved online.](#); Oak Rocks, “PERU IS ONE OF THE LEADING PRODUCERS OF COPPER, GOLD, LEAD AND SILVER,” accessed July 2021. [Retrieved online.](#); Lorainne Chow, “Unprecedented New Map Unveils Illegal Mining Destroying Amazon,” EcoWatch, December 12, 2018. [Retrieved online.](#)

The expert mentioned that whenever there is “a large, male-dominated workforce, sexual exploitation is common. This is also seen with illegal logging. Miners are provided drugs, alcohol, and women and even though they earn three times the wages of an average farmer, these structures trap them in cycles of debt.”

Because the focus of international attention has been on the connections between conflict and illicit mining and trade, attention has only focused on one end of the supply chain (see illustrative supply chain diagram below). This effectively excludes the many risks from financial crimes, including rent-seeking behavior that occurs throughout the supply chain. It also excludes the financial risk that emanates from the financing of the mining activities and risks from trade finance. This narrow focus has meant that institutions and refiners, particularly for gold, have declined to do business with the artisanal and small scale mining (ASM) sector, a process which is known as ‘de-risking.’ This negatively impacts the development outcomes for communities in the LAC region and instead of protecting the financial system, leads to underground criminal operations and use of the shadow banking system.

Finally, with minerals that are bulkier to transport, weaknesses within state owned enterprises as well as opportunities for political elites and government employees to participate in the licensing and tendering process runs the risk of diverting funds away from the country and to the pockets of the corrupt. The following graphic helps to illustrate some of the financial crime risks that occur throughout the supply chain.



Source: Sudan and Trade Integrity (GFI 2020)

CHANNELS/FACILITATORS

According to experts, the channels and facilitators are varied. However, the focus on gold, including donor interventions on gold, has meant that many experts interviewed were primarily only able to discuss channels used for the trafficking of gold. Smuggling by foot, car, and horse were described as common methods to move gold within the LAC region. Additionally, according to one expert, “light crafts that were used to transport up to 200 kilos of drugs were also used to transport gold.” The expert also further mentioned that initially in some parts of the

LAC region, “drug traffickers and gold smugglers would use the same routes and structures but were not involved in the drug trafficking operation themselves.” However, the expert also noted that in recent years, “the trend has shifted and drug trafficking organizations have now realized the profit margins from the illicit gold trade and have moved into the sector for themselves.”

For transit destinations in the Caribbean and other parts of Central America, the use of free zones where there is minimal oversight provides an easy channel to move illicit gold. With other metals like like nickel in Guatemala,⁴¹⁸ copper in Haiti,⁴¹⁹ or the trafficking of tantalum in Venezuela and Colombia⁴²⁰ systemic corruption allows private companies to act with impunity, causing environmental damage. In those cases, the State itself acts as the facilitator and main channel for financial crime and illicit activity. Anonymous companies and complex corporate structures, which are frequently used in these cases, provide enough distance from culpability. They also serve to limit scrutiny into how finance and money from rent seeking behavior is moved through the financial system and exploited.

JURISDICTIONS AND ROUTES

The different countries in the region all act as source, transit, and destination points before minerals are exported to the U.S., Europe or other parts of Asia and Africa. The table below is a compilation of public reporting and expert interviews on the geographic routes taken for the movement of different minerals through and out of the LAC region. While every effort has been made to be as exhaustive as possible, information is limited by the lack of publicly reported information and the ever-changing routes and methods used by criminal actors.

JURISDICTION	METAL	ROUTE
Peru	Gold	<p>Lima: The airport in Lima is a transit point for gold between <u>Bolivia</u> and <u>international markets</u>, most notably the <u>U.S.</u> This includes gold from <u>La Paz (Bolivia)</u>, and gold coming from the jungle regions of <u>Beni and Pandi near the Brazilian border</u>. It also includes gold from <u>South-Peruvian mines Madre de Dios and Puno</u>, which was first smuggled to Bolivia before returning to Lima.</p> <p>Juliaca: This is a transit point for gold coming from <u>La Rinconada (Peru)</u>, where it is melted into bullion bars before transferring it to <u>La Paz (Bolivia)</u>. It is also a transit point for gold from <u>Puerto Maldonado (Peru)</u>, coming in through highway travel via the Carretera Central.</p> <p>Callao Airport (just outside of Lima): Gold from <u>Puerto Maldonado (Peru)</u> is moved through this airport.</p> <p>Callao: Transit point for gold from <u>Puerto Maldonado (Peru)</u>, coming through. Also, a transit point for multiple illicit goods from <u>Peru</u> to <u>international markets</u>.</p> <p>Peru is a transit point for illegal gold from Ecuador.</p> <p>Some sources claim that violent groups also operate along narcotrafficking routes from Peru to <u>Bolivia</u> and <u>Brazil</u>, which miners use to transport gold by negotiating with drug trafficking groups.</p>

418 Max Binks-Collier, “Evicting Lote Ocho,” The Intercept, September 26, 2020. [Retrieved online.](#)

419 Martha Mendoza, “Gold! Haiti eyes potential \$20 billion bonanza,” NBC News, May 12, 2012. [Retrieved online.](#)

420 Juan Camilo Jaramillo, “The Scale of Illegal Coltan Trafficking in Colombia and Venezuela,” InSight Crime, August 18, 2021. [Retrieved online.](#)

JURISDICTION	METAL	ROUTE
Bolivia	Gold	<p>Guayaramerin: Transit point between Bolivia and Guajar�-Mirim, <u>Brazil</u>.</p> <p>Beni: City bordering Brazil, known for gold contraband.</p> <p>Chejepampa market: Weekly illegal gold market on the border with <u>Peru</u>.</p> <p>La Paz: Gold from <u>La Rinconada (Peru)</u>, transferred and melted in <u>Juliaca (Peru)</u>, is purchased by Bolivian buyers in La Paz.</p> <p>Bolivia is also used to traffic gold coming from the Madre de Dios and Puno mines in <u>southern Peru</u>, which is then re-exported to <u>Lima (Peru)</u> to access international markets, most notably the U.S.</p>
	Tin/ Cassiterite	<p>Bolivia: Transit point for cassiterite/tin from <u>Rond�nia State, Brazil</u>.</p>
Colombia	Gold	<p>Medellin and Bogota (Colombia): Flights leave directly to <u>Cura�ao, Aruba</u> and <u>Barbados</u> with gold from <u>Antioquia, Colombia</u>.</p> <p>Colombian traders process gold from <u>Peru</u>, smuggled through <u>Chile</u>, to be exported as produced in Colombia.</p> <p>Colombia is a transit point for gold from <u>Ecuador</u> and <u>Panama</u>.</p> <p>Colombia is a transit point for gold between <u>Venezuela</u> and <u>Brazil</u>.</p>
	Coltan	<p>Puerto Carre�o: Transit point for coltan <u>Venezuela</u>. The coltan comes from Los Gallitos in Venezuela, and is transported on boats from El Buro, Venezuela.</p> <p>Puerto In�rida: Transit point for coltan coming from the river port of <u>San Fernando de Atabapo, Venezuela</u>.</p>
	Tungsten	<p>Julio Cruz, Guaviare province: Tungsten smuggled by FARC (from Tiger Hill mine) is loaded onto trucks in Julio Cruz, to be transported to Bogota.</p> <p>Bogota: Tungsten mined by FARC (from mine Tiger Hill) is smuggled out of the jungle to Geo Copper’s warehouse in Bogota, from where it is exported.</p>
	Emeralds	<p>Bogota: Emerald traders gather in Bogota to trade the mineral, after which most of it will be smuggled out of the country.</p>
	Uranium	<p>Colombia: There is anecdotal evidence of Venezuelan uranium being smuggled to Iran through Colombia (hard to verify).</p>
Brazil	Gold	<p>Guajara-Mirim: Transit point between Brazil and <u>Guayaramerin, Bolivia</u>.</p> <p>S�o Paulo: Transit point for gold from <u>Venezuela</u>.</p> <p>Brazil is also a transit point for gold from <u>Colombia</u>.</p> <p>Brazil also is an alleged transit point for gold from <u>Guyana</u>.</p>
	Coltan	<p>Brazil: Transit point for illicit coltan from <u>Venezuela</u>.</p> <p>Brazil: Transit point for illicit coltan between <u>Colombia</u> and the <u>international market</u>.</p>
	Diamonds	<p>Roosevelt River: Diamonds extracted from Roosevelt are sometimes smuggled through aerial transport. International buyers, typically European and North American, arrive in South America via Ecuador, Peru, Colombia or Bolivia, and are sent a plane to cross to Brazil and land on a clandestine air strip, where they will be handed over diamonds without having ever officially set foot on Brazilian soil.</p> <p>Boa Vista: transit point for smuggling diamonds from <u>Venezuela</u> to <u>Guyana</u>. The city is replete with diamond traders, even though there is little to no active diamond mining in the state of Roraima.</p>
	Manganese	<p>Port of Vila do Conde: Illegally mined manganese from south Par� (Brazil) is directly exported from <u>Porto de Vila de Condo</u> to <u>China</u>.</p>

JURISDICTION	METAL	ROUTE
Venezuela	Gold	<p>Venezuela is a transit point for gold between <u>Colombia</u> (<u>Chocó</u> and <u>Antioquia</u>) and <u>Brazil</u>. Small-scale Colombian miners reported that Brazilian entrepreneurs have established unauthorized mining operations in Colombia, smuggling it back to Brazil via Venezuela.</p> <p>Venezuela is a transit point for gold between <u>Antioquia</u>, <u>Colombia</u> and <u>Curaçao</u>.</p> <p>Venezuela also is a transit point for gold coming from <u>Guyana</u>.</p>
	Coltan	<p>Caracas: Some Venezuelan coltan from Bolivar and Amazonas transit through Caracas before being transferred across borders.</p>
	Diamonds	<p>Santa Elena de Uairen (in Venezuelan jungle): People from clandestine mines (such as Icabarú) bring diamonds to Santa Elena, bordering Brazil and Guyana. From there, a broker will traffic the diamonds into <u>Guyana</u> directly, or through <u>Brazil</u>.</p> <p>Venezuela is a transit point for Brazilian diamonds, which are then incorporated into the local industry.</p> <p>Venezuela is a source country for illegally mined diamonds that are smuggled to formal mines in <u>Juina and Mato Grosso</u>, <u>Minas Gerais</u>, <u>Goias</u>, <u>Brazil</u> to become 'formalized' and get the Kimberly seal. These are then either exported directly or sent to the city of Juina, where they are sold in a legalized diamond stock exchange.</p>
	Uranium	<p>Venezuela: Hezbollah allegedly controls Venezuelan uranium mines to fly it from Venezuela to Iran, possibly through Colombia.</p>
Suriname	Gold	<p>Refineries in Suriname are seen as becoming hubs to resell gold. It is reported to operate 'a massive state-sponsored money laundering operation through a fictional gold refinery'.⁴¹³</p> <p>Suriname is a transit point for gold from <u>Colombia</u>.</p> <p>Suriname is a transit point for gold from <u>Guyana</u> to <u>Curaçao</u> and <u>Aruba</u>.</p> <p>Suriname is a transit point for gold from <u>Venezuela</u>.</p>
Chile	Gold	<p>Chile is a transit point for gold trafficking between <u>Peru</u> and <u>Colombia</u>.</p> <p>Santiago (Chile): Transit point between <u>Argentina</u> and <u>Miami</u>.</p>
Guyana	Gold	<p>Guyana is a transit point for gold from <u>Venezuela</u>.</p> <p>Guyana is a transit point for gold from <u>Brazil</u>.</p>
	Diamonds	<p>Georgetown: Guyana is a major transit point for diamonds from <u>Venezuela</u>. In Guyana, the diamonds are registered as if extracted from there, making it easier to get the Kimberly certificate issued to export the diamonds to places like <u>New York</u>, <u>Tel Aviv</u> and <u>Antwerp</u>.</p> <p>Guyana is a major transit point for Brazilian diamonds.</p>
Aruba	Gold	<p>Aruba receives contraband gold from flights coming directly from <u>Medellin</u> and <u>Bogota</u>, <u>Colombia</u>, or via <u>Venezuela</u>, to be transported to <u>Europe & Miami</u>.</p> <p>Aruba is a transit point between <u>Guyana</u> and <u>Europe & the US</u>.</p>
Barbados	Gold	<p>Smelters in Barbados are seen as a hub to smelt and resell gold.</p> <p>Barbados is a transit point for gold coming from <u>Medellin</u> and <u>Bogota</u>, <u>Colombia</u>.</p>

413 Douglas Farah and Kathryn Babineau, *A Strategic Overview of Latin America: Identifying New Convergence Centers, Forgotten Territories, and Vital Hubs for Transnational Organized Crime*, January, 2019, (Washington D.C.: National Defence University Press, 2019), 23. Retrieved online.

Dominican Republic	Gold	Dominican Republic: Transit point for illegal gold from Venezuela to Cayman Islands and Miami .
Panama	Gold	Panama is a transit point for gold from Colombia .
Guatemala	Gold	Guatemala is a transit point for gold from Belize .
	Jade	Izabal: Smugglers have to bypass mining regulators on the port of Santo Tomás de Castilla on Izabal's Caribbean coast, to smuggle jade from mines close to Morales.
Nicaragua	Gold	Nicaragua is a transit point for gold illegally mined in Costa Rica .
Mexico	Iron Ore	Lazaro Cardenas: Illegally mined Mexican iron ore is transported from the port of Lazaro Cardenas (Mexico) to China .
	Uranium	Uranium is trafficked from the ports in Lázaro Cárdenas and Colima, Mexico to China .
St. Lucia	Gold	St. Lucia has a significant black market for smuggled goods, mostly gold, silver and other jewellery smuggled in from Guyana .
Antigua & Barbuda	Gold	Smelters in Antigua are seen as hubs to smelt and resell gold.

Source: Author's analysis of geographic routes taken for illicit trade in minerals, gemstones, metals in the LAC region.

POLICY AND LAW ENFORCEMENT RESPONSE

In the gold sector, efforts domestically have focused on formalization of the ASM sector to address international concerns around ASM gold being used to finance conflict, organized crime and drug trafficking. The success of this has been patchy and often places undue burdens on the ASM sector that pushes the trade further underground. For instance, an expert conducting field research in Peru noted that Peru's formalization program for artisanal miners in the gold sector which commenced in 2012 aimed to register 74,000 individuals and legal entities operational in the gold sector within two years. The program which has been ongoing for 11 years, but as of October 2020 had only formalized 1562 individuals and legal entities, and has been extended to carry on till 2021, with no realistic target or process to complete the registration and formalization process.

Irrespective of the mineral, a systemic risk throughout the LAC region is the use of anonymous companies to hide the identity of criminals, political elites and associates that benefit from poor transparency and weak governance of mineral rights and revenues. BO registries, while gaining support, are not universal, and even with countries that have a registry, there are concerns about whether the registry is public/private, who has access to it, whether it covers all types of legal entities, whether it is paper based or online, and whether it applies to the whole country or is present only in select locations.

Finally, newly discovered minerals may present specific risks as well. This is the case with the Lithium deposits in Bolivia. Analysis reveals that the Salar de Uyuni "contains 21 million tons of lithium. That's more than three times as much lithium as in Australia, the world's largest producer. And it doesn't even include the currently unquantified lithium resources present in Bolivia's Coipasa and Pastos Grandes salars to the north and south of Uyuni."⁴²² Sometimes referred to as the "white gold for development", Argentina, Bolivia and Chile make up the "lithium tri-

422 Maddie Stone, "The high-stakes fight over Bolivia's Lithium", The Protocol, February 16, 2020. [Retrieved online.](#)

angle.” “Currently, the lithium market is valued at about US\$2 billion, with an optimistic projection of US\$7.7 billion by 2022.”⁴²³ Ongoing systemic issues of corruption in Bolivia create opportunities for financial crime and criminal activity. Similarly in Chile, the government signed over lithium concessions to a mining company that appears to be linked to former dictator Augusto Pinochet.⁴²⁴ According to reports, the company “has been repeatedly investigated for money laundering, tax evasion and illegal campaign financing.”⁴²⁵ According to news reports, there is an ongoing lawsuit against a former Economy Minister, who is accused of receiving company bribes to modify water regulations in favor of the lithium industry.⁴²⁶ In Argentina, despite the law requiring “the approval of local communities, compliance with national and international legal requirements, and respect for human rights...”, investigation by civil society organizations have revealed that mining companies have conveniently ignored legal requirements, and communities that live in the lithium mining region have had to deal with both the negative environmental consequences.⁴²⁷ Because companies did not provide full information, communities were unable to provide informed consent.⁴²⁸ Policy developments need to take place to ensure open contracting and procurement, transparent revenue management, strong BO registries, and independent corporate boards in state-owned enterprises.

PROGRAMMATIC EFFORTS

Current programmatic efforts targeting the mineral sector in the LAC region are piecemeal and come from national priorities as well as from international interventions from the U.S. government, international organizations and foreign development agencies.

Efforts in the gold sector focus particularly on the source, supply chain and use of mercury. Other broader programs like the open contracting partnership that are operational in Suriname, Peru, Trinidad and Tobago, Colombia, Mexico, Nicaragua, Guatemala, Argentina, Ecuador,⁴²⁹ targeting the entire contracting licensing process and use “open, accessible and timely information on public contracting to engage citizens and businesses to fix problems and deliver results.”⁴³⁰

In addition, GIZ in partnership with the Natural Resources Governance Institute is working on the vulnerabilities of coal in Colombia, lithium in Bolivia and Chile, and copper in Peru.⁴³¹ The program has produced a series of videos to educate and build capacity on the governance challenges in South America’s Andean countries to tackle risks from these sectors.⁴³²

Other programs take a wider aperture in dealing with the issues. The Open Contracting Partnership, which is operational in Suriname, Peru, Trinidad and Tobago, Colombia, Mexico, Nicaragua, Guatemala, Argentina, and Ecuador,⁴³³ targets the entire contracting licensing process. The initiative uses “open, accessible and timely information on public contracting to engage

423 Oscar Hernandez, “Lithium: White Gold for a Region’s Development”, Inter- American Development Bank. [Retrieved online.](#)

424 “Chile’s Lithium – Blessing or Curse?”, DW. [Retrieved online.](#)

425 Ibid.

426 Ibid.

427 Pia Marchegiani, Leandro Gomez, “Lithium mine fails to respect communities’ rights in Argentina”, Dialogo Chino, June 6, 2019. [Retrieved online.](#)

428 Ibid.

429 “Countries: Implementation status,” Extractive Industries Transparency Initiative, accessed July 2021. [Retrieved online.](#)

430 “Worldwide,” Open Contracting Partnership, accessed July 2021. [Retrieved online.](#)

431 Ana Cartagena, “New Strategic Minerals Videos: Supply Chains and Governance Challenges in Andean Countries,” Natural Resource Governance Institute, August 24, 2021. [Retrieved online.](#)

432 Ibid.

433 “Extractives Industry Transparency Initiative: Countries,” Extractives Industry Transparency Initiative, 2021. [Retrieved online.](#)

citizens and businesses to fix problems and deliver results.”⁴³⁴ Open Government Partnership similarly focuses on increasing transparency and strengthening rule of law in member countries in the LAC region. UNODC and the Management and Operational Center of the Amazonian Protection System of Brazil (CENSIPAM) are currently working on a partnership to combat environmental crime including illicit mining.

Graphic 6: Money Laundering and Mineral Trafficking: Mapping the Flows of Illicit Gold within the Western Hemisphere



434 “Open Contracting Partnership Worldwide View”, Open Contracting Partnership, 2021. Retrieved online.

Drug Trafficking

Drug trafficking is one of the largest generators of criminal proceeds, and in conjunction with corruption and ML, presents arguably the greatest challenge to the LAC region. In addition, drug trafficking often gives way to other TOC—TIP, illegal mining, illegal logging, etc.—in the region. One expert who has been working on the issue for more than 30 years remarked that narcotics have become a massive obstacle for the whole region; those countries that in the past didn't believe they had a problem are now dealing with it “in a big way.”

DEFINITION

The international community first started to address drugs and drug trafficking circa 1930, however the first widely-signed convention was the Single Convention on Narcotic Drugs of 1961 as amended by the 1972 Protocol, which addressed opium, coca, cannabis, and their derivatives, and was later amended to include the growing number of synthetic opioids. The Convention on Psychotropic Substances of 1971 was created to respond to the growing use and trade of psychoactive drugs such as amphetamine-type stimulants (ATS), MDMA, and psychedelics that emerged in the 1960s. In 1988, the last of the three principal narcotic conventions, the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, was introduced to strengthen the other two conventions with additional mechanisms to combat ML and the diversion of precursor chemicals as well as improve international cooperation.

These conventions have been incredibly important in harmonizing and strengthening the international community's fight against drug abuse and drug trafficking, and often serve as a starting point for national legislation. However, conventions are relatively static, and the UN drug control framework is lagging behind the ever-increasing number and variety of synthetic drugs. Unlike drugs sourced from coca, cannabis, or poppy plants, synthetic drugs are produced from man-made chemicals; the chemical formulas for synthetics can be altered to stay one-step ahead of illegality. In addition, the growing trend of drug decriminalization and/or legalization, particularly of cannabis, puts some countries at odds with the UN drug control system, and there has been little discussion of whether and how these conventions should adapt. There is also a divergence of views on the legality of coca. Bolivia and Peru legally allow for the small-scale cultivation of coca to satisfy local demand for coca leaves for chewing as well as coca-derived products such as tea.

SCOPE OF PROBLEM AND MAIN VULNERABILITIES

Drug trafficking is a long-standing, deeply-rooted activity in the region, so there are consistent trends, largely related to cultivation, as well as newer trends related to consumption. There is a strong symbiotic relationship between drug trafficking and financial crimes, as drug proceeds are frequently laundered but can be also used for TF; corruption is typically a critical component in facilitating trafficking. Cocaine, the most widely-trafficked drug in the region by both volume as well as geographical reach, is also the most valuable, estimated to generate inward criminal proceeds of US\$2.39 billion to US\$10.77 billion a year in Mexico, Colombia, and Peru alone.⁴³⁵

Numerous estimates have been made regarding the value of drug trafficking, sometimes looking

435 “Measuring Illicit Financial Flows from illegal markets - Presentation of results from pilot studies in four countries in Latin America,” United Nations Office on Drugs and Crime, March 25, 2021. [Retrieved online.](#)

at it in terms of a country's GDP or extrapolating from street value and number of seizures; the estimates used below were selected because they are based on a new conceptual framework developed by UNODC and UNCTAD for statistical measurement of IFFs.⁴³⁶ When comparing three of the major drug production and transit countries in the LAC region – Mexico, Colombia, and Peru – research by the UNODC determined that Mexico has the highest inflow of criminal proceeds because it not only produces methamphetamine, heroin, and fentanyl but it also serves as a transit point for cocaine, whereas Colombia and Peru, two other narcotics heavyweights, only produce cocaine. The study estimated that over the period 2015-2018, total inward criminal proceeds into Mexico related to heroin, cocaine, and methamphetamine ranged from US\$8.12 billion to US\$17.21 billion.⁴³⁷

Table 2: Inward IFFs Related to Drug Trafficking in Mexico Over the Three-Year Period (2015-2018), in USD

DRUG	VALUE RANGE OF INWARD IFFS
Heroin	\$3.53 billion to \$6.39 billion
Cocaine	\$3.20 billion to \$6.33 billion
Methamphetamine	\$1.39 billion to \$4.49 billion
TOTAL	\$8.12 billion to \$17.21 billion

Source: UNODC research.

Experts noted that because Mexican DTOs go directly to the source (e.g. to Colombian DTOs in Colombia) to acquire cocaine and then work with criminal networks in transit countries, such as along Central America, to transport the cocaine north, they are able to minimize costs and maximize profits.

Demonstrating the significant role played by Colombia in the production of cocaine, the UNODC estimated that inward IFFs related to cocaine trafficking over the period 2015 to 2019 ranged from US\$5.76 billion to US\$43.1 billion, or on average US\$1.15 billion to US\$8.62 billion per year.⁴³⁸ Peru, the world's second largest producer of cocaine, had a much smaller inflow of criminal proceeds, measuring US\$1.33 billion to US\$1.70 billion over the period 2015-2017, or US\$443 million to US\$567 million per year on average.⁴³⁹

Cocaine, heroin, and methamphetamine are produced in only a handful of countries, and are predominately destined for markets outside of the region, principally the U.S. and Europe. Cocaine is cultivated in Colombia, Peru, and Bolivia, with Colombia primarily supplying the U.S. market, and Peru and Bolivia supplying all other markets. Poppy cultivation in Mexico is the third largest worldwide, and it is the primary producer in the region, with the U.S. the principal destination market. Similarly, Mexico is the largest producer of methamphetamine in the region, with the narcotics again heading north to the U.S.

436 United Nations Office on Drugs and Crime and United Nations Conference on Trade and Development, *Conceptual Framework for the Statistical Measurement of Illicit Financial Flows* (Vienna: UNODC; UNCTAD, 2020). [Retrieved online.](#)

437 "Country: Mexico; Illicit Financial Flows from Methamphetamine Trafficking," United Nations Office on Drugs and Crime, March 25, 2021. [Retrieved online.](#)

438 "Country: Colombia; Illicit Financial Flows from Cocaine Trafficking," United Nations Office on Drugs and Crime, March 25, 2021. [Retrieved online.](#)

439 "Country: Peru; Illicit Financial Flows from Cocaine Trafficking," United Nations Office on Drugs and Crime, March 25, 2021. [Retrieved online.](#)

There is only a small amount of internal consumption of these drugs, though Brazil presents a notable exception as the largest cocaine market in South America. A growing epidemic of crack cocaine use that began in the 1990s has since spilled outside the favelas and into the main streets of major cities.⁴⁴⁰

Compared to the other drugs, cannabis cultivation is relatively common across the region, and it is the most widely consumed drug. For the most part, cannabis is produced for domestic consumption, though Jamaica and Mexico typically export to foreign markets.

Per one expert, cannabis from Mexico used to represent anywhere from 40 to 60 percent of the cannabis consumed in the U.S., however today this figure is much lower due to the growth of legalized and decriminalized marijuana across U.S. states as well as the medical marijuana industry. On the other hand, a greater share of the U.S. supply of methamphetamine now is trafficked from Mexico compared to being produced domestically. One expert noted that the methamphetamine from Mexico is over 90 percent pure and, when adjusting for purity, significantly cheaper than U.S. methamphetamine, which, along with increased supply from Mexico, has overall pushed the prices down in the U.S. market.

In recent years, the trade and consumption of new drugs has increased. Circa 2010, there has been a growing trend of domestic consumption of synthetics such as methamphetamine and ecstasy in certain countries. One expert noted that Brazil is the epicenter for the import of synthetics, particularly party drugs from Europe, that are destined for Chile and Argentina, which have strong middle classes with greater disposable incomes.

Fentanyl has been a “game changer” according to one expert, who noted that China plays a pivotal role in the flow of synthetics into the region. Fentanyl consumption—intentional and unintentional—in the U.S. is also growing, with the drug being mixed with heroin and cocaine, with some accounts also reporting it being mixed with methamphetamine or counterfeit pharmaceuticals.

One expert reported that over the last two to three years the drug “Krispy”—marijuana laced with cocaine or unknown chemicals—has become widely popular in Central America, with the trade being entirely controlled in the region by MS-13. Another expert discussed the rise of highly potent cannabis known as “cripa” or “creepy,” which is cultivated in Colombia, particularly the department of Cauca.⁴⁴¹ Distributed throughout South America, the market has “exploded” in the last five to seven years, flooding the southern cone area in particular. Trafficking in cannabis presents some advantages over cocaine since there are lower production costs (for example, no chemists are needed) and the market is allegedly not as centralized in terms of actors, allowing more “freelancers.”

CHANNELS/FACILITATORS

Popular methods for laundering drug money involve gold, including illegal mining, mint houses and refineries, as well as gold that only exists “on-paper”;⁴⁴² state-owned enterprises (SOEs),

440 Sam Cowie, “Inside Crackland: The Open-Air Drug Market That São Paulo Just Can’t Kick,” *The Guardian*, November 27, 2017. [Retrieved online.](#); Felipe B. Arcadepani, Vitor S. Tardelli, and Thiago M. Fidalgo, “The SARS-Cov-2 Threat in Cracolândia, an Open-Air Drug Use Scene in Brazil,” *The International Journal on Drug Policy* 83 (September 2020): 102835. [Retrieved online.](#)

441 Seth Robbins, “A Green Gold Rush: Potent Marijuana Big Business for Colombia Traffickers,” *openDemocracy*, August 13, 2019. [Retrieved online.](#)

442 Douglas Farah and Kathryn Babineau, “Suriname: The New Paradigm of a Criminalized State,” *Global Dispatch* (Washington, D.C.: Center for a Secure Free Society, March 2017), 6. [Retrieved online.](#)

such as *Petróleos de Venezuela*, Venezuela's state-owned oil company and its foreign subsidiaries;⁴⁴³ TBML; bulk cash smuggling; and professional money launderers. Nonetheless, it should be emphasized that no method or channel is off limits.

The connection between drug trafficking and TBML, particularly BMPE, was reported most prominently in Mexico and Colombia, though experts mentioned the use of import/export companies to launder money in other countries as well. One expert identified a strong connection between fentanyl trafficking and TBML, and recommended that one of the best ways of combating fentanyl is to look at the financial transactions related to its import (or the import of its precursors) from China, into Mexico where it is produced and/or transits, and then on to the U.S.

As drug trafficking is largely cash-based, operating cash-intensive businesses such as night clubs or grocery and convenience stores is another popular method for laundering money. In countries with a high degree of economic informality, almost any business can be used. Traffickers and DTOs can also launder cash by investing and/or loaning money to small businesses.

Based on expert interviews, bulk cash smuggling, primarily of USD, appears to be more popular the closer the jurisdiction is to the U.S. or if the jurisdiction uses USD. For example, due to Mexico's proximity to its principal destination market, the U.S., several experts felt that most of the criminal proceeds related to drug trafficking are in cash, and therefore cash smuggling, such as by private vehicles, is one of the top channels for money laundering.

Some experts stated that money transfer services may be used to repatriate drug proceeds into Mexico as the large volume of legitimate remittances sent by migrants can sometimes also serve to camouflage illicit transfers.

In regards to professional money laundering, the prominence of professional Chinese money launderers, or "money brokers," in laundering drug proceeds in LAC has increased significantly in recent years, with the U.S. Government stressing that "Chinese money brokers in Mexico have come to dominate international money laundering markets."⁴⁴⁴

Experts remarked that the same routes that are used for trafficking drugs – if they're well-established enough – can also be used for moving money back. For example, cocaine arrives in Dominica from Venezuela, where it next moves on to the French islands of Guadeloupe and Martinique, and then to France; the same route is commonly used to move euros back to Venezuela. Methamphetamine, cocaine, cannabis, heroin and fentanyl are often moved via land from Mexico to the U.S., with cash proceeds often returning via cash smuggling, such as in armored vehicles, personal cars or on foot.⁴⁴⁵

Just as the channels used are complex and diverse, so too are the actors involved. In many countries, localized criminal groups such as gangs control the local narcotics trade, while more sophisticated criminal networks are involved with international trade. These two sets of actors can have varying relationships: in some countries, the sophisticated networks may outsource

443 Héctor Silva Ávalos, "PDVSA Subsidiaries in Central America Slapped With Sanctions," *InSight Crime*, March 13, 2019. [Retrieved online.](#)

444 "United States of America v. Xianbing Gan: Government's Sentencing Memorandum" (United States District Court, Northern District of Illinois, Eastern Division, September 24, 2020). [Retrieved online.](#)

445 Brett Wolf, "U.S. fighting use of armored cars in money laundering," *Reuters*, March 6, 2013. [Retrieved online.](#); Mimi Yagoub, "'Largest Ever' Cash Seizure Made on US-Mexico Border," *InSight Crime*, August 30, 2016. [Retrieved online.](#); Daniel Borunda, "CBP seizes more than \$100,000 in cash taped to man's body at El Paso bridge to Mexico," *El Paso Times*, March 19, 2020. [Retrieved online.](#)

transshipment or enforcement (i.e. “facilitation”) to these local groups; in others, the gangs may extort international traffickers, providing “protection” for the traffickers while operating within the country.

In some countries, local groups can parlay the proceeds from their control of the local market into international trafficking. One expert noted that local criminal groups in Jamaica purchased cannabis from low-level farmers, packaged it, and then sold it on – they were the ones “who really made the money.” With the proceeds, these groups would then invest in cocaine, “morphing” into cocaine traffickers.

Mexican DTOs coordinate much of the international trafficking of cocaine to the U.S. and contract with local organized criminal groups (OCGs) and gangs to move it through different countries, taking advantage of their local knowledge and connections. For example, regarding trafficking cocaine through Belize, one expert remarked that the Sinaloa Cartel or Jalisco Cartel New Generation (Cartel Jalisco Nueva Generación or CJNG) could easily move into the country, but don’t need to due to the use of locals.

Like Mexico, larger, more organized groups such as *bandas criminales* (BACRIM) including Los Urabeños and Los Rastrojos as well as armed groups like the National Liberation Army (Ejército de Liberación Nacional or ELN) are the primary players in Colombia in comparison to smaller, more local groups and gangs.

The growth in cocaine trafficking from South America to Europe in recent years has been combined with the growing presence of Eastern European OCGs in the region. An expert explained that much of the drug trafficking in Peru since the 2010s has been led by Eastern Europeans, in particular Ukrainians and Russians, whereas in the 1990s the Colombians were the bosses, followed by the Mexicans in the early 2000s. Russian and Ukrainian OCGs have now also established a strong presence in illegal mining and human trafficking in the country. In Mexico, while Mexican DTOs still control a considerable portion of organized crime in the country, experts noted there is a growing “Chinese connection” due to the importation of precursor chemicals and fentanyl, along with a growing role of professional Chinese money launderers.

Another major facilitator in the region are criminalized or near-criminalized states. As one expert explained, Venezuela’s connection to cocaine trafficking began as a survival mechanism for the state, yet has morphed into a mechanism for individual profit and corruption. The country also serves as a safe haven for groups such as the ELN and former FARC dissidents who operate in Colombia. While the state of Honduras, for example, has not been completely criminalized, heads of state and senior government officials have been connected to drug trafficking, some with active involvement.⁴⁴⁶

In some countries, “narco-political brokers” play a crucial role in facilitating drug trafficking. For example, Vladimir Montesinos was the former head of Peru’s intelligence service and used drug money to buy political opinions.⁴⁴⁷ This is a particular challenge as traditional counter-narcotic responses—which assume relative amounts of cooperation from country partners—don’t work when dealing with countries for which drug trafficking is an internal funding mechanism.

⁴⁴⁶ Emily Palmer and Kirk Semple, “A Damning Portrait of Presidential Corruption, but Hondurans Sound Resigned,” The New York Times, March 23, 2021, sec. World. [Retrieved online.](#)

⁴⁴⁷ Marguerite Cawley, “Montesinos Is Gone, But Peru’s Narco-Political Brokers Continue Tradition,” InSight Crime, October 20, 2014. [Retrieved online.](#)

JURISDICTIONS AND ROUTES

When it comes to drug production and trafficking in LAC, while no jurisdiction is untouched, each region has its own dynamics. Mexico is both a major producer country as well as the gateway to the U.S. Central America and the Caribbean are key transit regions, bridging the gap between South America and Mexico. Colombia, Peru, and Bolivia are the longtime epicenters of cocaine production, which floods north and east to supply the U.S. and Europe, respectively, however there is a growing trend of the production and consumption of synthetic drugs in the Southern Cone region.

Mexico

Mexico and Mexican DTOs play a crucial role in supplying the U.S. with narcotics. For example, experts state that approximately 90 percent of cocaine seized in the U.S. comes through Mexico. The production of heroin and methamphetamine is largely relegated to Mexico, with the U.S. as the principal destination. Mexico has also become deeply involved in the fentanyl trade, moving from just a transit country to also a producer, purchasing precursor chemicals from suppliers in China. When comparing Mexico's production of opioids, an expert noted that it makes more sense for Mexican DTOs to expand their involvement in fentanyl rather than heroin as the synthetic fentanyl presents less exposure/risk compared to the plant-based heroin.

Caribbean and Central America

There are three main "tracks" that bridge the gap between South America and the largest consumer market, the U.S.: two tracks via the Caribbean and one via Central America. The Eastern Caribbean track roughly spans an arc from the islands of Anguilla through Trinidad and Tobago to Aruba, and, while smaller in volume compared to the other tracks, is still a popular transit point for moving narcotics to Europe. Traffickers "island hop" until they reach a European jurisdiction, i.e. a French or Dutch territory such as Martinique or Aruba, and then move to the European continent.

The Central Caribbean track runs through Jamaica, Haiti and the Dominican Republic. This track has always been busy, however according to experts the significant level of instability in Haiti in recent years has seen more cocaine flood the Dominican Republic before moving towards the U.S., often via Puerto Rico. Besides the "typical" exchange of cash for drugs, there is a guns-for-drug trade between Jamaica and Haiti, with used firearms from Haiti being exchanged for drugs, mainly cannabis, from Jamaica; one expert also remarked on the growth of a similar trade between Jamaica and Central America.

In the 1980s and 1990s, cocaine was frequently moved by go-fast boats from Colombia to various Caribbean islands before moving onward to the U.S. With the growing role of Mexican DTOs in the supply chain, coupled with a very strong law enforcement response led by the U.S., the route was moved towards Central America and the Pacific. However, more than one expert remarked on the "resurgence" of the Caribbean route and the use of go-fast boats.

Central America is considered to be the principal track, as traffickers can choose to move via land, air, or water (the Western Caribbean as well as the Eastern Pacific). Traffickers coming from Colombia and Ecuador use a variety of vessels including go-fast or cigarette boats, fishing boats, and semisubmersibles. One expert remarked that there is so much trafficking along this track that the U.S. Coast Guard "just stumbles onto cocaine" almost every day.

South America

Cocaine is produced in Colombia, Peru and Bolivia. Colombia principally supplies the U.S. market, whereas cocaine from Peru and Bolivia is typically destined for other parts of the region, Europe and beyond. One expert estimated that 50 to 55 percent of Peruvian cocaine goes to Europe, with the remaining to other parts of North America, Asia, and South America; 90 percent of the South American cocaine market—primarily Brazil, Ecuador, Argentina, and Chile—is supplied by Peru. Bolivia, which has a complicated relationship with coca due to its legal domestic market, plays the smallest role in international trade. Colombia also produces a small amount of heroin.

Venezuela has become a “big player” in the trade of cocaine, with one expert identifying the country’s emergence as a key transit point occurring when interdiction efforts increased in Colombia. Not only is Venezuela physically closer to many Caribbean islands, weak governance coupled with an essentially criminalized state makes the country an ideal transshipment point for cocaine and other illicit goods.

Despite being the region’s largest cannabis producer, Paraguay has not featured prominently when it comes to the counter-narcotics agenda. However, more than one expert noted that the country’s role in drug trafficking is becoming more influential as the Primeiro Comando da Capital, Brazil’s largest criminal group, has pushed strongly into Paraguay’s criminal scene over the last decade. This trend is likely to increase as the country, which is known for DTOs using its riverways to move narcotics to Argentina and Brazil, looks to dredge the Paraguay-Paraná Waterway in order to make it deep enough for larger ships.

As a major maritime transshipment point, one expert described Brazil as being “in the eye of the hurricane” due to the huge growth in popularity of the European cocaine market. Brazil has grown to be a major transit country for cocaine moving directly to Europe or indirectly via Africa. With increased drug flows, there was a corresponding increase in domestic consumption; this growing domestic market for cocaine was also reported in Chile and Argentina. One expert from Argentina stated that over the last 15 years, the country has become a producer of important synthetic drugs.

Methods

Trafficking of cocaine to Europe has expanded dramatically over the last few years as DTOs look to exploit the market, with InSight Crime labeling the continent as the new “global epicenter of the cocaine trade.”⁴⁴⁸ In comparison to the “more saturated” U.S. market, Europe has higher prices and more growth potential.⁴⁴⁹ In 2017, Europol estimated that the EU cocaine market was worth US\$10.8 billion.⁴⁵⁰ In addition, the risks are much lower, in part due to historical relations—the U.S. has strong diplomatic and law enforcement presence in the region in comparison to Europe—as well as societal attitudes: as one expert stated, “the Europeans aren’t going to start a war on drugs to go after drug trafficking.”

The use of cargo containers and international trade to move cocaine is very popular throughout the LAC region as well as to final destination markets. Not only do containers allow traffickers

448 Alessandro Ford, “Cocaine, Crack, Meth, MDMA - Europe Drugs Report Paints Grim Picture,” InSight Crime, June 15, 2021. [Retrieved online.](#)

449 Jeremy McDermott et al., “The Cocaine Pipeline to Europe,” Global Initiative against Transnational Organized Crime, InSight Crime, February 2021, 1. [Retrieved online.](#)

450 US\$10.8 billion converted from EUR9.1 billion. European Monitoring Centre for Drugs and Drug Addiction and Europol, *EU Drug Markets Report 2019* (The Hague: European Monitoring Centre for Drugs and Drug Addiction; Europol, 2019), 17. [Retrieved online.](#)

to hide the narcotics in the chaos that is international trade, they are able to ship significant quantities. One expert from Costa Rica noted that, in regards to cocaine trafficking through the country, in the past they used to talk about kilos of cocaine, but now, due to trafficking via containers, they're talking about tons. Countries have seized cocaine commingled with and/or disguised as charcoal, furniture, pineapples, and bananas, among other goods.

In some countries, such as Belize, the use of private planes is the primary method used to traffic drugs north from Colombia and Venezuela; the planes are also used to smuggle cash. Other countries such as Peru previously saw air as a popular transit mode, however airbridge interdiction programs frequently pushed traffickers towards maritime routes. One expert noted that with the reduction of commercial flights as well as closures of land border crossings during the pandemic, DTOs began to rely more on the use of small planes to transport drugs inter- and intra-regionally.

The fishing sector as well as fishing vessels are another common method for smuggling drugs. Major Mexican DTOs, including the Sinaloa Cartel and CJNG, are reportedly working with local gangs in southern Mexican states, who, posing as fishing cooperatives, retrieve large shipments of cocaine from Colombia and Ecuador that have been left far out at sea, primarily in the Pacific Ocean but also in the Caribbean.⁴⁵¹ Illegal, unreported, and unregulated fishing has allegedly pushed Peruvian fishermen into smuggling, where, according to an expert, they can earn as much as three months' fishing pay for transporting one kilo of cocaine. A Peruvian expert stated that the cocaine is moved from the countryside via land and by river using small boats to small fishing ports; the drugs are transferred from one boat to another, and finally to the "mothership" located perhaps 200 miles from shore.

"Narco-sub" have been a common method of moving drugs from Colombia and its neighboring countries to Central America and the U.S. Their use in the LAC-Europe corridor is less common, with only a handful of interdictions.⁴⁵² However, in 2021 Spanish police seized for the first time a European-built narco-sub, which had the capacity to transport two tons of drugs.⁴⁵³

Overall, COVID-19 did not have a remarkable impact on drug trafficking in the region. One expert noted that while the price of coca leaf in Peru and Colombia collapsed, because there was a sufficient stockpile of cocaine, including in Ecuador and Guatemala, there were no spikes in prices down the supply chain. They reported there was such a significant backlog of warehoused cocaine that it was rotting because it wasn't being moved fast enough. Additionally, while access to formal transit such as commercial flights, maritime shipping, and legal border crossings may have been interrupted and/or delayed, informal transit using private planes, vessels and informal border crossings were not significantly affected.

POLICY AND LAW ENFORCEMENT RESPONSE

The policy and law enforcement response to drug trafficking has largely followed the "War on Drugs" narrative, which has typically focused on the interdiction of drugs, traffickers and facilitators, with less emphasis on the criminal proceeds. The successes from this approach typically occur in a relatively "piecemeal" fashion - the number of drugs and funds seized, individuals

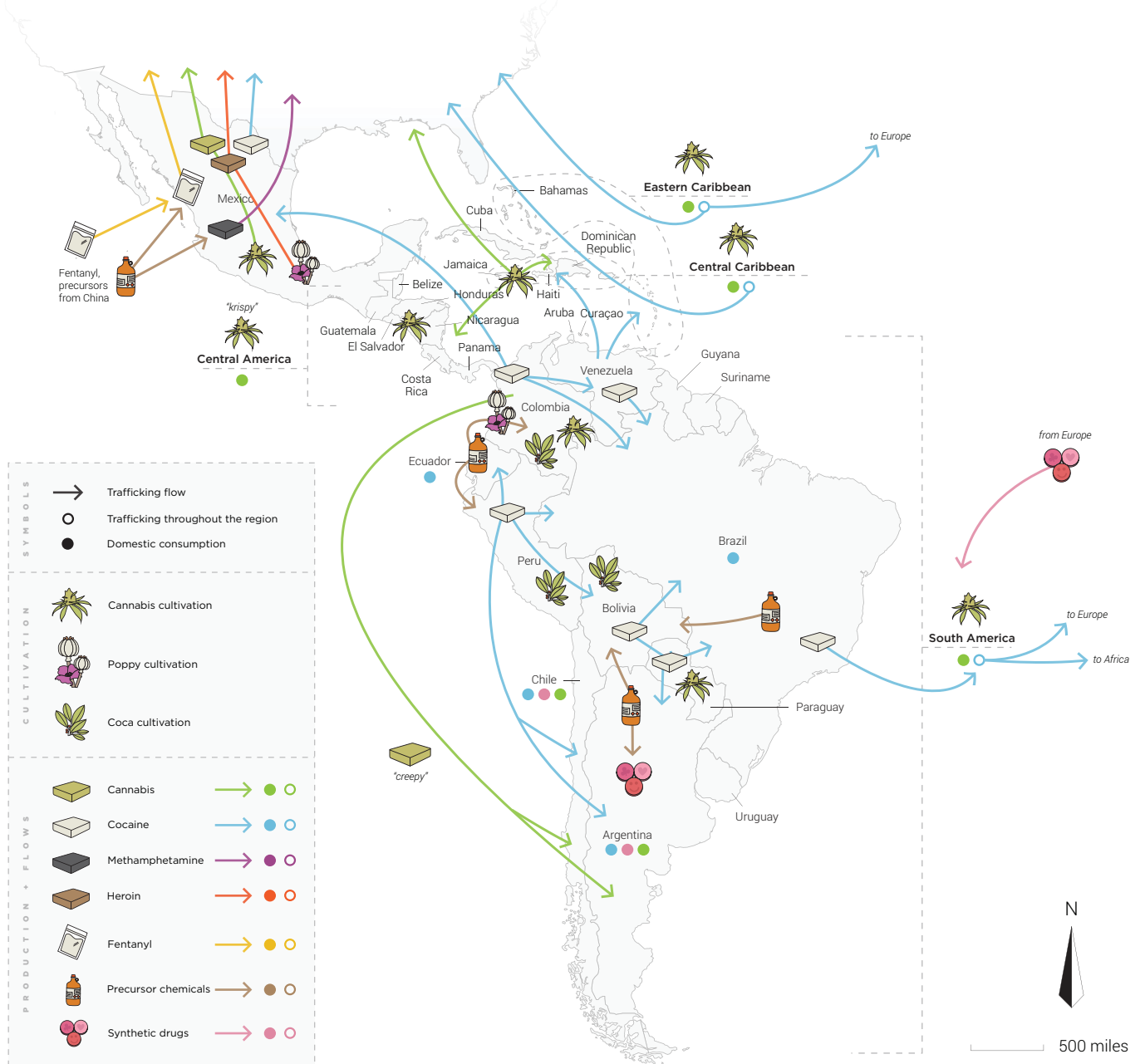
451 Scott Mistler-Ferguson, "Fishing Cooperatives Used to Mask Drug Shipments into Mexico," InSight Crime, July 28, 2021. [Retrieved online.](#)

452 H. I. Sutton, "Completely New Type Of Narco Submarine Discovered In The Atlantic," Forbes, August 31, 2020. [Retrieved online.](#)

453 "Spanish Police Seize First Ever Narco-Submarine Made in Europe," Europol, March 15, 2021. [Retrieved online.](#)

Graphic 7:
Primary Drug Jurisdictions and Routes in Latin America and the Caribbean

The below map highlights the key jurisdictions and routes discussed in the Drug Trafficking chapter, and is not meant to provide exhaustive and/or nuanced coverage of cultivation, production and trafficking in the region. The placement of the graphics is intended to illustrate general location (e.g. within one country) or direction (i.e. from one country or region to another), and not to depict specific paths, locations, type of transport (i.e. land, sea, or air), and/or the volume of drug(s) trafficked or cultivated/produced. Cultivation and consumption shown with each region denote regional trends, i.e. cultivation and consumption throughout the region.



arrested, and cases prosecuted—and largely have no systemic impact on the underlying conditions—poverty, violence, corruption, weak institutions/sectors, etc.—that drive and/or facilitate drug trafficking.

Crop eradication and crop substitution programs have been prevalent in producer countries, initiated by the countries themselves as well as with foreign support; however, the success of these programs has overall been underwhelming. While cultivation may be reduced, sometimes significantly, it often does not have the desired impact on the market. For example, the U.S.-funded Plan Colombia, which ran from 2000-2015, saw the overall annual average for hectares (ha) of coca cultivated halved during the period, from 163,000 ha in 2000 to an annual average of 86,000 ha.⁴⁵⁴ However, the average fresh coca leaf yield per hectare, potential fresh coca leaf production, potential cocaine hydrochloride production, and average potential cocaine hydrochloride per hectare harvested have steadily increased over time, due in large part to “megalabs” and improved production, both in the cultivation of the coca leaf as well as conversion from leaf to its final form.⁴⁵⁵

Illicit crops—coca, cannabis, and poppy—are typically cultivated by farmers who are unaffiliated with criminal networks; they have chosen to grow one of these crops in large part due to it being more economically advantageous than other legal crops. Looking at the entire drug supply chain, they are at the bottom, or near it, in terms of how much they benefit financially. Crop substitution programs were viewed by some experts as a legitimately viable option to combat illicit crop cultivation, however it is absolutely critical to provide long-term support—decades long—for alternative development programs, such as the farming of other crops or eco-tourism, in conjunction with strong law enforcement activity.

The majority of countries in the LAC region seem to struggle to include meaningful financial investigations into drug trafficking cases, meaning that law enforcement is unable to completely understand, and therefore dismantle, criminal networks. Even if a country does have the technical capacity to pursue ML cases, the government may choose to drop the ML charge in order to secure a conviction or guilty plea for drug trafficking, or choose to file lesser charges in its place. For example, as shown in the chapter on Colombia, Colombian prosecutors will often choose to prosecute an individual for the charge of “illicit enrichment” rather than ML as it has a lower burden of proof.

There is a growing trend in the LAC region of decriminalization or legalization of recreational and/or medicinal cannabis. For many countries, there has been a longstanding cultural acceptance of cannabis, which is supported by the fact that cannabis is the most widely consumed drug in the region.

Table 3: LAC Countries That Have Decriminalized/Legalized Medicinal/Recreational Cannabis

Antigua & Barbuda	Chile	Jamaica	St. Lucia
Argentina	Colombia	Mexico	St. Vincent & the Grenadines
Barbados	Costa Rica	Paraguay	Trinidad & Tobago
Belize	Dominica	Peru	Uruguay
Brazil	Ecuador	St. Kitts & Nevis	

454 “UNODC and Illicit Crop Monitoring,” United Nations Office on Drugs and Crime, accessed July 26, 2021. [Retrieved online.](#)

455 Coca leaf is first transformed to cocaine base paste, and then to cocaine hydrochloride (HCl), which is the final, consumable form of cocaine.

The above 19 countries in the LAC region have decriminalized or legalized cannabis, with Uruguay becoming the first country in the world to legalize it in 2013; the Bahamas, Grenada, Guyana, and Panama have signaled an interest in exploring decriminalization/legalization.

PROGRAMMATIC EFFORTS

There are many long standing military, law enforcement, and diplomatic collaborations between the U.S. and key producer and transit countries. Military and law enforcement efforts have typically focused on interdiction and/or prosecution, while the more diplomatic efforts have provided more support on capacity building.

Besides efforts by the U.S., other important programming comes from OAS, particularly the Inter-American Drug Abuse Control Commission (Comisión Interamericana para el Control del Abuso de Drogas or CICAD), which works on demand as well as supply reduction, the collection and analysis of drug-related statistics, a mutual evaluation mechanism to improve coordination and collaboration, as well as institutional strengthening. Programming efforts led by European countries and agencies have increased in the LAC region as the cocaine flow to Europe has grown.

Human Trafficking and Migrant Smuggling

For LAC countries, trafficking in persons (TIP) and smuggling of migrants (SOM) are considerable problems. However, they are often overlooked, misunderstood, or oversimplified based on assumptions or anecdotal evidence. Moreover, very little is known about the financial pathways behind these complex phenomena, according to experts interviewed for this project.

Countries in the region have struggled to appropriately respond to the challenges posed by trafficking and smuggling. In the case of TIP, in particular, existing efforts focus on either public awareness campaigns or victim support services. While this approach is clearly important and appropriate, it falls short of addressing the criminal actors, networks, and financial flows behind these activities. As one expert stated, “How do you fight against a business that is clearly so profitable?” Governments in the region have not even begun to answer that question.

DEFINITIONS

The main international framework for TIP is the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the UN Convention against Transnational Organized Crime. All LAC countries are party to the protocol.⁴⁵⁶ Trafficking is defined as “the recruitment, transportation, transfer, harbouring or receipt of people through force, fraud or deception, with the aim of exploiting them for profit.”⁴⁵⁷ This exploitation may include forced labor, recruitment of child soldiers, or sexual exploitation. Moreover, it may occur across an international border or domestically, within a country.

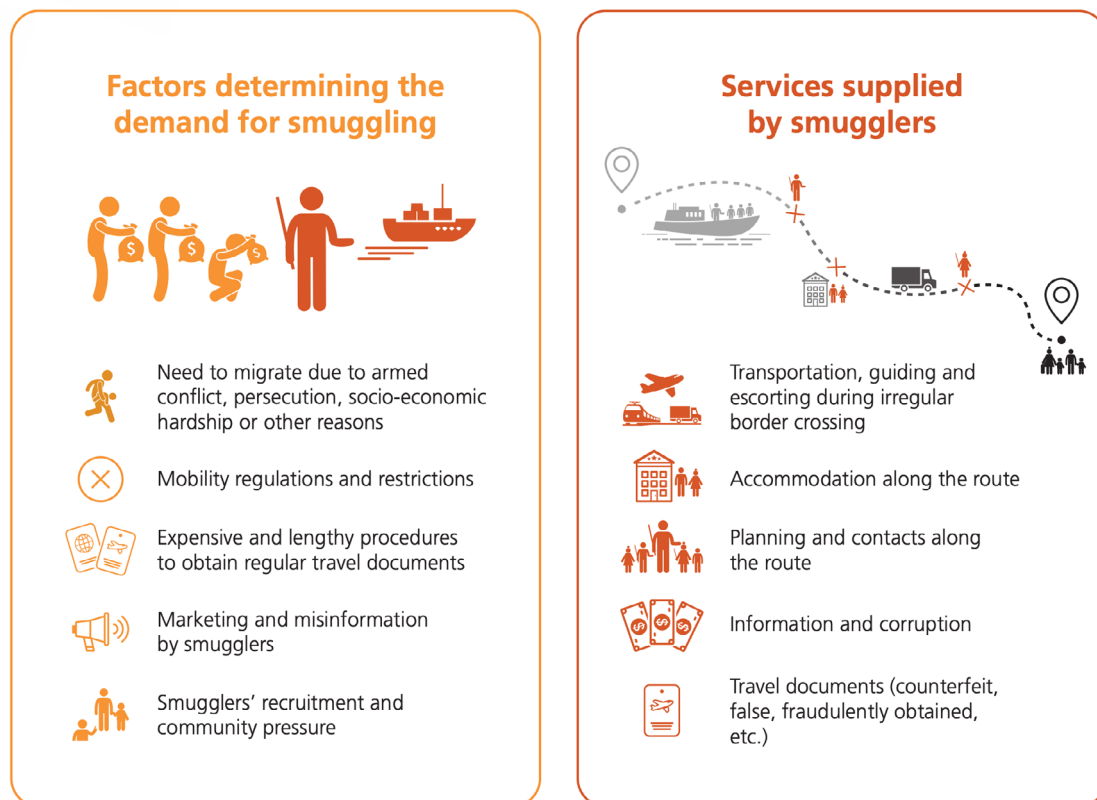
Even with clear frameworks at the UN level, it sometimes seems that U.S. and LAC countries are talking about different concepts. To cite a few examples,

456 “The Protocol for Human Trafficking,” United Nations Office of Drugs and Crime, November, 2000. [Retrieved online.](#)

457 Ibid.

- TIP does not require the movement of persons across jurisdictions, according to a variety of international authorities.⁴⁵⁸ Yet not all LAC officials agree with this.⁴⁵⁹ Confusion may stem from language issues; *tráfico de personas* is a false cognate that actually means human smuggling.
- The use of the term “modern slavery” has increased in the U.S., and is often used interchangeably with TIP, but is not commonly used or understood in LAC. Moreover, as some experts have noted, “there is no globally agreed definition of modern slavery.”⁴⁶⁰
- While some U.S. stakeholders define prostitution as human trafficking, many countries in the region have rejected this approach.⁴⁶¹

When it comes to SOM, there are important distinctions to note. Whereas TIP is a crime against a human being and their autonomy, SOM is generally understood (with some exceptions, as noted below) as a crime against an immigration system, in which the migrant is a voluntary participant. At the UN level, SOM is defined as “the procurement, in order to obtain, directly or indirectly, a financial or other material benefit, of the illegal entry of a person into a State Party of which the person is not a national or a permanent resident.”⁴⁶² Finally, it should be noted that while TIP may occur within a country or across international borders, SOM is a border crime by definition.



Source: UNODC, “Global Study on Smuggling of Migrants,” June 2018, 10. [Retrieved online.](#)

458 See, for example, United Nations Human Rights Office of the High Commissioner, “Human Rights and Human Trafficking,” 2014. [Available here.](#); U.S. Department of Justice, Civil Rights Division, HUMAN TRAFFICKING PROSECUTION UNIT (HTPU). [Available here.](#)

459 Clare Ribando Seelke, *Trafficking in Persons in Latin America and the Caribbean*, (Washington, D.C.: Congressional Research Service, 2014). [Retrieved online.](#)

460 Astrid Zweynert, “Does Modern Slavery Need a New Definition?,” World Economic Forum, 2015. [Retrieved online.](#)

461 Clare Ribando Seelke, *Trafficking in Persons in Latin America and the Caribbean*, (Washington, D.C.: Congressional Research Service, 2014). [Retrieved online.](#)

462 El Grupo de Acción Financiera de Latinoamérica, *Money Laundering Risks Arising from Trafficking in Human Beings and Smuggling of Migrants*, (Paris: Financial Action Task Force, 2011). [Retrieved online.](#)

However, the line between TIP and SOM is often blurred in real life situations. Specifically, there are instances in which someone who voluntarily participates in human smuggling may later become a human trafficking victim. For example, a 2016 study by Polaris found that among Latin American sex trafficking victims in the U.S., migrant smuggling was the most prevalent ‘recruitment’ tactic used, occurring in 34 percent of cases.⁴⁶³ The study notes that “victims entered into a trafficking situation over the course of being smuggled over the U.S.-Mexico or other border, typically either by being abducted by smugglers and sold into trafficking or by accumulating debt to smugglers. Women and children fleeing violence or abuse in their home countries or families were particularly at-risk for this recruitment type.”⁴⁶⁴ Tragically, some of these victims would have been eligible for asylum under international law.

Among experts interviewed and sources analyzed for this project, there was little consensus as to the role of the human smuggler. Whereas some experts stated smugglers operated within organized crime networks, others disagreed with this assessment, pointing to cases of local smugglers that are perceived by the community as offering a benign service. According to a recent RAND study, smugglers:

“Comprise a spectrum, spanning from independent operators who move unlawful migrants along particular segments of the route or offer other discrete services (e.g., a taxi driver based out of one town that ferries migrants to the next major town) to more formally structured networks that may include a central figure who coordinates smuggling efforts along the entire route (...) these groups are loosely organized, nonhierarchical, and generally do not maintain a definable command structure. The diversity and proliferation of individuals and groups involved in some aspect of human smuggling make it challenging to identify the extent to which these activities are conducted by actual TCOs.”⁴⁶⁵

Of course, the range of actors involved also impacts the financial side of the illicit activity. As expert Guadalupe Correa-Cabrera noted in an interview conducted for this project, “human smuggling networks are segmented and the money generally stays in the segment where they operate.”

SCOPE OF PROBLEM AND MAIN VULNERABILITIES

There are no definitive, widely agreed upon figures as to the scale of TIP. Some attempts to provide this data, such as the Global Slavery Index, have been criticized for methodological issues.⁴⁶⁶ Hopefully such criticism will spur debate and give rise to efforts to create better methodologies and more reliable estimates to understand this complex problem. Ultimately, the lack of reliable data is a vulnerability itself, stymying efforts to effectively assess and respond to the problem.

With regards to forced labor, a related concept, the estimates by the International Labor Organization (ILO) are the most widely used and respected. They estimate that there are 1.8 million victims of forced labor in LAC, of which 1.2 million are victims of labor exploitation, 400,000 of

463 Polaris, *MORE THAN DRINKS FOR SALE Exposing Sex Trafficking in Cantinas and Bars in the U.S.*, (Washington, D.C.: Polaris, 2016), 14. [Retrieved online.](#)

464 Ibid.

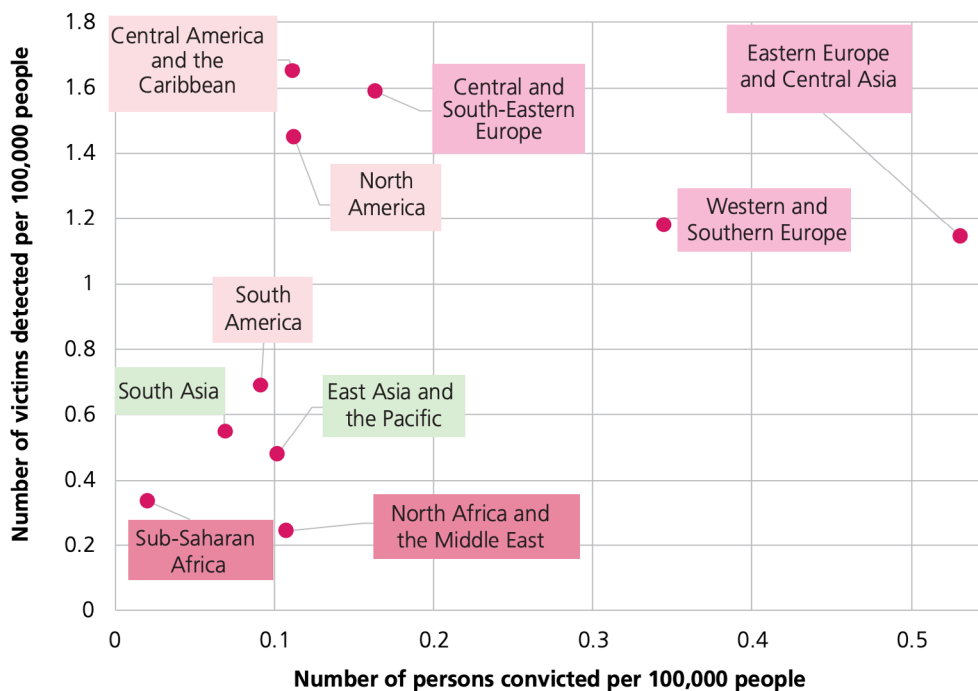
465 Greenfield, Victoria A., Blas Nunez-Neto, Ian Mitch, Joseph C. Chang, and Etienne Rosas, “Human Smuggling and Associated Revenues: What Do or Can We Know About Routes from Central America to the United States?,” *Homeland Security Operational Analysis Center operated by the RAND Corporation*, 2019. [Retrieved online.](#)

466 Anne Gallagher, “The Global Slavery Index Is Based on Flawed Data – Why Does No One Say So?,” *The Guardian*, 2014. [Retrieved online.](#)

sexual exploitation and 200,000 of state-imposed forced labor. Moreover, annual profits from forced labor amount to US\$12 billion for the region, of which forced sexual exploitation is the largest subcategory at US\$10.4 billion/year.⁴⁶⁷

By population rate, UNODC data places LAC among the regions with the highest prevalence of trafficking yet the lowest rate of detection or conviction, as the graphic below indicates. One important challenge is under-reporting of TIP. The UNODC estimates that for every one victim identified, there may be 20 unidentified in the LAC region.⁴⁶⁸

Subregions by average number of convictions for trafficking in persons per 100,000 people (horizontal axis) and number of victims detected per 100,000 (vertical axis), 2014-2017



Source: UNODC, "Global Report on Trafficking in Persons," 2018, Accessed August 13, 2021. [Retrieved online.](#)

With regards to what we know about the victims, the UNODC *Global Report on Trafficking in Persons 2012*, which draws on officially reported statistics, finds that:

- Within the Americas, most known victims of trafficking are female;
- Children represent 27 percent of detected trafficking victims in the region; the percentage of child victims is particularly high in Guatemala, Colombia, Peru and Guyana;
- Forced labor is common, and amounts to 44 percent of known cases;
- Sexual exploitation is common as well, and amounts to 51 percent of known cases;
- In most cases, victims are trafficked within their own country.⁴⁶⁹

467 International Labour Organization (ILO), Fundamental Principles and Rights at Work Branch (FPRW), Special Action Programme to Combat Forced Labour (SAP-FL), "Profits and Poverty: The Economics of Forced Labour," 2014. [Retrieved online.](#)

468 Expert interview with the authors, 2021.

469 United Nations Office on Drugs and Crime, "Global Report on Trafficking in Persons," 2012, Accessed August 13, 2021. [Retrieved online.](#) See page 14.

The dimensions and characteristics of SOM are somewhat clearer. According to research conducted by Manuel Orozco, a migration and remittances expert, 89 percent of migration from Northern Triangle countries to the U.S. occurs via irregular border crossing.⁴⁷⁰ Of this, an estimated 85 percent use coyotes crossing the U.S.-Mexico border, regardless of whether they are economic migrants or asylum seekers.⁴⁷¹ The UNODC estimates the value of SOM in North America to be US\$3.7 billion - \$4.2 billion per year.⁴⁷²

Specifically analyzing migrant smuggling from the Northern Triangle to the United States, GFI research estimates that this may be worth US\$2.7 billion a year as of 2021 (see Table 4 below). A large portion of this cost is paid by persons who are not successful at entering the U.S. (at least within a given year),⁴⁷³ who return home saddled with large amounts of migration debt. This estimate is highly conservative in the smuggling costs (Row 9), with media accounts and anecdotal evidence suggesting they may be much higher.

	El Salvador	Guatemala	Honduras	TOTAL
1. Total outmigration estimate, 2021 estimate	105,454	288,830	324,401	718,685
2. Minus legal, permanent status arrivals, 2021 estimate	7,500	3,500	4,000	15,000
3. Minus Non-Immigrant Labor Visa (2019 data)	810	5,806	1,135	7,751
4. Migrants and asylum seekers attempting to migrate through irregular means, 2021 estimate (Row 1 minus Rows 2 and 3)	97,144	279,524	319,266	695,934
5. Through irregular border crossing (Estimated at 90% of Row 4)	87,430	251,572	287,339	626,341
6. Using a smuggler (estimated at 85% of Row 5)	74,315	213,836	244,238	532,390

470 Orozco, Manuel, "Recent Trends in Central American Migration," Inter-American Dialogue (2018). [Retrieved online.](#)

471 Inter-American Development Bank, By Emmanuel Abuelafla, Giselle Del Carmen, Marta Ruiz-Arranz, *Tras Los Pasos Del Migrante: Perspectivas Y Experiencias de La Migración de El Salvador, Guatemala Y Honduras En Estados Unidos*, (Washington, D.C.: IADB, 2019).

472 United Nations Office on Drugs and Crime, "Global Study on Smuggling of Migrants, 10, accessed August 13, 2021. [Retrieved online.](#)

473 According to data from U.S. Customs and Border Patrol, in FY2020 26 percent of individuals were apprehended more than one time by the Border Patrol within a fiscal year. This percentage has increased dramatically in recent years; moreover, the percentage is likely to be even higher if the time period is extended beyond the fiscal year. See: U.S. Customs and Border Protection, *CBP Enforcement Statistics Fiscal Year 2021*. [Available here.](#)

	El Salvador	Guatemala	Honduras	TOTAL
7. Those who enter the U.S. via irregular border crossing, 2021 estimate	9,871	28,974	32,618	71,463
8. Those who do not enter the U.S. in 2021	64,444	184,862	211,620	460,927
9. Smuggling cost, 2019 or 2020 most recent value	4,300	7,400	6,500	-
10. Financial cost to successful irregular entrants, 2021 estimate	42,445,300	214,407,600	212,017,000	468,869,900
11. Financial cost to unsuccessful irregular entrants, 2021 estimate (estimated at 75% of smuggling cost)	207,832,416	1,025,983,323	1,031,649,889	2,265,465,628
12. Total financial cost to all in smuggling services, 2021 estimate	250,277,716	1,240,390,923	1,243,666,889	2,734,335,528

Sources: For Rows 1, 2, 3, and 7: Manuel Orozco, 2021. For Row 9: El Colegio de la Frontera Norte, Unidad de Política Migratoria, Registro e Identidad de Personas, Consejo Nacional de Población, Consejo Nacional para Prevenir la Discriminación, Secretaría del Trabajo y Previsión Social, Secretaría de Relaciones Exteriores, Secretaría de Bienestar (BIENESTAR), Encuesta sobre Migración en la Frontera Sur de México. Retrieved here. All other rows: Author 's estimates. Migration trends are rapidly changing, especially in light of COVID-19, and estimates are likely to change year to year.

Estimating the cost of irregular migration from a different angle, migrant surveys conducted in the U.S. indicate that a small portion of remittances sent home are intended to pay 'debts.' This measure is somewhat imprecise, since debts could refer to a number of things. However, among recent migrants it is reasonable to assume that debts may include the costs of migrating. Overall, migrants from the Northern Triangle residing in the U.S. sent approximately US\$521 million

Table 5: Estimate of Yearly Costs of Cross-Border SOM payments from the U.S. to the Northern Triangle Using Remittance Data, 2014

	El Salvador	Guatemala	Honduras	TOTAL
1. Percent of migrant remittances being sent with the intention of "paying debts" as of 2014	0.9%	7.8%	1.4%	-
2. Value of 2014 remittances (US\$)	\$4,217,000,000	\$5,567,000,000	\$3,509,000,000	-
3. Estimated value of "debts" in 2014 (US\$) (Row 1 x Row 2)	\$37,953,000	\$434,226,000	\$49,126,000	\$521,305,000

Sources: Row 1: Orozco and Yansura, *Confronting the Challenges of Migration and Development in Central America*, 2016. Retrieved here. Row 2: Orozco, Porras and Yansura, *Trends Remittances to Latin America and the Caribbean in 2014*. Retrieved here. Row 3: Julia Yansura, author's estimate.

home to pay debts in 2014; this figure does not capture the whole universe of SOM because it only includes those migrants who ‘successfully’ entered the U.S. Moreover, it only includes the costs of SOM paid upon arrival; some costs are paid prior to migration. However, it does provide a good estimate for the cross border value of financial flows related to SOM between the U.S. and the Northern Triangle.

Barring significant changes to country conditions and/or U.S. immigration policy, SOM is likely to increase in coming years due to rising migration from the Northern Triangle. For example, a study found that 24 percent of Salvadorans, 18 percent of Guatemalans and 33 percent of Hondurans intend to migrate in the near future.⁴⁷⁴

There are also overlaps between SOM and other physical and financial crimes, such as extortion and corruption. According to some accounts, up to US\$1,000 of the smuggling cost goes to paying off OCGs, often related to extortion or kidnapping for ransom.⁴⁷⁵ Extortion from OCGs affects returned or deported migrants as well.⁴⁷⁶ Moreover, hundreds of dollars of the smuggling fee goes to paying corrupt law enforcement officials across a variety of countries according to experts interviewed and numerous other sources.⁴⁷⁷ The problem is not unique to LAC countries; a *New York Times* investigation found that nearly 200 DHS employees and contractors took US\$15 million in bribes over a 10-year period, according to U.S. court cases and internal agency documents.⁴⁷⁸

The relationship between drug trafficking and SOM is less clear. According to experts interviewed, there are some groups that engage in both smuggling and trafficking, but they are limited to the U.S.-Mexico border region, where they may tax migrants passing through their territory. This view is further bolstered by analysis from UNODC, which found that “large and violent criminal groups seem not to be involved in the actual smuggling, however benefiting from it by imposing a ‘tax’ on the migrants passage.”⁴⁷⁹ Finally, as one expert noted, smugglers who are successful operate based on community trust—the trust that they will safely deliver you or your family to the U.S.—and any overt connections to narcotics would break this trust and cost them valuable business.

CHANNELS/FACILITATORS

According to experts interviewed as well as other sources consulted, there are a number of different facilitators involved in SOM/TIP and the associated criminal proceeds. One challenge is that TIP and SOM are often geographically segmented: they involve many smaller payments across different jurisdictions, involving dozens of different, smaller actors. One SOM case documented by the *New York Times*, for example, involved a payment of US\$800 leaving San Salvador, a payment of US\$1,900 crossing Chiapas, US\$450 in Puebla, US\$2,800 crossing northern Mexico, US\$180 at Matamoros, and US\$6,500 upon arriving in Texas.⁴⁸⁰ Totaling almost US\$12,630, each

474 Creative Associates International, *Saliendo Adelante Why Migrants Risk It All*, (Washington, D.C.: Brief, Creative Associates International, 2019). [Retrieved online.](#)

475 Nicholas Kulish, “El Costo de Cruzar La Frontera de Contrabando.” *The New York Times*, (2018): Accessed August 13, 2021. [Retrieved online.](#)

476 Elaine Denny, “Encuesta a Deportados: Solo Quieren Volver a Huir Del País,” *Plaza Pública* (2021): Accessed August 13, 2021. [Retrieved online.](#)

477 Nicholas Kulish, “El Costo de Cruzar La Frontera de Contrabando.” *The New York Times*, (2018): Accessed August 13, 2021. [Retrieved online.](#)

478 Ron Nixon, “The Enemy Within: Bribes Bore a Hole in the U.S. Border.” *The New York Times* (2016): Accessed August 13, 2021. [Retrieved online.](#)

479 United Nations Office on Drugs and Crime, “Global Study on Smuggling of Migrants Report on Trafficking in Persons,” 2012, 93. [Retrieved online.](#)

480 Nicholas Kulish, “El Costo de Cruzar La Frontera de Contrabando.”

of these payments involved different jurisdictions, actors, facilitators, and channels.

Within LAC countries, TIP and SOM are heavily cash-based. A Colombian expert stated in an interview conducted for this project that smugglers and traffickers “don’t use bank accounts directly.” Indirect use of a bank account might include commingling proceeds from SOM/TIP into a cash-intensive business, to subsequently deposit these funds into a bank account. It might also include the cash purchase of real estate, an asset which can subsequently be sold and deposited as “clean money” into the banking system. Of all the channels and facilitators identified, the most important factor according to experts was official corruption. As one expert put it, “the failure of an adequate response to human smuggling is due to corruption.” In practical terms, this means that many immigration and law enforcement officers, upon detecting SOM/TIP, either solicit or accept bribes to turn a blind eye.

Table 6: Primary Actors and Channels Involved in TIP/SOM

Private sector	Financial sector	Government
<ul style="list-style-type: none"> Technology platform providers (especially for TIP, especially in US), such as online ride services or online or mobile payment services Taxi drivers, bus drivers, and other transportation workers Hotels (both TIP and SOM) Real estate agents (to launder proceeds) Informal financial service providers, such as unlicensed remittance companies or unlicensed currency exchange houses 	<ul style="list-style-type: none"> Domestic and cross-border payment platforms, typically linked to a bank account Licensed remittance service providers (especially in the case of SOM), typically not linked to a bank account Banks (involved indirectly or once proceeds have been co-mingled) Cryptocurrency (usage is not common, but appears to be growing quickly) 	<ul style="list-style-type: none"> Corrupt government officials working on official documents such as passports, visas, etc. Corrupt migration officials Corrupt local law enforcement (particularly in extortion of migrants)

Source: Expert interviews.

This is consistent with international trends, as per the FATF, which noted in their 2011 report that “the use of cash-intensive businesses to launder the money is a major trend,” specifically pointing to the use of car dealerships, convenience stores, import/export companies, casinos, money service businesses, informal financial services businesses, and cash couriers.⁴⁸¹ Remittances are particularly complicated, because, according to the FATF, payments related to SOM may often be intermingled with legitimate family support, and “it is almost impossible” to tell which is which.⁴⁸²

JURISDICTIONS AND ROUTES

The directionality of TIP and SOM is complex, since countries in the region serve as origin, transit and/or destination points. In some cases, they may be affected in multiple ways. Colombia, for example, is a TIP country of origin, generally for victims going to the U.S., as well as a country of destination for Venezuelan victims. Moreover, the forced recruitment of child soldiers into armed or criminal groups, a feature of Colombia’s armed conflict and a practice that continues

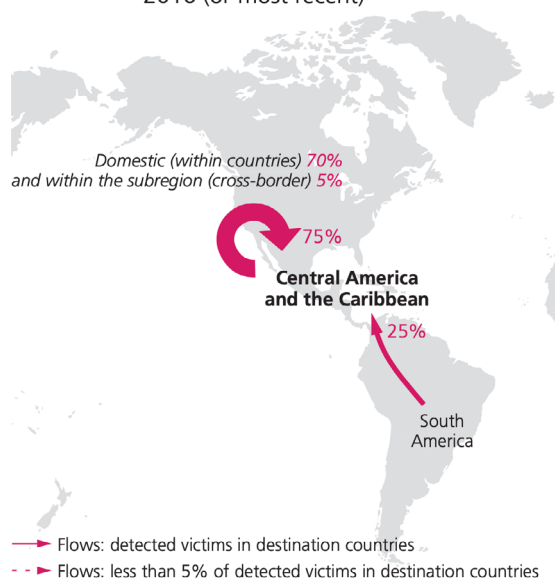
481 GAFILAT, *Money Laundering Risks Arising from Trafficking in Human Beings and Smuggling of Migrants*, (Paris: FATF, 2011).

482 Ibid.

today to some extent, also meets the definition of TIP under international law.⁴⁸³

Whereas SOM occurs across international borders and generally moves South to North in an attempt to reach the U.S., TIP may occur either nationally or internationally. According to one expert interviewed, a review of judicial files for TIP in Argentina from 2013–2015 found that 80 percent of the victims were Argentine and 20 percent were foreigners, with Paraguay and the Dominican Republic the largest nationalities represented. This is consistent with data from the UNODC, which finds that a large portion of TIP occurs domestically and intra-regionally: 77 percent of known victims are from the same country in which they are exploited, and 92 percent are from the same region.⁴⁸⁴

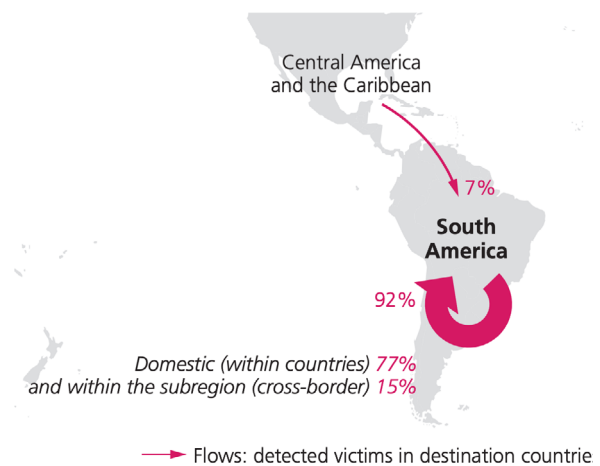
MAP 16 Origins of trafficking victims detected in Central America and the Caribbean, 2016 (or most recent)



Source: UNODC elaboration of national data.

Note: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

MAP 18 Origins of trafficking victims detected in South America, by subregion, 2016 (or most recent)



Source: UNODC elaboration of national data.

Note: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Source: United Nations Office on Drugs and Crime, "Global Report on Trafficking in Persons 2018." UN, 2019. [Retrieved online.](#)

POLICY AND LAW ENFORCEMENT RESPONSE

Policy and law enforcement response on TIP has been limited. According to experts interviewed, one of the most common efforts by governments in the region has been public awareness campaigns, such as posters at bus stops with information on how to report possible trafficking to authorities, or information posted at airports warning of the risks of phoney labor offers. Other efforts have included training officials to recognize risk factors; for example, a program in Colombia trained immigration officers at international airports to ask a few pertinent questions about travel plans as they review and stamp passports, seeking to help identify potential victims.

While some countries have recently created special investigative units to investigate TIP cases, very little has been done to investigate the financial structures behind TIP. Moreover, the num-

483 Mathew Charles, "In Colombia, Child Soldiers Play Many Roles," InSight Crime, (2021): Accessed August 13, 2021. [Retrieved online.](#)

484 United Nations Office on Drugs and Crime, "Global Report on Trafficking in Persons 2018." UN, 2019. [Retrieved online.](#)

ber of convictions is very modest. In Colombia, for example, where TIP is identified as one of the primary predicate offenses for ML in the NRA, there were only 12 TIP convictions per year, on average.⁴⁸⁵

With regards to SOM, this issue is primarily treated as an immigration and border control crime, rather than a financial crime, by countries in the region.

PROGRAMMATIC EFFORTS

Internationally, one of the most important and effective stakeholders working on issues of TIP and SOM is the UNODC. The UNODC works with LAC countries to gather data and create an evidence base for programmatic response. Since there is little other concrete evidence produced, the UNODC's role is particularly valuable. Other important international stakeholders include the ILO, the IOM, and the OAS.

While the U.S. has made statements noting its commitment to addressing TIP and SOM in the LAC region, its actual role is unclear. SOM cannot be effectively addressed in a vacuum without also addressing immigration and asylum policy. At the same time, the role of the U.S. in LAC TIP efforts is limited considering that many trafficking victims remain within their country or region of origin. Moreover, TIP funding has been very modest, with the U.S. government providing only US\$11 million for projects combating TIP in Latin America during FY2016.⁴⁸⁶ One of the U.S.'s most valuable contributions may be its annual TIP report and rankings, which appear to motivate some countries to take action. However, other countries stated that they view the TIP report as politicized, responding to geopolitics rather than actual, in-country conditions.

The Biden Administration announced in July 2021 that “strengthening anti-smuggling and anti-trafficking operations” would be a priority, and that they intended to do so “by working with regional governments to investigate and prosecute individuals involved in migrant smuggling, human trafficking, and other crimes against migrants.”⁴⁸⁷ However, the complexity of this objective, as well as the political challenges of working with Central American governments, suggest that success is far from guaranteed.

Other programmatic efforts include alliances between various private-sector stakeholders, such as payment platform providers, either with governments or civil society groups.⁴⁸⁸ While this model is promising, there is as of yet little evidence of its impact. Going forward, it will be important to measure the impact of such alliances.

485 GAFILAT, *Mutual Evaluation Report of the Fourth Round – Republic of Colombia*, (Buenas Aires, IMF, GAFILAT, 2018), 50.

486 Congressional Research Service, *Trafficking in Persons in Latin America and the Caribbean*, By Clare Ribando Seelke, (CRS Report, 2016).

487 The White House Briefing Room, *FACT SHEET: The Biden Administration Blueprint for a Fair, Orderly and Humane Immigration System*, (Washington, D.C.: The White House, 2021).

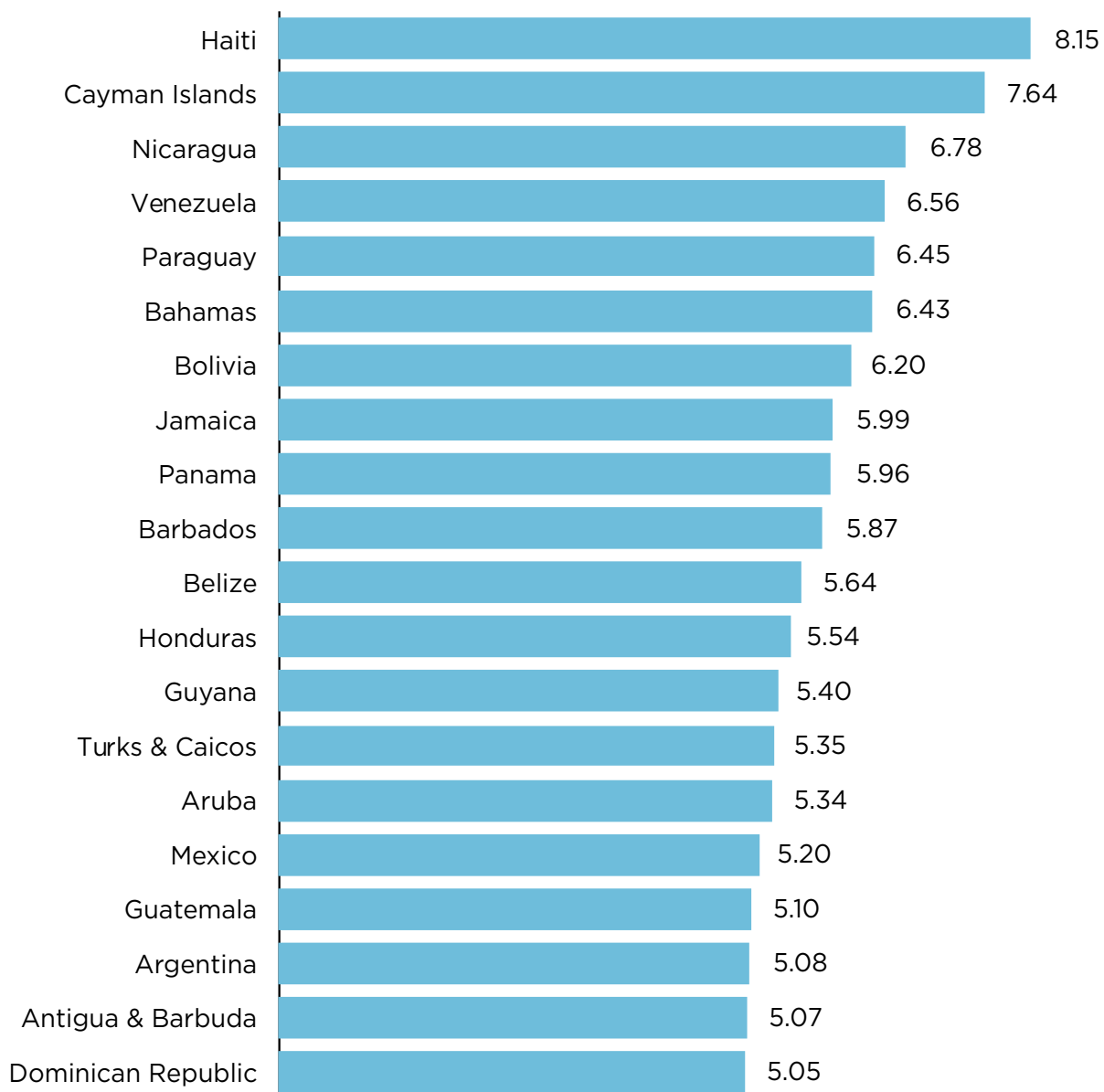
488 Thomas Reuters Foundation, “BANKS ALLIANCE AGAINST TRAFFICKING,” accessed July 2021. [Retrieved online.](#)

Regional Analysis of Financial Crime Types

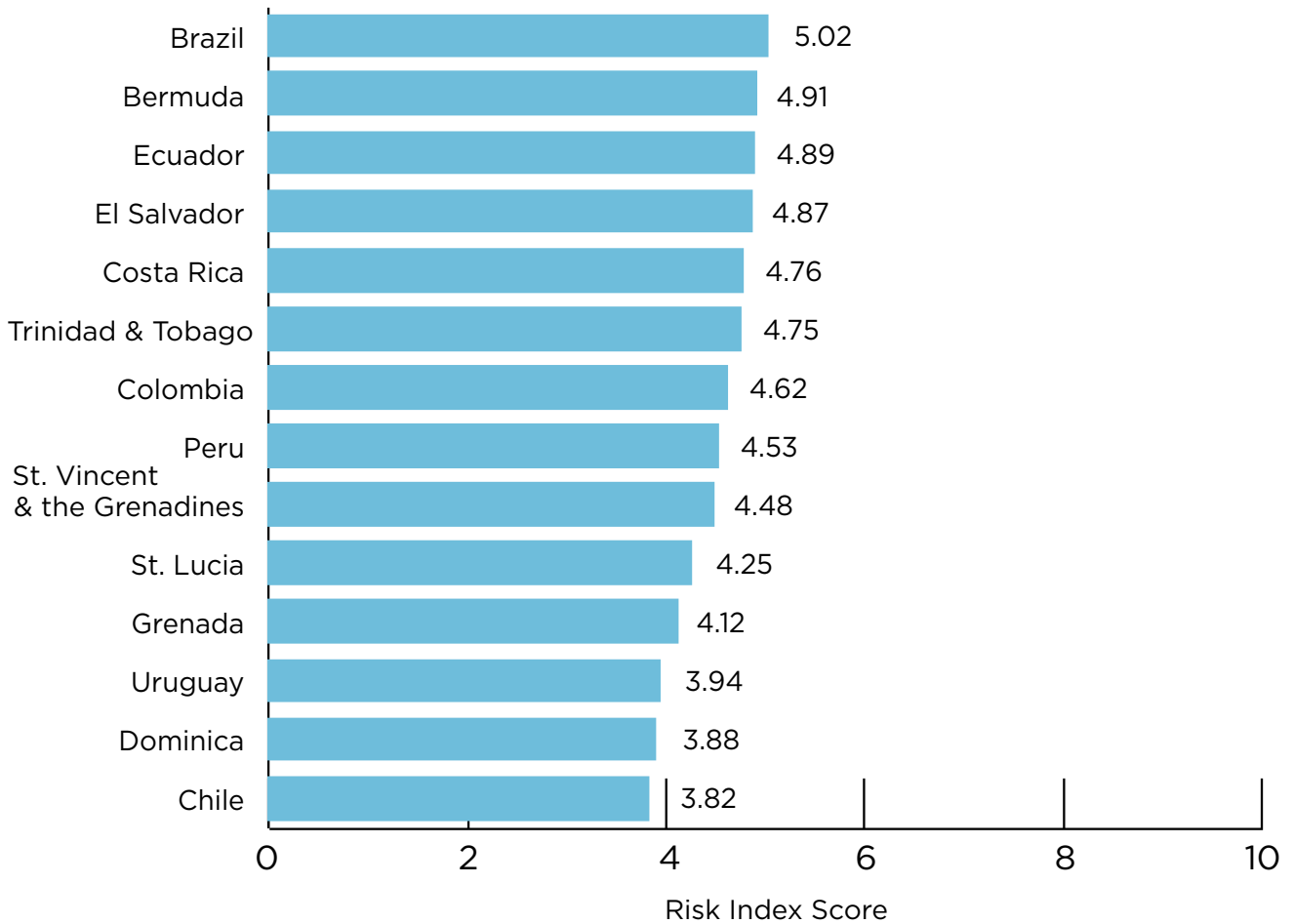
Money Laundering

A country's vulnerability but also ability to tackle and address ML is correlated with rule of law within the country. The LAC region demonstrates a wide variation in the development of rule of law. The Basel Institute of Governance, a unit of the UN Criminal Justice Program, provides an annual ranking of ML vulnerability across the world which shows that LAC countries are amongst the most vulnerable (Haiti, Nicaragua, and Venezuela) to ML risks as well as the least vulnerable (Uruguay, Dominica, and Chile).⁴⁸⁹ Because ML is a cross-border link with global implications, efforts to combat it are often only as strong as the weakest link.

Risk Index Score of Money Laundering and Terrorist Financing in Latin America and the Caribbean in 2020, by country



489 Basel Institute of Governance, "Basel AML Index", 2020. [Retrieved online.](#)

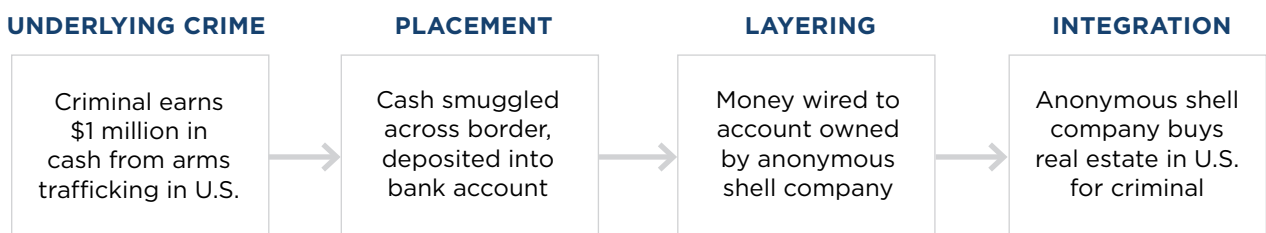


Source: Basel Institute of Governance, “Basel AML Index”, 2020.

DEFINITION

As per the FATF standards, countries are required to criminalize ML on the basis of the 1988 Vienna Convention and the 2000 Palermo Convention. Article 3.1 of the Vienna Convention describes ML as: “the conversion or transfer of property, knowing that such property is derived from any offense(s), for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in such offense(s) to evade the legal consequences of his actions”.⁴⁹⁰ ML is a process which typically follows three stages to finally release laundered funds into the legal financial system, as the following graphic shows.

Graphic 8: Process of Money Laundering



Source: GFI.

490 United Nations Office on Drugs and Crime, “Money Laundering Overview”. Retrieved online.

Article 6 of the Palermo Convention commits countries to criminalize ML and describes it as, “the conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property or of helping any person who is involved in the commission of the predicate offence to evade the legal consequences of his or her action; (ii) the concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to property, knowing that such property is the proceeds of crime.”⁴⁹¹ All the countries within the LAC region have ratified both conventions and have criminalized ML in line with the requirements of these international treaties.

SCOPE OF PROBLEM AND MAIN VULNERABILITIES

Drawing on expert interviews and other research conducted, this report found that LAC countries face a variety of vulnerabilities including incipient AML laws, challenges with international cooperation such as the MLAT process, insufficient financial intelligence and access to technology, and limited understanding of risks within international trade.

To begin with, countries in the LAC region vary widely in the size of their economies, strength of their democratic institutions and familiarity in implementing AML policies and frameworks. This wide discrepancy also means that some countries are still in the early stages of implementing AML legislation without the learnt benefit of decades of institutional knowledge that can support its implementation. Even among the larger economies of the LAC region, AML laws have only been passed in the majority of the countries within the last decade, with Brazil one of the earliest LAC countries to pass its AML law in 1998. By contrast, the U.S. passed the Bank Secrecy Act in 1970, providing the U.S. in comparison to the majority of the LAC countries a 40-year head start on addressing and understanding ML risks.

Interviews with numerous experts from the region underscored the U.S. focus on drug trafficking as a double-edged sword. The “War on Drugs” has provided many countries in the region with much needed resources to tackle financial crimes, including the benefit of U.S. experience in investigation and prosecution. However, because the U.S. is the biggest and most powerful economy in the region, LAC country governments described having a vested interest in ensuring they are dedicating resources to U.S. policy priorities. One particular expert mentioned that the U.S. focus on drug trafficking and USG’s outsized influence within CFATF limited engagement and assistance on financial crimes and ML risks that were not tied to drug trafficking. The expert said that for countries in the LAC region, the GAFILAT forum provided more space to engage on ML issues that were more central to the experiences of the countries themselves and also provided a more convenient linguistic environment to engage on these issues.

ML and financial crime risks in the context of the current global financial system tend to be cross-border issues. Effectively responses require cross-border coordination, which can be challenging. Several experts pointed to the problems within the MLAT process, a signed treaty between two governments which allows for the exchange of evidence and information in criminal and related matters, as limiting enforcement and engagement. In ML cases, MLATs can be extremely useful as a means of obtaining banking and other financial records.

Experts from the U.S. and from within the LAC region identified several challenges, including the challenges of operating between two different legal systems and the differing evidentiary

491 United Nations Office on Drugs and Crime, United Nations Convention against Transnational Organized Crime and the Protocols Thereto, (New York: United Nations, 2004). [Retrieved online.](#)

requirements needed to fully execute an MLAT request. Experts mentioned that judges in the U.S. did not understand processes within civil law countries. Similarly, experts also noted that LAC civil law country governments were often frustrated by the evidentiary burdens that needed to be met under the common law legal system before the U.S. could cooperate under the MLAT process. One expert provided context to this particular challenge and noted that “U.S. law requires attribution. If we need a search warrant executed, or if we are looking to get content for Gmail, we have to source very carefully what information we are proving to a judge in order to prove credibility and veracity. To clearly document the evidence we are seeking is important. Civil law countries don’t need the same kind of sourcing.” Other experts noted a perception that MLAT requests coming from other European governments and similarly placed economies may be given preferential treatment. Some experts pointed to the lack of transparency in how the Office of International Affairs (OIA) disclosed the processing of MLAT requests.⁴⁹² “Statistical information about MLATs, such as the number of requests filed by various countries or how long a request usually takes, is often difficult or impossible to locate.”⁴⁹³ Attempts to compile this information from the period after the U.S. FATF MER in 2016 proved challenging, with relevant information often contained within budgets.

Table 7: U.S. Mutual Cooperation Numbers

Year	Incoming requests ⁴⁹⁴	Incoming MLAT requests granted ⁴⁹⁵	Outgoing MLAT requests granted ⁴⁹⁶	Fugitives extradited from U.S. ⁴⁹⁷	Fugitives returned to U.S. ⁴⁹⁸
2013	-	1,654	587	78	529
2014	~3,200	1,427	497	54	395
2015	3,469 ⁴⁹⁹	1,373	532	53	365
2016	~3,700	2,897	1,178	47	423
2017	~4,000	2,868	987	62	375
2018	~4,300	-	-	-	-
2019	4,943 ⁵⁰⁰	-	-	-	-
2020	~4,700	-	-	-	-

Source: GFI compiling information from DOJ’s performance budget and U.S. FATF MER (2013 - 2020).

Another expert noted that “language barriers and the lack of resources in Latin America and Cen-

492 OIA is an office within the Criminal Division of the DOJ responsible for managing all MLAT requests and other transnational programs.

493 Mark A. Rush and Jared A. Kephart, “Lifting the Veil on the MLAT Process: A Guide to Understanding and Responding to MLA Requests”, K & L Gates, January 20, 2017. [Retrieved online.](#)

494 Department of Justice, *Audit of the Criminal Division’s Process for Incoming Mutual Legal Assistance Requests Audit*, (Washington, D.C.: U.S. Department of Justice, July 2021), 12. [Retrieved online.](#)

495 Department of Justice Criminal Division, *Performance Budget FY 2019 Congressional Submission*, (Washington, D.C.: US Department of Justice, 2019), 22. [Retrieved online.](#)

496 Ibid.

497 Ibid.

498 Ibid.

499 Department of Justice Criminal Division, *Performance Budget FY 2022 Congressional Submission*, (Washington, D.C., US Department of Justice, 2021), 11. [Retrieved online.](#)

500 Ibid.

tral America can be a problem. This can draw out the process, people get frustrated, lose interest and the case does not move forward.” Experts also identified previous processes for handling MLAT requests within OIA that limited successful execution. One specific example that was referenced was that the staff from the departments used to handle both incoming and outgoing requests would prioritize outgoing requests over incoming requests. A decision recently within OIA, to have dedicated staff to focus solely on incoming requests, improved government to government relationships but also provided OIA and the requesting country governments a deeper understanding of each other’s laws. Additionally, experts noted that there was a “big disconnect between who is sent for training from LAC governments and the persons responsible for executing the requests.” An expert noted that the greatest impact was when OIA staff were in-country to assist LAC region governments. However, this was not a consistent feature of OIA’s operations.

GFI’s analysis and expert interviews both supported the expansive efforts made to provide technical assistance to LAC region governments. One particular concern was that while the training and technical assistance was very beneficial, trained government officials often returned to contexts with high levels of corruption, political pressure, low wages, and physical security risks. It was unclear if and how technical assistance programs addressed these systemic challenges.

AML efforts are only as strong as the quality of financial intelligence. A recurring issue identified from MER reports of LAC region governments was the absence of adequate technological frameworks to carry out data analysis. Some FIUs within the LAC region still utilized paper-based systems to carry out financial intelligence, which severely handicaps the FIU’s ability to spot trends, convey intelligence to entities with AML obligations and provide cross-border cooperation.

Finally, many of the LAC region governments derive significant revenue from the export of commodities.⁵⁰¹ Therefore, addressing financial crime risks through trade are critical. However, the current approach within FATF standards has been to “shoe-horn” TBML risks within legacy AML systems that are ill-suited to address these risks.

CHANNELS/FACILITATORS

The conduits to launder money through the financial system are varied and complex. Interviews with experts in the region demonstrated that there is a commonality to the channels and facilitators used in the LAC region with the rest of the world. Additionally, the channels identified (see Table 8) demonstrated a strong understanding of ML risks by LAC region experts. Experts cited not only channels that are systemic channels and facilitators globally, but also identified ranching and cattle raising as channels that are unique to the LAC region.

501 “Latin America & Caribbean trade statistics : Exports, Imports, Products, Tariffs, GDP and related Development Indicator,” World Integrated Trade Solution. [Retrieved online.](#)

Table 8: Channels Used for ML in LAC Region

Banks	Remittances	Cars	DNFPBs	Real estate
Online banking	Cattle ranching	Construction	Free Trade Zones	Misinvoicing
Churches	Chinese financial institutions	Hotels	Sports associations	Rural land
Mobile wallet	Cash smuggling	Campaign finance	Companies	Dark web
Gold	<i>Cambistas</i>	Nominees	Stocks	Foreign exchange
Private lenders	Trade	Elected officials	Private foundations	NGOs
Lawyers	Offshore accounts	Gas stations	Offshore companies	Pension funds
Money transfers	Mining	Luxury vehicles	Agriculture	Ranching
BMPE	Investment funds	Horse racing	Online gambling	Public procurement
Cooperatives	Fintech	Restaurants	Counterfeit goods	Crypto-currency

Source: Compilation from expert interviews.

JURISDICTIONS AND ROUTES

In an interconnected global financial and trade system, there is no dearth of locations or assets through which illicit money can be hidden, integrated, and re-integrated into the financial system. Because of this interconnected nature, the LAC region is much like the rest of the world in that it acts as source, transit, and destination points in the placement, layering and integration stages of ML. The LAC region sends and receives illicit money within the region but also to and from Africa, Europe, and Asia.

In this crisscross movement of money (or money in the form of assets), the relationship between the U.S. and countries in the LAC region is particularly noteworthy. The geographic proximity and the historical connections coupled with the size and reputation of the U.S. economy means there is a symbiotic relationship between illicit money that leaves the LAC region and the institutions, channels, and facilitators in the U.S. that provide an ecosystem to create a U.S. safe haven for illicit LAC region money. Gaps on the U.S. side in addressing financial crime risks help provide avenues for the continued migration of wealth from the LAC region to the U.S. This migration, while benefiting the U.S. economy,⁵⁰² can appear innocuous but in reality it engenders poverty, political instability, corruption, and TOC in LAC countries thereby raising national security risks for the U.S. This in turn erodes the benefits and gains provided through U.S. government technical assistance programs.

This is not to say there are no weaknesses within the LAC region. But addressing the risks of migrating illicit money from the LAC region to the U.S. would be a major step. A recent GFI

⁵⁰² Examples of this include investments into the U.S. real estate sector but also contributes to the economies of states which provide corporate registration services.

report examining reported real estate ML cases in the U.S puts a spotlight on these connections. The report found that 54.34 percent of reported U.S. real estate ML cases involved illicit money from the LAC region; additionally, 53.57 percent of those cases involved ML schemes by politically exposed persons, the majority of which were from the LAC region.⁵⁰³ In most of these cases, LAC criminals were easily able to facilitate the scheme by registering anonymous companies in the U.S to make illicit asset purchases. Similarly, the Panama Papers also revealed this fondness for using U.S. corporate structures to hide illicit wealth. One of the findings of the leak showed “123 shell companies in Nevada linked to Lázaro Báez, a close friend of former Argentina President Cristina Fernández de Kirchner. Báez, a businessman, who reportedly received millions of dollars in kickbacks from government contracts.”⁵⁰⁴ Criminals from the LAC region have also bought other high-value asset classes like jewelry and horses in the U.S. Drug kingpin Joaquin “El Chapo” Guzman famously purchased a luxury airplane from a Michigan company before he was caught by U.S. law enforcement.⁵⁰⁵

POLICY AND LAW ENFORCEMENT RESPONSE

ML is such an expansive and complex issue that there are numerous angles from which to examine effectiveness. But one measure that demonstrates capacity of LAC region governments is the progress made on creating robust and transparent BO registries. In a region where negative impacts of financial crime and criminal activity can often be tracked to issues of systemic corruption, a 2012 World Bank report reviewing grand corruption cases costing US\$56 billion over three decades found that 70 percent of all cases relied on anonymous companies to help carry out and hide gains from corruption.⁵⁰⁶ The same World Bank report from 2012 also reported that the U.S. was the worst offender in the 150 grand corruption cases identified, with 102 of the 817 legal entities used to facilitate the movement money being anonymous companies incorporated in the U.S.⁵⁰⁷ Given the proximate relationship between the LAC region and a pattern of migration of wealth from LAC countries to the U.S., assessing the effectiveness of BO registries within the region provides important insight in the development of critical tools that can address corruption, but also mitigate the migration of illicit wealth.

Beneficial Ownership in the LAC Region

LAC countries fall into four buckets in their implementation of BO registries. Countries like Antigua and Barbuda, Barbados, Bolivia, Belize, Chile, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Mexico, St. Kitts and Nevis, St. Vincent and Grenadines, Suriname, and Venezuela have not yet begun to draft legislative proposals to create BO registries. Chile started a public consultation process for the creation of a BO registry at the end of 2020.⁵⁰⁸

The second bucket involves countries like Colombia and Panama that have introduced bills or passed legislation for a private BO registry, but there is no registry yet created.

503 Lakshmi Kumar and Kaisa de Bel, *Acres of Money Laundering: Why U.S. Real Estate is a Kleptocrat's Dream*, *Global Financial Integrity* August 2021 (Washington D.C: Global Financial Integrity, August 2021), 16. [Retrieved online.](#)

504 Tim Johnson, “Expecting rules to tighten around shell companies after Panama Papers? Not likely”, *McClatchley*, August 01, 2016. [Retrieved online.](#)

505 Christopher Woody, “El Chapo’ Guzmán had more airplanes than the biggest airline in Mexico,” *Business Insider*, May 4, 2016. [Retrieved online.](#)

506 Emile van der Does de Willebois Emily M. Halter Robert A. Harrison Ji Won Park J.C. Sharman, *The Puppet Masters How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It*, World Bank, 2011, (New York: World Bank/The International Bank for Reconstruction and Development, 2011), 121. [Retrieved online.](#)

507 Ibid.

508 UAF, “CONSULTA PÚBLICA SOBRE PROPUESTA DE CREACIÓN DE UN REGISTRO DE BENEFICIARIO FINAL DE LAS PERSONAS JURÍDICAS”, September 1, 2020. [Retrieved online.](#)

The third bucket includes countries like Argentina, Cuba, Jamaica, St. Lucia, Ecuador, and the Dominican Republic that have public BO registries. Yet even within this category, there is variation. The public registry in Argentina is restricted to Buenos Aires and is not applicable to the whole country. The registries in Jamaica and St. Lucia, though public, require the payment of a fee to access information. Cuba’s BO registry was well reviewed by the FATF and “is available to competent authorities and subjects with a legitimate interest in it.”⁵⁰⁹ However, it is important to note that Cuba’s economy is almost entirely controlled by the State and this limits the number of private companies registered through the registry. The qualifying language suggests that the registry is not truly public. The BO registry in the Dominican Republic, though public, is in actuality a collection of company registries located at different municipal chambers of commerce that may or may not be online. The Ecuadorian registry is a standout example in the region. The register is available online and is free. While not the easiest to navigate, it nonetheless provides a plethora of information, including the ownership chain, the history of share transfers and identification information.⁵¹⁰

Graphic 9:
Status of Beneficial Ownership Registries in Latin America and the Caribbean



509 El Grupo de Acción Financiera de Latinoamérica, *Cuba: Mutual Evaluation Report*, GAFILAT, 2015, (Buenos Aires: GAFILAT, 2015), 102. Retrieved online.

510 “Portal de Información / Sector Societario,” Superintendencia de compañías, valores y seguros. Retrieved online.

The last bucket includes countries like Brazil, Costa Rica, Nicaragua, Paraguay, Peru, Uruguay, and Trinidad and Tobago that have private registries. According to experts, among these the Brazil registry has suffered from issues related to law enforcement access and the Nicaraguan registry created under the administration of President Ortega is suspect given the clamp down on transparency and the use of AML laws to target civil society.⁵¹¹

PROGRAMMATIC EFFORTS

Efforts to address ML risks in the LAC region have focused on creating appropriate legal frameworks as well as strengthening institutional capacity for investigation and prosecution. These efforts have occurred through U.S. donor assistance, assistance through international organizations, and perhaps most importantly through efforts by the national governments themselves. Many of these programs have been jointly funded by the OAS and the U.S. Government. Some AML technical assistance efforts in the last decade have included:

- Programs to improve the ability of Mexican investigators and prosecutors to develop and advance AML and asset seizure cases. In support of the program, the U.S. provided equipment and systems support to expand Mexico's ability to manage caseloads and build AML investigations.
- Similarly, the UNODC provided the Haitian government with "goAML" software, which was developed for FIUs involved in the investigation of ML, financial crimes, and TF.
- The U.S. has also worked very successfully with the Colombian government to improve financial profiling, broaden charges and penalties under Colombia's existing legal framework, and increase inter-agency coordination.
- The Ecuadorian FIU, which has shown strong interest in strengthening their capacity and expertise, received U.S. technical assistance to improve effective implementation of its AML/CFT regime.⁵¹²
- Funding and technical assistance was provided by the U.S. government to assist the government of Belize in the development of the country's AML/CFT regime, to include supporting the operational improve the effectiveness of its FIU; help to establish an inter-agency Financial Crimes Working Group; enhancing risk-based AML/CFT supervision of the financial system; and improving money laundering case development.⁵¹³
- Other noteworthy efforts included U.S. and OAS funded efforts to conduct six mock investigations in Bogota, Cartagena, Cali and Medellin over two years, and training for members of a technical AML leadership committee to improve their oral argument skills in criminal hearings and more effectively prosecute ML cases.

Domestically, LAC governments have all carried out NRAs and worked on moving towards a risk-based approach in their assessment of ML/TF risks. Many countries through the ME process of CFATF and GAFILAT have also overhauled their legal framework to be in line with FATF standards and best practices. Countries within the region have also signed MOUs to share information, actively engaged and provided information to assist cross-border investigations through the Egmont process, and sponsored other regional governments to membership of the FIU. One particular effort that should be of interest to USG is the recent effort by the Chinese government

511 Garcia and Bodan, "Beneficial Ownership Registry starts to operate in Nicaragua," May 12, 2021. [Retrieved online.](#)

512 "U.S. Foreign Assistance," [ForeignAssistance.gov](#), July 26, 2021. [Retrieved online.](#)

513 Ibid.

to engage with Caribbean countries to improve cooperation and information sharing in financial investigations between the Chinese government and the governments of the Caribbean region.⁵¹⁴

Trade-Based Money Laundering

Trade-based money laundering (TBML) is regarded by the FATF as one of the three main methods used to launder money in addition to the use of the financial system and the physical movement of currency. Despite its prominence, TBML is often poorly addressed and understood across all stakeholders: governments, the private sector, international bodies, multilateral organizations, and civil society, among others. This fact poses a significant challenge for the LAC region since the use of TBML is perceived by experts to be intensifying.

DEFINITION

The FATF defines TBML as “the process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimize their illegal origin or finance their activities.”⁵¹⁵ The use of international trade transactions to cover, or justify, moving value via legal goods and services from one country to another is what makes TBML unique from other types of ML. The movement of illegal goods—drugs, arms, counterfeits, etc.—via international trade does not constitute TBML.

There are two types of TBML: those that rely on falsifying documents or information, and those that do not. For the former, criminals can engage in trade misinvoicing, which is the intentional manipulation of the value of a trade transaction by falsifying, among other things, the price, quantity, or quality of an import or export. By misrepresenting the true transaction, criminals create the justification (i.e. “proof”) that the funds they are moving are legitimate. Table 9 provides examples of each type of falsification.

Table 9: Types of Trade Falsification

Type	Definition and example
Price	The good or service is under- or over-priced on the invoice in comparison to its true market value. An importer states that the goods being imported are worth \$100,000 when they are actually worth \$50,000. This means that the importer has a pretext for sending an additional \$50,000 out of the country to the exporter.
Quantity	More (over shipping) or less (short shipping) of the good or service is provided than what is declared on the invoice. An exporter ships 1,000 cell phones worth \$500,000; however, the importer declares 500 cell phones at \$250,000. When the importer sells the 1,000 cell phones, they keep the extra \$250,000 after sending the other \$250,000 to the exporter.
Quality	The invoice falsely describes the good or service provided. An exporter sends an importer \$100,000 of 24k gold jewelry, but declares that it is \$50,000 of 14k gold jewelry. When the importer sells the 24k gold jewelry, they are able to retain the additional \$50,000 while sending the other \$50,000 to the exporter.

514 Financial Intelligence Grenada, Annual Reports (2016 - 2018) (Saint George’s: Financial Intelligence Unit, 2018), 12. [Retrieved online.](#)

515 Financial Action Task Force, Trade Based Money Laundering (Paris: Financial Action Task Force, 2006), 3. [Retrieved online.](#)

Other types of misinvoicing include:

- **Carousel transactions:** The same goods—not the same type, but the actual same goods—are repeatedly imported and exported, with new customs declarations filed each time. For example, an exporter ships \$100,000 of steel from Country A to Country B, and the importer declares \$100,000 of steel, transferring those funds to the exporter. The steel is then shipped from Country B back to Country A but is not declared. The process is then repeated, with each shipment to Country B justifying the transfer of funds from the importer to the exporter.
- **Phantom shipments:** No goods are actually shipped even though the importer and exporter file customs declarations. This is another manipulation of the quantity in the transaction. For example, an exporter and importer both declare the shipment of \$100,000 of toys, however no toys are actually shipped; the trade transaction allows the importer to send the exporter \$100,000.
- **Double/duplicate/multiple invoicing:** When two or more invoices are made for the same trade transaction in order to justify more than one payment. For example, an exporter sends one shipment of clothing worth \$100,000 to an importer, however they provide two invoices, giving the importer the justification to transfer \$200,000 to the exporter.

In essence, the trade of legitimate goods is used to justify the movement of value, either the value of the goods themselves (such as described in the Quantity and Quality examples) or the transfer of funds (such as seen in the Price, Carousel and Phantom examples). Theoretically, a comparison of the physical goods against the trade documentation would likely uncover a fraudulent transaction.

The black-market peso exchange (BMPE) is a type of TBML scheme where criminal proceeds are used to purchase legitimate goods in one country, which are then exported to another. When the goods arrive in the destination country, they are sold, and the proceeds are given to the criminal organization. In the BMPE scheme, the *value* of the criminal proceeds is converted from liquid (typically cash) to a commodity (e.g. electronics or clothing) in one jurisdiction and currency (e.g. the U.S. in U.S. dollars) and then converted back to liquid (e.g. cash or bank transfer) in another jurisdiction and currency (e.g. Mexico and Mexican pesos). This conversion of value means that the proceeds are able to be moved from one country to another without the use of the financial system. In a BMPE scheme, there is no need to manipulate the value of the trade transaction, as the goods themselves embody the criminal proceeds. Therefore, it can be much harder for law enforcement to detect as the declared goods and the trade documentation actually match. Case Study 1 provides an example of a BMPE scheme between the U.S. and Colombia.

SCOPE OF PROBLEM AND MAIN VULNERABILITIES

Among financial crime experts, there was an overall consensus that TBML was a very prominent ML methodology in the LAC region. However, many could not speak to specifics, such as the magnitude, actors involved, common typologies, and other impacted jurisdictions. The only concrete information was that the proceeds from drug trafficking represented the majority of funds laundered through TBML. Some experts felt that the reported decrease in bulk cash smuggling, particularly between the U.S. and Mexico, may be the result of TCOs turning to more sophisticated methods, like TBML.

Individual TBML schemes allow for the relatively quick laundering of tens of millions of dollars.

For example, a professional money laundering network in Colombia named “Los Brokers” are charged with laundering nearly US\$100 million between 2017–2018 for a wide range of criminal groups using fictitious export contracts to justify the transfer of money between Colombia and front companies in Mexico, Costa Rica, Panama, and Chile.⁵¹⁶ Despite the widespread opinion that TBML is prevalent around the world, there has never been an estimation of the exact value. However, with global merchandise and services trade worth US\$25.2 trillion in 2019 (US\$19.1 trillion and US\$6.1 trillion, respectively), there is room to obscure the movement of considerable amounts of money.⁵¹⁷

The principal vulnerability to TBML in the LAC region is that it is not well understood, even by financial crime experts. When interviewing experts in the region, some of their responses falsely conflated TBML with the use of trade misinvoicing or the smuggling of legal goods (e.g. cigarettes) to evade customs duties and taxes. Others talked in essence about TBML—specifically, using criminal proceeds to purchase legal goods that were smuggled cross-border and sold as a mechanism to legitimize the funds—but did not specifically use the term or seem to understand they were describing TBML; for example, some experts described the use of contraband (in general) or the import of specific consumer goods, such as used vehicles or hair products, to launder money.

Experts from CFATF described TBML as being “rather new to the scene” in terms of prominence on the AML agenda, but recognized that TBML is a large concern for the Caribbean region. CFATF Executive Director Dawne Spicer noted there is a lack of appreciation for TBML because, as a white-collar crime, it does not have easily identifiable victims. However, she pointed out that if one looks at the connection to the value/volume of trade in the region, countries’ trade deficits, and the impact on countries’ bottom lines, one can gain a better understanding of the magnitude of the macroeconomic damage. CFATF experts stressed the importance of moving from awareness to comprehension, and from comprehension to action, mentioning that judiciary from the region have received training on TBML.

As evidenced above, the recognition of TBML’s substantial importance by national authorities and international bodies has been overlooked until recently. For example, a 2017 report by the UNODC evaluating its Global Programme against Money Laundering, Proceeds of Crime and the Financing of Terrorism (GPML) over the period 2011–2017 noted that “GPML like most of AML/CFT actors is yet to pay adequate attention to [TBML].”⁵¹⁸

One major weakness faced across the LAC region is the inability to detect TBML schemes. One expert estimated that the overwhelming majority of ML cases start with the detection of the underlying offense, such as drug trafficking, rather than the detection of ML; investigators get to the ML once they begin looking into the financial aspects of the crime. Experts noted the difficulty in detecting TBML schemes in regards to the information asymmetry between customs departments; specifically, it is not easy for the customs department in the import country to know what value was declared in the country of origin, or vice versa.

In addition, another weakness is that much of the global AML/CFT regime has largely focused on efforts to guard the formal financial system and, to a lesser extent, combat currency smug-

516 Shane Sullivan, “One Colombian Gang Laundered \$100 Million in a Year,” InSight Crime, April 30, 2021. [Retrieved online.](#)

517 The annual value was determined by averaging the reported values for imports and exports. See “Data,” World Trade Organization, accessed August 20, 2021. [Available here.](#)

518 United Nations Office on Drugs and Crime, *Independent In-depth evaluation of the Global Programme against Money Laundering, Proceeds of Crime and the Financing of Terrorism, 2011–2017* (Vienna: UNODC, October 2017), 51. [Retrieved online.](#)

gling; it has typically failed to address safeguarding international trade. This systemic defect is found throughout the LAC region. Although speaking about the U.S. government in particular, ML expert John Zdanowicz succinctly sums up how countries around the world have approached AML/CFT: “The front door of money laundering is the banking system. The government has done a pretty good job of closing the front door, but the back door—international trade—is wide open.”⁵¹⁹

In regards to the private sector, one of the largest challenges is that financial institutions have very limited visibility over trade transactions. Trade finance is the financing of goods or services by a third party for an importer and/or exporter in order to facilitate international trade; this includes instruments such as letters of credit, documentary collection, payment-in-advance, and factoring. Financial institutions have greater insight into the validity of trade finance transactions as they receive documentary information (e.g. invoices, bills of lading, etc.) as part of the application process.

According to the Wolfsberg Group, globally only 20 percent of international trade transactions are financed, with the remaining 80 percent of trade completed through open account transactions, meaning direct payments between buyer and seller such as wire transfers.⁵²⁰ As such, banks would not receive any documentary information related to the trade transaction. They would have to rely on traditional AML controls, including know your customer (KYC) controls, to determine the risk of the transaction. While KYC might help the bank know whether a transaction, such as a wire transfer or deposit, is within the norms of a customer’s typical activity—the amount of the transaction, type of instrument (cash, check, etc.), location and identity of the sender/recipient, etc.—they won’t know anything about the goods or services being traded. Even if a trade transaction is financed, the trade finance department may not have the necessary training to detect TBML (in comparison to the AML department) as their compliance training often focuses on detecting sanctioned individuals, entities, or countries as well as dual-use goods (i.e. items that can be used for both civilian and military applications) versus TBML red flags.

Individuals and companies that import or export goods are also vulnerable to unintentionally participating in TBML schemes, or may engage in TBML through willful blindness. Examples include accepting cash payments for transactions that are usually conducted by wire transfer, bank draft, check, etc. or accepting payments from one or more third parties that are unrelated to the seller/purchaser. For example, a major BMPE scheme that was dismantled in 2014 involved garment businesses in the Los Angeles Fashion District accepting cash payments (as much as \$370,000 in one instance) for payment of goods that were exported.⁵²¹

CHANNELS AND FACILITATORS

The major channel by which TBML is conducted is formal international trade, however cross-border smuggling of legally traded goods purchased with criminal proceeds was also popular in some countries. While not all cross-border smuggling is TBML, it becomes TBML when the goods are moved via official imports and exports. Experts identified precious metals and stones (e.g. golds and emeralds), electronics (e.g. cell phones), vehicles, and textiles/clothing as

519 “Trade-based money laundering flourishing,” UPI, May 11, 2009. [Retrieved online.](#)

520 The Wolfsberg Group, International Chamber of Commerce, and BAFT, *The Wolfsberg Group, ICC, and BAFT Trade Finance Principles; 2019 amendment* (Paris: The Wolfsberg Group; ICC; BAFT, 2019), 21. [Retrieved online.](#)

521 “Large-Scale Law Enforcement Effort Targets Downtown Los Angeles Businesses Linked To Money Laundering For Drug Cartels,” U.S. Department of Justice, September 10, 2014. [Retrieved online.](#)

some of the most commonly used goods in TBML schemes.

There is a long-standing use of precious metals and stones, gold in particular, as well as their mining to launder criminal proceeds. Experts from several countries, notably in South America, discussed how gold was purchased with criminal proceeds, smuggled or formally exported to another country, and sold to launder the proceeds as well as move the value from one country to another.

Free trade zones (FTZs) are a particularly vulnerable channel as their regulation and oversight is typically much weaker. The FATF notes the following systemic weaknesses associated with FTZs:

- “Inadequate [AML] and [CFT] safeguards;
- Relaxed oversight by competent domestic authorities;
- Weak procedures to inspect goods and register legal entities, including inadequate record-keeping and information technology systems; and
- Lack of adequate coordination and cooperation between zone and Customs authorities.”⁵²²

Experts from Uruguay noted that there have been cases of TBML in FTZs, and that the FIU has begun to look at them, however the complexity of the business structures used in the schemes has limited their analysis.

Although not quite an FTZ, San Andrés, a Colombian island located off the east coast of Nicaragua, is a tax-free zone that has been used as part of smuggling, trafficking, and BMPE schemes for decades. A multitude of tax-free items would be purchased on the island with drug proceeds to later be sold on the Colombian mainland in order to repatriate the proceeds. In fact, the use of the island for contraband smuggling and ML was so popularized that shopping areas in the Colombian mainland that are used for the same purpose are known as “San Andresitos.”⁵²³

The use of contraband—that is, legal goods such as clothes, toys, and electronics, that are smuggled into a country to evade duties and taxes—as a channel to launder money is popular in Latin America. In essence, this functions similarly to BMPE, in that the legitimate goods are purchased with criminal proceeds in one country and sold upon importation, repatriating said proceeds; the scheme differs in only that instead of moving through formal trade channels, the goods are smuggled to avoid paying customs duties and taxes.

According to InSight Crime, the use of contraband, which the Colombian government estimates is valued at US\$6 billion a year, became TCOs’ preferred method for laundering dirty cash when the U.S. and Colombian governments began tightening suspicious activity and currency transaction guidelines.⁵²⁴ Experts from Argentina, Bolivia, Chile, and Colombia mentioned connections between cross-border smuggling and ML.

A major facilitator of TBML schemes, and BMPE in particular, are so-called currency brokers. They “purchase” criminal cash proceeds at a discounted rate from TCOs and make them avail-

522 Financial Action Task Force, *Money Laundering Vulnerabilities of Free Trade Zones* (Paris: Financial Action Task Force, March 2010), 4. [Retrieved online.](#)

523 Mimi Yagoub, “Colombia’s Drug Trafficking Paradise: San Andres Islands,” InSight Crime, June 8, 2016. [Retrieved online.](#); Juanita Darlin, “Colombia’s Contraband Culture, Drug Money Meet at Sandresitos,” *Los Angeles Times*, September 7, 1997. [Retrieved online.](#)

524 James Bargent, “Contraband: Colombia’s Top Money Laundering Tool,” InSight Crime, November 19, 2014. [Retrieved online.](#)

able to individuals or businesses seeking to buy legal goods in the destination country (e.g. a Colombian business that wants to buy consumer electronics in the U.S.). They also collect the “clean” money from these individuals/businesses once the goods have been sold in the home country and give it to the TCO. They allow individuals and businesses to access foreign currency without any money moving across borders.

One expert mentioned the role of freight forwarders, carriers, courier companies, and customs brokers in facilitating TBML schemes. For example, shippers may issue false invoices to be used on import. Customs brokers, who act as an intermediary between a business and customs, may not screen the documentation they file for irregularities. Supervisors at container ports can also be involved in facilitating TBML by shepherding fraudulent shipments through customs clearance.

Specific to Colombia is the role of customs agencies/brokers (*agencias de aduanas*), who act as an intermediary between importers/exporters and Colombia’s National Customs and Tax Authority (Dirección de Impuestos y Aduanas Nacionales or DIAN); importers and exporters must use them to present their customs documents to DIAN for clearance for transactions valued at over US\$1,000.⁵²⁵ Customs agencies are authorized by DIAN, regulated by the Financial Superintendence of Colombia (Superintendencia Financiera de Colombia), and have AML/CFT reporting obligations. However, experts reported that many TBML schemes involve the participation of customs agencies and that many customs agencies are in fact front companies.

In the last few years, there has been reporting on the increased involvement of professional Chinese ML networks in TBML schemes, particularly in Mexico and Colombia. The U.S. 2020 NRA noted the increase in complex ML schemes involving Chinese citizens residing in the U.S. who, acting as peso brokers, laundered drug-related cash proceeds via BMPE schemes in order to repatriate money to Mexico.⁵²⁶

In a recent case, a Chinese ML network operating in Chicago and New York that laundered tens of millions of dollars in drug proceeds for Mexican cartels was dismantled; an average cash pickup by money brokers was US\$500,000.⁵²⁷ Between 2008 and 2019, a Chinese businessman with U.S. citizenship laundered nearly US\$30 million of drug proceeds for Mexican, Colombian, and Guatemalan DTOs via a casino in Guatemala, a U.S. seafood export company, and U.S. and Chinese bank accounts.⁵²⁸

There is a symbiotic relationship between TBML and informal currency “exchange”: TBML schemes allow criminals to repatriate proceeds between jurisdictions without actually moving money, as well as allow individuals in one country (e.g. China or Colombia) to access foreign currency (e.g. U.S. dollars) without having to move money or go through formal channels, avoiding potential restrictions or steep exchange rates and fees. For these networks, engaging in such schemes is not only a tried-and-true way to launder money, it is also a method for evading China’s capital controls. This relationship is likely to grow in coming years as Beijing recently

525 Ministry of Finance and Public Credit of Colombia. 2008. Decree 2883 of 2008: Partial modification to the Decree 2685 of 1999. [Retrieved online.](#)

526 U.S. Department of the Treasury, *National Strategy for Combating Terrorist and Other Illicit Financing, 2020* (Washington, D.C.: U.S. Department of the Treasury, 2020), 24-25. [Retrieved online.](#)

527 Frank Main and Jon Seidel, “Chinese money-laundering rings in Chicago, New York cleaning Mexican drug cartel cash,” *Chicago Sun Times*, April 30, 2021. [Retrieved online.](#); Frank Main, “Chinese immigrant in money-laundering ring: Didn’t know \$24 million I picked up was from cartels,” *Chicago Sun Times*, June 11, 2021. [Retrieved online.](#)

528 Katie Jones, “Chinese Broker Laundered Latin American Drug Money Around the World,” *InSight Crime*, August 10, 2021. [Retrieved online.](#)

announced its plans to address the country's growing inequality through wealth redistribution by, among other measures, targeting the country's super rich to "reasonably adjust excessive incomes."⁵²⁹

One expert felt that countries in the region have not had as much success going after professional money launderers in comparison to money laundering schemes perpetrated by the TCOs themselves. Prior to professional ML, ML was done by TCOs "in house." The outsourcing of ML to professionals means that the arrangement of the TCO has continued to expand horizontally, away from the traditional, clearly defined top-down model. This horizontal arrangement is more nebulous, with more moving parts and adaptability, and it makes it harder for law enforcement to investigate, build, and prosecute cases.

There was some conjecture among experts about the impact of COVID-19 on TBML. Border restrictions and closures caused delays in customs processing, contributing to the global slow-down of trade. Some experts felt that there may have been some need for TCOs to adapt TBML schemes, or switch to other methods entirely, in order to avoid disrupting the flow of criminal proceeds.

JURISDICTIONS AND ROUTES

The discussion of TBML routes has commonly involved two jurisdictions: the jurisdiction where the criminal proceeds are located ("destination country"), and the jurisdiction where the proceeds are to be repatriated ("home country"). In the context of drug trafficking, this typically means the country where the drugs are sold/consumed ("destination country") and either the country where the drugs are produced or where the TCO is located ("home country").

In the two-country scenario, the criminal proceeds in the destination country are used to purchase goods (e.g. clothes, toys, electronics) on behalf of buyers in the home country. These goods are then exported to the home country, sold, and the proceeds from the sales (in the local currency) are given to the DTO.

With the increased involvement of Chinese professional ML networks, a third jurisdiction—China—has entered into the equation. In this three-country scenario, individuals in China "purchase" the criminal proceeds in the destination country, and in return they make an equivalent amount of Chinese yuan available to individuals in the home country so that they can purchase goods in China. These goods are then exported to the home country and sold, with the proceeds (in the local currency) given to the DTO.

Mexico, Colombia, and the Tri-Border Area (TBA) of Argentina, Brazil and Paraguay were viewed as the jurisdictions where TBML was very popular. While Mexico frequently features in TBML cases prosecuted in the U.S., more than one expert felt that little is known in Mexico about TBML or the businesses involved in the trade.

In one BMPE scheme from 2011, the owner of a several retail perfume stores in Texas, California, and Arizona along the U.S.-Mexico border knowingly accepted millions of dollars of cash narcotics proceeds in exchange for exporting perfume to Mexico, which, once sold, repatriated the value of those proceeds into Mexican pesos.⁵³⁰ As noted above, professional Chinese ML net-

529 Jane Li, "Xi Jinping just sent a bleak message to China's super rich," Quartz, August 18, 2021. [Retrieved online.](#)

530 "Perfume Store Owner Charged With Laundering Millions of Dollars for Mexican Narcotics Trafficking Organizations," U.S. Drug Enforcement Administration, January 18, 2011. [Retrieved online.](#)

works, acting largely in the capacity of money brokers, are popping up in Mexico, “quickly and quietly” moving large sums of money, “upend[ing] the way narcotics cash is laundered and are displacing the Mexican and Colombian money men that have long dominated the trade.”⁵³¹

The TBA is a hub for criminal activity in South America, posing extensive challenges for law enforcement as they try to coordinate between the cities of Foz do Iguacu, Brazil; Ciudad del Este, Paraguay; and Puerto Iguazu, Argentina. Criminal networks in the area engage in the trafficking of drugs and arms; the trade of counterfeit goods, documents and currency; smuggling of contraband, and; ML. Recently, a Lebanese national/naturalized Brazilian citizen was indicted in New York and Florida federal courts for operating a TBML scheme through his currency exchange house in Paraguay.⁵³² The TBA is also a suspected source of TF for Hezbollah as discussed in the section on TF.

One reason why TBML is so popular in Colombia is due to the fact that the BMPE was “invented” there. The scheme emerged in the 1960s, where Colombian businesses would use the underground financial system—or black market—in order to access U.S. dollars because the Colombian government had banned dollars as well as implemented higher tariffs on imported U.S. goods. While foreign exchange regulations as well as tax policies have changed since then, the scheme has become deeply rooted thanks in large part to narcotics-related ML.

As noted above, TBML and BMPE in Colombia is often linked to contraband. One expert noted that the chemical precursors needed to convert coca leaf to cocaine are also involved in BMPE schemes, typically smuggled into the country from Ecuador and Venezuela. Other common routes/jurisdictions for Colombian TBML schemes, according to one expert, involve New York, Los Angeles (especially for textiles), China, Guatemala and Honduras (in particular their FTZs), and, to a lesser extent in terms of frequency, France.

There is also a strong connection between TBML and gold as well as illegal gold mining in Colombia (gold is a highly favorable commodity to use in TBML schemes). Experts noted that importers and exporters will falsely declare the gold as another commodity, such as scrap metal or enriched sands, to disguise it; exporters may also over-declare the quantity (e.g. declaring 600kg when in actuality it is 15kg) or not ship any gold at all in order to justify the flow of more money into Colombia. In addition, one expert reported the use of a carousel scheme involving gold, whereby Colombian gold is officially exported to Mexico and is then smuggled back to Colombia, only to be re-exported, all to facilitate the flow of money from Mexico to Colombia. This intersection between gold and TBML is echoed through the LAC region; for example, in Suriname the Kaloti Suriname Mint House allegedly launders cash as well as gold illegally mined elsewhere in South America via international trade (see the country chapter on Suriname).

Several experts mentioned the use of riverways, such as those that flow among Brazil, Bolivia, Colombia, Venezuela, and Paraguay, to smuggle goods between countries, not just drugs but also gold and precious metals, as the rivers are harder for law enforcement to monitor.

531 Drazen Jorgic, “Special Report: Burner phones and banking apps: Meet the Chinese ‘brokers’ laundering Mexican drug money,” Reuters, December 3, 2020. [Retrieved online.](#)

532 “Indicted Paraguay-Based Money Launderer Linked to Broader Illicit Finance Schemes in South America’s Tri-Border Area,” Sayari, April 29, 2021. [Retrieved online.](#)

POLICY AND LAW ENFORCEMENT RESPONSE

Up until the last five or so years, coverage of TBML by both domestic and international policy-makers was lacking. For example, despite its designation as a major ML methodology, the FATF had only issued a few documents on TBML, such as a 2006 report on TBML as well as a 2008 best practices paper on TBML, until its 2020 report *Trade-Based Money Laundering: Trends and Developments*.⁵³³ However, one shortcoming that still exists in the FATF's response is that none of its 40 Recommendations specifically focus on the trade sector or combatting TBML.

Besides the FATF, other guidance from national and international policymakers includes the 2012 TBML report by the Asia Pacific Group providing information on typologies; a report on trade finance principles from the Wolfsberg Group, International Chamber of Commerce, and BAFT; guidance by the Monetary Authority of Singapore on AML/CFT controls in trade finance and correspondent banking, and; reports on TBML and the U.S. government's response to it by the U.S. Government Accountability Office.

Across all interviews completed for this project, only a few experts mentioned any efforts made by countries to address TBML on a systemic level. In Colombia, the government passed Law 1762 of 2015 to strengthen the fight against smuggling, ML, and tax evasion, which, among other efforts, seeks to accurately measure the before-mentioned crimes, dismantle smuggling networks, and create the Interinstitutional Commission for the Fight Against Smuggling (Comisión Interinstitucional de Lucha contra el Contrabando), which is comprised of 13 agencies; the Commission has experienced some success in combating smuggling.⁵³⁴

The U.S. has issued two geographic targeting orders (GTOs) for TBML related to the LAC region in the past. In 2014, FinCEN issued a GTO targeting a wide variety of businesses, including garment and textile stores, travel agencies, lingerie stores, and beauty supply stores, located in the Los Angeles Fashion District. The GTO, which was in response to the pervasive BMPE schemes uncovered in the District (see Scope of Problem and Main Vulnerabilities section) were required to report any business transaction that involved more than US\$3,000 of cash to FinCEN for a period of 180 days.⁵³⁵ The following year, FinCEN issued a GTO requiring approximately 700 Miami businesses engaged in exporting electronics to declare business transactions involving more than US\$3,000 in cash to FinCEN for 180 days.⁵³⁶

Established by U.S. Homeland Security Investigations in 2004 in an attempt to target TBML and commercial fraud, trade transparency units (TTUs) seek to exchange and analyze trade data as well as identify and disseminate TBML trends. TTUs are established on a bilateral basis, that is an MOU is signed between the U.S. and a partner country, and data and intelligence is exchanged as such; partner countries are not connected with each other. The U.S. has TTUs with 17 other countries, with a heavy focus on Latin America (see Table 10). One major weakness of the TTU model is that data is not shared continuously, rather it is done on weekly, monthly,

533 For more information, see Financial Action Task Force, *Trade Based Money Laundering* (Paris: Financial Action Task Force, June 2006). [Retrieved online.](#); Financial Action Task Force, *Best Practices on Trade Based Money Laundering* (Paris: Financial Action Task Force, June 2008).; [Retrieved online.](#); Financial Action Task Force and Egmont Group, *Trade-based Money Laundering: Trends and Developments* (Paris: Financial Action Task Force, December 2020). [Retrieved online.](#)

534 "Ley 1762 de 2015," Función Pública, accessed August 23, 2021. [Retrieved online.](#); Se reunió la comisión contra el contrabando, el lavado y la evasión," infolaft, accessed August 23, 2021. [Retrieved online.](#); "Operación transnacional contra el fraude aduanero y el contrabando de cigarrillos y licores," Mincomercio, May 19, 2020. [Retrieved online.](#)

535 "FinCEN Issues Geographic Targeting Order Covering the Los Angeles Fashion District as Part of Crackdown on Money Laundering for Drug Cartels," Financial Crimes Enforcement Network (FinCEN), October 2, 2014. [Retrieved online.](#)

536 "FinCEN Targets Money Laundering Infrastructure with Geographic Targeting Order in Miami," Financial Crimes Enforcement Network (FinCEN), April 21, 2015. [Retrieved online.](#)

quarterly, biannual, or annual basis. This prevents potential real-time identification of TBML and fraud threats, making the model more reactive than proactive. Per experts, another challenge with TTUs is that there does not appear to be a systematic monitoring and evaluation of their performance, which, if done, could help determine their effectiveness and inform areas of improvement.

Table 10: U.S. TTU Partnerships

TTU partner country	Year MOU signed	Data sharing frequency
Colombia	2005	Monthly
Argentina	2006	Weekly
Brazil	2006	Monthly
Paraguay	2007	Monthly
Mexico	2008	Monthly
Panama	2010	Monthly
Ecuador	2011	Monthly
Guatemala	2012	Monthly
Australia	2012	Monthly
Phillippines	2013	Under renegotiation*
Dominican Republic	2013	Monthly
Peru	2015	Monthly
France	2015	Biannually
Uruguay	2016	Quarterly
Chile	2016	Monthly
United Kingdom	2017	Annually
New Zealand	2019	Pending*

Source: Government Accountability Office, Trade-Based Money Laundering: U.S. Government Has Worked with Partners to Combat the Threat, but Could Strengthen Its Efforts, GAO-20-333 (Washington, D.C.: Government Accountability Office, April 2020), 32. [Retrieved online.](#)

According to a 2020 TBML report by the U.S. Government Accountability Office, in addition to the U.S.'s TTU program, the government of Paraguay has taken steps to improve coordination and sharing of trade data within South America, including Chile, Uruguay, and Argentina.⁵³⁷

The Customs Trade Partnership against Terrorism (CTPAT) program was developed by U.S. Customs and Border Protection (CBP) in 2001 in an effort to improve national security as well as supply chain security. The program, which has more than 11,000 participants, is a voluntary public-private partnership (PPP) where companies—including importers, exporters, carriers, third-party logistics providers, and customs brokers—agree to “protect the supply chain, identify security gaps, and implement specific security measures and best practices” in exchange for, among other things, a reduced number of CBP inspections, front of the line inspections, and

537 Government Accountability Office, *Trade-Based Money Laundering*, 27. [Retrieved online.](#)

shorter wait times at the border.⁵³⁸

Circa 2018, CTPAT introduced requirements for participants to have written, risk-based procedures for screening business partners and transactions for trade-based ML and TF risk. According to an expert, this includes importers providing specialized training to their employees on TBML red flags.⁵³⁹ This program can play an important role in educating the private sector on TBML risks as well as red flags so that they can better evaluate those individuals and companies with which they do business, which in turn better protects the associated countries.

One major challenge governments face when tackling TBML is interagency coordination. Not only does law enforcement—which may include more than one agency—work together with the FIU and the judiciary, they also must coordinate with the customs agency. Intelligence may be siloed between agencies and there may be varying levels of technical capacity, trust, staffing, and legal authority (e.g. one agency may be able to conduct investigations or freeze accounts, while another cannot). Countries which still carry out paper-based investigations would have a particularly challenging time. This challenge is further compounded when agencies from different countries work together.

Another challenge in regards to TBML detection is that some customs agencies may prioritize revenue collection. One TBML expert explained that customs agencies don't do a lot of TBML investigations, focusing primarily on inspection control.

Most experts agreed that some countries, Colombia in particular, are much better at handling TBML investigations and prosecutions than others. TBML cases are often complex, taking time and staff power (and therefore money) to pursue. Some agencies may be overwhelmed by the prospect of conducting an investigation or securing a conviction, and therefore choose not to do so. For example, even though Colombia might have the technical knowledge to handle these cases, they may not have the capacity or willingness to do so. As noted in the Colombia country chapter, the government may sometimes choose the “easy out” of pursuing charges of illicit enrichment rather than ML because it has a lower burden of proof. While freezing or seizing criminal assets is an important part of combating financial as well as organized crime, it cannot be used in place of performing substantive financial investigations.

PROGRAMMATIC EFFORTS

U.S. government agencies have generally enjoyed long-standing cooperation with law enforcement agencies in the LAC region, often working side-by-side to provide training, intelligence, and policy recommendations as well as conduct bilateral investigations.

The Drug Enforcement Administration leads on drug-related TBML cases, and has one or more offices in Colombia (with regional coverage over Venezuela), Ecuador, Peru, Chile, Argentina, Paraguay, Uruguay, Brazil, Mexico (12 offices), Belize, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Guyana, Jamaica, Haiti, Dominican Republic, Barbados, Trinidad and Tobago, Curacao and Puerto Rico (with regional coverage over Cuba).

Several experts mentioned regional trainings the UNODC has been conducting for FIUs, public

⁵³⁸ “CTPAT: Customs Trade Partnership Against Terrorism,” U.S. Customs and Border Protection, accessed August 21, 2021. [Retrieved online.](#)

⁵³⁹ “CTPAT’s Warning Indicators for Trade Based Money Laundering and Terrorist Financing,” U.S. Customs and Border Protection, July 25, 2018. [Retrieved online.](#)

prosecutors' offices, customs agencies, and law enforcement, among others, on TBML.⁵⁴⁰ The UNODC operates the Global Programme against Money Laundering, Proceeds of Crime and the Financing of Terrorism, which provides training to legal, financial, law enforcement and judicial authorities in order to develop and bolster their AML/CFT capacity.⁵⁴¹ In addition, experts mentioned TBML trainings provided by CARICOM IMPACS (with funding from Canada) and the World Bank to both government and private sector stakeholders.⁵⁴²

Terrorism Financing

For LAC countries, the appropriate use of CFT tools has proven challenging. While the region experiences significant security threats, they are generally due to organized crime rather than terrorism per se. In fact, during the period 2002-2019 the region had only 1 percent of the world's deaths from terrorism, 3 percent of the world's attacks from terrorism, and 4 percent of the world's economic impacts of terrorism,⁵⁴³ despite representing approximately 8.5 percent of the world's population. By contrast, the region represents 33 percent of all intentional homicides worldwide, making it the most violent in the world.⁵⁴⁴

LAC countries adhere to international CFT standards, but in the absence of regular terrorism threats, some countries are unsure how to actually use these tools, whereas others have deployed them for something other than their intended purpose. This leaves the region less prepared to truly prevent and detect TF, which, despite being infrequent, has truly horrific consequences when it does occur.

DEFINITIONS

Internationally, there is clear consensus as to what constitutes TF. Key definitions include the 1999 UN International Convention for the Suppression of the Financing of Terrorism, which defines TF as providing or collecting funds, “by any means, directly or indirectly, unlawfully and willfully (...) with the intention that they should be used or in the knowledge that they are to be used for acts of terrorism.”⁵⁴⁵ Another foundational international definition comes from the 2001 UN Security Council Resolution 1373, which states that countries should “prohibit their nationals or any persons and entities within their territories from making any funds, financial assets or economic resources or financial or other related services available, directly or indirectly” for terrorism.⁵⁴⁶ These definitions, which also form the basis for the FATF recommendations, set a clear global standard.⁵⁴⁷ Moreover, all 33 LAC countries included in this study have ratified

540 “Subregional Meeting on Trade-based Money Laundering,” United Nations Office on Drugs and Crime, accessed August 23, 2021. [Retrieved online.](#)

541 “Global Programme against Money Laundering,” United Nations Office on Drugs and Crime, accessed August 23, 2021. [Retrieved online.](#)

542 “2020 Trainings,” CARICOM IMPACTS, accessed August 23, 2021. [Retrieved online.](#)

543 Institute for Economics and Peace, “Global Terrorism Index,” *Vision of Humanity* (2020): accessed August 13, 2021. [Retrieved online.](#) These figures include North America, Central America, South America and the Caribbean. North American data includes the United States and Canada, making the percentages even higher than they would be otherwise.

544 Amanda Erickson, “Latin America Is the World’s Most Violent Region. A New Report Investigates Why,” *Washington Post* 2018, accessed August 13, 2021. [Retrieved online.](#)

545 World Bank Group, “18.11 International Convention for the Suppression of the Financing of Terrorism Ch XXVIII”, December 9, 1999. [Retrieved online.](#)

546 “Resolution 1373,” UN Security Council, September 28, 2001. [Retrieved online.](#)

547 “International Standards of Combatting Money Laundering and Financing of Terrorism and Proliferation,” FATF, updated June 2021. [Retrieved online.](#); see page 13 in particular.

the 1999 UN Convention for the Suppression of the Financing of Terrorism.⁵⁴⁸

However, there is much less consensus surrounding terrorism itself. Within LAC countries, designations of terrorism are often piecemeal, contradictory, politically charged and even sometimes undemocratic. To cite a few of the most dramatic examples: In Nicaragua, according to law, a terrorist is anyone who “destroys public or private property with the aim of intimidating the population, (or) altering the constitutional order,” a definition more closely aligned with vandalism and one which has been used against pro-democracy protesters.⁵⁴⁹ In Venezuela, “the regime regularly uses charges of terrorism to persecute the political opposition and suppress dissent,” according to the U.S. State Department.⁵⁵⁰ In other cases, definitions of terrorism are contradictory across countries, even among close allies. For example, Colombia no longer classifies FARC as a terrorist organization following the Peace Process, and today only designates the FARC-Dissidents as terrorists. However, the U.S. continues to classify all of the FARC, regardless of disarmament status, as terrorists.⁵⁵¹ This limits U.S. ability to support peacebuilding operations in Colombia, since any U.S. aid for reintegration could constitute material support for terrorists according to U.S. law.⁵⁵² Finally, the designation of Hezbollah as a terrorist organization continues to be fragmented and politically complex in the region; Argentina, Paraguay, Honduras, Colombia, Guatemala and Venezuela (Guaidó Administration) have taken steps to side with the U.S. in this matter, while other countries in the region have not.

Among financial crimes, TF is unique in that it is defined by the illicit purpose of funds, as opposed to their illicit origin. Whereas in the case of ML, funds are inherently ill-gotten, TF may include clean money, dirty money, or some mixture of the two. In the case of clean money, for example, donations, salaries, or profits stemming from legitimate economic activities may be used to finance terrorism. In the case of dirty money, the proceeds of drug trafficking, illegal mining, human trafficking, or another illicit activity may be subsequently utilized for terrorist purposes.

To add to the complexity of the matter, there are also cases in which TF, ML, TBML and even corruption overlap. Illicit proceeds may be laundered before being transported to terrorist groups as a way to disguise their origin, thereby combining ML and TF. For example, in 2018, Brazilian authorities arrested Assad Ahmad Barakat, a Lebanese man who allegedly served as financial backer for Hezbollah, on charges of laundering US\$10 million through an Argentine casino in the Tri-Border Area.⁵⁵³ He had been on authorities’ radar since at least 2004.⁵⁵⁴

TBML methodologies may also be used to shift proceeds from one jurisdiction to another for TF purposes. In 2012, U.S. authorities presented charges against Ayman Joumaa, a Colombian resident and Lebanese national who was allegedly a key Hezbollah supporter. U.S. officials noted in a statement that he operated a “sophisticated multi-national money laundering ring,

548 “International Convention for the Suppression of the Financing of Terrorism,” United Nations Treaty Collection, December 9, 1999. [Retrieved online.](#)

549 “Nueva Ley Anti-Terrorismo de Nicaragua Está Dirigida Hacia Los Manifestantes,” Freedom House (2018): accessed on August 13, 2021. [Retrieved online.](#)

550 US Department of State, Bureau of Counter Terrorism, *Country Reports on Terrorism 2019: Venezuela*, (Washington, D.C.: US Department of State, 2019). [Retrieved online.](#)

551 U.S. Embassy Bogotá, *Statement on U.S.-Colombia Partnership to Combat Terrorism*, (Bogotá: US Embassy, 2020). [Retrieved online.](#)

552 See, for example: Falbab-Brown, Vanda, “Detoxifying Colombia’s Drug Policy,” Brookings Institute, 2020. [Available here.](#); and Adam Isacson, 2018, “Opinion | Colombia’s Imperiled Transition.” *The New York Times*, (2018). [Available here.](#)

553 “Brazil Arrests Lebanese Man Linked to Hezbollah.” *VOA News* (2018). [Retrieved online.](#)

554 US Department of Treasury, Office of Public Affairs, “Treasury Designates Islamic Extremist, Two Companies Supporting Hizballah in Tri-Border Area,” 2004. [Retrieved online.](#)

which launders the proceeds of drug trafficking for the benefit of criminals and the terrorist group Hizballah,”⁵⁵⁵ highlighting the interconnected nature of TF, ML, and drug trafficking. His methods included “suspiciously structured” international trade transactions related to automobiles,⁵⁵⁶ which were purchased in the U.S., exported to West Africa, and subsequently the proceeds of their sales transferred to Lebanon (TBML, TBTF).⁵⁵⁷

SCOPE OF PROBLEM AND MAIN VULNERABILITIES

According to interviews conducted with 250 experts, TF is the least common of the four financial crime types analyzed for this project. It nonetheless presents serious potential risks that must be carefully managed in line with national and international laws. In some sense, TF may present disproportionate challenges, as countries in the region must ensure that they have effective measures in place without the experience of having ever directly encountered the issue. As a top financial regulator from a Southern Cone country put it, “we have all the controls in place, but it’s basically a theoretical problem.”

In terms of financial scope, experts agree that TF involves much smaller quantities of money than ML. In the case of the September 11th terrorist attacks, for example, experts estimate that the total cost to Al-Qaeda was in the range of US\$400,000 - US\$500,000,⁵⁵⁸ a small sum considering the tremendous damage caused. The small size of these transactions clearly poses additional challenges to authorities attempting to prevent, detect and/or investigate such cases. A similar trend can be seen in U.S. official records related to the blocking of funds for LAC terrorist groups. For example, as of 2019, the U.S. had blocked only US\$1,478 for the ELN,⁵⁵⁹ a very modest amount.

Several factors make LAC countries vulnerable to TF. First of all, authorities struggle to adequately respond due to lack of familiarity with the problem, limited technical capacity, and other pressing financial crime issues, such as large-scale ML cases related to drug trafficking or organized crime. Second, the fact that TF uses many informal channels makes it hard to detect, especially within countries with large informal economies, where it can be like searching for a needle in a haystack. Third, the informal financial sector by definition has no AML/CFT supervision. Fourth, lack of transparency within ports and free zones is a major vulnerability facilitating TF. Fifth, pressure from actors such as FATF and the U.S. has led some LAC countries to take “superficial” steps to placate international authorities, according to one expert, rather than a more serious, genuine, and nationally-led effort based on the risk-based approach.

CHANNELS/FACILITATORS

Experts identified some of the primary channels used to carry out terrorism financing. According to August Treppel and Maria Fernanda Sarmiento of the the Inter-American Committee against Terrorism (CICTE) at the Organization of American States (OAS), some of the most important channels are informal, including informal remittances, informal trade, as well as bulk-cash smuggling. They also noted that TBML is commonly used, “but hard to detect in the current system”

555 See: US Department of Treasury, Treasury Targets Major Money Laundering Network Linked to Drug Trafficker Ayman Joumaa and a Key Hizballah Supporter in South America,” 2012. [Available here.](#); US Department of Treasury Office of Foreign Assets Control, JOUMAA Drug Trafficking and Money Laundering Organization, 2011. [Available here.](#)

556 Sebastian Rotella, “Government Says Hezbollah Profits From U.S. Cocaine Market Via Link to Mexican Cartel,” Propublica, 2011. [Retrieved online.](#)

557 “Terrorismo y tráfico de drogas,” United Nations Office of Drugs and Crime. [Retrieved online.](#)

558 National Commission on Terrorist Attacks Upon the United States, The 9/11 Commission Report, by Philip Zelikow and Commission Staff (Washington, D.C.: United States Government Printing Office).

559 U.S. Department of the Treasury, Office of Foreign Assets Control, Terrorist Assets Report, 2019. [Retrieved online.](#)

as a channel for TF. Gabriela Pellón, an AML/CFT expert consulted, asserted that the use of informal channels stems from financial institutions taking a highly cautious approach to protect themselves from risk and penalties, which has the unintended consequence of pushing a greater number of transactions into informal channels where there are no AML/CFT controls whatsoever.

The extent to which non-profit organizations (NPOs) may be used as a channel for TF is under debate. Many of those interviewed for this project disagreed with the common trope that NPOs are high-risk for TF. With regards to international standards, FATF states under Recommendation 8 that countries should “review the adequacy of laws and regulations that relate to non-profit organisations which the country has identified as being vulnerable to TF abuse. Countries should apply focused and proportionate measures, in line with the risk-based approach, to such non-profit organisations to protect them from TF abuse.”⁵⁶⁰ Moreover, FATF notes that “not all NPOs are high risk and some may represent little no no risk.”⁵⁶¹ While this recommendation essentially requires a risk-based approach, many countries have responded by applying high-risk status to all NPOs and restricting their activities. One important facet of this is that NPOs have often been excluded from the NRA process, according to experts.

Moreover, the NPO matter may place CFT and anticorruption objectives in conflict, according to those interviewed. The U.S. has been an international leader in implementing CFT measures, driving a new set of standards following the September 11th terrorist attacks. In regions like Central America, countries have followed CFT guidance very literally, cracking down on civil society across the board due to real or perceived vulnerabilities to TF. Today, as U.S. efforts rely heavily on civil society partners to advance an anti corruption agenda, they will find a reduced number of civil society partners who have managed to complete stringent and often arbitrary registration procedures under national CFT regulations.

Since many of the channels used for TF are informal, the typical gatekeepers—such as lawyers or notaries—do not appear. However, certain professions may facilitate the informal movement of TF funds, including informal money exchangers, informal traders, or contraband operators.

JURISDICTIONS AND ROUTES

The experiences of countries in the region with regards to terrorism and TF are quite disparate. Among those countries with specific cases to highlight,

- Cuba is the only LAC country to be designated as a State Sponsor of Terror.⁵⁶²
- As for those countries experiencing terrorist attacks, Colombia, Mexico, Paraguay, Peru suffered terrorist incidents in 2019.⁵⁶³
- Within LAC countries, designated domestic terrorist groups include the ELN (Colombia), the FARC Dissidents (Colombia), and the Sendero Luminoso (Peru). While the capacity of these groups to inflict violence remains a source of real concern, it is also true that many of these groups are smaller today than they have been in the past.

⁵⁶⁰ “International Standards on Combatting Money Laundering and the Financing of Terrorism and Proliferation,” Financial Action Task Force, updated June 2021. [Retrieved online.](#)

⁵⁶¹ “Recomendacion 8 Lucha Contra el Abuso de Organizaciones sin Fines de Lucro”, El Grupo de Acción Financiera de Latinoamérica and Caribbean, 7, 2018. [Retrieved online.](#)

⁵⁶² US Department of State, Bureau of Counterterrorism, “State Sponsors of Terrorism,” updated 2021. [Retrieved online.](#)

⁵⁶³ US Department of State, Bureau of Counterterrorism, “Country Reports on Terrorism,” 2019. [Retrieved online.](#)

However, TF risks extend beyond domestic terrorism activity to include the risk of being used as a transit point or staging ground for terrorism elsewhere. The greatest concerns surrounding international terrorism in the region relates to Hezbollah, a Lebanese political party and militant group that is designated as a terrorist group by some countries, as well as Iran as a state sponsor of terrorism. The extent to which external terrorist organizations or state sponsors of terror engage with Latin America is subject of intense debate. In a 2014 congressional hearing on the presence of Iran and Hezbollah in the region, Joseph Humire testified that “Iran has infiltrated and gained an inordinate amount of influence in just about every country in Latin America and the Caribbean.”⁵⁶⁴ Yet expert Michael Shifter presented a different view, arguing that “Iran has little real influence in the region today and what influence it had has declined (...) the time, effort, and resources that are being spent on the subject of Iranian intervention in the Western Hemisphere should, rather, be devoted to proactive engagement and support around the very real security issues that Latin America is confronting today—a robust drug trade and other illicit commerce, an epidemic of violence and crime, a deteriorating political, economic, and human rights situation in Venezuela, and widespread corruption and state weakness.”⁵⁶⁵

Graphic 10: Visualization of Terrorism Financing Flows Over the Past 20 Years



Source: Author's estimates based on expert interviews and other materials.

Finally, any discussion of terrorism threats in the region should note the involvement of high-level officials within the Maduro Regime with a wide range of criminal groups and regimes, including state sponsors of terror. The case of Alex Saab, a Colombian businessman al-

564 House of Representatives, Committee on Foreign Affairs, Subcommittee on Western Hemisphere, Subcommittee on Middle East and North Africa, House Hearing 114, Iran and Hezbollah in the Western Hemisphere (US Government Publishing Office, 2015).

565 Ibid.

legedly negotiating with Iran on behalf of the Maduro regime,⁵⁶⁶ is one such example. In another case, a weapons-for-cocaine trade between Colombia, Venezuela and Lebanon was facilitated by high-level corruption among officials in the Maduro regime.⁵⁶⁷

In terms of sub-national jurisdictions, borders, ports and free trade zones are higher-risk due to the informal nature of some TF channels (bulk cash smuggling, informal remittances) as well as the prevalence of trade-based channels (TBML or TBTF). These jurisdictions include the Panamanian free trade zone at Colón, and the tri-border area between Puerto Iguazú, Argentina; Ciudad del Este, Paraguay; and Foz do Iguacu, Brazil.⁵⁶⁸

The Tri-Border area merits specific attention. According to Interpol, “studies have estimated the size of illicit economies in the Tri-Border area to be in the tens of billions of U.S. dollars each year.”⁵⁶⁹ While it is true that the area has seen its share of problems, a few words of caution are warranted. First, many of these studies and cases are over 20 years old. Second, much of the coverage of the issue relies heavily on assumptions about Middle Eastern immigrant groups that are uncomfortably reminiscent of anti-muslim stereotypes in the United States following the 9/11 attacks. Third, the area’s so-called lawlessness is not particularly unique for the region, which has many porous borders and large swaths of land with weak state presence.

POLICY AND LAW ENFORCEMENT RESPONSE

As the table below indicates, the region has almost no experience successfully prosecuting TF as a financial crime. Note that while some cases have involved TF (such as Clan Barakat), it was prosecuted as a ML case.⁵⁷⁰

Country	# of TF cases investigated	# of TF convictions	Period of time	Year and source
Peru	7 in pre-trial investigation, 3 in progress	1	2014 - June 2018	2019 MER Report
Brazil	0	1	As of 2010	2010 MER Report
Chile	5	0	As of 2010	2010 MER Report
Argentina	0	0	As of 2010	2010 MER Report
Bolivia	0	0	As of 2018	2018 MER Report
Ecuador	0	0	As of 2011	2011 MER Report
Paraguay	0	0	As of 2013	2008 MER Report
Venezuela	0	0	As of 2013	2013 Informe de Seguimiento
Belize	0	0	As of 2015	2015 Informe de Seguimiento

566 Angus Berwick, “Detained Colombia Businessman Was Negotiating with Iran for Venezuela, Lawyers Say,” Reuters, 2020. [Retrieved online.](#)

567 Jim Margolin and Nicholas Biase, “Former Member Of Venezuelan National Assembly Charged With Narco-Terrorism, Drug Trafficking, And Weapons Offenses,” US Department of Justice, U.S. Attorney’s Office, Southern District of New York, 2020. [Retrieved online.](#)

568 “Evaluacion Technica-Analysis Comparativo de Tipologicas y Patrones de Lavado de Activos y Finanacimiento del Terrorismo en Tres Zonas de Libre Comercio en America Latina”, OAS CICTE, accessed July 2021. [Retrieved online.](#)

569 “INTERPOL builds presence in strategic Tri-Border region”, INTERPOL, December 23, 2019. [Retrieved online.](#)

570 “Brazil Arrests Lebanese Man Linked to Hezbollah.” VOA News, 2018. [Retrieved online.](#)

Country	# of TF cases investigated	# of TF convictions	Period of time	Year and source
Haiti	0	0	As of 2019	2019 MER Report
Jamaica	0	0	As of 2017	2017 MER Report
St. Kitts & Nevis	0	0	As of 2009	2009 MER Report
Suriname	0	0	As of 2012	3rd Informe de Seguimiento
Trinidad & Tobago	7	0	Between 2013 - 2015	2016 MER Report
Mexico	2	1	As of 2018	2018 MER Report
Colombia	-	2	2013-2018	2018 MER Report
Guatemala	0	0	As of 2016	2016 MER Report
El Salvador	0	0	As of 2014	9th Informe de Seguimiento
Honduras	0	0	As of 2016	2016 MER Report
Nicaragua	0	0	As of 2017	2017 MER Report
Costa Rica	0	0	As of 2015	2015 MER Report
Panama	5	5	As of 2018	2018 MER Report
Uruguay	4	0	2010-2018	2020 MER Report
Dominican Republic	0	0	As of 2018	2018 MER Report
Cuba	0	0	As of 2014	2014 MER Report
Antigua & Barbuda	0	0	2012-2016	2018 MER Report
Bahamas	0	0	As of 2017	2017 MER Report
Barbados	0	0	As of 2018	2018 MER Report
St. Vincent & the Grenadines	0	0	As of 2011	4th Informe de Seguimiento
Grenada	0	0	As of 2012	5th Informe de Seguimiento
Guyana	0	0	As of 2016	11th Informe de Seguimiento
St. Lucia	0	0	As of 2021	2021 MER Report

Source: GFI compilation of GAFILAT and CFATF Mutual Evaluation Reports.

PROGRAMMATIC EFFORTS

In terms of technical assistance to countries, the primary entities involved in efforts to strengthen CFT in the region are the OAS, the U.S. Government, and the FATF regional bodies. In reviewing over 85 technical assistance programs, none addressed TF as a stand-alone issue. However, many included a CFT component. Based on an analysis of publicly available information as well as of expert interviews, it is not clear how in-depth or substantive the CFT components have been. Certainly, some countries in the region are seeking better training on CFT, particularly as part of preparations for the ME process.

In terms of regional efforts, border security cooperation is key. For example, Brazil, Paraguay and Argentina have sought to strengthen cooperation in the Tri-Border Area by revitalizing the 3+1 Initiative with the United States.⁵⁷¹ However, with the Paraguayan Administration noting that they “wanted to work with the United States and not for the United States,” managing political sensitivities will be key.⁵⁷²

Corruption

Corruption in essence is the abuse of power for private gain. It covers a wide range of behavior that includes financial crimes such as bribery and fraud, but also other activities such as nepotism, lobbying, undue influence, cronyism, and patronage that result in private gain, monetary or otherwise. Corruption is therefore unique in that it is both a financial crime but also an underlying criminal act. In fact, corruption can give rise to a host of other illicit activities and financial crimes, including ML. GFI’s analysis includes not only publicly reported information but also expert views on how corruption, both as a financial crime and as a criminal activity, are deeply embedded into the fabric of government institutions and in everyday life throughout the region. For a more complete understanding of the matter, corruption is examined through both these lenses in this chapter.

Countries in the LAC region have been battling corruption for centuries, and regardless of their government, geographic region, political or economic system, it appears that most countries still fail to tackle corruption in an effective way. Corruption is the norm in the region and is characterized by growing social inequality, weakness in social and political institutions, clientelism, mistrust among individuals and institutions, and constant breach of formal rules. These elements undermine democracy, governance and sustainability and encourage the search for private benefits over the general interest.⁵⁷³

Corruption is particularly detrimental as it hurts the poor disproportionately, diverting funds intended for development and undermining a government’s capability to supply basic services.⁵⁷⁴ Left unchecked, the consequences of corrupt behavior will continue to impact present and future generations.

DEFINITIONS

Corruption often has multiple definitions, not just within a country’s legal system but also internationally, which makes it all the more complex to tackle. The FATF has repeatedly highlighted that corruption “flourishes in an environment where state officials and public sector employees misuse their positions for private gain.”⁵⁷⁵

Corruption, as defined by the World Bank, is the “abuse of public office for private gain” and

571 For more on this initiative, see Sarah Nielsen, “Fighting Terror in the Tri-Border Area,” Wilson Center, 2019. [Retrieved online.](#)

572 Natasha Niebieskikwiat, “La cumbre entre Macri y Bolsonaro Triple Frontera: Argentina busca reeditar la cooperación con Brasil, Paraguay y los Estados Unidos,” Clarin Política, 2019. [Retrieved online.](#)

573 Alejandro Pastrana, “Estudio sobre la corrupción en América Latina,” Revista Mexicana de Opinión Pública, 2019. [Retrieved online.](#)

574 United Nations Office of Drugs and Crime, *UNITED NATIONS CONVENTION AGAINST CORRUPTION* (Vienna: United Nations Office of Drugs and Crime, 2004). [Retrieved online.](#)

575 Financial Action Task Force “A Reference Guide and Information Note on the use of the FATF Recommendations to support the fight against Corruption,” 2010. [Retrieved online.](#)

covers a wide range of behavior, from bribery to theft of public funds, all the way down to petty misconduct in daily activities. Similarly, Transparency International describes corruption as the “abuse of entrusted power for private gain... (which leads to mistrust and) weakens democracy, hampers economic development and further exacerbates inequality, poverty, social division, and the environmental crisis”.⁵⁷⁶

As noted, corruption implies an abuse of power which places private interests over those of the public and these abuses can adopt multiple forms. Some of these actions may include illicit activities, but corruption on the whole is a more complex social, political, cultural and economic phenomenon that is not only composed of unlawful behaviors but also those which undermine “democratic institutions, slows economic development and contribute to governmental (and social) instability”.⁵⁷⁷ In this sense, GFI has identified several defining elements which include: private gain, abuse of power, and illegal and/or unethical conduct that ultimately result in a personal benefit, monetary or otherwise. The following approaches have been designed to further understand corruption:

- **Corruption as a financial crime:** Countries in LAC address corruption in their legal frameworks, including criminal activities that involve corruption per se, but also directly or indirectly related to fraud, theft, bribery, tax evasion, embezzlement, ML, TF, among many other illegal activities.
- **Corruption as an illicit activity:** This includes behaviors that are not necessarily penalized as financial crimes but are nonetheless illicit such as nepotism, clientelism, patronage and influence. It also includes activities that are in a gray area of being unethical and immoral.

The phenomenon becomes even more complex when corruption as a financial crime and corruption as an illicit activity mix. For example, public servants demanding or taking money, benefits or favors in exchange for services (bribery), politicians misusing public money (embezzlement), or granting public jobs or contracts to their sponsors, friends and families, and corporations (trading in influence or abuse of functions) are unambiguous examples of financial crimes. But depending on the context, identifying these activities can become more challenging. The forensic trail can be easily lost, especially if there is no direct exchange of money or tangible benefit. And even with hard evidence, prosecuting these activities can be difficult.

Clientelism or nepotism may not constitute crimes themselves, but few would argue that these behaviors are not an indiscriminate abuse of power and problematic even if they are not listed as part of an anti-corruption legislation. As previously mentioned, in these scenarios there may not be consequences in terms of penalties for criminal actors but the state suffers economic losses and the public loses trust in public institutions. This ultimately undermines and weakens democracy. Furthermore, corruption at its core is a word that captures a range of behavior that is problematic but not automatically a financial crime. Also, depending on the society’s values and context, corruption might be accepted, practiced, or even encouraged.

SCOPE OF PROBLEM AND MAIN VULNERABILITIES

All LAC countries have some degree of corruption, and it can be very different even in neighboring nations. Corruption can range from *normal* to *widespread* to *systemic*.⁵⁷⁸ It can be easier

576 Transparency International, “WHAT IS CORRUPTION?,” accessed July 2021. [Retrieved online.](#)

577 United Nations, “International Anti-Corruption Day 9 December,” accessed July 2021. [Retrieved online.](#)

578 Casals & Associates, “La Corrupción en América Latina: Estudio Analítico en una Revisión Bibliográfica y Entrevistas”, Américas’ Accountability Anti-Corruption Project for United States Agency for International Development, 2004. [Retrieved online.](#)

to identify the problematic area, sanction those who should be held accountable, and reduce the pathways that allow corruption to occur if a country has an average or normal level of corruption.⁵⁷⁹ However, once it “spreads and becomes systemic, the probability of detection and punishment is reduced, incentives are created, and corruption will likely continue to increase”.⁵⁸⁰ Some countries may even end up adopting corrupt practices and not realize it. Sometimes, it is because the country has a small population and patronage is inevitable or unavoidable. Regardless, favors and favoritism do exist and would be classified as corruption by international standards.

Deep-rooted levels of corruption have serious consequences affecting different sectors, such as human rights, the environment, national security, access to healthcare, among others.⁵⁸¹ Although it is difficult to generalize about common causes of corruption, there are some factors that are present in most and can be an influential cause for corrupt acts:⁵⁸²

- **Vulnerable public sector:** It is an established fact that a merit-based civil service is less vulnerable to corruption, especially compared to patronage-based civil service.⁵⁸³ However, in most LAC countries, that “transition” remains a work in progress. Despite reforms, the public sector remains highly susceptible to malign influences and there is still the need to strengthen the public sector to make it more “accountable, transparent, and efficient, and reduce the incentives that lead to abuse of power”.⁵⁸⁴
- **Dysfunctional judicial systems that are neither efficient nor independent:** Despite judicial reforms taking place in different countries (e.g., penal codes and creation of oversight institutions), judicial systems in many LAC countries do not prosecute or sanction corrupt officials. Money or influence can buy favorable judgments, there is a shortage of training and resources, and cases are “lost”, delayed or dropped. Corruption “reduces public confidence in justice, weakens the capacity of judicial systems to guarantee the protection of human rights, and affects the work and independence of judges, prosecutors, lawyers and other legal professionals”.⁵⁸⁵ Consequently, people, and particularly the poor, are discouraged from using them. The judiciary cannot enforce criminal laws effectively, thus contributing to impunity.
- **Lack of political will:** Even though most elected officials promise to fight corruption, there have been few who have been able to fulfill their promises once in office. Maintaining political will has proven difficult for many leaders because of 1) opposition from those with a vested interest in maintaining the status quo; 2) unrealistically high expectations about reducing corruption; 3) no practical or immediate consequences for not keeping electoral promises; and 4) inability of leaders to cooperate with the opposition, build consensus and mobilize support.
- **Complex and excessive bureaucratic procedures and regulations to obtain permits, licenses, registrations:** Regular citizens, private investors and even public officials face

579 Ibid.

580 Ibid.

581 Michael A. Sartor and Paul W. Beamish, “Private Sector Corruption, Public Sector Corruption and the Organizational Structure of Foreign Subsidiaries,” *Journal of Business Ethics*, 2020. [Retrieved online.](#)

582 Casals & Associates, “La Corrupción en América Latina: Estudio Analítico en una Revisión Bibliográfica y Entrevistas”, Américas’ Accountability Anti-Corruption Project for United States Agency for International Development, 2004. [Retrieved online.](#)

583 Organization for Economic Cooperation and Development, “La Integridad Pública en América Latina y el Caribe 2018-2019,” 2019. [Retrieved online.](#)

584 Casals & Associates, “La Corrupción en América Latina: Estudio Analítico en una Revisión Bibliográfica y Entrevistas”, Américas’ Accountability Anti-Corruption Project for United States Agency for International Development, 2004. [Retrieved online.](#)

585 Diego García-Sayán, “Corrupción, derechos humanos, independencia judicial” United Nations Office of Drugs and Crime, July 25, 2017. [Retrieved online.](#)

challenges whenever formal requirements are unjustly excessive and complex, preventing regular lawful procedures, and economic activities to properly develop. Then, intricate procedures might favor corruption, especially small scale corruption.⁵⁸⁶

Experts identified corruption as systemic in the region. In general, scholars, academics, analysts, civil society, government officials and policy makers are still struggling to identify common elements and roots of corrupt systems. Capacity and resources are also important. In this sense, governments with fewer resources and technical skills may face greater challenges in understanding and tackling corrupt practices.

Experts agree that corruption is a collective action problem, but also an “equilibrium”. In this sense, actors involved are aware of the conduct most of the time, and allow it to happen for their best interest, creating an “unlawful” or at least an “unethical” balance. Sometimes, society or even actors involved acknowledge or decide to stop being part of the corrupt system, and disrupt the equilibrium. The challenge is determining how to channel that disruption to create institutional change. Specialists agree that change, when promoted sustainably, can take anywhere from a couple of years to decades before its effects are felt.

Bureaucracy is also a recurrent element mentioned by experts, as an avenue for corruption to flourish. Specialists agree that it is not ideal to eliminate bureaucracy entirely, as it is needed for complex projects and major impact programs from the government, for example environmental and social licenses for mining projects. But at the same time, there are transactions that do not require excessive bureaucracy to be achieved. Technology and “administrative simplification” were highlighted as critical for achieving efficiency within this context. Furthermore, the quality of bureaucrats and politicians is key to implement real anti-corruption measures that do not serve private interests, especially in vulnerable sectors such as health (where recently the COVID-19 pandemic has allowed expedited processes for massive contracts for obtaining medical equipment and vaccines), infrastructure, and education, among others.

Corruption also involves power quotas, where high-level officials enjoy more impunity than regular citizens that are prosecuted and fined according to law. Some states have the capacity to tackle corruption, but do not do so accordingly. For example, Brazil has the resources to identify and prosecute corruption, with robust access to a public information law and strong inter-agency coordination between police and judicial institutions, but lacks firm political will.

Regarding challenges, experts mentioned that access to public information is one of the top issues when combating corruption. Some government entities have introduced procedures to access information that ultimately is not delivered properly, which applies to both privileged information among entities and public information for citizens. Sometimes it is not easy to detect a corrupt situation, as it is necessary to include the whole spectrum of network, norms, actors involved, etc. Another challenge is impunity, where there is a “disconnect” between illicit crimes and prosecutions, with several factors enabling corruption: political will, resources, and knowledge, among others. Another challenge is that there might be several definitions of corruption that are managed within a country. Not having a common definition of a crime makes it more difficult to identify and prosecute cases, nationally and regionally.

There’s no “one-size-fits-all” approach in the region regarding corruption, as it may involve

⁵⁸⁶ Casals & Associates, “La Corrupción en América Latina: Estudio Analítico en una Revisión Bibliográfica y Entrevistas”, Américas’ Accountability Anti-Corruption Project for United States Agency for International Development, 2004. [Retrieved online.](#)

several illicit actions as well. The best anti-corruption initiatives are those that involve not only political will from states, but also the participation of civil society and the private sector.

JURISDICTIONS AND ROUTES

This analysis also identified corruption hotspots per region. It is important to highlight that corruption is linked to other financial crimes and activities such as ML, TF, TBML, drug trafficking, mineral trafficking, and TIP/SOM. For further detail, please see Graphic 11.

Mexico

Bribes are very common with 34 percent of public service users reporting having paid a bribe in the last year.⁵⁸⁷ Business is no exception. Mexico's customs administration carries a high corruption risk for businesses in which bribes and irregular payments during the customs process are perceived by businesses to be common.⁵⁸⁸ In 2016, the government "estimated that out of every 10,000 import and export procedures, 'corrupt activities' happened in 1,157 cases".⁵⁸⁹

Central America - Nicaragua

Corruption in Nicaragua is found at almost every level. It is so pervasive that it extends into neighboring countries via its commercial relations. Experts and companies report that bribes and irregular payments are commonly exchanged. In addition, there is a moderately high risk of corruption in Nicaragua's natural resources sector. It is estimated that 13 percent of Nicaragua's gold is produced illegally and laundered and exported to other countries with the help of corrupt government officials.⁵⁹⁰ Moreover, other countries have been implicated with corruption regarding their assistance, investments and political/economic relations with Nicaragua, as in the case of Venezuela, Taiwan and Korea.

South America - Venezuela

The Venezuelan corruption network has grown so much that it not only impacts countries in its region, but also Europe and Asia. Currently, prosecutors and courts from at least 20 countries have opened ML investigations to track down corrupt Venezuelan money.⁵⁹¹ The main reason for this flow of money to other countries, and the reason why the investigations have been initiated, is related to ML, resulting from corruption. There are also investigations in countries such as Spain and Portugal for the laundering of millions of euros illegally extracted from PDVSA.⁵⁹²

Caribbean: Haiti

Haiti is one of the most corrupt countries in the LAC region. Institutionalized corruption from Haiti has extended to its neighboring countries, especially those with which Haiti has commercial relations. Exports worth hundreds of millions of dollars enter Haiti illegally each year, depriving the government of revenues needed to create jobs and provide basic services, and stifling the growth of Haiti's own agricultural and industrial sectors. This is the case for countries such as the Dominican Republic, with which Haiti shares borders. Attempts by both governments to curb these flows have done little to change the status quo.

587 Transparency International, "Mexico," accessed July 2021. [Retrieved online.](#)

588 World Economic Forum, "The Global Enabling Trade Report 2016," accessed July 2021. [Retrieved online.](#)

589 Risk and Compliance Portal, "Mexico," GAN Integrity, accessed July 2021. [Retrieved online.](#)

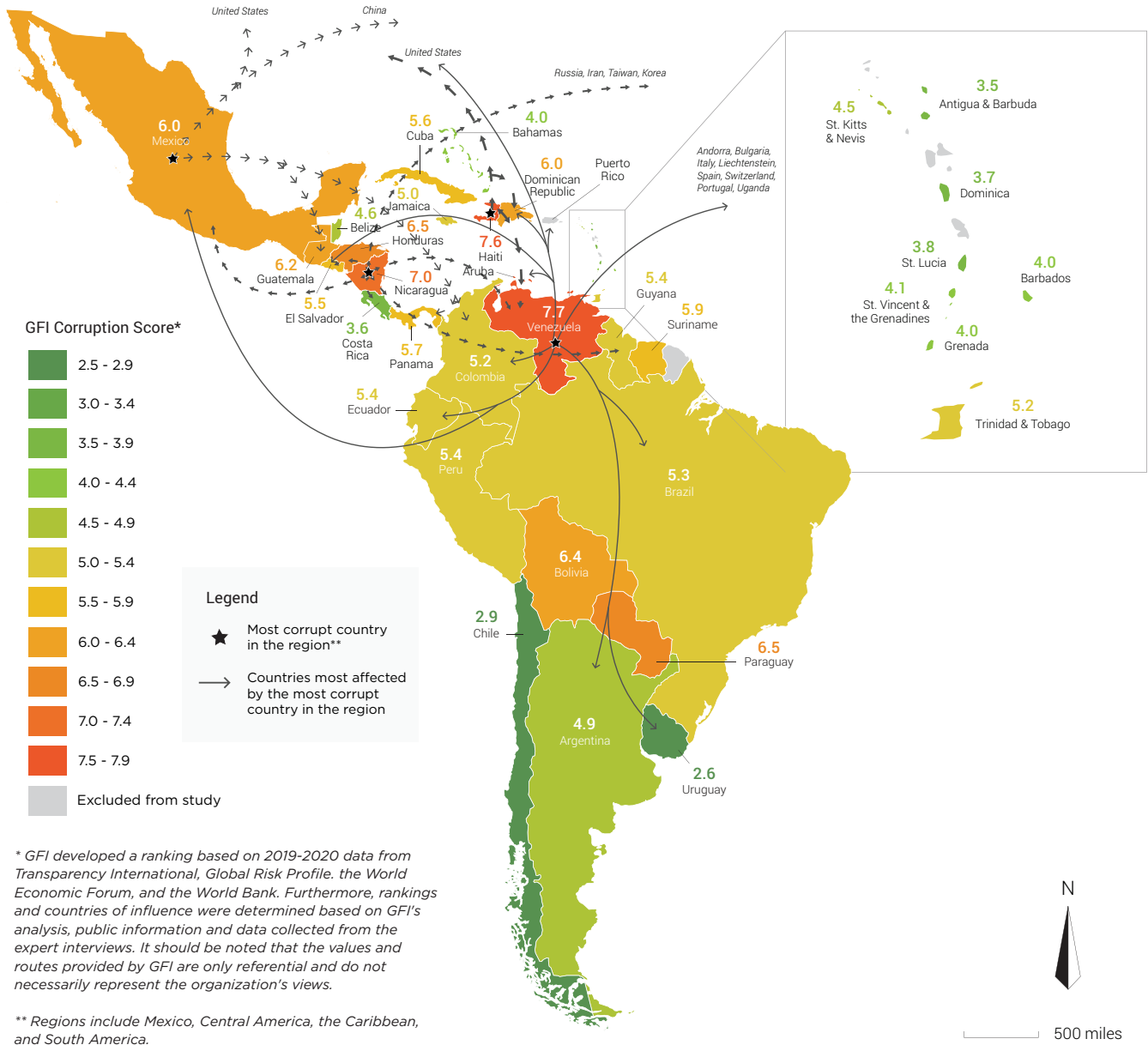
590 "The Nexus of Illegal Gold Mining and Human Trafficking in Global Supply Chains," Verite, July 2016, 3. [Retrieved online.](#)

591 Transparencia Venezuela, "Al menos 20 países investigan 50 casos de corrupción con dinero de Venezuela", August 23, 2019. [Retrieved online.](#)

592 Ibid.

Graphic 11:
Corruption Ranking and Impact in the Latin America and Caribbean Regions

Global Financial Integrity (GFI) developed a corruption ranking per country where 0 represents the lowest risk of corruption and 10 indicates the highest risk of corruption regionally. Additionally, the most corrupt country in each region was identified as well as its influence in other countries.



CHANNELS/FACILITATORS

Corruption is prevalent in most ordinary aspects of daily life, including but not limited to large scale corruption within the public sector and private sector, affecting the lives of average citizens. According to Transparency International, among 18 LAC countries, 56 million people had paid bribes in 2018.⁵⁹³ One common and accepted practice is to give away presents, favors or

593 Coralie Pring and Jon Vrush, *Barómetro Global de la Corrupción: América Latina y el Caribe 2019*, (Berlin: Transparency International, 2019). Retrieved online.

cash to speed up paperwork or avoid fines.

In regard to which channels enable and facilitate corruption, several risk factors can be identified. For instance, the use of cash may be a risk factor which is often common in LAC societies in which banking and informality levels are low. Even though cash is more commonly generated in smaller-scale, endemic corruption cases, the FATF's case review also demonstrated the involvement of large amounts of unexplained cash in grand corruption cases. As corrupt officials and individuals seek to transfer illicit funds out of the victim country, one method for doing so is the physical movement of cash.⁵⁹⁴

According to FATF, common elements of many corruption cases include the use of legal persons (especially if they can be created/dissolved easily), trusts or non-profit organizations. In this sense, there can be a risk of misuse of those elements to launder proceeds from corrupt activities.⁵⁹⁵

POLICY AND LAW ENFORCEMENT RESPONSE

While most LAC countries have passed anti-corruption laws, they are not fully effective because of political will to eradicate corruption.⁵⁹⁶ Although national and regional scandals, such as the Lava Jato, expose corrupt elites and networks, very often there is no robust political will to tackle corruption or to prevent future cases from happening.⁵⁹⁷

In order to truly combat corruption in the long run, governments need to implement resources for effective law enforcement that begin with public sector reform, especially of the judicial systems. Reforms focusing on improving financial management and strengthening the role of oversight agencies have in many countries achieved greater impact than other public sector reforms on curbing corruption.⁵⁹⁸ As mentioned before, dysfunctional judicial systems are one of the reasons why corruption has been institutionalized in LAC societies since there is no impactful consequence for unlawful acts.

Table 11: Corruption Cases and Convictions by Country

Country	# of corruption cases investigated	# of corruption convictions	Period of time	Year and source
Peru	n/a	7,418	2014 - 2018	2019 Mutual Evaluation Report of Perú GAFILAT
	n/a	1,021	2017	2017 Public Ministry National Annual Report
Brazil	170,886	n/a	2012 - 2021	2021 Portal da Transparência do Brazil
Chile	3,439	353	2018	2018 Public Ministry Nacional Annual Report

594 Financial Action Task Force, *THE USE OF THE FATF RECOMMENDATIONS TO COMBAT CORRUPTION*, (Paris: Financial Action Task Force, 2013). [Retrieved online.](#)

595 Ibid.

596 Casals & Associates, "La Corrupción en América Latina: Estudio Analítico en una Revisión Bibliográfica y Entrevistas", Américas' Accountability Anti-Corruption Project for United States Agency for International Development, 2004. [Retrieved online.](#)

597 Coralie Pring and Jon Vrush, *Barómetro Global de la Corrupción: América Latina y el Caribe 2019*.

598 Transparency International, "How To Stop Corruption: 5 Key Ingredients," accessed July 2021. [Retrieved online.](#)

Country	# of corruption cases investigated	# of corruption convictions	Period of time	Year and source
Argentina	979	n/a	2020	2020 Administrative report of the public prosecution office
Bolivia	252	n/a	2006 - 2010	2011 Mutual Evaluation Report of Bolivia GAFISUD
Ecuador	n/a	n/a	n/a	2011 Mutual Evaluation Report of Ecuador GAFISUD
Paraguay	704	n/a	1999 - 2021	2021 Observatorio de causas de corrupción Corte Suprema de Justicia de Paraguay
Venezuela	n/a	n/a	n/a	-
Belize	n/a	n/a	n/a	2011 Mutual Evaluation Report of Belize GAFIC
Dominica	n/a	n/a	n/a	2009 Mutual Evaluation Report of la mancomunidad de Dominica GAFIC
Haiti	151	n/a	2012 - 2017	2019 Mutual Evaluation Report of Haiti GAFIC
Jamaica	45	n/a	2014 - 2015	2015 The Commission for the Prevention of Corruption Annual Report
St. Kitts & Nevis	n/a	n/a	n/a	2009 Mutual Evaluation Report of St Kitts & Nevis GAFIC
Suriname	n/a	n/a	n/a	2009 Mutual Evaluation Report of Surinam GAFIC
Trinidad & Tobago	14	n/a	2013 - 2014	2016 Mutual Evaluation Report of Trinidad and Tobago GAFIC
Mexico	12,987	51	2013 - 2016	2018 Mutual Evaluation Report of Mexico GAFILAT
Colombia	920	212	2016 - 2018	2019 Corporación Transparencia por Colombia Bogotá D.C
Guatemala	2,093	200	2011 - 2015	2016 Mutual Evaluation Report of Guatemala GAFILAT
El Salvador	n/a	n/a	n/a	2010 Mutual Evaluation Report of El Salvador GAFIC
Honduras	2	n/a	2011 - 2014	2016 Mutual Evaluation Report of Honduras GAFILAT

Country	# of corruption cases investigated	# of corruption convictions	Period of time	Year and source
Nicaragua	n/a	n/a	n/a	2017 Mutual Evaluation Report of Nicaragua GAFILAT
Costa Rica	n/a	13	Jan. - June 2019	2019 Costa Rica Public Ministry Newsletter
	1,211	n/a	2019	2019 Public Ministry's Accountability Report
Panama	17	n/a	2012 - 2016	2018 Mutual Evaluation Report of Panama GAFILAT
Uruguay	340	253	2015 - 2018	2020 Mutual Evaluation Report of Uruguay GAFILAT
Dominican Republic	n/a	13	2012 - 2016	2018 Mutual Evaluation Report of Dominican Republic GAFILAT
Cuba	n/a	519	2011 - July 2014	2017 Mutual Evaluation Report of the Republic of Cuba GAFILAT
Antigua & Barbuda	2	0	2012 - 2016	2018 Mutual Evaluation Report of Antigua & Barbuda GAFIC
Bahamas	12	n/a	2011 - 2014	2017 Mutual Evaluation Report of Bahamas GAFIC
Barbados	n/a	n/a	n/a	2018 Mutual Evaluation Report of Barbados GAFIC
St. Vincent & the Grenadines	n/a	n/a	n/a	2010 Mutual Evaluation Report of St. Vincent & the Grenadines GAFIC
Grenada	n/a	n/a	n/a	2009 Mutual Evaluation Report of Grenada GAFIC
Guyana	n/a	n/a	n/a	2011 Mutual Evaluation Report of Grenada GAFIC
St. Lucia	n/a	0	Up to 2008	2008 Mutual Evaluation Report of Santa Lucia GAFIC

Source: GFI compilation of data.

PROGRAMMATIC EFFORTS

In the past few decades, LAC countries have begun passing new anti-corruption legislation and ratifying conventions, such as the Inter American Convention against Corruption and the UN Convention against Corruption. Of the 33 countries listed in the previous section, all have taken at least one legislative action related to preventing corruption, either by passing separate laws, modifying the Penal Code, or even creating an anti-corruption agency.

Nevertheless, despite the development of anti-corruption legislation, stronger democratic institutions, and greater awareness of corruption among citizens and governments in the region, the fight against corruption has suffered numerous setbacks. Frameworks and laws remain unenforced (or partially enforced) since governments have lacked the political will to control and combat corruption in a substantial and holistic manner. Finally, LAC governments have enacted legal instruments, sometimes as an initiative to comply with international conventions against corruption, without really committing to solve the problem collectively.⁵⁹⁹

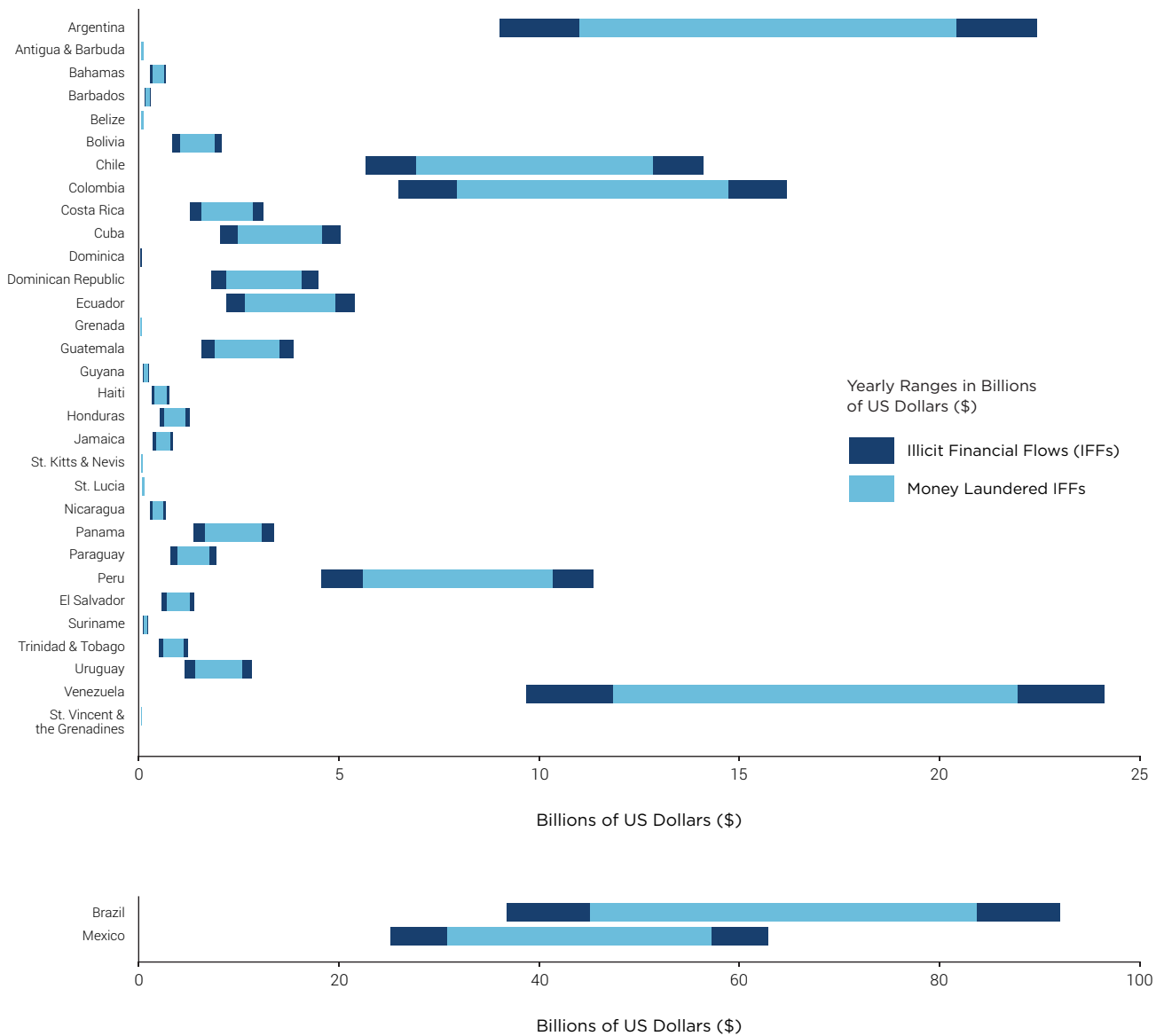
599 Casals & Associates, “Estudio de la Corrupción en América Latina”, Américas’ Accountability Anti-Corruption Project for United States Agency for International Development, 2011. [Retrieved online.](#)

Data Estimates

Graphic 12:

Financial Crime Quantitative Estimates for Latin America and the Caribbean

This methodology employs the 2% - 5% "consensus range" for criminal proceeds, which has been widely used by organizations such as the United Nations Office on Drugs and Crime (UNODC). Starting with World Bank GDP data, GFI applied a 2% (low-end) and 5% (high-end) estimate to obtain a yearly range. However, it is important to note that not all criminal proceeds are laundered. Based on estimates by the UNODC that 70% of illicit financial flows are laundered, a second range is provided, indicating the estimated yearly value of money laundering for each economy. It should be noted that GFI used the most updated available GDP information per country.



Conclusions and Recommendations

The solutions to tackle financial crime and criminal activity are not simple and are inextricably tied to the complexities the region faces from inequality, violence, weak institutions, corruption, and declining economic growth. However, the analysis and the interviews do reveal the value and appreciation of ongoing U.S. technical assistance programs, a sophisticated understanding amongst regional experts of financial crime, and both an eagerness and willingness to increase capacity within government agencies.

Because the recommendations are focused on strengthening the U.S. relationship with the region, the recommendations are focused on both the U.S. and the governments of the LAC region. At its heart, the recommendations and analysis reveal that financial crime and criminal activity is a symptom of the deep-seated institutional and governance issues the region faces. Finding ways to marry ongoing technical assistance efforts with wider programs targeting governance and development in the region is necessary to ensure that the gains made from co-operation and technical assistance don't stagnate.

RECOMMENDATIONS AND NEXT STEPS TO COUNTER

Money Laundering

Implement strong and transparent BO registries in the region: LAC region governments both individually and through support from processes like EITI and OGP are implementing BO registries. Support should be provided to ensure that there are adequate resources that support the technological and technical frameworks around these registries. Additionally, USG can provide support to ensure that the registries are compatible to allow for easier exchange of data between countries within the region and with the U.S.

Create programs that look beyond drug trafficking to better target ML: For many of the countries in the LAC region, especially the economies that are dependent on U.S. assistance, the focus of ML efforts is primarily linked to efforts to tackle drug trafficking from the region to the U.S. Experts from the region have said this has limited efforts to develop ML prosecutions and investigations outside of drug trafficking. It is recommended that future interventions and technical assistance programs look at financial crime issues related to fraud and real estate that are of concern to the governments in the region.

Systemic issues of corruption should be a focus to improve enforcement of ML: Build safeguards into ongoing technical assistance programs to account for challenges like low wages, corruption, political pressure, and threats to physical security that participants from technical assistance may experience. Accounting for such risks improves long term effectiveness and enforcement of AML laws.

Address inefficiencies in mutual co-operation and data-sharing through the MLAT process: ML is very much a cross-border issue. To address the problems in the MLAT process, it is recommended that USG embed staff on a rotational/second basis within different LAC government FIUs to improve mutual cooperation and data exchange. Additionally, where appropriate, they should allow staff from LAC country governments to embed themselves with OIA to better understand the process and requirements of U.S. law needed to exchange information.

Address silos within U.S. government agencies to better tackle ML risks and improve ML enforcement from LAC region: USG should conduct an assessment within embassies in the LAC region and between different government agencies including DEA, DOJ, Treasury, FinCEN, State Department, and FBI to identify silos and areas for increased engagement and information sharing.

Provide technical resources for data analysis within FIUs of the LAC region: The absence of adequate technological infrastructure to conduct data analysis from SAR filings as well as technical expertise on data analysis was a problem with many countries in the LAC region. Strengthening data analysis capacity within the LAC region and equipping FIU with current technological platforms improves AML enforcement and reduces risks to the U.S.

Provide FinCEN resources to ensure that it can take on new and emerging challenges from financial crime risks: To ensure that FinCEN is well equipped to provide assistance to LAC region FIUs and address financial crime risks from the Western Hemisphere, it is recommended that FinCEN should prioritize the implementation of the U.S. BO registry to ensure that the U.S. is no longer a safe haven for criminal activity and financial crimes risks from the LAC region.

RECOMMENDATIONS AND NEXT STEPS TO COUNTER

Trade-Based Money Laundering

Recommendations for U.S. assistance on TBML in the LAC region center around capacity building and improved coordination.

Improve both the awareness and knowledge of TBML: It is impossible to combat any crime, let alone TBML, if responsible stakeholders – law enforcement, prosecutors, judiciary, customs, private sector, etc. – do not understand the depth and dynamics of the crime as well as the steps to combat it. Additionally, as TBML is itself a cross-border method of laundering money, it is essential for countries to dynamically exchange intelligence and data. The U.S. government should consider the different avenues available, such as via UNODC, CARICOM IMPACS, or its own agencies, to provide training and support to governments as well as the private sector on detecting and responding to TBML. For example, it could provide support to the GPML's two mentorship programs, the AML/CFT Mentor Program, which provides long-term capacity building and training to UN Member States, and the Prosecutor Placement Program, which pairs new prosecutors and practitioners with experienced confiscation legal teams.⁶⁰⁰ This type of sustained, personalized training is imperative for improving technical competency within countries. The U.S. should also encourage other countries to perform their own GTOs in order to better understand the actors, channels, jurisdictions, and routes involved in TBML schemes.

Strengthen coordination: In regards to improving coordination, the U.S. should conduct an evaluation of the performance of its TTUs, as they can serve an important role in remedying the information asymmetry inherent in international trade. In addition, the U.S. should encourage partner countries to implement public private partnerships (PPPs)s, both along the CTPAT model to better vet those private sector stakeholders engaged in trade as well as general PPPs between the country's FIU, other relevant government agencies, and stakeholders from the financial and non-financial sectors. Finally, the U.S. should consider supporting the creation of

600 United Nations Office on Drugs and Crime, "Training & Tools," accessed August 23, 2021. [Retrieved online.](#)

standards for the collection and harmonization of trade data in order to facilitate information sharing between countries. While all countries use the Harmonized System codes for identifying commodities and services, problems still remain when linking both sides of a trade transaction (i.e. import and export), which can be an impediment to investigating all trade-based financial crimes.⁶⁰¹

RECOMMENDATIONS AND NEXT STEPS TO COUNTER

Corruption

Improve transparency and meritocratic selection of public functionaries and ensure teams of qualified professionals: By increasing the degree of political competition and meritocracy in bureaucrat recruitment processes, simplification of procedures, strengthening decision-making processes within the State, or improving the corporate governance of state and private companies, LAC countries are more likely to guarantee the integrity of public policies, prevent corruption and ultimately, contribute to the collective welfare.⁶⁰² Also, efforts to professionalize, implement trainings, and develop knowledge on corruption and its consequences is advised.

Strengthen the oversight of institutions: Addressing weak oversight and inadequate transparency in national and local government are key points to reverting corruption. A way to make sure “resources reach those most in need and are not subject to theft by the corrupt, anti-corruption authorities and oversight institutions must have sufficient funds, resources, training and independence to perform their duties”.⁶⁰³ Those who align risk identification with strategic government and operational activities, might be more successful at reducing corruption.⁶⁰⁴

Bolster data access and use of technology: Improve access to data and develop technological tools to support fraud risk management not only to facilitate efficiency, but also strengthen the appropriation of control and risk management.⁶⁰⁵ Governments should ensure people receive easy, accessible, timely and meaningful information by guaranteeing their right to access information in the first place.

Increase transparency of the financial system: Transparency can be achieved by creating a reliable trail of true ownership and movement of assets, within the country and abroad.⁶⁰⁶ In this sense, GFI recommends improving the transparency and availability of information on the beneficial ownership of legal persons and structures, not only to tackle corruption but also other financial crimes.

Increase general awareness of corruption: As mentioned before, corruption is a phenomenon that all countries in the LAC region experience, and have been experiencing for decades. It is important to collectively work with government entities and officials, the private sector, civil

601 Government Accountability Office, *Trade-Based Money Laundering*, (Washington, D.C.: Government Accountability Office, 2020), 28. [Retrieved online.](#)

602 Banco de Desarrollo de Latin America, *Integridad en las políticas públicas: Claves para prevenir la corrupción*, (Bogotá: Banco de Desarrollo de Latin America, 2019). [Retrieved online.](#)

603 Transparency International, *Corruption Perceptions Index: 2020*, (Berlin: Transparency International, 2020). [Retrieved online.](#)

604 Organization for Economic Cooperation and Development, *La Integridad Pública en América Latina y el Caribe 2018-2019*, (Paris: Organization for Economic Cooperation and Development, 2019). [Retrieved online.](#)

605 Ibid.

606 Ibid.

society, academia, the press, and others to focus efforts in identifying corruption, understanding its elements, developing strategies to combat it, and engaging in multinational efforts to address it regionally. Corruption should be addressed in a holistic manner and all actors in society should take a role from their own sector and capabilities. Truly understanding the spectrum of corruption and its impacts to society in the long term should be addressed collectively.

RECOMMENDATIONS AND NEXT STEPS TO COUNTER

Terrorism Financing

Update TF Risk Assessments: Issues have been identified with the Tri-Border area of South America, but much of the information being cited is over 20 years old. As part of the 3+1 initiative, members Brazil, Argentina, Paraguay and the United States should conduct a current risk assessment.

Improve consistency among terrorist definitions: For example, the U.S. should de-list FARC to be consistent with Colombian national legislation and to support implementation of the Peace Process.

Strengthen understanding of TBTF: Many of the strategies to tackle TBML will also be effective against TBTF, a commonly-used but difficult-to-detect channel for TF. Through its technical assistance programs, the U.S. should strengthen regional capacity on TBML/TBTF.

Encourage formalization of remittances: Since informal remittances are a primary channel for TF, countries in the region should take measures to promote formal, regulated remittance service providers and to accurately report ingoing and outgoing formal remittance flows.⁶⁰⁷ Onerous remittance or exchange rate regulations may serve to increase informality, according to studies.⁶⁰⁸

Tackle cross-border movement of cash through information exchange: Regional efforts to exchange information related to bulk cash, such as the *Red de Control del Transporte Transfronterizo de Dinero* (“Red TTD”) spearheaded by Costa Rica and GAFILAT, are very promising. Going forward, the U.S. should engage with this process as well.

Update TF language: More needs to be done by governments in the region, as well as by donors such as the U.S., to decouple the notion that a Middle Eastern diaspora population is inherently high-risk for terrorism. This language is outdated and offensive, especially in a region where an estimated 18 million people are of Middle Eastern descent, including many respected business and political leaders.⁶⁰⁹

Let regional organizations lead: U.S.-led CFT efforts in the region risk being seen as a so-called “U.S. obsession.”⁶¹⁰ Regional organizations, such as the OAS, GAFILAT or CFATF, may be better situated to lead such efforts.

607 Global Financial Integrity, “Remittances and Transparency in Government Reporting”, June 16, 2020. [Retrieved online.](#)

608 See, for example, the case of Argentina-Paraguay remittances and Argentine peso controls Manuel Orozco, *Remittances*, (Washington, D.C.: Inter-American Dialogue, 2017), 9. [Available here.](#)

609 Gerardo Lassar, “Las lecciones de América Latina en su exitosa integración de la última gran oleada de inmigrantes árabes,” BBC, 2015. [Retrieved online.](#)

610 Juan Pablo Figueroa, “La obsesión de EE.UU. con las supuestas conexiones del terrorismo islámico en Chile”, Ciper, 2011. [Retrieved online.](#)

Separate real CFT from efforts to stifle dissent: Governments in the region are using CFT laws to go after pro-democracy groups, anti-corruption advocates, and civil society. The U.S., which plays a leading international role in CFT standard-setting, should speak up on this matter, particularly as it affects Central American countries and anti corruption efforts.

Engage NPOs: According to experts interviewed, NPOs are simultaneously viewed as high-risk and excluded from national AML/CFT efforts. Countries should view NPOs as potential allies in this process, starting by inviting them to participate in the NRA process.

RECOMMENDATIONS AND NEXT STEPS TO COUNTER

Trafficking in Persons/Smuggling of Migrants

Assess the efficacy of TIP public awareness campaigns: Many countries in the region are investing in large-scale campaigns to raise public awareness of how to avoid becoming a victim of TIP. However, little is known about the effectiveness of these efforts. According to a top international expert interviewed for this project, “our biggest question is if these campaigns are actually working.” Because governments are investing limited resources, this is a zero-sum effort, so its effectiveness should be evaluated.

Conduct more research on the financial pathways behind TIP/SOM: Very little is currently known about how the proceeds of human trafficking and smuggling are stored, moved or utilized. This is a major hurdle in effectively addressing the crime. Anecdotal information and educated guesses are not sufficient; serious, data-driven studies are needed to better understand the phenomenon. Moreover, information exchange between countries is critically important as these are transnational crimes.

Recognize that restrictive border policies contribute to SOM: Many asylum seekers from LAC hire smugglers to reach the U.S. border. If asylum seekers were allowed legal methods to present their asylum claims, including but not limited to options for remote processing in their home country, this would dramatically reduce business for human smugglers.

Return assets to migrants following deportation: When migrants are deported, U.S. authorities frequently confiscate their assets—such as money, cellphones, ID cards, or jewelry—and do not return them. Asset confiscation contributes heavily to subsequent border crossing attempts and reliance on smugglers, since migrants do not have enough financial resources to reestablish a life in their home country. One study of deported Guatemalan migrants found that 13 percent left savings in the U.S. worth an average of \$7,000; of these, 74 percent were not able to recover any of their assets in the six months following deportation, which constitutes an important motivation for re-migration.⁶¹¹

Urgently address issues of migrant smuggling debt: More than perhaps any other single factor, unresolved debt from unsuccessful migratory attempts sets people at risk for other types of victimization, including extortion and human trafficking.

611 David Dow, Juan Tellez, Mateo Villamizar Chaparro and Erik Wibbels, “Biden Wants to Halt Deportations. Here’s What Happens When Migrants Are Sent Back,” *The Washington Post*, 2021. [Retrieved online.](#)

RECOMMENDATIONS AND NEXT STEPS TO ADDRESS

Drug Trafficking

Most of the recommendations for drug trafficking relate to the relationship between that crime and ML, and how they are treated in the judicial system.

Support countries in the drafting and/or implementation of asset seizure legislation:

More than one expert remarked on the ease with which traffickers are able to keep the proceeds from their crimes, allowing them to transition into other legitimate and illegitimate activities.

Promote the application of money laundering charges in conjunction with drug trafficking charges:

Several experts expressed frustration with the fact that many countries will drop money laundering charges when they can ensure a guilty plea for the drug trafficking offense. It is important to promote the application of ML charges in conjunction with drug trafficking charges and work with countries to ensure that individuals or entities can be prosecuted for money laundering without first securing a drug trafficking conviction.

Support capacity building for judges and prosecutors: Training to address judicial and operational issues that lead to bottlenecks in the justice system can make an important difference.

Keep an eye on the growth of synthetics, both in terms of increased trafficking as well as the rise of domestic consumption in LAC countries.

Improve the exchange of intelligence/information sharing between domestic agencies as well as between countries.

RECOMMENDATIONS AND NEXT STEPS TO COUNTER

Mineral Trafficking

Carefully consider de-risking: Efforts to tackle the illicit trade in gemstones must ensure that they do not negatively impact artisanal and small-scale miners. Excluding them or declining to purchase gemstones from the ASM sector pushes the trade underground and exacerbates the increased presence of criminality and exploitation.

Expand the focus beyond gold: Currently, much of the focus in the LAC region is on the gold sector and its associations with organized crime and drug trafficking. The LAC region is rich in many other extractives, all of which are vulnerable to financial criminal activity. Understanding and investing resources in other mining sectors is essential to also ensuring long term economic growth in the LAC region.

Recognize that financial crimes occur throughout the supply chain: Ongoing programmatic efforts have focused on the formalization of the ASM sector and creating processes to strengthen supply chain integrity. This unfortunately only targets the source and origins of gold, but excludes the risks from corruption, TBML, ML that exist in other parts of the supply chain. Therefore, expanding the aperture through which financial crime risks are addressed spreads out the responsibilities through the supply chain and not just on the ASM sector, where it is hardest to implement and unintended consequences of policy making further engender poverty and negatively impact development.

Provide guidance and training on TBML: The interviews with experts and government officials throughout the LAC region revealed an unfamiliarity on how to tackle TBML, unless it was directly connected to drug trafficking. The illicit trade in precious metals and gemstones is done through smuggling but in many cases involves schemes utilized in ML. Ensuring that policies and guidance manuals on how to detect TBML are provided to both governments and the private sector is key. Additionally, the FIU and law enforcement agencies are adequately trained on TBML risks that exist beyond the risks to drug trafficking would be critical in shoring up investigation and prosecutions.

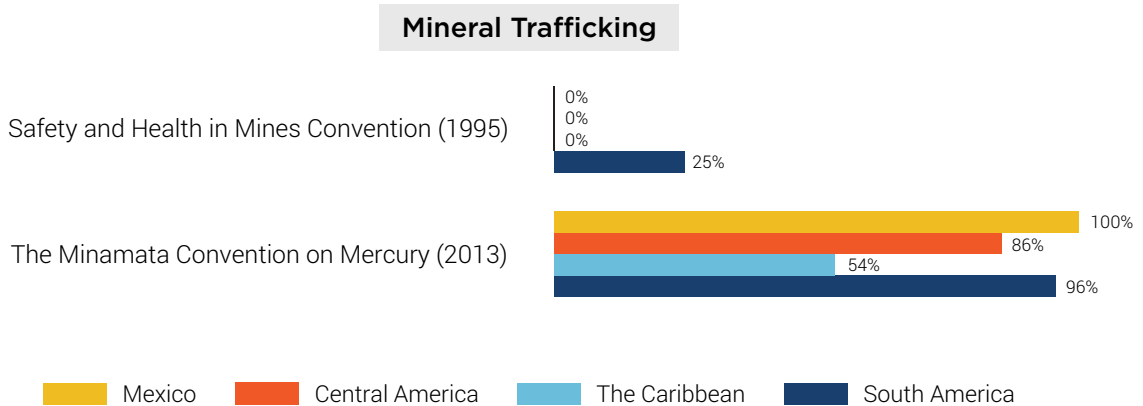
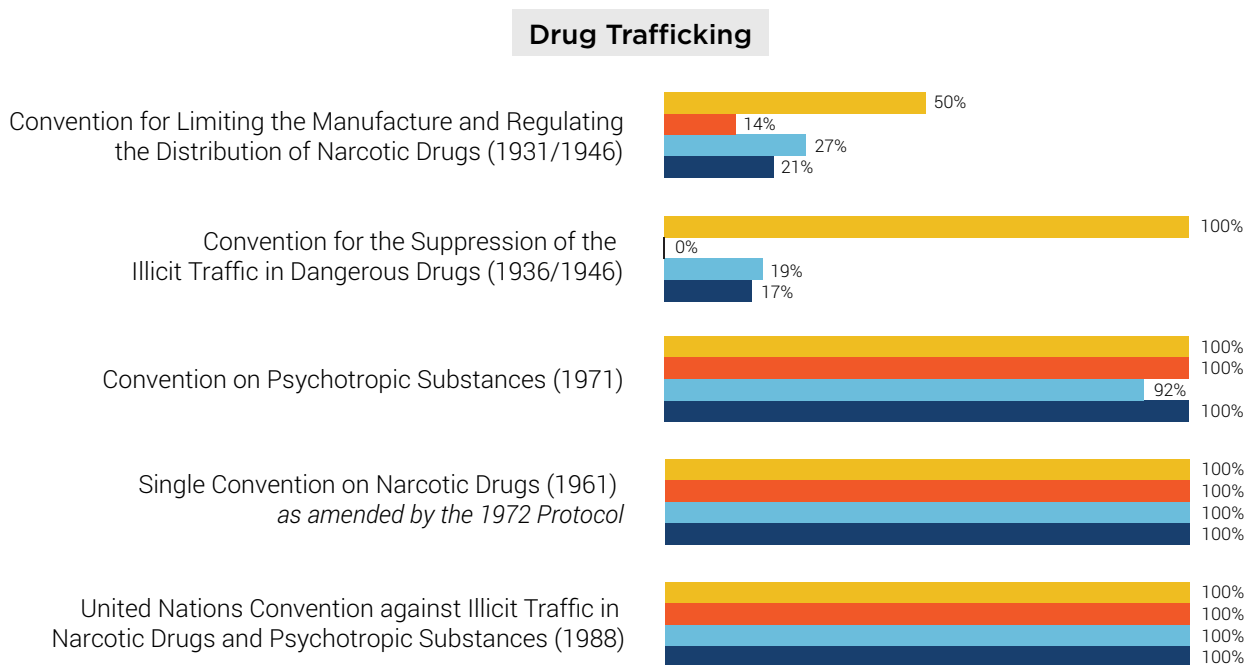
Support formalization of ASM: International efforts have continued to focus on the risks from the ASM sector. National efforts to formalize the sector have been hit and miss. Ensuring that resources are invested in integrating the ASM sector into the supply chain is vital. However, this must account for gaps in illiteracy, abuse of the system. The most successful programs tend to be community based programs around formalization. But these are also resource intensive and expensive, and the governments in the region do not necessarily have the resources to commit to such intensive programs. Understanding on how future interventions can engage and strengthen the mining community ensures the success of long term formalization.

Regional Analysis of Interventions

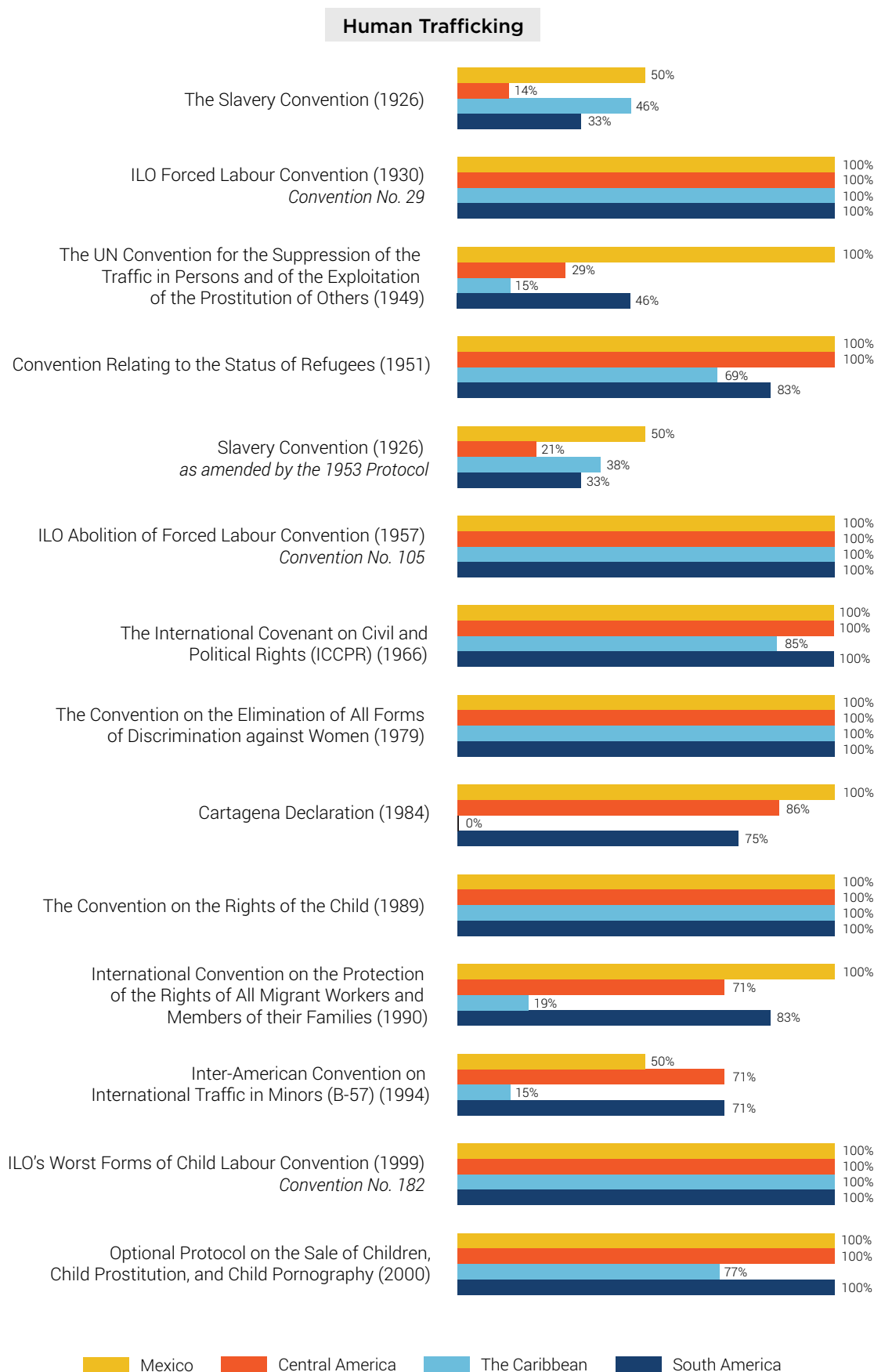
International Obligations by State Parties

The following graphics include information limited to the countries that either signed or signed and ratified the Declaration, Treaty or Convention. The GFI methodology used a point assignment source where 0.5 points were allocated to countries that signed commitments and 1 point was assigned to ratified ones.

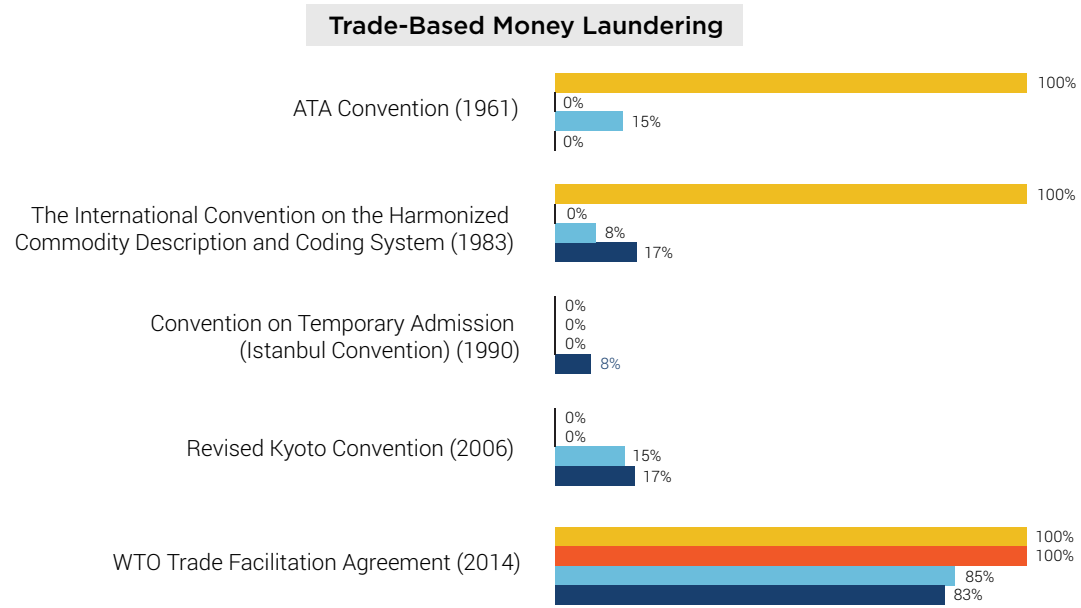
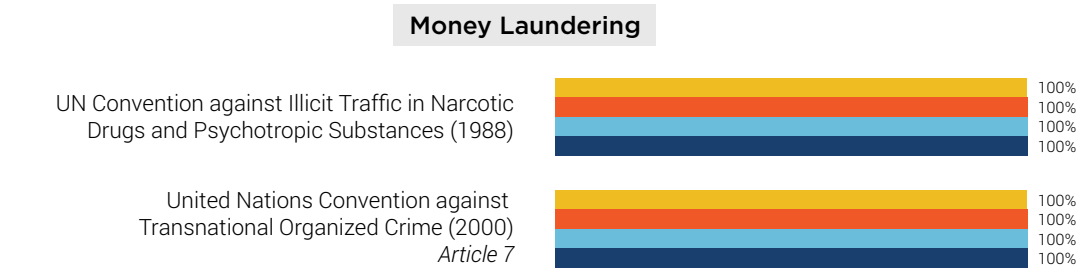
Graphic 13:
Ratification Status of International Treaties and Western Hemisphere Commitments on Drug and Mineral Trafficking by Region (as of April 2021)



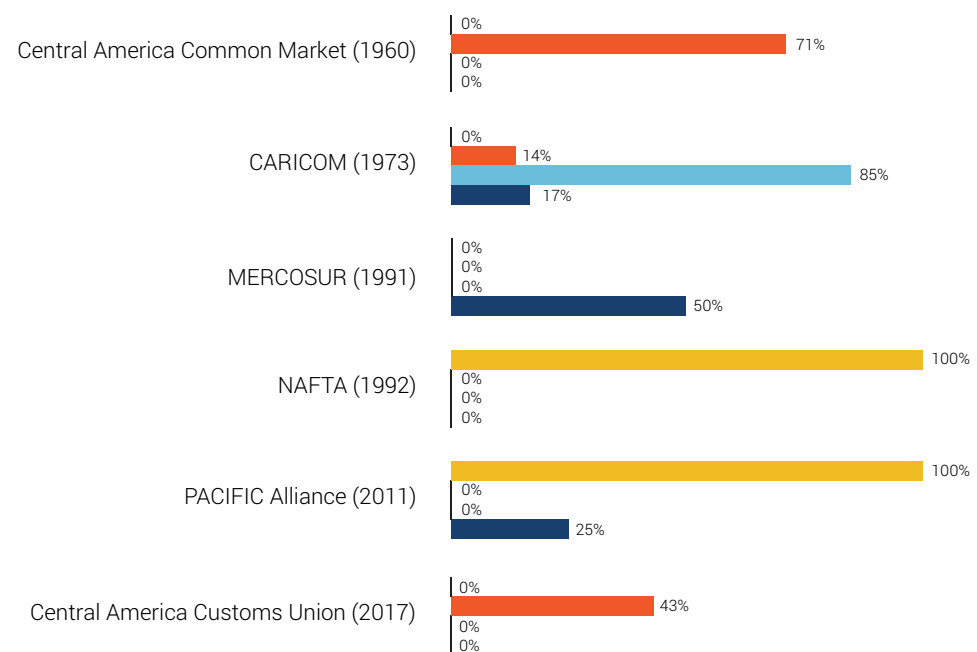
Graphic 14:
Ratification Status of International Treaties and Western Hemisphere Commitments on Human Trafficking by Region (as of April 2021)



Graphic 15:
Ratification Status of International Treaties and Western Hemisphere Commitments on Money Laundering by Region (as of April 2021)

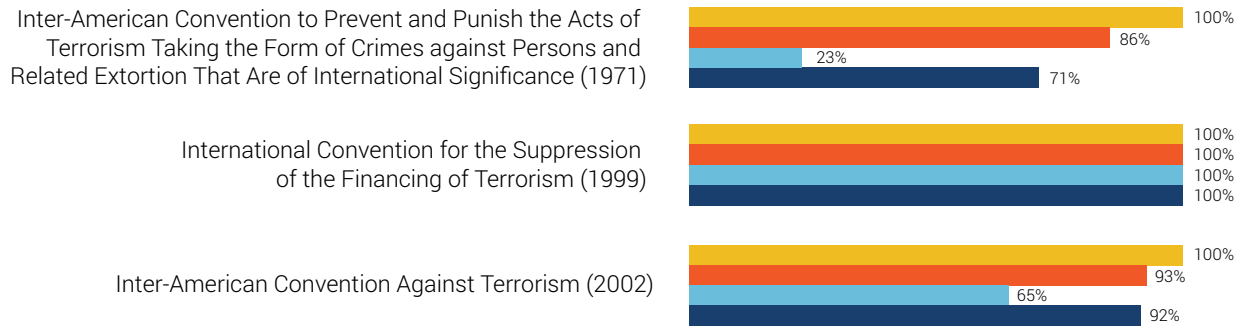


Ratified Only by Countries According to Their Geographical Location

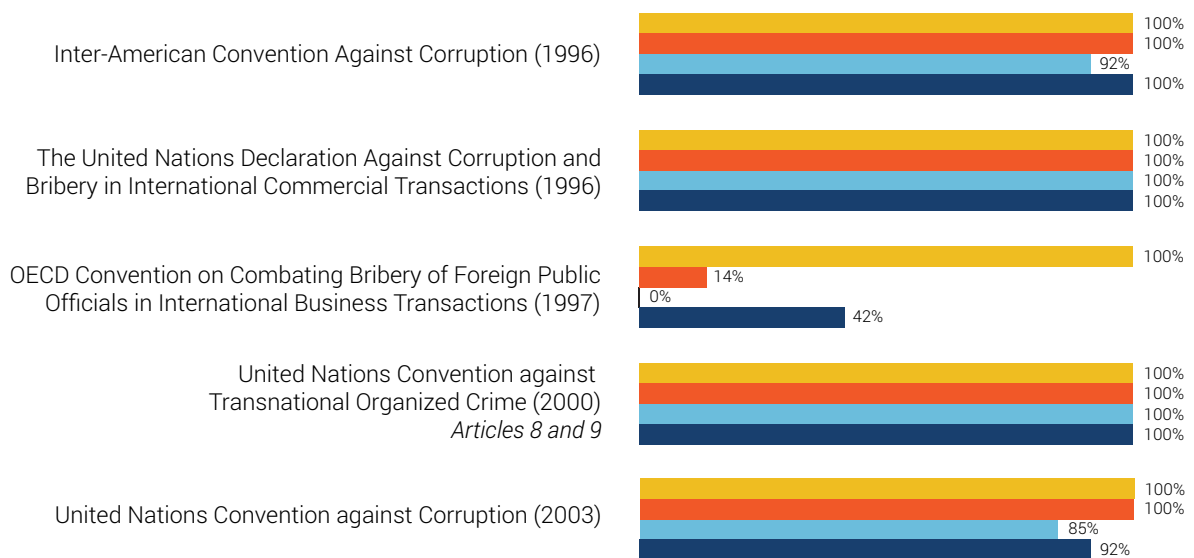


Graphic 16:
Ratification Status of International Treaties and Western Hemisphere Commitments on Terrorism and Corruption by Region (as of April 2021)

Terrorist Financing

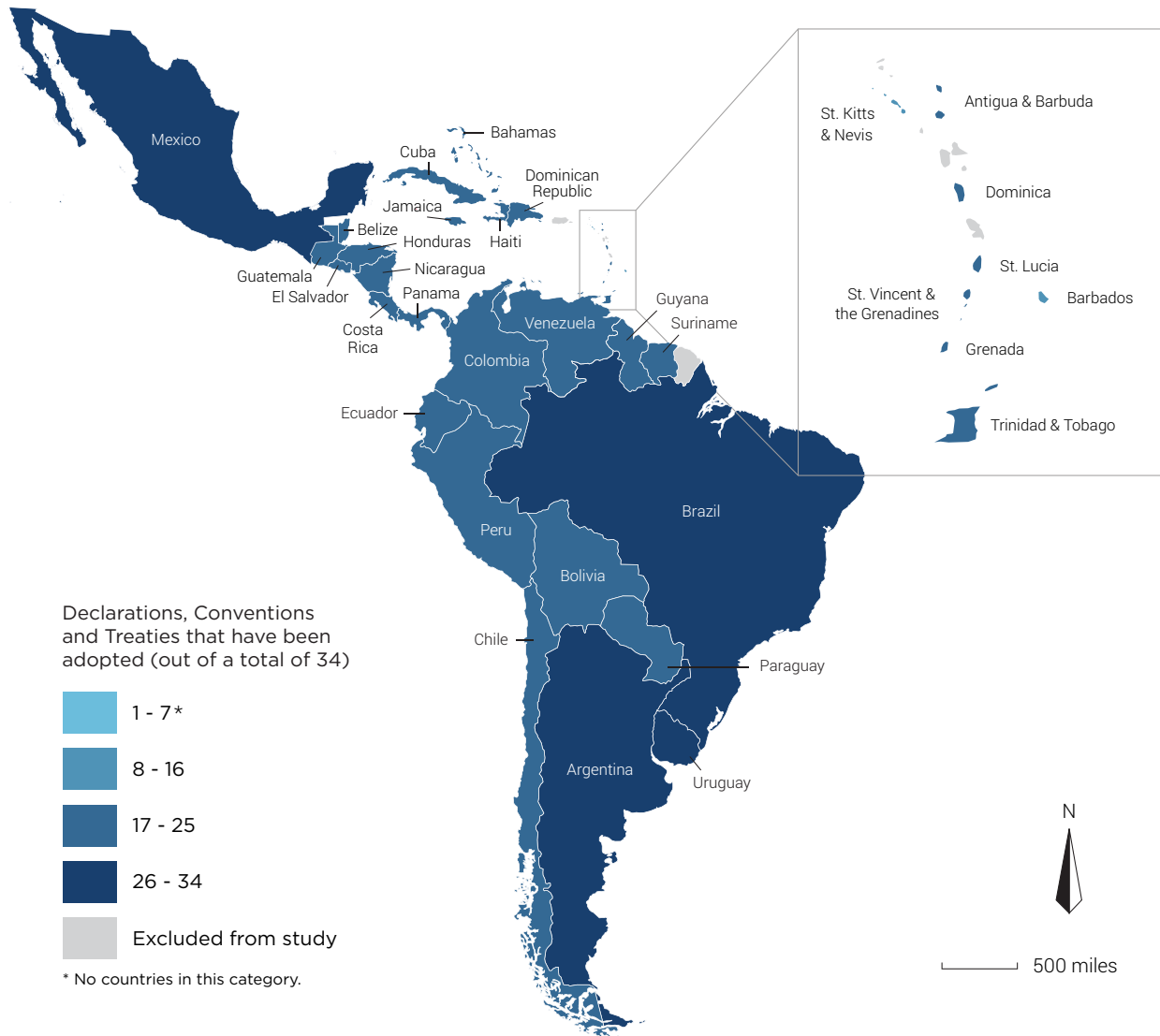


Corruption



■ Mexico
 ■ Central America
 ■ The Caribbean
 ■ South America

Graphic 17:
 Status of International Treaties and Western Hemisphere Commitments in Mexico, Central America, the Caribbean and South America (as of April 2021)



Graphic 18:
Status of International Treaties and Western Hemisphere Commitments on
Drug and Mineral Trafficking by Country (as of April 2021)

MEXICO AND CENTRAL AMERICA



THE CARIBBEAN

Antigua & Barbuda

RATIFIED

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

Barbados

RATIFIED

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)

Dominica

RATIFIED

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)

Grenada

RATIFIED

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)

Jamaica

RATIFIED

- Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs (1931/1946)
- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

Bahamas

SIGNED

- Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs (1931/1946)

RATIFIED

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

Cuba

RATIFIED

- Convention for the Suppression of the Illicit Traffic in Dangerous Drugs (1936/1946)
- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

Dominican Republic

SIGNED

- Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs (1931/1946)

RATIFIED

- Convention for the Suppression of the Illicit Traffic in Dangerous Drugs (1936/1946)
- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

Haiti

SIGNED

- Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs (1931/1946)
- Convention for the Suppression of the Illicit Traffic in Dangerous Drugs (1936/1946)

RATIFIED

- Convention for the Suppression of the Illicit Traffic in Dangerous Drugs (1936/1946)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)

 **St. Lucia****RATIFIED**

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

 **Trinidad & Tobago****RATIFIED**

- Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs (1931/1946)
- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)

 **St. Kitts & Nevis****RATIFIED**

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

 **St. Vincent & the Grenadines****RATIFIED**

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)

SOUTH AMERICA

 **Argentina**
SIGNED

- Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs (1931/1946)

RATIFIED

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

 **Brazil**
SIGNED

- Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs (1931/1946)
- Convention for the Suppression of the Illicit Traffic in Dangerous Drugs (1936/1946)

RATIFIED

- Convention for the Suppression of the Illicit Traffic in Dangerous Drugs (1936/1946)
- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- Safety and Health in Mines Convention (1995)
- The Minamata Convention on Mercury (2013)

 **Colombia**
SIGNED

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- Convention for the Suppression of the Illicit Traffic in Dangerous Drugs (1936/1946)

RATIFIED

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- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

 **Guyana**
RATIFIED

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

 **Bolivia**
RATIFIED

- Convention on Psychotropic Substances (1971)
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- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

 **Chile**
SIGNED

- Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs (1931/1946)

RATIFIED

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- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

 **Ecuador**
SIGNED

- Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs (1931/1946)

RATIFIED

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

 **Paraguay**
RATIFIED

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

 **Peru****RATIFIED**

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- Safety and Health in Mines Convention (1995)
- The Minamata Convention on Mercury (2013)

 **Uruguay****RATIFIED**

- Convention on Psychotropic Substances (1971)
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- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- Safety and Health in Mines Convention (1995)
- The Minamata Convention on Mercury (2013)

 **Suriname****RATIFIED**

- Convention on Psychotropic Substances (1971)
- Single Convention on Narcotic Drugs (1961) | *as amended by the 1972 Protocol*
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- The Minamata Convention on Mercury (2013)

 **Venezuela****SIGNED**

- The Minamata Convention on Mercury (2013)

RATIFIED

- Convention on Psychotropic Substances (1971)
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Graphic 19:
Status of International Treaties and Western Hemisphere Commitments on
Human Trafficking by Country (as of April 2021)

MEXICO AND CENTRAL AMERICA



 **Mexico**

SIGNED

- The Slavery Convention (1926)
- Slavery Convention (1926) | *as amended by the 1953 Protocol*
- Inter-American Convention on International Traffic in Minors (B-57) (1994)

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- The UN Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)



 **Belize**

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)



 **Costa Rica**

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)



 **El Salvador**

RATIFIED

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- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
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- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Guatemala**
SIGNED

- The Slavery Convention (1926)

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- The UN Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)
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- The Convention on the Rights of the Child (1989)
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- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Nicaragua**
SIGNED

- The Slavery Convention (1926)
- Slavery Convention (1926) | as amended by the 1953 Protocol

RATIFIED

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- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Honduras**
RATIFIED

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- The UN Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
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- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Panama**
RATIFIED

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- Convention relating to the Status of Refugees (1951)
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- The International Covenant on Civil and Political Rights (ICCPR) (1966)
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- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

THE CARIBBEAN

Antigua & Barbuda

SIGNED

- The Slavery Convention (1926)
- Slavery Convention (1926) | *as amended by the 1953 Protocol*

RATIFIED

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- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
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Bahamas

SIGNED

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- Slavery Convention (1926) | *as amended by the 1953 Protocol*

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- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

Barbados

SIGNED

- The Slavery Convention (1926)
- Slavery Convention (1926) | *as amended by the 1953 Protocol*

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182

Cuba

SIGNED

- The Slavery Convention (1926)
- Slavery Convention (1926) | *as amended by the 1953 Protocol*
- The International Covenant on Civil and Political Rights (ICCPR) (1966)

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- The UN Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

Dominica

SIGNED

- The Slavery Convention (1926)
- Slavery Convention (1926) | *as amended by the 1953 Protocol*

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

Dominican Republic

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)


Grenada
RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)


Jamaica
RATIFIED

- The Slavery Convention (1926)
- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- Slavery Convention (1926) | as amended by the 1953 Protocol
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)


St. Lucia
SIGNED

- The Slavery Convention (1926)
- Slavery Convention (1926) | as amended by the 1953 Protocol
- The International Covenant on Civil and Political Rights (ICCPR) (1966)

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)


Trinidad & Tobago
RATIFIED

- The Slavery Convention (1926)
- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- Slavery Convention (1926) | as amended by the 1953 Protocol
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182


Haiti
SIGNED

- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- The UN Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)


St. Kitts & Nevis
SIGNED

- The Slavery Convention (1926)
- Slavery Convention (1926) | as amended by the 1953 Protocol
- The International Covenant on Civil and Political Rights (ICCPR) (1966)

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- The UN Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)


St. Vincent & the Grenadines
RATIFIED

- The Slavery Convention (1926)
- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

SOUTH AMERICA

 **Argentina**
RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- The UN Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Bolivia**
SIGNED

- The Slavery Convention (1926)
- Slavery Convention (1926) | *as amended by the 1953 Protocol*

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- The UN Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Colombia**
RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Brazil**
RATIFIED

- The Slavery Convention (1926)
- ILO Forced Labour Convention (1930) | No. 29
- The UN Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)
- Convention relating to the Status of Refugees (1951)
- Slavery Convention (1926) | *as amended by the 1953 Protocol*
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Chile**
SIGNED

- The Slavery Convention (1926)
- Slavery Convention (1926) | *as amended by the 1953 Protocol*

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Ecuador**
SIGNED

- The Slavery Convention (1926)
- Slavery Convention (1926) | *as amended by the 1953 Protocol*

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- The UN Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Guyana**
RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Peru**
RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Uruguay**
RATIFIED

- The Slavery Convention (1926)
- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- Slavery Convention (1926) | *as amended by the 1953 Protocol*
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Paraguay**
SIGNED

- The Slavery Convention (1926)
- The UN Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)
- Slavery Convention (1926) | *as amended by the 1953 Protocol*

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- Cartagena Declaration (1984)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Suriname**
RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- Convention relating to the Status of Refugees (1951)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

 **Venezuela**
SIGNED

- Inter-American Convention on International Traffic in Minors (B-57) (1994)

RATIFIED

- ILO Forced Labour Convention (1930) | No. 29
- The UN Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others (1949)
- ILO Abolition of Forced Labour Convention (1957) | No. 105
- The International Covenant on Civil and Political Rights (ICCPR) (1966)
- The Convention on the Elimination of All Forms of Discrimination against Women (1979)
- The Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- Inter-American Convention on International Traffic in Minors (B-57) (1994)
- ILO's Worst Forms of Child Labour Convention (1999) | No. 182
- Optional Protocol on the Sale of Children, Child Prostitution, and Child Pornography (2000)

Graphic 20:
Status of International Treaties and Western Hemisphere Commitments on
Money Laundering by Country (as of April 2021)

MEXICO AND CENTRAL AMERICA



 **Mexico**

RATIFIED


- ATA Convention (1961)
- The International Convention on the Harmonized Commodity Description and Coding System (1983)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- NAFTA (1992)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- PACIFIC Alliance (2011)
- WTO Trade Facilitation Agreement (2014)




 **Costa Rica**

RATIFIED

- Central America Common Market (1960)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)



 **Guatemala**

RATIFIED

- Central America Common Market (1960)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)
- Central America Customs Union (2017)



 **Nicaragua**

RATIFIED


- Central America Common Market (1960)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)




 **Belize**

RATIFIED

- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)



 **El Salvador**

RATIFIED

- Central America Common Market (1960)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)
- Central America Customs Union (2017)



 **Honduras**

RATIFIED

- Central America Common Market (1960)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)
- Central America Customs Union (2017)



 **Panama**

RATIFIED

- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

THE CARIBBEAN

Antigua & Barbuda

RATIFIED

- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

Bahamas

SIGNED

- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*

Barbados

SIGNED

- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

Cuba

RATIFIED

- ATA Convention (1961)
- The International Convention on the Harmonized Commodity Description and Coding System (1983)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- Revised Kyoto Convention (2006)
- WTO Trade Facilitation Agreement (2014)

Dominica

RATIFIED

- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

Dominican Republic

RATIFIED

- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- Revised Kyoto Convention (2006)
- WTO Trade Facilitation Agreement (2014)

Grenada

RATIFIED

- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

Haiti

RATIFIED

- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*

St. Lucia

RATIFIED

- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

St. Kitts & Nevis

RATIFIED

- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

 **Trinidad & Tobago****RATIFIED**

- ATA Convention (1961)
- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

 **St. Vincent & the Grenadines****RATIFIED**

- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

SOUTH AMERICA

 **Argentina**
RATIFIED

- The International Convention on the Harmonized Commodity Description and Coding System (1983)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- MERCOSUR (1991)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- Revised Kyoto Convention (2006)
- WTO Trade Facilitation Agreement (2014)

 **Brazil**
RATIFIED

- The International Convention on the Harmonized Commodity Description and Coding System (1983)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- Convention on Temporary Admission (Istanbul Convention) (1990)
- MERCOSUR (1991)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- Revised Kyoto Convention (2006)
- WTO Trade Facilitation Agreement (2014)

 **Colombia**
RATIFIED

- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- PACIFIC Alliance (2011)
- WTO Trade Facilitation Agreement (2014)

 **Guyana**
RATIFIED

- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

 **Peru**
RATIFIED

- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- PACIFIC Alliance (2011)
- WTO Trade Facilitation Agreement (2014)

 **Bolivia**
RATIFIED

- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- MERCOSUR (1991)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

 **Chile**
RATIFIED

- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- PACIFIC Alliance (2011)
- WTO Trade Facilitation Agreement (2014)

 **Ecuador**
RATIFIED

- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

 **Paraguay**
RATIFIED

- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- MERCOSUR (1991)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

 **Suriname**
RATIFIED

- CARICOM (1973)
- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*

 **Uruguay****RATIFIED**

- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- MERCOSUR (1991)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*
- WTO Trade Facilitation Agreement (2014)

 **Venezuela****RATIFIED**

- UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- MERCOSUR (1991)
- United Nations Convention against Transnational Organized Crime (2000) | *Article 7*

Graphic 21:
Status of International Treaties and Western Hemisphere Commitments on
Terrorism Financing and Corruption by Country (as of April 2021)

MEXICO AND CENTRAL AMERICA

Mexico

RATIFIED

- Inter-American Convention to Prevent and Punish the Acts of Terrorism Taking the Form of Crimes against Persons and Related Extortion That Are of International Significance (1971)
- Inter-American Convention against Corruption (1996)
- The United Nations Declaration Against Corruption and Bribery in International Commercial Transactions (1996)
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)
- International Convention for the Suppression of the Financing of Terrorism (1999)
- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
- Inter-American Convention Against Terrorism (2002)
- United Nations Convention against Corruption (2003)

Costa Rica

RATIFIED

- Inter-American Convention to Prevent and Punish the Acts of Terrorism Taking the Form of Crimes against Persons and Related Extortion That Are of International Significance (1971)
- Inter-American Convention against Corruption (1996)
- The United Nations Declaration Against Corruption and Bribery in International Commercial Transactions (1996)
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)
- International Convention for the Suppression of the Financing of Terrorism (1999)
- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
- Inter-American Convention Against Terrorism (2002)
- United Nations Convention against Corruption (2003)

Guatemala

RATIFIED

- Inter-American Convention to Prevent and Punish the Acts of Terrorism Taking the Form of Crimes against Persons and Related Extortion That Are of International Significance (1971)
- Inter-American Convention against Corruption (1996)
- The United Nations Declaration Against Corruption and Bribery in International Commercial Transactions (1996)
- International Convention for the Suppression of the Financing of Terrorism (1999)
- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
- Inter-American Convention Against Terrorism (2002)
- United Nations Convention against Corruption (2003)

Belize

SIGNED

- Inter-American Convention Against Terrorism (2002)

RATIFIED

- Inter-American Convention against Corruption (1996)
- The United Nations Declaration Against Corruption and Bribery in International Commercial Transactions (1996)
- International Convention for the Suppression of the Financing of Terrorism (1999)
- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
- United Nations Convention against Corruption (2003)

El Salvador

RATIFIED

- Inter-American Convention to Prevent and Punish the Acts of Terrorism Taking the Form of Crimes against Persons and Related Extortion That Are of International Significance (1971)
- Inter-American Convention against Corruption (1996)
- The United Nations Declaration Against Corruption and Bribery in International Commercial Transactions (1996)
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- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
- Inter-American Convention Against Terrorism (2002)
- United Nations Convention against Corruption (2003)

Honduras

RATIFIED

- Inter-American Convention to Prevent and Punish the Acts of Terrorism Taking the Form of Crimes against Persons and Related Extortion That Are of International Significance (1971)
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- The United Nations Declaration Against Corruption and Bribery in International Commercial Transactions (1996)
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 **Nicaragua****RATIFIED**

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 **Panama****RATIFIED**

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- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
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- United Nations Convention against Corruption (2003)

THE CARIBBEAN

Antigua & Barbuda

RATIFIED

- Inter-American Convention against Corruption (1996)
- The United Nations Declaration Against Corruption and Bribery in International Commercial Transactions (1996)
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- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
- Inter-American Convention Against Terrorism (2002)
- United Nations Convention against Corruption (2003)

Barbados

SIGNED

- Inter-American Convention Against Terrorism (2002)
- United Nations Convention against Corruption (2003)

RATIFIED

- Inter-American Convention against Corruption (1996)
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Dominica

RATIFIED

- Inter-American Convention against Corruption (1996)
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- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
- Inter-American Convention Against Terrorism (2002)
- United Nations Convention against Corruption (2003)

Grenada

RATIFIED

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- Inter-American Convention Against Terrorism (2002)
- United Nations Convention against Corruption (2003)

Bahamas

SIGNED

- Inter-American Convention Against Terrorism (2002)

RATIFIED

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- United Nations Convention against Corruption (2003)

Cuba

RATIFIED

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Dominican Republic

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- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
- Inter-American Convention Against Terrorism (2002)
- United Nations Convention against Corruption (2003)

Haiti

SIGNED

- Inter-American Convention Against Terrorism (2002)

RATIFIED

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- International Convention for the Suppression of the Financing of Terrorism (1999)
- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
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Jamaica
SIGNED

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- Inter-American Convention Against Terrorism (2002)

RATIFIED

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St. Lucia
SIGNED

- Inter-American Convention Against Terrorism (2002)

RATIFIED

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- International Convention for the Suppression of the Financing of Terrorism (1999)
- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
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Trinidad & Tobago
SIGNED

- Inter-American Convention to Prevent and Punish the Acts of Terrorism Taking the Form of Crimes against Persons and Related Extortion That Are of International Significance (1971)

RATIFIED

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- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
- Inter-American Convention Against Terrorism (2002)
- United Nations Convention against Corruption (2003)


St. Kitts & Nevis
SIGNED

- Inter-American Convention Against Terrorism (2002)

RATIFIED

- Inter-American Convention against Corruption (1996)
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- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*


St. Vincent & the Grenadines
SIGNED

- Inter-American Convention Against Terrorism (2002)

RATIFIED

- Inter-American Convention against Corruption (1996)
- The United Nations Declaration Against Corruption and Bribery in International Commercial Transactions (1996)
- International Convention for the Suppression of the Financing of Terrorism (1999)
- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*

SOUTH AMERICA

Argentina

RATIFIED

- Inter-American Convention against Corruption (1996)
- The United Nations Declaration Against Corruption and Bribery in International Commercial Transactions (1996)
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- United Nations Convention against Transnational Organized Crime (2000) | *Articles 8 and 9*
- Inter-American Convention Against Terrorism (2002)
- United Nations Convention against Corruption (2003)

Brazil

RATIFIED

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- United Nations Convention against Corruption (2003)

Colombia

RATIFIED

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Bolivia

SIGNED

- Inter-American Convention Against Terrorism (2002)

RATIFIED

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Chile

SIGNED

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RATIFIED

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Ecuador

RATIFIED

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Guyana
RATIFIED

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Peru
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Uruguay
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Paraguay
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Suriname
SIGNED

- Inter-American Convention Against Terrorism (2002)

RATIFIED

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Venezuela
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Index and Analysis of Technical Assistance Programs and Other Interventions

To better understand current efforts to address financial crimes, the following report carried out an extensive indexing and analysis of existing programs for and by LAC governments. These interventions are treated as specialized initiatives such as technical assistance programs or dedicated programs that target priority financial crimes. Moreover, they may be initiated by LAC governments domestically, regionally, bilaterally or to enhance cross-border cooperation on enforcement activities. Moreover, the initiatives may be supported by USG or other regional partners.

The information in the report was collected through expert interviews, from open-source data such as *ForeignAssistance.gov*, and from other resources including donor impact reports and press releases. The 2017 GAO report *Anti Money Laundering: US Efforts to Combat Narcotics-Related Money Laundering in the Western Hemisphere* served an important point of reference as well.⁶¹²

Overall, information about AML/CFT and anti corruption programs in the region is limited in quality and availability and quite scattered. This is partially understandable given the sensitive nature of some of these programs. However, it is also unfortunate in that there is not a solid evidence base as to what sorts of programs are most effective and why.

The index of interventions included both donor-assistance programs and non donor-assistance programs, such as collaborative initiatives by or among governments in the region to address specific financial crime challenges. Nevertheless, the results of this analysis suggest that the vast majority of such programs occur because of donor assistance. This speaks to the difficult fiscal situation in the region, as countries struggle to respond to a variety of economic and public health challenges with limited resources, a situation that has been further exacerbated by COVID-19. As a result, donor assistance plays a critical role in providing the resources for LAC governments to undertake such programs.

Based on an analysis of 107 programmatic interventions from 2010 - present, we found that,

1. By financial crime, most interventions were focused on ML (45 percent), followed by corruption (25 percent), TF (16 percent) and TBML (14 percent).⁶¹³
2. By illicit activity, most interventions were focused on corruption (41 percent), followed by DT (21 percent), TIP/SOM (21 percent) and mineral trafficking (17 percent).
3. Approximately one-third (30 percent) of programs were regionally or sub regionally focused, whereas the remaining 70 percent were focused on a specific country; however, from the information that is available it is not clear whether regional or sub regional programs addressed financial crimes through cross-border cooperation among participating countries.
4. By country of focus, the top countries receiving technical interventions included Colombia, Mexico, Brazil, Costa Rica, Ecuador and Panama.⁶¹⁴
5. Programs focused on AML/CFT or anti corruption implementation primarily (54 percent

612 Government Accountability Office, *ANTI-MONEY LAUNDERING U.S. Efforts to Combat Narcotics-Related Money Laundering in the Western Hemisphere*, (Washington, D.C.: US Government Accountability Office, 2017). [Retrieved online](#).

613 More than one area of focus was possible. Percentage of all areas of focus recorded.

614 By frequency, not by total cost or value of such programming.

of programs), followed by a combined implementation/legislative approach (39 percent). Only a small percentage (7 percent of programs) focused on legal frameworks alone.

6. The division of programs was fairly even across prevention, detection, investigation and prosecution. However, it leaned slightly more towards the detection and investigation side. Most programs focused on detection and investigation (31 percent and 27 percent, respectively) rather than on prevention or prosecution (25 percent and 18 percent respectively).⁶¹⁵
7. Only half of programs had budget information available, and these programs totaled US\$368,000,000 in AML/CFT and anti-corruption spending in LAC over the past decade.
8. Over 13 donors were involved. The U.S. Government was the primary donor involved, supporting over 60 percent of all programs analyzed, mainly through State/INL and US-AID. Other important donors and convening stakeholders included the UNODC, the OAS, Interpol, the ILO, OECD, EU, GIZ, Norad, and the UK Government.

International Best Practices and Alerts Versus Donor Commitments

One important objective of this project has been to help countries in the region, as well as international donors, to better target and prioritize resources to address financial crimes. In this regard, it is important to compare current efforts—both donor-led and country-led—to international best practices and to assess whether they address the areas of greatest need.

GFI's mapping shows that programmatic efforts are fairly evenly split between efforts to tackle prevention, detection, investigation and prosecution. What is also positive is that the majority of donor efforts target both implementation and legislation. There is a high focus on corruption within donor interventions and this is particularly meaningful because GFI's assessment of interview responses showed that it is a top concern for the region. At the same time, across the board in Mexico, Central America, South America, and the Caribbean, issues of political will, institutional capacity, and implementation were pointed out as deficiencies that limit the successful enforcement of financial crimes. What was evident is that despite numerous efforts by donors to target issues of implementation and capacity, both remain pressing issues in the region. Another area of focus that both best practices and donor interventions don't seemingly address is how to shore up political will in the target countries and the region as a whole. For donor interventions and best practices to have material impact, it is clear that defining what political will looks like in the country context, assessing the state of political will, identifying drivers of political will, and creating methods to build political will could be more prominently integrated into both best practices and donor interventions.

Another challenge to consider, when assessing whether donor interventions line up with current identified trends and best practices, is that international best practices are often influenced by a national agenda. This is especially true of organizations like the FATF that produce papers, best practices and guides that are influenced by the priorities of the country that holds the presidency. In the last couple of years as the presidency shifted between the U.S., China, and Germany—FATF's attention has also shifted between cryptocurrency, proliferation financing,

⁶¹⁵ More than one area of focus was possible. Percentage of all areas of focus recorded.

and environmental crimes. This in turn also puts pressure on countries that also have to quickly shift between priorities that may not align with what is most critical for them.

Another area that was also referenced as limiting the alignment between interventions and areas of greatest need is the divergence of foreign policy from aid policy: donor interventions and best practices fail when the donor country's foreign policy overtures diminish the stated value of the aid program. The reverse is also true when interventions and consequently international risks are viewed solely through the prism of the donor countries' national priorities. This in turn does not adequately address the lens through which the country affected may view the problem or wish to tackle the problem.

Some areas, like TBML are relatively new to international best practices⁶¹⁶ but U.S. donor interventions have targeted them only through the lens of drug trafficking. For most of the countries that were part of the research effort, lost revenues from other commodities or trade based financial crimes are equally significant issues. But donor interventions consequently limit the ability of investigative authorities to investigate crimes that don't necessarily tie back to drug trafficking or other national priority areas.

Another recurring theme on why best practices and donor interventions do not always successfully line up has been that, for interventions that target implementation issues, uptake is often by individuals that are higher-ranking but are not necessarily involved in the day-to-day operations. This limits the effectiveness of capacity building efforts, since technical staff need to be engaged from the start to ensure successful implementation. Additionally, even with the best training, many individuals and institutions return to a country context where low pay, political pressure and political intervention are everyday realities.

Finally, many of the financial crimes and criminal activities that are the focus of this research effort are cross-border or rather multi-jurisdictional in nature (i.e., they start in one country, pass through another and are destined for a third country). Interventions that line up with best practices should target these cooperative efforts together. This ensures that the issue is not just a national priority but there is greater and more consistent alignment between different countries that play differing roles in facilitating financial crimes.

Performance Indicators

Performance indicators serve as a method for public and private sector entities to assess their success (or failure) in detecting, investigating, prosecuting, and preventing financial crimes. Indicators were collected both during expert interviews as well as through the analysis of MERs, NRAs, and private sector documents on compliance and risk management.

Indicators from the public sector (i.e. the government) are frequently connected to the FATF Recommendations, the global AML/CFT standards by which countries are periodically evaluated. Over time, mutual evaluations have evolved from an assessment of whether a country has or does not have a particular law, regulation, treaty, agency, among others. (i.e. "tick the box") to include assessing the effectiveness of the aforementioned in, for example, appraising how

616 Financial Action Task Force and Egmont Group, *Trade-Based Money Laundering Trends and Developments, 2020* (Paris: Financial Action Task Force, 2020). [Retrieved online.](#)

effective a particular law or agency may be. This is important considering that many LAC countries have a host of laws and regulations on paper, but tend to struggle with effective implementation.

The indicators that were most frequently cited for the public sector include:

- Number of ML/TF/corruption convictions achieved;
- Number of ML/TF/corruption prosecutions;
- Number of ML/TF/corruption investigations;
- Number and value of asset seizures and forfeitures;
- Number of SARs/CTRs received by the FIU;
- Number of suspicious transactions blocked by financial institutions/DNFbps and their value;
- Number of trainings provided/outreach to the private sector.

However, there can be differing opinions on which indicators are used to evaluate effectiveness, and whether these indicators are appropriate measures for all countries or should vary depending on the overall AML/CFT capacity of a country. For example, should a country with a developed AML/CFT regime and high technical/institutional capacity be evaluated with the same criteria and weighting as a country with a nascent regime and low capacity?

For the private sector, indicators are typically shaped by how a host country (i.e. a country where a financial institution or DNFbp is located) chooses to measure their success and the priorities of their sector regulator.

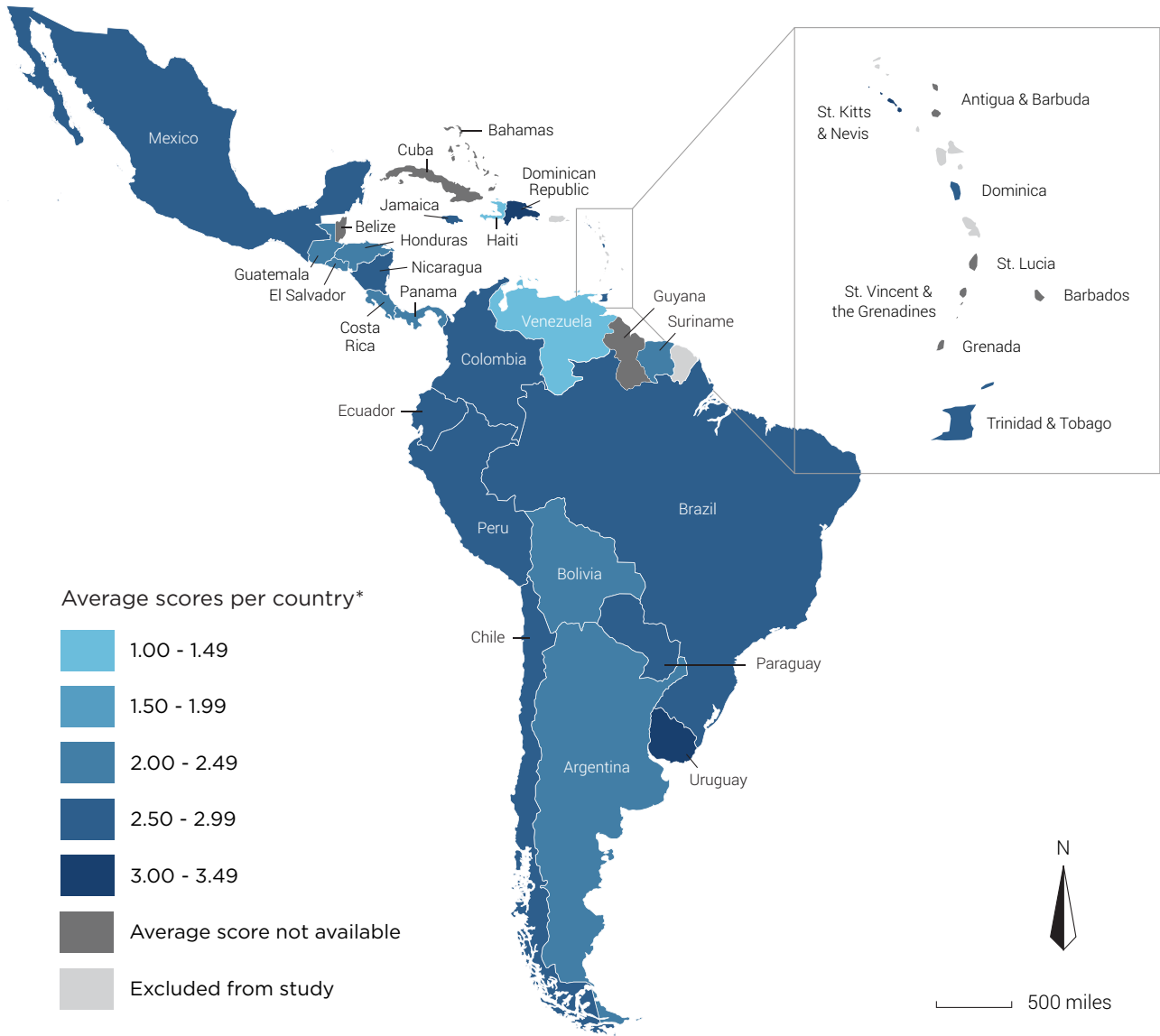
The indicators that were most frequently cited for the public sector include:

- Number of SARs/CTRs filed;
- Number of suspicious transactions blocked;
- Amount of money spent on the compliance program in relation to its perceived success.

Appendix

Other Maps and Infographics

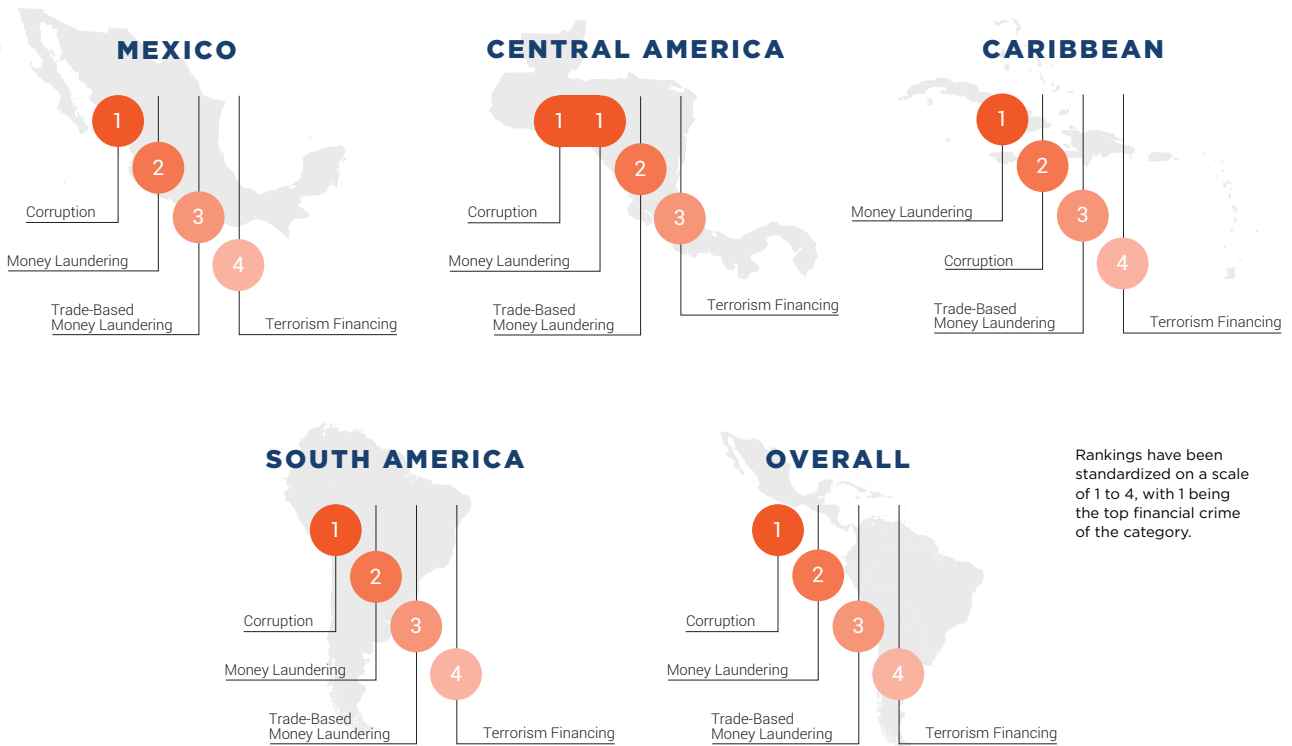
Graphic 22: Average Scores of Anti-Money Laundering/Counter Financing of Terrorism Effectiveness Across Latin America and the Caribbean



*Average scores have been standardized from expert assessments on a scale of 1 to 5, with 5 being the most successful in fighting financial crimes and 1 being the least successful.

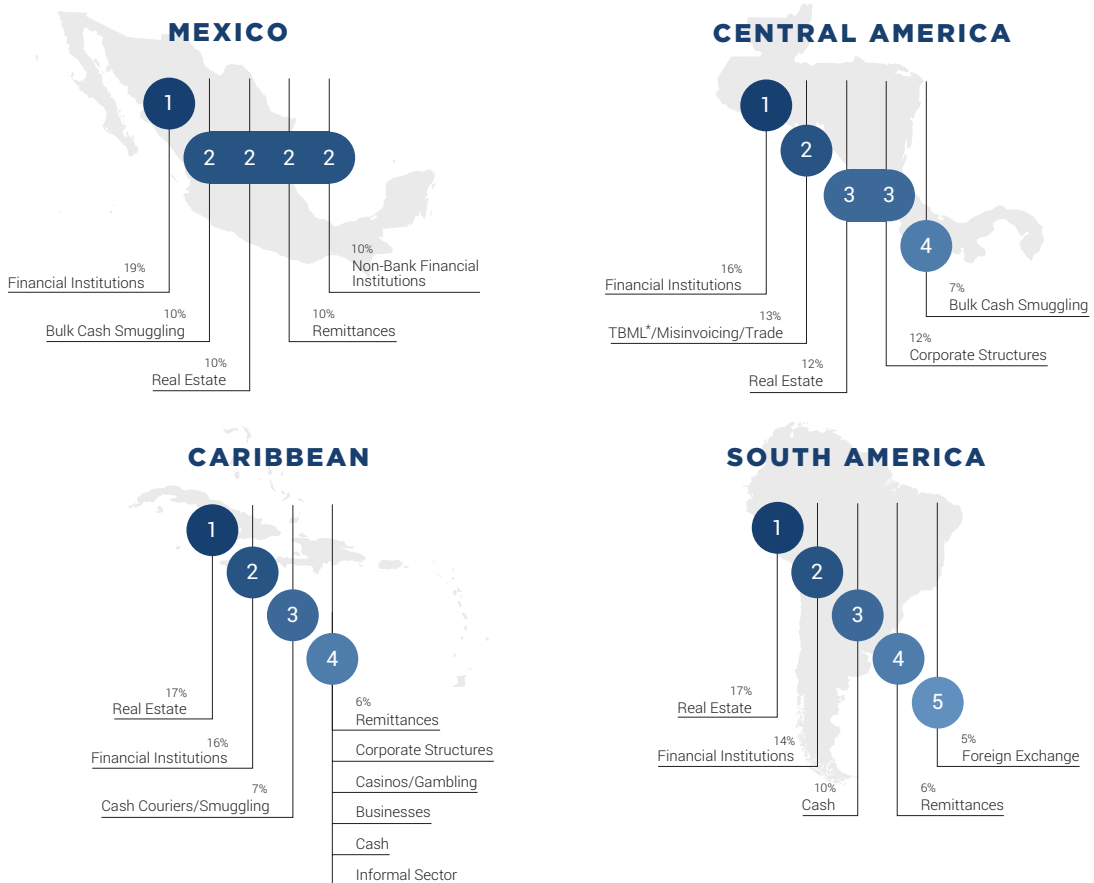
Antigua & Barbuda	N/A	Costa Rica	2.00	Haiti	1.00	St. Lucia	N/A
Argentina	2.33	Cuba	N/A	Honduras	2.00	St. Vincent & the Grenadines	N/A
Bahamas	N/A	Dominica	2.50	Jamaica	2.75	Suriname	2.38
Barbados	N/A	Dominican Republic	3.43	Mexico	2.55	Trinidad & Tobago	2.75
Belize	N/A	Ecuador	2.71	Nicaragua	2.75	Uruguay	3.33
Bolivia	2.42	El Salvador	2.00	Panama	2.17	Venezuela	1.33
Brazil	2.86	Grenada	N/A	Paraguay	2.79	Overall average	2.47
Chile	2.75	Guatemala	2.00	Peru	2.61		
Colombia	2.50	Guyana	N/A	St. Kitts & Nevis	3.25		

Graphic 23: Top Financial Crime Types by Region
Ranked from Largest to Smallest Problem



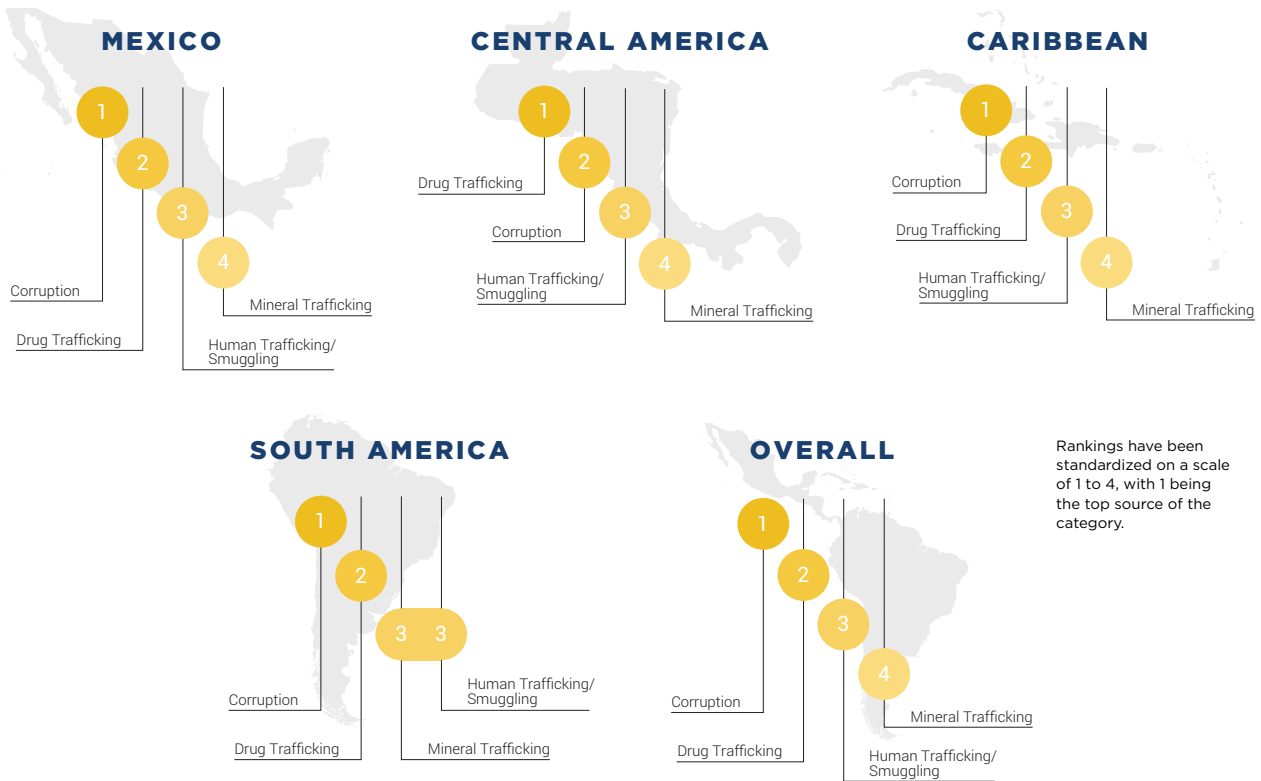
Source: GFI based on expert interviews conducted for this project.

Graphic 24: Top Channels Used to Move Illicit Proceeds by Region
Rankings have been standardized on a scale of 1 to 5, with 1 being the top channel of the category.



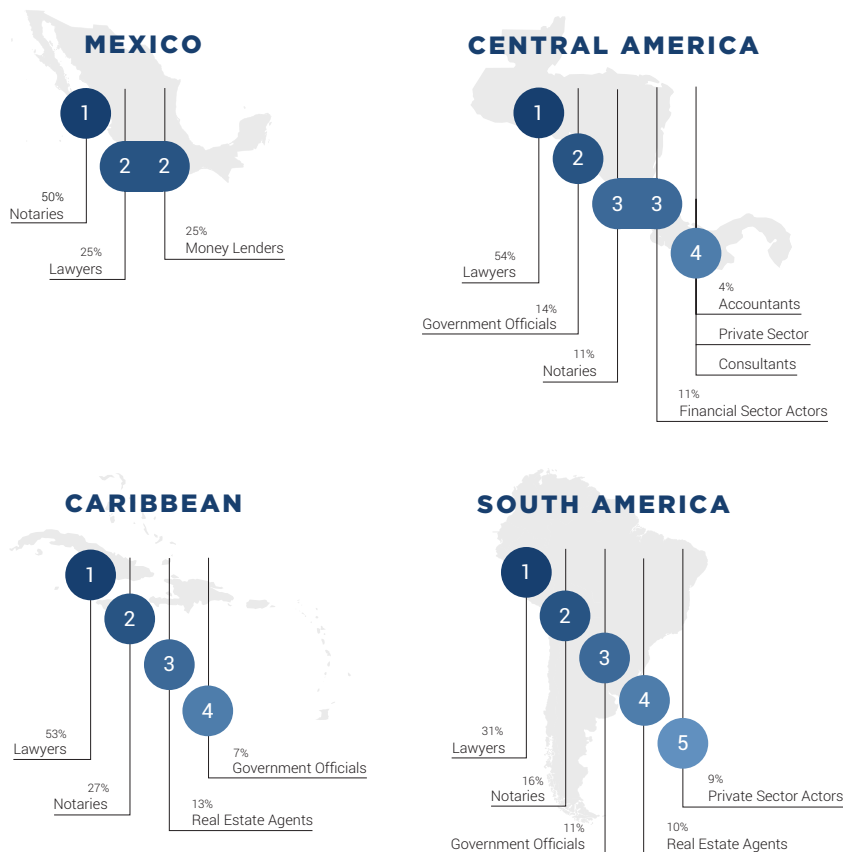
Source: GFI based on expert interviews conducted for this project.

Graphic 25: Top Sources of Illicit Proceeds by Region
Ranked from Largest to Smallest Problem



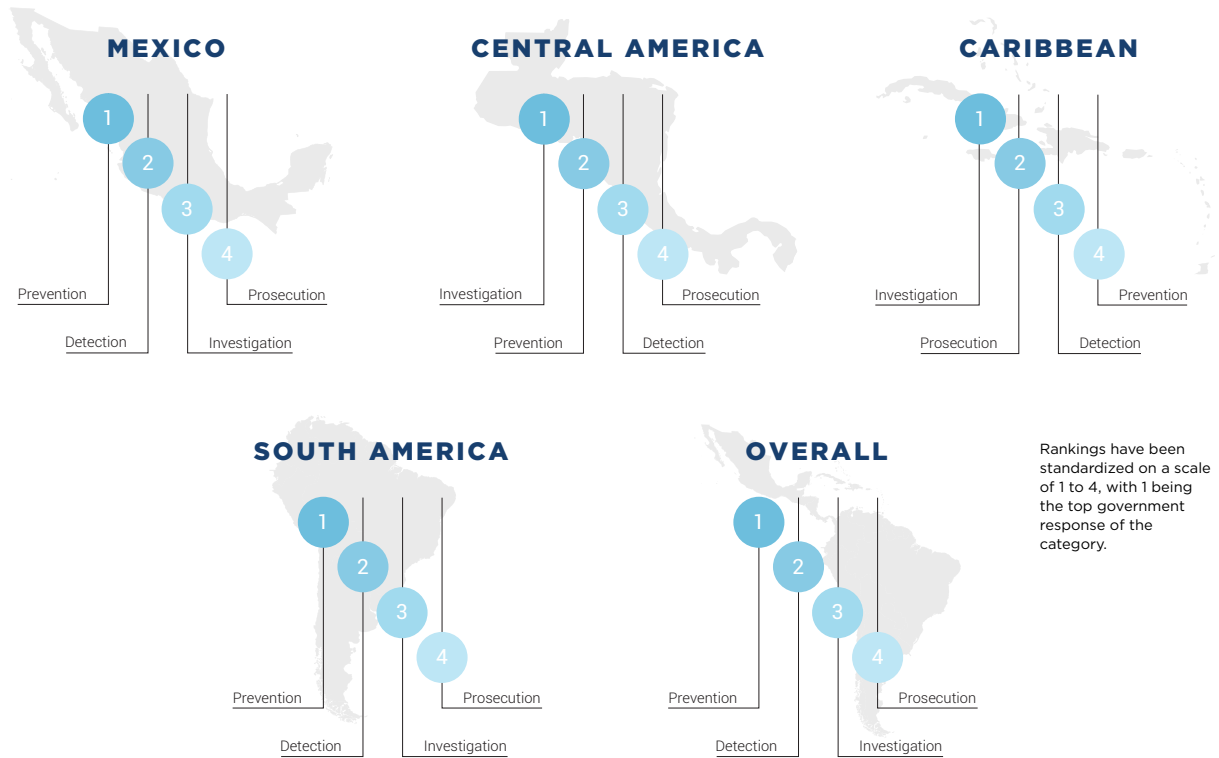
Source: GFI based on expert interviews conducted for this project.

Graphic 26: Top Facilitators Used to Move Illicit Proceeds by Region
Rankings have been standardized on a scale of 1 to 5, with 1 being the top facilitator of the category.



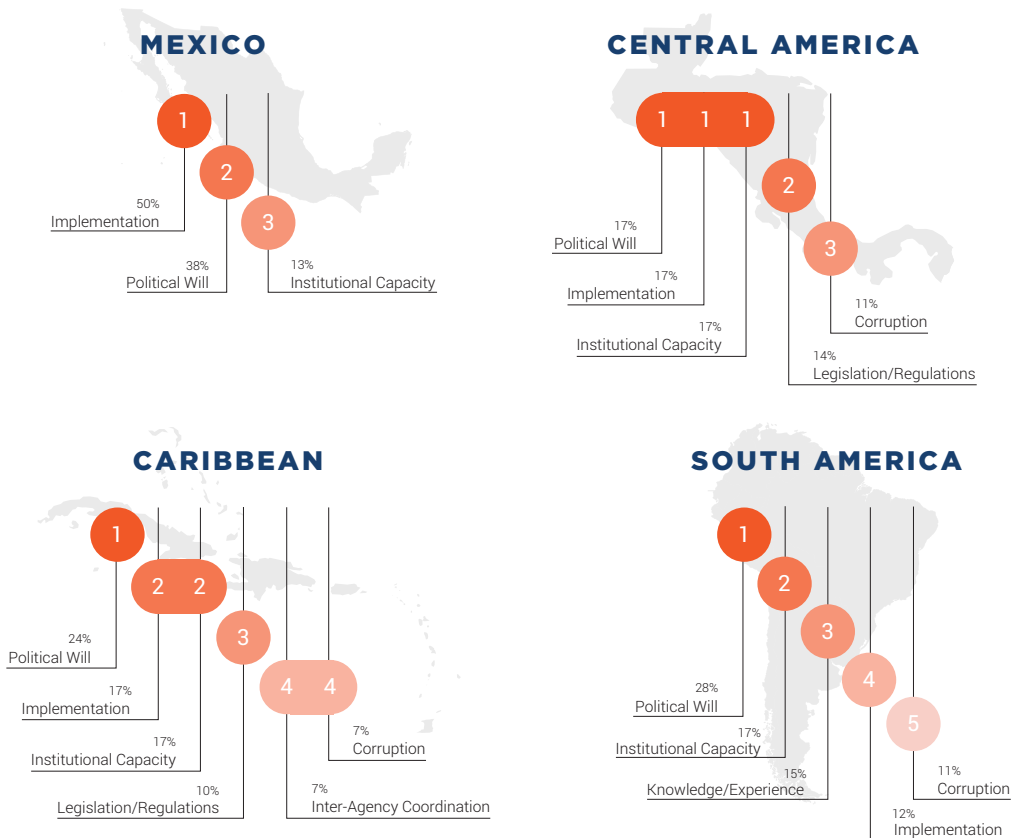
Source: GFI based on expert interviews conducted for this project.

Graphic 27: Top Government Responses by Region
Ranked from Strongest to Weakest Areas



Source: GFI based on expert interviews conducted for this project.

Graphic 28: Top Areas of Weakness by Region
Rankings have been standardized on a scale of 1 to 5, with 1 being the top area of weakness of the category.



Source: GFI based on expert interviews conducted for this project.

National Laws

The following charts of domestic laws are only referential and do not represent the totality of the regional legal framework. National laws have been comprehensively addressed in the Country Summaries as part of the Report analysis, and the charts are only meant to complement the Report narrative. Due to space constraints, a maximum of three norms have been included per thematic per country.

Table 12: Domestic Law and Terrorism Financing

Country	Law	Year
Antigua and Barbuda	The Suppression of Terrorism Act	1993
	Prevention of Terrorism Act	2005
	Prevention of Terrorism (Bill)	2020
Argentina	Law 26.268 (<i>Ley 26.268</i>)	2007
	Law 26.734 (<i>Ley 26.734</i>)	2011
	Decree 331/2019 (<i>Decreto 331/2019</i>)	2019
Bahamas	Anti-Terrorism Act	2018
	Anti-Terrorism Regulations	2019
	Financial Corporate Services Providers Rules	2019
Barbados	Anti-Terrorism Act - Chapter 158	2002
	Money Laundering and Financing of Terrorism Act	2011
Belize	Financial Intelligence Unit Act, Chapter 138:02	2002
	Money Laundering and Terrorism Prevention Act, Revised Edition	2011
Bolivia	Law N°170 (<i>Ley N°170</i>)	2011
	Law N°262 (<i>Ley N°262</i>)	2012
	Supreme Decree N°1553 (<i>Decreto Supremo N°1553</i>)	2013
Brazil	Law N°13.260 (<i>Lei N°13.260</i>)	2016
	Law N°13.810 (<i>Lei N°13.810</i>)	2019
Chile	Law N°19.906 (<i>Ley N°19.906</i>)	2003
	Law N°20.393 (<i>Ley N°20.393</i>)	2009
	Law N°20.818 (<i>Ley N°20.818</i>)	2015
Colombia	Law N°1121 (<i>Ley N°1121</i>)	2006
	Law N°1453 - Article N°16 (<i>Ley N°1453 - Artículo N°16</i>)	2011
Costa Rica	Law N°8719 - Strengthening the Legislation Against Terrorism (<i>Ley N°8719 Fortalecimiento de la Legislación Contra el Terrorismo</i>)	2009
	Law N°8204 (<i>Ley N°8204</i>)	2009
Cuba	Law N°93/91 - Law Against Acts of Terrorism (<i>Ley N°93/91 - Ley Contra Actos de Terrorismo</i>)	2001
	Law N°316 - Article N°5 (<i>Ley N°316 - Artículo N°5</i>)	2013

Dominica	Proceeds of Crime Act - Chapter N°12:29	1993
	Suppression of the Financing of Terrorism N°3	2003
	Anti-money Laundering & Suppression of Terrorist Financing Code of Practice N°10	2014
Dominican Republic	Law N°267-08 - On Terrorism, and creates the National Antiterrorist Committee and the National Antiterrorist Directorate (<i>Ley N°267-08 - Sobre Terrorismo, y crea el Comité Nacional Antiterrorista y la Dirección Nacional Antiterrorista</i>)	2008
Ecuador	Law N°0 - Law For The Prevention Of Money Laundering And Crime Financing (<i>Ley N°0 - Ley Prevención De Lavado De Activos Y Del Financiamiento De Delitos</i>)	2016
	Resolution N°SCVS-INC-DNCDN-2019-0020 - Norms for the Prevention of Money Laundering, Financing of Terrorism and other crimes (<i>Resolución N°SCVS-INC-DNCDN-2019-0020 - Normas de Prevención de Lavado de Activos, Financiamiento del Terrorismo y otros delitos</i>)	2019
El Salvador	Special law against acts of terrorism (<i>Ley especial contra actos de terrorismo</i>)	2006
Grenada	Terrorism Act	2012
	Terrorism Amendment Act	2014
Guatemala	Law to Prevent and Suppress the Financing of Terrorism (<i>Ley para Prevenir y Reprimir el Financiamiento del Terrorismo</i>)	2005
	Regulation of the law to Prevent and Suppress the Financing of Terrorism (<i>Reglamento de la ley para Prevenir y Reprimir el Financiamiento del Terrorismo</i>)	2006
Guyana	Anti-Money Laundering and Countering the Financing of Terrorism Act	2009
	Anti-Terrorism and Terrorist Related Activities Act	2015
Haiti	Law on money laundering and terrorist financing (<i>Loi sanctionnant le blanchiment de capitaux et le financement du terrorisme</i>)	2013
	Law amending the law of 11 November 2013 sanctioning money laundering and the financing of terrorism (<i>Loi modifiant la loi du 11 novembre 2013 sanctionnant le blanchiment de capitaux et le financement du terrorisme</i>)	2016
Honduras	Regulation for the Prevention and Detection of the Financing of Terrorism (<i>Reglamento Para la Prevención y Detección de el Financiamiento del Terrorismo</i>)	2011
Jamaica	Terrorism Prevention Act	2005
	UN Security Council Resolutions Implementation Act	2013
Mexico	Federal Penal Code Article N° 139 (<i>Código Penal Federal Artículo N° 139</i>)	2020
Nicaragua	Law Against Money Laundering, Financing Terrorism and Financing the Proliferation of Weapons of Mass Destruction - Act N° 977 (<i>Ley Contra el Lavado de Activos, El Financiamiento al Terrorismo y el Financiamiento a la Proliferación de Armas de Destrucción Masiva - Acta N° 977</i>)	2018

Panama	Law N°50 - That Adds Chapter VI, Called Terrorism, to Title VII of Book II of the Penal Code and Dictates Other Provisions (<i>Ley N°50 - Que Adiciona el Capitulo VI, Denominado Terrorismo, al Titulo VII del Libro II del Codigo Penal y Dicta Otras Disposiciones</i>)	2003
	Law N°75 - International Convention for the Suppression of the Financing of Terrorism (<i>Ley N°75 - Convención Internacional para la Represión del Financiación del Terrorismo</i>)	2003
Paraguay	Law N°4024 (<i>Ley N°4024</i>)	2010
	Law N°6408 (<i>Ley N°6408</i>)	2019
	Law N°6419 (<i>Ley N°6419</i>)	2019
Peru	Decree Law N°25475 (<i>Decreto Ley N°25475</i>)	1992
	Legislative Decree N°1352 (<i>Decreto Ley N°1352</i>)	2018
St. Kitts and Nevis	Anti-Terrorism Act - Chapter 4.02	2002
	Anti-Proliferation “Financing of Weapons of Mass Destruction” Act N°2	2020
	Anti Money Laundering National Committee Act N°10	2020
St. Lucia	Anti-Terrorism Act	2015
	UN Sanctions (Counter-Proliferation Financing) Act	2019
St. Vincent and the Grenadines	Anti-Money Laundering and Terrorist Financing Regulations	2014
	Anti-Terrorist Financing and Proliferation Act	2015
Suriname	Notification of Unusual Transactions Act (<i>Wet Melding Ongebruikelijke Transacties</i>)	2002
	International Convention for the Suppression of the Financing of Terrorism	2012
	International Sanctions Act (<i>Wet Internationale Sancties</i>)	2014
Trinidad and Tobago	Proceeds of Crime Act, Chapter 11:27	2000
	Anti-Terrorism Act, Chapter 12:07	2005
	Financial Institutions Act	2008
Uruguay	Law N°18,494 - Control and Prevention of Money Laundering and Terrorism Financing (<i>Ley N°18.494 - Control y Prevención de Lavados de Activos y del Financiamiento del Terrorismo</i>)	2009
	Law N°19.749 - Comprehensive Antiterrorism Law (<i>Ley N°19.749 - Ley Integral Antiterrorismo</i>)	2019
Venezuela	Banking law and other Financial Institutions (<i>Ley Bancaria y de otras instituciones financieras</i>)	2001
	Organic law against Organized Crime and Terrorist Financing (<i>Ley Orgánica contra la Delincuencia Organizada y el Financiamiento del Terrorismo</i>)	2012

Table 13: Domestic Law and TBML

Country	Law	Year
Antigua and Barbuda	Free Trade and Processing Zone Act	1994
	The Customs Control and Management Act	2013
Argentina	Custom code (<i>Código Aduanero</i>)	1985
	Law N °24.331 (<i>Ley N °24.331</i>)	1994
	Law N °25.246 (<i>Ley N °25.246</i>)	2000
Bahamas	Customs Management Act	1976
	The Bahamas Free Trade Zone Act	2008
Barbados	Customs Regulations	1963
	Customs Act	1963
Belize	Customs Regulation Act, Revised Edition 2000	2000
	Money Laundering and Terrorism (Prevention) Act, Revised Edition 2011	2011
	Free Zones Act, Rev. Edition 2011	2011
Bolivia	Law 1990 (<i>Ley 1990</i>)	2011
	Law 100 (<i>Ley 100</i>)	2012
	Regulation of the Special Regime of Free Zones (<i>Reglamento del Régimen Especial de Zonas Francas</i>)	2013
Brazil	Law N°8137 (<i>Lei N°8137</i>)	1990
	Law N°9613 (<i>Lei N°9613</i>)	1998
	Law N°13964 (<i>Lei N°13964</i>)	2019
Chile	Law N°19.913 (<i>Ley N°19.913</i>)	2003
	Law N°20.818 (<i>Ley N°20.818</i>)	2015
Colombia	Law N°788 Article N°69 - Contraband (<i>Ley N°788 Artículo N°69 - Contrabando</i>)	2002
Costa Rica	Law N°3284 - Commercial Code (<i>Ley N°3284 - Código de comercio</i>)	1964
	Law N° 7557 - General Customs Law (<i>Ley N° 7557 - Ley general de aduanas</i>)	2000
Cuba	Law N°62 - Article N°233-34 (<i>Ley N°62 - Artículo N°233-34</i>)	1987
	Law N°118 - Foreign Investment Law (<i>Ley N°118 - Ley de la inversión extranjera</i>)	2014
Dominica	Customs "Control and Management" Act - No. 16	1985
	Customs Act	2010
	Anti-Money Laundering & Suppression of Terrorist Financing Code of Practice - No.10	2014
Dominican Republic	Law N°480-08 - Law of International Financial Zones in the Dominican Republic (<i>Ley N°480-08 - Ley de Zonas Financieras Internacionales en la República Dominicana</i>)	2008

Ecuador	Organic Law for the Prevention, Detection and Eradication of the Crime of Money Laundering and the Financing of Crimes (<i>Ley Orgánica para la Prevención, Detección y Erradicación del Delito de Blanqueo de Capitales y Financiamiento de Delitos</i>)	2016
El Salvador	Special Law to Punish Customs Infractions (<i>Ley Especial Para Sancionar Infracciones Aduaneras</i>)	2008
	Reform the Customs Simplification Law (<i>Refórmase la Ley de simplificación aduanera</i>)	2018
Grenada	Customs Legislation Act	2015
	The Free Trade and Processing Zone Act	2015
	Customs Regulations	2018
Guatemala	Law Against Customs Fraud and Smuggling (<i>Ley Contra la Defraudación y el Contrabando Aduaneros</i>)	1990
	National Customs Law (<i>Ley Nacional de Aduanas</i>)	2013
Guyana	Customs Act	2019
Haiti	Law on free zones (<i>Loi portant sur les zone franches</i>)	2002
	Law on money laundering and terrorist financing (<i>Loi sanctionnant le blanchiment de capitaux et le financement du terrorisme</i>)	2013
	Law amending the law of 11 November 2013 sanctioning money laundering and the financing of terrorism (<i>Loi modifiant la loi du 11 novembre 2013 sanctionnant le blanchiment de capitaux et le financement du terrorisme</i>)	2016
Honduras	Law N°212-87 - Customs Law (<i>Ley N°212-87 - Ley de aduanas</i>)	1987
	Law N°8-2020 - Free Zone Law Reform (<i>Ley N°8-2020 - Reforma de ley de Zona Libre</i>)	2020
Jamaica	Customs Act	1941
	Revenue Administration Act	1985
	Special Economic Zones Act	2016
Mexico	Federation fiscal Code (<i>Código fiscal de la Federación</i>)	1981
	Customs law regulation (<i>Reglamento de la ley aduanera</i>)	2015
Nicaragua	Law N°265 (<i>Ley N°265</i>)	1997
	Law N°917 - Export Free Zones Law (<i>Ley N°917 - Ley de zonas francas de exportación</i>)	2015
	Executive Decree N°12-2016 (<i>Decreto Ejecutivo N°12-2016</i>)	2016
Panama	Law N°1 - Creates the National Customs Authority and Issues Provisions Concerning the Customs Regime (<i>Ley N°1 - Crea la Autoridad Nacional de Aduanas y Dicta Disposiciones Concernientes al Régimen Aduanero</i>)	2008
	Law N°72 - Reform of Law N°76 (<i>Ley N°72 - Reforma Ley N°76</i>)	2011
	Draft Customs Law (<i>Anteproyecto de Ley de Aduanas</i>)	2015
Paraguay	Law N°6417 (<i>Ley N°6417</i>)	2019
	Law N°6430 (<i>Ley N°6430</i>)	2019

Peru	Law N°30424 (<i>Ley N°30424</i>)	2002
	Law N°27693 (<i>Ley N°27693</i>)	2016
St. Kitts and Nevis	Proceeds of Crime Act, Chapter 4.28	2000
	Value Added Tax Act	2010
	Customs Act, No. 19	2014
St. Lucia	Customs Control and Management Act	2005
	Free Zone Act	2005
	Free Zone Amendment Act	2018
St. Vincent and the Grenadines	Customs Regulations	1990
	Customs Control and Management Act	1999
Suriname	Anti-Smuggling Act (<i>Wet Tegengaan Smokkelen</i>)	1986
	Economic Offenses (<i>Economische Delicten</i>)	1986
Trinidad and Tobago	Customs Act, Chapter 78:01	1938
	Trinidad and Tobago Free Zones Act, Chapter 81:07	1988
	Proceeds of Crime Act, Chapter 11:27	2000
Uruguay	Law N°19.276 - Customs Code of the Eastern Republic of Uruguay (<i>Ley N°19.276 - Código Aduanero de la República Oriental del Uruguay</i>)	2014
Venezuela	Organic Law Against Organized Crime and Terrorist Financing (<i>Ley Orgánica Contra el Crimen Organizado y Financiamiento del Terrorismo</i>)	2012

Table 14: Domestic Law and Money Laundering

Country	Law	Year
Antigua and Barbuda	Office of National Drug and Money Laundering Control Act	2003
	Money Laundering Prevention Act	2010
Argentina	Law N °25.246 (<i>Ley N °25.246</i>)	2000
	Law N °26.119 (<i>Ley N °26.119</i>)	2006
	Decree N°918/2012 (<i>Decreto N°918/2012</i>)	2012
Bahamas	The Proceeds of Crime Money Laundering Regulations	2001
	The Proceeds of Crime Act	2018
	Register of Beneficial Ownership Act	2018
Barbados	Money Laundering and Financing of Terrorism (Prevention and Control) Act	2011
	Proceeds and Instrumentalities of Crime Act	2019
Belize	Offshore Banking Act, Rev. Edition 2000	2000
	Money Laundering and Terrorism “Prevention” Act, Rev. Edition 2011	2011
	Moneylenders Act	2011

Bolivia	Law 1768 (<i>Ley 1768</i>)	1997
	Law 1834 (<i>Ley 1834</i>)	1998
	Law 393 (<i>Ley 393</i>)	2013
Brazil	Law N°9.613 (<i>Lei N°9.613</i>)	1998
	Law N°12.683 (<i>Lei N°12.683</i>)	2012
	Circular BCB 3.978 (<i>Circular BCB 3.978</i>)	2020
Chile	Law N°20.119 (<i>Ley N°20.119</i>)	2006
	Law N°20.393 (<i>Ley N°20.393</i>)	2009
	Law N°20.818 (<i>Ley N°20.818</i>)	2015
Colombia	Law N°1762 (<i>Ley N°1762</i>)	2015
Costa Rica	Law N°8204 - Article 69 (<i>Ley N°8204 - Artículo 69</i>)	2009
	Law N° 8754 - Law Against Organized Crime (<i>Ley N° 8754 - Ley Contra la Delincuencia Organizada</i>)	2009
Cuba	Law N°62 - Article N°250.1 & 251.1 (<i>Ley N°62 - Artículo N°250.1 & 251.1</i>)	1987
	Law N°87 - Article N°346 (<i>Ley N°87 - Artículo N°346</i>)	1999
	Law N°316 - Article N°3 (<i>Ley N°316 - Artículo N°3</i>)	2013
Dominica	Banking Act - No. 1	1991
	Offshore Banking Act	1996
	Money Laundering “Prevention” Act	2011
Dominican Republic	Law N°155-17 - Law against money laundering and terrorist financing (<i>Ley N°155-17 - Ley contra el lavado de activos y el financiamiento del terrorismo</i>)	2017
	Decree N°407-17 - Regulations for the application of Law N°155-17 (<i>Decreto N° 407-17 - Reglamento de aplicación de la Ley N°155-17</i>)	2017
	Decree N°408-17 - Regulation of the application of law N°155-17 (<i>Decreto N°408-17 - Reglamento de la aplicación de la ley N°155-17</i>)	2017
Ecuador	Organic Law for the Prevention, Detection and Eradication of the Crime of Money Laundering and the Financing of Crimes (<i>Ley Orgánica para la Prevención, Detección y Erradicación del Delito de Blanqueo de Capitales y Financiamiento de Delitos</i>)	2016
	Resolution N°SCVS-INC-DNCDN-2019-0020 - Norms for the Prevention of Money Laundering, Financing of Terrorism and other crimes (<i>Resolución N°SCVS-INC-DNCDN-2019-0020 - Normas de Prevención de Lavado de Activos, Financiamiento del Terrorismo y otros delitos</i>)	2019
El Salvador	Banking Law (<i>Ley de Bancos</i>)	2005
	Law against money and asset laundering (<i>Ley contra el lavado de dinero y de activos</i>)	2006
Grenada	Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Regulations	2012
	Proceeds of Crime Act	2014

Guatemala	Regulation of the law against money laundering or other assets (<i>Reglamento de la ley contra el lavado de dinero u otros activos</i>)	2002
Guyana	Anti-Money Laundering and Countering the Financing of Terrorism Act	2009
Haiti	Law on Laundering of Assets Derived from Illicit Drug Trafficking and Other Serious Crimes (<i>Loi sur le blanchiment des avoirs provenant du trafic illicite de la drogue et d'autres infractions graves</i>)	2001
	Law on money laundering and terrorist financing (<i>Loi sanctionnant le blanchiment de capitaux et le financement du terrorisme</i>)	2013
	Law amending the law of 11 November 2013 sanctioning money laundering and the financing of terrorism (<i>Loi modifiant la loi du 11 novembre 2013 sanctionnant le blanchiment de capitaux et le financement du terrorisme</i>)	2016
Honduras	Special Law Against Money Laundering (<i>Ley Especial Contra el Lavado de Activos</i>)	2015
	Law for the Regulation of Designated Non-Financial Activities and Professions (<i>Ley Para la Regulación de Actividades y Profesiones no Financieras Designadas</i>)	2015
Jamaica	Proceeds of Crime Act	2012
	Law Reform "Fraudulent Transactions" "Special Provisions" Act	2013
	International Corporate and Trust Services Providers Act	2017
Mexico	Federal Law for the Prevention and Identification of Operations with Resources of Illicit Origin (<i>Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita</i>)	2012
Nicaragua	General Law of Public Registries and the Commercial Code - No. 1035 (<i>Ley General de los Registros Públicos y al Código de Comercio - No. 1035</i>)	1997
Panama	Law N°45 (<i>Ley N°45</i>)	2003
	Law N°14 - Money Laundering Crimes (<i>Ley N°14 - Delitos de Blanqueo de Capitales</i>)	2007
	Article N°254 of the Panamanian Penal Code (<i>Artículo N°254 del Código Penal Panameño</i>)	2010
Paraguay	Law N°6452 (<i>Ley N°6452</i>)	2019
	Law N°6497 (<i>Ley N°6497</i>)	2020
Peru	Legislative Decree N° 1106 (<i>Decreto Legislativo N° 1106</i>)	2012
	Law N°30424 (<i>Ley N°30424</i>)	2016
St. Kitts and Nevis	Proceeds of Crime Act, Chapter 4.28	2000
	Financial Services "Exchange of Information" Regulations	2002
	Anti-Money Laundering Regulations	2011
St. Lucia	Proceeds of Crime Act Chapter 3.04	1993
	Money Laundering Prevention Act	2013
	UN Sanctions (Counter-Proliferation Financing) Act	2019

St. Vincent and the Grenadines	Proceeds of Crime Act	2013
	Anti-Money Laundering and Terrorist Financing Regulations	2014
Suriname	Banking Act 1956 (<i>Bankwet 1956</i>)	2005
	AML-CFT Directive Note (<i>AML-CFT Directive Memorandum</i>)	2012
	International Sanctions Act (<i>Wet Internationale Sancties</i>)	2014
Trinidad and Tobago	Proceeds of Crime Act, Chapter 11:27	2000
	Financial Institutions Act	2008
	Financial Obligations Regulations	2010
Uruguay	Law N°17.703 (<i>Ley N°17.703</i>)	2003
	Law N°18.930 - Technical convergence on international tax transparency (<i>Ley N°18.930 - Convergencia técnica en materia de transparencia fiscal internacional</i>)	2012
	Law N°19.574 - Comprehensive law against money laundering (<i>Ley N°19.574 - Ley integral contra el lavado de activos</i>)	2017
Venezuela	Organic Law Against Organized Crime and Terrorism Financing (<i>Ley Orgánica Contra el Crimen Organizado y Financiamiento del Terrorismo</i>)	2012

Table 15: Domestic Law and Mineral Trafficking

Country	Law	Year
Antigua and Barbuda	The Minerals Vesting Act	2018
Argentina	Law N °24.585 (<i>Ley N °24.585</i>)	1995
Bahamas	Conservation and Protection of the Physical Landscape of the Bahamas	1997
	Mining Act Draft Bill	2020
Barbados	Mines Regulation Act	1899
Belize	Mines and Minerals Act	2000
Bolivia	Law N°367 (<i>Ley N°367</i>)	2013
	Law N°535 (<i>Ley N°535</i>)	2014
Brazil	Decree-Law 227 on the Mining Code (<i>Decreto-Lei 227 sobre o Código de Minas</i>)	1967
Chile	Law N° 18097 - Organic constitutional law on mining concessions (<i>Ley N°18097 - Ley orgánica constitucional sobre concesiones mineras</i>)	1982
	Law N° 18242 - Mining code (<i>Ley N° 18242 - Código de minería</i>)	1983
	Law N°20228 (<i>Ley N°20228</i>)	2007
Colombia	Law N°599 - Penal Code (<i>Ley N°599 - Código Penal</i>)	2000

Costa Rica	Law N°6797 - Mining Code (<i>Ley N°6797 - Código de Minería</i>)	1982
	Law N°8904 - Reform of the Mining Code and its law reforms to declare Costa Rica a country free from Open Pit Metal Mining (<i>Ley N°8904 - Reforma Código de Minería y sus reformas ley para declarar a Costa Rica país libre de Minería Metálica a Cielo Abierto</i>)	2010
Cuba	Law N°76 - Mines Law (<i>Ley N°76 - Ley de Minas</i>)	1995
	Decree N°222 - Regulation of the Mining Law (<i>Decreto N°222 - Reglamento de la Ley de Minas</i>)	1997
Dominica	Mines and Minerals Act - No. 5	1996
Dominican Republic	Law N°146-71 - Mining Law of the Dominican Republic (<i>Ley N°146-71 - Ley Minera de la República Dominicana</i>)	1971
	Law N°64-00 - General Law on Environment and Natural Resources (<i>Ley N°64-00 - Ley general sobre recursos medio ambiente y recursos naturales</i>)	2000
Ecuador	Instructions for obtaining licenses for the commercialization of metallic mining substances or for the export of non-metallic mineral substances (<i>Instructivo de obtención licencias de comercialización de sustancias mineras metálicas o a la exportación de sustancias minerales no metálicas</i>)	2016
El Salvador	Mining Law (<i>Ley de Minería</i>)	2001
	Law prohibiting metal mining (<i>Ley de prohibición de la minería metálica</i>)	2017
Grenada	Beach Protection Act	2010
Guatemala	Mining Law (<i>Ley de Minería</i>)	1997
	Regulation of the mining law (<i>Reglamento de la ley de minería</i>)	2001
Guyana	Mining Act	1989
	Amerindian Act	2006
	Special Mining Regulations	2014
Haiti	Mineral Law of 1976 (<i>Loi minière de 1976</i>)	1976
	Mineral Law Project (<i>Projet de loi minière</i>)	2014
Honduras	Law for the Regulation of Oil and Mining Exploration and Exploitation Operations (<i>Ley Para la Regulacion de las Operaciones de Exploracion y Explotación Petrolera y Minera</i>)	1990
Jamaica	Mining Act	1947
	Minerals "Vesting" Act	1947
Mexico	Mining Law (<i>Ley Minera</i>)	2014
Nicaragua	Special Law on Exploration and Exploitation of Mines (<i>Ley Especial Sobre Exploración y Explotación de Minas</i>)	2001
Panama	Law N°32 (<i>Ley N°32</i>)	1996
	Law N°13 (<i>Ley N°13</i>)	2012
Paraguay	Law N° 3180 - Mining Law (<i>Ley N° 3180 - Ley de Minería</i>)	2007

Peru	Law N°27651 (<i>Ley N°27651</i>)	2002
	Law N°28315 (<i>Ley N°28315</i>)	2004
	Law N°30193 (<i>Ley N°30193</i>)	2014
St. Kitts and Nevis	Metals Act, Chapter 23.13	1899
	Minerals “Vesting” Act, Chapter 10.11	1954
St. Lucia	No mining law	N/A
St. Vincent and the Grenadines	Beach Protection Act	1981
Suriname	Economic Offenses (<i>Economische Delicten</i>)	1986
	Mining Decree (<i>Decreet Mijnbouw</i>)	1986
Trinidad and Tobago	Mining Compensation Act, Chapter 61:02	1916
	Minerals Act, Chapter 61:03	2000
Uruguay	Law N°15.242 - Mining Code (<i>Ley N°15.242 - Código de Minería</i>)	1982
Venezuela	Criminal Law of the Environment (<i>Derecho Penal del Medio Ambiente</i>)	2012
	Decree with Rank Value and Force of Organic Customs Law (<i>Decreto con Valor de Rango y Fuerza de Ley Orgánica de Aduanas</i>)	2014

Table 16: Domestic Law and Human Trafficking & Smuggling

Country	Law	Year
Antigua and Barbuda	The Trafficking in Persons Prevention Act	2010
	The Trafficking in Persons Prevention Amendment Act	2015
Argentina	Law N °26.390 (<i>Ley N °26.390</i>)	2008
	Law N °26.364 (<i>Ley N °26.364</i>)	2008
	Law N °27.372 (<i>Ley N °27.372</i>)	2017
Bahamas	The Trafficking in Persons Prevention and Suppression Act	2008
Barbados	Offences Against the Person Act	1994
	Trafficking in Persons Prevention Bill	2016
Belize	Families and Children Act, Rev Edition 2000	1998
	Criminal Code, Rev. Edition 2000	2000
	Trafficking in Persons (Prohibition) Act	2013
Bolivia	Law N°263 (<i>Ley N°263</i>)	2012
Brazil	Decree N°6347 (<i>Decreto N°6347</i>)	2008
	Law N°13.344 (<i>Lei N°13.344</i>)	2016
Chile	Law N°20507 (<i>Ley N°20507</i>)	2007

Colombia	Law N°679 (<i>Ley N°679</i>)	2001
	Law N°800 (<i>Ley N°800</i>)	2003
	Law N°1136 (<i>Ley N°1136</i>)	2009
Costa Rica	Law N°9095 - Law Against Trafficking in Persons and Creation of the Coalition Against Smuggling of Migrants and Trafficking in Persons (<i>Ley N°9095 - Ley Contra la Trata de Personas y Creación de la Coalición Contra el Tráfico Ilícito de Migrantes y la Trata de Personas</i>)	2012
	Penal Code 4573 Article 384 bis - Illicit trafficking in human organs, tissues and / or human fluids (<i>Código Penal 4573 Artículo 384 bis - Tráfico ilícito de órganos, tejidos humanos y/o fluidos humanos</i>)	2014
Cuba	Law N°87 - Article 347-48 (<i>Ley N°87 - Artículo 347-48</i>)	1999
Dominica	Offences against the Person Act - Chapter 10:31	1873
	Recruiting of Workers Act - Chapter 90:04	1943
	Children and Young Persons Act - No. 17	1970
Dominican Republic	Law N°137-03 - on smuggling of migrants and human trafficking (<i>Ley 137-03 - sobre tráfico ilícito de migrantes y trata de personas</i>)	2003
Ecuador	Organic Integral Criminal Code (<i>Código Penal Integral Orgánico</i>)	2014
El Salvador	Decree 457 - Amendments to the Penal Code (<i>Decreto 457 - Reformas al Código Penal</i>)	2004
	Special Law Against Trafficking in Persons (<i>Ley Especial Contra la Trata de Personas</i>)	2014
Grenada	Prevention of Trafficking in Persons Act	1994
Guatemala	Law against sexual violence, exploitation and human trafficking (<i>Ley contra la violencia sexual, explotación y trata de personas</i>)	2009
Guyana	The Combating Trafficking of Persons Act	2005
Haiti	Law on the prohibition and elimination of all forms of abuse, violence, ill-treatment or inhuman treatment against children (<i>Loi relative à l'interdiction et à l'élimination de toutes formes d'abus, de violences, de mauvais traitements ou traitements inhumains contre les enfants</i>)	2003
	Decree ratifying the Inter-American Convention on Trafficking in Minors (<i>Décret portant ratification de la Convention Interaméricaine sur le Trafic des Mineurs</i>)	2004
	Law on Combating Trafficking in Persons - Law No. CL / 2014-0010 (<i>Loi sur la Lutte contre la Traite des Personnes - Loi No. CL/2014-0010</i>)	2014
Honduras	Law Against Trafficking in Persons (<i>Ley Contra la Trata de Personas</i>)	2012
Jamaica	Child Care and Protection Act	2004
	Trafficking in Persons "Prevention, Suppression and Punishment" Act	2007
	Child Pornography "Prevention" Act	2009

Mexico	General law to prevent, punish and eradicate crimes related to human trafficking and for the protection and assistance to victims of these crimes (<i>Ley general para prevenir, sancionar y erradicar los delitos en materia de trata de personas y para la protección y asistencia a las víctimas de estos delitos</i>)	2012
Nicaragua	Law Against Trafficking in Persons (<i>Ley Contra la Trata de Personas</i>)	2015
Panama	Law N°79 - On Trafficking in Persons and Related Activities (<i>Ley N°79 - Sobre Trata de Personas y Actividades Conexas</i>)	2011
Paraguay	Law N° 4788 - Comprehensive Law Against Trafficking in Persons (<i>Ley N° 4788 - Ley Integral Contra la Trata de Personas</i>)	2012
Peru	Law N°28.950 - Law Against Trafficking in Persons and Smuggling of Immigrants (<i>Ley N°28.950 - Ley Contra la Trata de Personas y el Tráfico Ilícito de Inmigrantes</i>)	2007
St. Kitts and Nevis	Offences against the Person Act, Chapter 4.21	1873
	Trafficking in Persons "Prevention" Act	2008
St. Lucia	Counter-Trafficking Act	2010
St. Vincent and the Grenadines	The Prevention of Trafficking in Persons Act	2011
Suriname	Criminal Law (<i>Wetboek van Strafrecht</i>)	1911
Trinidad and Tobago	Trafficking in Persons Act, Chapter 12:10	2011
	Children Act, Chapter 46:01	2012
Uruguay	Law N°17.815 - Commercial or non-commercial sexual violence committed against children, adolescents or the disabled (<i>Ley N°17.815 - Violencia sexual comercial o no comercial cometida contra niños, adolescentes o incapaces</i>)	2004
	Law N°17.861 - United Nations Convention against Transnational Organized Crime and its complementary protocols to prevent, repress and punish trafficking in people, especially women and children, and the smuggling of migrants by land, sea and air (<i>Ley N°17.861 - Convención de las naciones unidas contra la delincuencia organizada transnacional y sus protocolos complementarios para prevenir, reprimir y sancionar la trata de personas, especialmente de mujeres y niños, y el tráfico ilícito de migrantes por tierra, mar y aire</i>)	2005
	Law N°19.643 - Law on Prevention and Combat of Trafficking in Persons (<i>Ley N°19.643 - Ley de Prevención y Combate de la Trata de Personas</i>)	2019
Venezuela	Organic Law on the Rights of Women to a Life Free of Violence (<i>Ley Orgánica de los Derechos de la Mujer a una Vida Libre de Violencia</i>)	2007

Table 17: Domestic Law and Drug Trafficking

Country	Law	Year
Antigua and Barbuda	Office of National Drug and Money Laundering Control Act	2003
	Office of National Drug and Money Laundering Control Amendment Act	2008
Argentina	Law N° 23.737 (<i>Ley N° 23.737</i>)	1989
	Law N° 25.246 (<i>Ley N° 25.246</i>)	2000
Bahamas	Dangerous Drugs Act	2008
	The Proceeds of Crime Act	2018
Barbados	Drug Abuse Prevention and Control Act	1991
Belize	Misuse of Drugs Act, Rev. Edition 2000	2000
Bolivia	Law N° 1008 (<i>Ley N°1008</i>)	1988
	Law N° 913 (<i>Ley N°913</i>)	2017
	Law N° 906 (<i>Ley N°906</i>)	2017
Brazil	Law N° 11.343 (<i>Lei N°11.343</i>)	2006
	Law N° 12.683 (<i>Lei N°12.683</i>)	2012
Chile	Law N° 20000 (<i>Ley N° 20000</i>)	2005
	Decree N°63 that promulgates the agreement with Argentina on the exchange of information on criminal records for crimes of trafficking in illicit narcotic drugs and psychotropic substances and money laundering associated with these crimes (<i>Decreto N°63 que promulga el convenio con Argentina sobre intercambio de información de antecedentes penales por delitos de tráfico de ilícito de estupefacientes y sustancias psicotrópicas y lavado de activos asociado a estos delitos</i>)	2005
Colombia	Law N°30 Chapter IV (<i>Ley N°30 Capítulo IV</i>)	1986
	Law N°1453 Article 11-12 (<i>Ley N°1453 Artículo 11-12</i>)	2011
Costa Rica	Law N°5395 - General Health Law (<i>Ley N°5395 - Ley General de Salud</i>)	1973
	Law N°8204 - Law on narcotic drugs, psychotropic substances, drugs for unauthorized use, related activities, money laundering and financing of terrorism (<i>Ley N°8204 - Ley sobre estupefacientes, sustancias psicotrópicas, drogas de uso no autorizado, actividades conexas, legitimación de capitales y financiamiento al terrorismo</i>)	2009
Cuba	Law N°62 - Article 190-93 (<i>Ley N°62 - Artículo 190-93</i>)	1987
	Law N°232 - On confiscation for facts related to drugs, acts of corruption or other illegal behavior (<i>Ley N°232 - Sobre confiscación por hechos relacionados con las drogas, actos de corrupción o con otros comportamientos ilícitos</i>)	2003
Dominica	Drugs “Prevention of Misuse” Act - Chapter 40:07	1998
	Transnational Organized Crime Prevention and Control Act - No. 13	2013

Dominican Republic	Law N°17-95 - Introducing modifications to Law No. 50-88 (<i>Ley N°17-95 - Que introduce modificaciones a la Ley No.50-88</i>)	1995
	Law N°72-02 - on Laundering of Assets from Illicit Traffic in Drugs and Controlled Substances (<i>Ley N°72-02 - sobre Lavado de Activos Provenientes del Tráfico Ilícito de Drogas y Sustancias Controladas</i>)	2002
Ecuador	Narcotic and Psychotropic Substances Law (<i>Ley de Sustancias Estupefacientes y Psicotrópicas</i>)	2004
El Salvador	Law regulating drug-related activities (<i>Ley reguladora de las actividades relativas a las drogas</i>)	2003
Grenada	Drug Abuse and Prevention and Control Act	1992
Guatemala	Law against drug activity (<i>Ley contra la narcoactividad</i>)	1992
	Reform of the Law against drug activity (<i>Reforma de Ley contra la narcoactividad</i>)	2012
Guyana	Narcotic Drugs and Psychotropic Substances “Control” Act	1988
	Maritime Drug Trafficking “Suppression” Act	2003
Haiti	Law on the Control and Suppression of Illicit Drug Trafficking (<i>Loi Relative au Contrôle et à la Répression du Trafic Illicite de la Drogue</i>)	2001
	On Laundering of Assets Arising from Illicit Drug Trafficking and Other Serious Crimes (<i>Sur le Blanchiment des Avoirs Provenant du Trafic Illicite de la Drogue et des Autres Infractions Graves</i>)	2001
Honduras	Law on the Misuse and Illicit Traffic of Drugs and Psychotropic Substances (<i>Ley de Uso Indebido y tráfico ilícito de Drogas y Sustancias psicotrópicas</i>)	1989
Jamaica	Dangerous Drugs Act	1948
	Maritime Drug Trafficking “Suppression” Act	1998
	Precursor Chemicals Act	2005
Mexico	General Health Law Chapter VII Crimes against Health in the Modality of Drug Trafficking (<i>Ley General de Salud Capítulo VII Delitos Contra la Salud en su modalidad de Narcomenudeo</i>)	2009
Nicaragua	Narcotics, Psychotropics and Controlled Substances Law (<i>Ley de Estupefacientes, Psicotrópicos y Sustancias Controladas</i>)	1994
	Reform Law and Additions to Law no. 177, Law on Narcotic Drugs, Psychotropics and Controlled Substances (<i>Ley de Reforma y Adiciones a la ley no. 177, Ley de Estupefacientes, Psicotrópicos y Sustancias Controladas</i>)	1999
Panama	Law N°40 (<i>Ley N°40</i>)	2012
Paraguay	Law No. 1881 - Amends Law No. 1340, which represses the Illicit Trafficking of Narcotics and Dangerous Drugs and Other Related Crimes and establishes Measures for the Prevention and Recovery of Drug Addicts (<i>Ley N 1881 - Modifica la Ley N 1340, que Reprime el Tráfico Ilícito de Estupefacientes y Drogas Peligrosas y Otros Delitos Afines y Establece Medidas de Prevención y Recuperación de Farmacodependientes</i>)	2015

Peru	Decree Law N°22095 - Law for the Suppression of Illicit Drug Trafficking (<i>Decreto Ley 22095 - Ley para la Represión del Tráfico Ilícito de Drogas</i>)	1978
	Law N°29037 (<i>Ley N°29037</i>)	2007
	Legislative Decree N°1241 (<i>Decreto Legislativo N°1241</i>)	2015
St. Kitts and Nevis	Accessories and Abettors Act, Chapter 4.03	1876
	Drugs “Prevention and Abatement of the Misuse and Abuse of Drugs” Act, Chapter 9.08	1986
	Proceeds of Crime Act, Chapter 4.28	2000
St. Lucia	Drugs Prevention of Misuse Act	2008
St. Vincent and the Grenadines	The Precursor Chemical Act	2003
	Drugs Prevention of Misuse Act	2009
	Drug Trafficking Act	2009
Suriname	Narcotics Act (<i>Wet Verdovende Middelen</i>)	1998
Trinidad and Tobago	Dangerous Drugs Act, Chapter 11:25	1991
Uruguay	Law N°14.294 - Narcotics (<i>Ley N°14.294 - Estupefacientes</i>)	1974
	Law N°17.016 - Narcotics (<i>Ley N°17.016 - Estupefacientes</i>)	1998
Venezuela	Organic Law Against Illicit Trafficking and Consumption of Narcotic and Psychotropic Substances (<i>Ley Orgánica Contra el Tráfico y Consumo Ilícito de Sustancias Estupefacientes y Psicotrópicas</i>)	2005
	Organic Law Against Organized Crime and Terrorism Financing (<i>Ley Orgánica Contra el Crimen Organizado y Financiamiento del Terrorismo</i>)	2012

Table 18: Domestic Law and Corruption

Country	Law	Year
Antigua and Barbuda	Integrity in Public Life Act	2004
	Prevention of Corruption Act	2004
Argentina	Law 25.188 (<i>Ley 25.188</i>)	1999
	Law 25.319 (<i>Ley 25.319</i>)	2000
	Law 27.401 (<i>Ley 27.401</i>)	2017
Bahamas	Public Disclosure Act	1976
	Prevention of Bribery Act	1976
	Prevention of Bribery Amendment Act	2014
Barbados	Prevention of Corruption Act	1929
	Prevention of Corruption Act	2014

Belize	Prevention of Corruption Act, Chapter 105	2000
	Prevention of Corruption in Public Life Act, Chapter 12	2000
	Criminal Code, Chapter 101	2000
Bolivia	Law 004 (<i>Ley 004</i>)	2010
	Law 974 (<i>Ley 974</i>)	2017
Brazil	Law 10.467 (<i>Lei 10.467</i>)	2002
	Law 12846 (<i>Lei 12846</i>)	2013
	Law 13964 (<i>Lei 13964</i>)	2019
Chile	Law 20393 (<i>Ley 20393</i>)	2009
	Law 21121 (<i>Ley 21121</i>)	2018
Colombia	Penal Code Articles 322-397-407 (<i>Código Penal artículos 322-397-407</i>)	2000
	Law 1.474 Anti-Corruption Statute (<i>Ley 1.474 Estatuto Anticorrupción</i>)	2011
	Law 1778 Bribery and transnational corruption (<i>Ley 1778 Sobornos y corrupción transnacional</i>)	2016
Costa Rica	Law 4573 (<i>Ley 4573</i>)	1970
	Law 8422 (<i>Ley 8422</i>)	2005
Cuba	Law 62 (<i>Ley 62</i>)	1987
	Law 219 (<i>Ley 219</i>)	2002
	Law 107 (<i>Ley 107</i>)	2009
Dominica	Finance and Audit Act (Chapter 63:01)	1965
	Integrity in Public Office Act (No. 6 of 2003)	2003
	Transnational Organized Crime (Prevention and Control) Act	2013
Dominican Republic	Decree 322-97 (<i>Decreto 322-97</i>)	1997
	Law 340-06 (<i>Ley 340-06</i>)	2006
	Law 448-06 (<i>Ley 448-06</i>)	2006
Ecuador	Organic Law of Public Service (<i>Ley orgánica del servicio público</i>)	2010
	Organic Law Amending the Comprehensive Criminal Code on Anti-Corruption Matters (<i>Ley Orgánica que Reforma al Código Penal en Materia Anticorrupción</i>)	2021
El Salvador	Public administration procurement and contracting law - LACAP law (<i>Ley de adquisiciones y contrataciones de la administración pública - ley LACAP</i>)	2000
	Organic law of the financial administration of the state (<i>Ley orgánica de administración financiera el estado</i>)	2008
	Government Ethics Law (<i>Ley de ética gubernamental</i>)	2011
Grenada	Integrity in Public Life Act	2013
Guatemala	Decree 312012 - Law against corruption (<i>Decreto 312012 - Ley Contra la Corrupción</i>)	2012

Guyana	Integrity Commission Act	1997
	The States Assets Recovery Act	2017
Haiti	Law on Prevention and Repression of Corruption (<i>Loi Portant Prévention et Répression de la Corruption</i>)	2014
Honduras	Law on Definitive Deprivation of the Domain of Goods of Illicit Origin (<i>Ley Sobre Privación Definitiva del Dominio de Bienes de Origen Ilícito</i>)	2010
Jamaica	Revenue Administration Act	1985
	Corruption Prevention Act	2002
	Integrity Commission Act	2017
Mexico	General Law of the National Anticorruption System (<i>Ley General del Sistema Nacional Anticorrupción</i>)	2016
	National Domain Extinction Law (<i>Ley Nacional de Extinción de Dominio</i>)	2019
Nicaragua	Law for the Prevention, Investigation and Prosecution of Organized Crime and the Administration of Seized, Confiscated and Abandoned Assets (<i>Ley de Prevención, Investigación y Persecución del Crimen Organizado y de la Administración de los Bienes Incautados, Decomisados y Abandonados</i>)	2010
Panama	Law 48 - Government Procurement Law (<i>Ley 48 - Contratación Pública</i>)	1999
	Law 59 - That Regulates Article 299 of the Political Constitution and Issues other Provisions against Administrative Corruption (<i>Ley 59 - Que Reglamenta el Artículo 299 de la Constitución Política y Dicta otras Disposiciones contra la Corrupción Administrativa</i>)	2011
Paraguay	Law N 977 - Approving the Inter-American Convention Against Corruption (<i>Ley N 977 - Que Aprueba la Convención Interamericana Contra la Corrupción</i>)	1996
	Law N 3440 - That Modifies Various Provisions of Law N 1160/97, Penal Code (<i>Ley N 3440 - Que Modifica Varias Disposiciones de la Ley N 1160/97, Código Penal</i>)	2008
	Law N 2523 - That Prevents, Classifies and Punishes Illicit Enrichment in Public Function and Trafficking of Influences (<i>Ley N 2523 - Que Previene, Tipifica y Sanciona el Enriquecimiento Ilícito en la Función Pública y el Tráfico de Influencias</i>)	2004
Peru	Law 27245 - Law of Responsibility and Fiscal Transparency (<i>Ley 27245 - Ley de Responsabilidad y Transparencia Fiscal</i>)	1999
	Law 29703 - Law that modifies the penal code regarding crimes against the public administration (<i>Ley 29703 - Ley que modifica el código penal respecto de los delitos contra la administración pública</i>)	2011
	Law 29976 - Law creating the high-level anti-corruption commission (<i>Ley 29976 - Ley que crea la comisión de alto nivel anticorrupción</i>)	2013
	Law 30424 - Law that regulates the administrative responsibility of legal persons for the crime of active transnational bribery (<i>Ley 30424 - Ley que regula la responsabilidad administrativa de las personas jurídicas por el delito de cohecho activo transnacional</i>)	2018

St. Kitts and Nevis	Organised Crime (Prevention and Control) Act, Chapter 4.22	2002
	Public Service Act, No.19 of 2011	2011
	Integrity in Public Life Act, No. 18 of 2013	2013
St. Lucia	The Integrity in Public Life Act	2004
	The Public Procurement and Asset Disposal Act	2015
St. Vincent and the Grenadines	Prevention of Corruption Act	2004
Suriname	Criminal Law (<i>Wetboek van Strafrecht</i>)	1911
	Anti-Corruption Law (<i>Anti-corruptie wet</i>)	2017
Trinidad and Tobago	Prevention of Corruption Act	1987
	Integrity in Public Life Act, Chapter 22:01	2000
Uruguay	Law 17.060 - Cristal Law (<i>Ley 17.060 - Ley Cristal</i>)	1999
	Law 17.243 (<i>Ley 17.243</i>)	2000
	Law 18.485 - Political Parties (<i>Ley 18.485 - Partidos Políticos</i>)	2009
Venezuela	Law Against Corruption (<i>Ley contra la Corrupción</i>)	2003
	Organic Law Against Organized Crime and Terrorist Financing (<i>Ley orgánica contra la delincuencia organizada y el financiamiento al terrorismo</i>)	2012

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