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Secretariat for Multidimensional Security

**XLII MEETING OF THE GROUP OF EXPERTS FOR THE CONTROL OF MONEY LAUNDERING
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**PROGRESS REPORT:
ANALYSIS OF THE RISKS ASSOCIATED TO MONEY LAUNDERING AND TERRORISM FINANCING**

**Progress report:
Analysis of the Risks Associated to Money
Laundering and Terrorism Financing**

**Sub-Working Group on Financial Intelligence Units
and Criminal Investigation Agencies**

**XLII Group of Experts for the Control of Money Laundering
(GELAVEX)**



**Organización de los
Estados Americanos**



Introduction

It is **important to determine the risks** to which is exposed the region, sub regions and each State to have in place **effective and efficient systems** in preventing and prosecuting Money Laundering and Terrorism Financing.

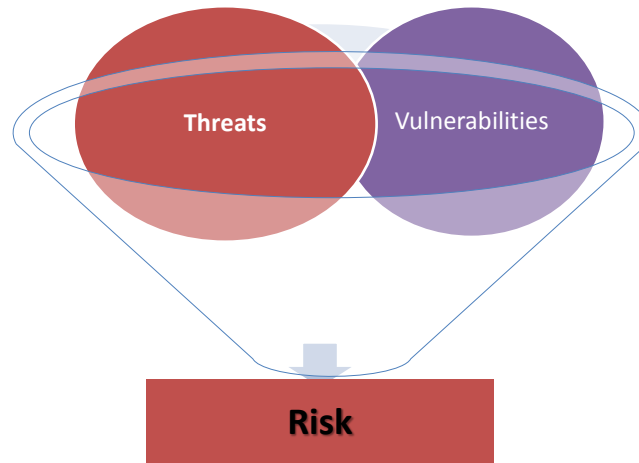


Background

- **Threat:** a person or group of people, object or activity with the potential to cause harm to, for example, the state, society, the economy, etc.
- **Vulnerabilities:** in risk assessment comprises those things that can be exploited by the threat or that may support or facilitate its activities.



Background



Risks / consequences

- Financial sector instability;
- Threats States' territorial integrity and security;
- Distorts the allocation of resources between the licit and illicit economy; prices; consumption; in the external sector; on investment; and economic development;
- Unfair competition;
- Corruption;
- Imposes to society higher costs, to the benefit of the AML / CFT regime;
- Not achieving the goal of preventing criminal organizations to have profit, in order to reduce their economic capacity and associated crime
- To fail in the purpose of depriving terrorist organizations of resources to achieve their goals.



Internal / National Risk Evaluation

Sectors that will provide essential information for proper risk analysis:

- **Prevention** (including regulatory authorities, supervision and AML / CFT punishment in different economic areas)
- **Detection** (including FIUs, intelligence and security offices, tax control authorities, and customs and immigration authorities)
- **Prosecution / Sanction** (including persecutors, law enforcement and the judiciary).

Information requests to representatives of financial institutions and DNFBPs (trade associations), should be assessed according to the context.



National Risk Assessments (NRAs)

Current options available for performing Risk Assessments:

- Technical Assistance (WB, IMF, IDB)
- Self Analysis towards Mutual Evaluations



Case Study

In which of the following precedent criminal offences, is possible to associate higher risk levels according with our local/regional reality:

- Illicit drug trafficking
- Corruption and White Collar Crimes
- Crimes against intellectual property
- Arms trafficking
- Kidnapping and Extortion
- Tax fraud
- Smuggling
- Human trafficking
- Financial Crimes (insider trading, affinity fraud, ...)
- Crimes related to the illegal exploitation of natural resources (mining, forestry ...)



Case Study

What information of these crimes could be useful for analyzing risks of money laundering?

How could it be centralized?

What would be objective to analyze the risks?

How to materialize these goals?



Conclusion: Why do we work on risk analysis?

It is important that prevention and sanctioning agencies work together in risk analysis, because they have the same target group: those who get money from illicit origin can not enjoy it.

For this it is essential that prevention agencies have the necessary inputs (information) of the organs of prosecution, as well as the prosecutors are aware of high risk areas identified by prevention agencies.

Finally, crime always goes a step forward, and we must join efforts to work seriously to face the new scenarios such as alternative money or value transfer services, e-currencies, pre-paid cards, and the misuse of social networks and Internet.



¿The way ahead?

1.- Countries that have created their risk matrix according to FATF, can socialize it with the working group, so the group can make or adapt a common risk assessment protocol.

2.- Another possibility is to request GAFILAT's support for facilitating their evaluations and work with us in drafting a proposal document or single assessment protocol.

3.- Countries that have received technical assistance in preparing their risk assessments would be asked to share, or contribute to the creation of a common protocol.

4.- Agreements, commitments dates, responsible for collecting material and systematize the creation of the common protocol (if approved).



Comments and steps forward



Thnanks!!