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**ORGANIZATION OF AMERICAN STATES (OAS)  
Inter-American Drug Abuse Control Commission (CICAD)**

**Multilateral Evaluation Mechanism (MEM)  
Governmental Expert Group (GEG)**

# **PANAMA**

**EVALUATION OF PROGRESS IN DRUG CONTROL  
2005–2006**

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**Seizures related to Controlled Chemical Substances 2004–2006**

Controlled Chemical Substances	Number of seizures			Unit of measure	Quantities seized		
	2004	2005	2006*		2004	2005	2006*
Ergotamine Tartrate	0	0	1	Kg.	0	0	5
Potassium Permanganate	0	0	1	Kg.	0	0	350
Sulfuric Acid	0	0	1	L	0	0	37.85
Sodium Carbonate	0	0	1	Kg.	0	0	45.37
Pseudoephedrine <sup>9</sup>	1	0	1	tab	12,606.430	0	86,520

**CICAD recognizes Panama's efforts to control chemical substances through the enactment of Law 19 and seizure of large volumes of these substances, such as pseudoephedrine. CICAD encourages the country to continue its anti-diversion measures and to maintain an ongoing refresher training program for staff of the entities involved in controlling the diversion of chemical substances.**

## IV. CONTROL MEASURES

### A. Illicit Drug Trafficking

Data on drug seizures carried out by Panama during the years 2004–2006 is reported in the table below. According to data reported by the country, in 2006 there was a significant increase in the seizures of ecstasy, heroin, and crack over the previous year, and fewer seizures of cocaine base and cannabis grass.

**Number of Seizures and Quantities of Drugs Seized 2004–2006**

Type of drug	Number of seizures			Quantities of drugs seized		
	2004	2005	2006	2004	2005	2006
Heroin	7	12	11	55.92 Kg.	42.39 Kg.	81.76 Kg.
Cocaine base	—	—	1	—	—	1.54 Kg.
Cocaine hydrochloride	48	29	49	3,294.59 Kg.	16,127.15 Kg.	12,518.01 Kg.
Crack cocaine	209	212	262	3.98 Kg.	4.17 Kg.	8,323.98 Kg.
Leaf cannabis (grass)	5	18	37	1,129.20 Kg.	14,342.95 Kg.	7,209.88 Kg.
Amphetamine/methamphetamine	1	0	0	1,500,000.88 Kg.	0	0
MDMA (ecstasy) and derivatives	0	1	4	0	1,200 pills	3,448 pills

<sup>9</sup> The seizures of pseudoephedrine reported in this table are the same that have been reported in the sub-chapter on pharmaceutical products. This data is reported in both chapters, as pseudoephedrine is a pharmaceutical product commercialized in tablets, however its active component is a chemical substance and is part of the United Nations list (Chart I) of controlled chemical substances.



Panama indicates that 209 people were formally charged with illicit drug trafficking in 2004; 165 were charged in 2005; and 103 were charged in 2006. Regarding the number of persons convicted of illicit drug trafficking, the country reported 165 convictions in 2004, 142 in 2005, and 63 in 2006.

The number of public officials formally charged with acts of corruption related to illicit drug trafficking was as follows: 18 in 2004, seven in 2005, and 20 in 2006. During that same period, nine public officials were convicted in 2004, six in 2005, and seven in 2006.

The country reports that the number of public officials formally charged with crimes related to illicit drug trafficking was three in 2004, six in 2005, and one in 2006. Regarding convictions for this offense, one was reported in 2004, six in 2005, and one in 2006.

The following table contains information on the number of persons formally charged with and convicted of illicit possession of drugs in Panama:

**Number of persons formally charged with and convicted of illicit possession of drugs 2004–2006**

Year	2004	2005	2006
Number of persons formally charged	2,046	1,688	1,883
Number of persons convicted	1,256	1,108	1,120

Panama does not have laws or regulations that permit the possession of drugs for personal use, either at the national or provincial level. No laws or regulations exist in Panama establishing exceptions to the definition of the offense of possession for personal use. Likewise, no judgments have been issued in the country that found possession for personal use lawful. The legal or judicial criteria may be used to distinguish between possession for personal use and possession for illicit trafficking purposes.

When a person is formally charged with or convicted of illicit possession for personal use or illicit trafficking, there are alternative sentencing measures. These measures have been applied in Panama and their results have been evaluated (75% of the persons to whom the measures were applied, completed them). The applied alternative measures include fines, conditional suspension of sentence, public or private reprimand, and curative security measures. The following table provides information on the number of persons to whom these measures have been applied:

**Number of persons who received alternative sentencing measures 2004–2006**

Year	Fines	Conditional suspension of sentence	Public or private reprimand	Curative measures
2004	315	150	27	64
2005	309	152	23	65
2006	134	43	2	68

The following table contains information on the number of persons arrested for, formally charged with, and convicted of illicit possession of drugs for personal use:



**Number of Persons arrested for, formally charged with and convicted of illicit drug possession for personal use 2004–2006**

Year	Persons arrested	Persons formally charged	Persons convicted
2004	13	8	6
2005	2	23	21
2006	6	7	2

Regarding the means used to promote or facilitate timely operational information exchange within the country and collaboration among authorities responsible for controlling illicit drug trafficking, Panama reports that immediate inter-agency meetings have been held, under the direction of the Office of the Prosecutor for Drug-related Crimes, as well as an exchange of information via e-mail and communication. Among the principal achievements in applying these means, the country highlights that it has succeeded in attaining more effective operational control, greater efficiency in results of operations, and generating better inter-personal relations, which ensures the effectiveness of operations, due to inter-agency confidence.

At the international level, Panama reports that the primary achievements accomplished through exchange of operational information and cooperation with other countries have been assured effectiveness of the necessary judicial proceedings, increased efficiency in processing the measures requested, and the cultivation of relations between officials in different countries, which increases confidence and, therefore, ensures the effectiveness of the procedures requested. As with efforts to exchange information at a national level, the obstacles encountered to ensuring the exchange at the international level are likewise related to the lack of equipment.

The number of judicial cooperation requests regarding illicit drug trafficking made by Panama to other countries and received by Panama from other countries are found in the following table:

**Judicial Cooperation Requests 2004–2006**

Judicial Cooperation Requests	Made by Panama to other countries		Received by Panama from other countries	
	Number of requests	Number of replies granting the request	Number of requests	Number of replies granting the request
<b>2004</b>	34	5	49	28
<b>2005</b>	27	0	50	30
<b>2006</b>	20	0	28	18

The Ministry of Foreign Affairs is the communications channel between Panamanian and foreign authorities for submitting requests for extradition to other countries. In 2004 the country made one request for extradition in an illicit drug trafficking case, yet did not receive a reply to this request. In 2005, Panama made three requests and received two replies. Finally, in 2006, no request was made, yet two replies were received granting extradition requests presented previously.



The impediments encountered in making extradition requests in illicit drug trafficking cases included, in some cases, problems concerning the formal requirements to be met for the preventive detention of a person with a view to their extradition, and the subsequent formalization of that process. Panama reports that it has extradition treaties with Colombia, Spain, the United States of America, Mexico, Peru, the United Kingdom of Great Britain and Northern Ireland, and the Ukraine.

The extradition of nationals is not permitted in Panama under national law, nor do exceptions exist for illicit drug trafficking cases or other transnational crimes. Although the Constitution of Panama provides that Panamanian nationals are not subject to extradition, the judicial code and the specialized law on drug-related crimes provides that if extradition is denied on the basis of nationality or any other legal grounds, the person whose extradition is sought shall stand trial in the Republic of Panama as if the crime of which they are accused had been committed in Panamanian territory.

The Ministry of Foreign Affairs is the central authority responsible for receiving processing and ruling on, in first instance, requests for extradition. The final decision rests with the President and the Executive Branch. In 2004, Panama received 17 requests and extradited nine persons for drug-related crimes. In 2005, 15 requests were received and nine persons were extradited. In 2006, 18 requests were received and 10 were granted. Among the reasons cited by Panama for not granting the extradition requests in illicit drug trafficking cases, the country reports that in 2005 and 2006 two requests were rejected by the Supreme Court of Justice: in one case, the extradition of a national was requested, and in the other, the request failed to comply with some special requirements.

Briefing sessions on illicit drug trafficking have been held in Panama for law enforcement, security, customs officers, prosecutors and the judiciary. The country indicates that these courses satisfied the training needs in the country. Nevertheless, the country reports that additional specific training needs exist. Panama observes that it is essential to organize intensive specialized courses so that the agencies that fight drug trafficking and related crimes receive training on specific points related to: investigations of chemical and anabolic precursors; money laundering; drug trafficking modalities and new technologies in the fight against drug trafficking; policing techniques implemented against organized crime; and analysis of new organized crime structures.

**CICAD recognizes Panama's efforts to control illicit trafficking and to facilitate the exchange of operational information among agencies concerned with illicit trafficking, as well as the country's response to requests for legal cooperation and extradition, and encourages the country to continue with its efforts.**

**CICAD views with satisfaction that the country has introduced controls and registries on persons and public officials formally charged with and convicted of illicit drug trafficking and related acts of corruption.**

**CICAD notes the delay in the execution of alternative sentencing measures of a curative nature, and encourages the country to step up efforts to ensure the rehabilitation of persons to whom this type of curative measure has been applied.**

## **B. Firearms, Ammunition, Explosives and other Related Materials**

Panama's Ministry of Interior and Justice is the entity responsible for issuance of import and in-transit licenses and authorizations, cancellation of licenses and authorizations, and information exchange among relevant entities within the country and in other countries regarding firearms, ammunition, explosives and other related materials. In Panama, there is no issuance of export licenses, due to the fact that these products are not manufactured or assembled in the country. The Ministry of the



Interior and Justice, the Ministry of Economy and Finance (through the General Customs Directorate and the Real Estate and Property Bureau), and the Security Forces are responsible for confiscation or forfeiture of illicitly trafficked firearms, ammunition, explosives and other related materials.

Panama indicates that it has not encountered obstacles to ensuring the exchange of information and effective collaboration among the previously mentioned competent national authorities.

Law No. 48<sup>10</sup> criminalizes the illicit trafficking in and manufacture of firearms, ammunition, explosives and other related materials and imposes criminal and administrative sanctions for non-compliance. Chapter VII "Possession of and Trafficking in Prohibited Weapons", Articles 264F to 264J of Book II, Title VII "Crimes against Collective Security" of the Criminal Code of the Republic of Panama was added to this Law.

Panama reports the number of persons formally charged with or convicted of illicit possession and trafficking of firearms, ammunition, explosives and other related materials in the following table:

**Number of Persons formally charged with and convicted of illicit trafficking in firearms, ammunition, explosives and other related materials. 2004–2006**

Year	Number of persons formally charged	Number of persons convicted
2004	123	73
2005	123	72
2006	172	115

With respect to administrative controls on the importation, exportation and in-transit movement of firearms, ammunition, explosives and other related materials, Panama provides the following information:

- Tax Code: Law No. 14, Decree No. 2, establishes the administrative controls for the importation of firearms, ammunition, explosives and other related materials. The sanction for non-compliance is the cancellation of the license, which was applied on one occasion between the years 2004 and 2006, in a case of imported explosives.
- Tax Code: Law No. 16 establishes the controls for in-transit movement of firearms, ammunition, explosives and other related materials. No information is provided on the type of sanctions for non-compliance.
- Panama reports that export licenses for firearms, ammunition, explosives and other related materials are not authorized in the country.

Tax Code: Law No. 14, and Law No. 16, establish the requirement that Panama issue import and in-transit licenses or authorizations prior to permitting the entry of a shipment of firearms, ammunition, explosives and other related materials. Panama indicates that, during the years 2004–2006, the entry of a shipment of other related materials was not permitted, given that the necessary licenses

<sup>10</sup> Law No. 48 of 30 August 2004.



were not previously issued. This incident was related to the shipment of gunpowder and other components used for recharging ammunition.

In Panama, the exportation of firearms, ammunition, explosives and related materials is not authorized, due to the fact that these articles are not manufactured or assembled in the country. Nevertheless, Tax Code: Law No. 16 stipulates that, prior to Panama authorizing the embarkation of firearms, ammunition, explosives and other related materials, the in-transit, importing or receiving country is required to first issue the necessary licenses or authorizations.

Panama reports that the number of persons arrested for illicit drug trafficking in connection with confiscations of illicitly trafficked firearms, ammunition, explosives and other related materials was 210 in 2004, 254 in 2005, and 990 in 2006, and that the number of cases or operations was 239 in 2004, 568 in 2005, and 560 in 2006.

There is a national record keeping system in place in Panama (by date, description and serial or lot number) of the importation, exportation and transit of firearms, ammunition, explosives and other related materials. The records contained in this system have been kept since the year 2000. All of the information, according to the country, is found in the archives of the Directorate for Public Security Matters of the Ministry of the Interior and Justice. None of the registers, whether of firearms, ammunition, explosives or other related materials, are computerized.

The national entities responsible for the exchange of information and collaboration with agencies in other countries regarding the control of firearms, ammunition, explosives and other related materials include:

- National Committee for the Analysis of Criminal Statistics (CONADEC) of the Ministry of the Interior and Justice (shares information on statistics);
- Directorate for Public Security Matters (shares information on statistics and inventories with other institutions);
- Technical Judicial Police (shares information on the registration of firearms, issuance of permits, and statistics);
- National Police (shares information on the official firearms depot, statistics and inventories);
- Fire Department (shares information on the official explosives depot, statistics and inventories); and
- Customs Directorate (responsible for the nationalization of authorized merchandise).

In Panama, inter-agency committees, joint forces/operations, joint training and inter-agency information and communication systems/networks are used to facilitate information exchange between national institutions and similar entities in other countries.

**CICAD recognizes that the country has a legal framework for the control of firearms, ammunition, explosives, and other related materials in order to prevent their diversion. CICAD also recognizes that there is a mechanism for exchange of information and cooperation with entities in other countries. Panama also maintains registers on the importation, exportation, and transit of firearms, ammunition, explosives, and other related materials, but CICAD notes with concern that these registers are not computerized.**

**CICAD recognizes that Panama has in place controls on in-transit movement of firearms, ammunition, explosives, and related materials as provided in Law 16 (Tax Code). However, CICAD notes with concern that the law does not provide any type of punitive measures for breach of regulations.**



## **RECOMMENDATIONS:**

9. INCLUDE IN THE LEGAL FRAMEWORK PUNITIVE MEASURES FOR FAILURE TO COMPLY WITH REGULATIONS ON IN-TRANSIT MOVEMENT OF FIREARMS, AMMUNITION, EXPLOSIVES, AND RELATED MATERIALS.
10. IMPLEMENT A COMPUTERIZED REGISTRATION SYSTEM FOR THE IMPORT, EXPORT, AND IN-TRANSIT MOVEMENT OF FIREARMS, AMMUNITION, EXPLOSIVES, AND RELATED MATERIALS.

### **C. Money Laundering**

Panama has criminalized money laundering as an autonomous offense; no conviction for a predicate offense is needed in order to investigate, prosecute and convict for the generic crime of money laundering.

Under Panamanian law the following are predicate offenses for money laundering: international bribery, violation of copyright and related rights, crimes against industrial property or against humanity, drug trafficking, illicit association to commit drug-related crimes, fraud, financial crimes, illegal trafficking in firearms, human trafficking, kidnapping, extortion, embezzlement, homicide for hire or reward, crimes against the environment, corruption of public officials, illicit enrichment, terrorism, financing terrorism, pornography and corruption of minors, trafficking and sexual exploitation of persons for commercial gain, vehicle theft or contraband. The crimes of organ trafficking, pornography and prostitution are not included.

The country reports that the crime of money laundering extends to predicate conduct or offenses that occur in other countries, as well as in Panama, and that Panamanian law would apply in either circumstance. In other words, the principal of double criminality applies, as established in Articles 18–21 of the Criminal Code. The Panamanian legal framework provides for criminal sanctions only for individuals.

The laws in force in Panama allow the use of special investigation techniques to combat money laundering, such as undercover police operations, electronic surveillance, the use of informants, monitored delivery, and plea bargaining.

These provisions also establish administrative controls to prevent money laundering applicable to banks, off-shore banks, money exchanges, the stock market, insurance companies, casinos, real estate brokerages, attorneys, accountants and negotiable bearer instruments. Only public notaries are not subject to these controls.

Panamanian law requires reporting institutions to have in place the necessary policies, procedures, internal controls, and communication mechanisms to prevent money laundering, and establishes the following obligations to be observed by individuals and legal entities as “obligated persons”: adequately identify customers, give statements or evidence to the oversight and control agency, examine suspicious transactions, report to the Financial Analysis Unit, ensure the confidentiality of reports, establish internal and communication controls, train personnel in detection techniques, and retain records for a period of 5 years.

Furthermore, the duties and responsibilities of oversight and control agencies in their respective sectors are to conduct special anti-money laundering (ALD/CFT) inspections, oversee the submission of affidavits, report suspicious operations to the Financial Analysis Unit, and impose sanctions, in addition to providing training to employees on customer due diligence, detection/identification of suspicious transactions, and reporting obligations.



During 2004–2006, Panama implemented measures for improving the national system to control money laundering, among them the inter-agency cooperation agreement on technical assistance and training signed by the National Securities Commission, the Superintendency of Banks and the Superintendency of Insurance on May 13, 2005.

Furthermore, Panama reports that in 2004, the Specialized Anti-money Laundering and Terrorism Financing (ALD/CFT) Department was created in the Colon Free Zone. This Department has been provided with staff that carries out inspections using the ALD/CFT methodology in the sector and imposes and enforces sanctions for breach of ALD/CFT rules. The country highlights the fact that it has adopted initiatives as a result of the ALD/CFT evaluation with the aim of reviewing and updating the different forms used by the obligated persons and the UAF.

Panama reports the number of persons formally charged with and convicted of money laundering in the following table:

**Persons formally charged with and convicted of money laundering 2004–2006**

<b>Year</b>	<b>Persons formally charged</b>	<b>Persons convicted</b>
<b>2004</b>	594	93
<b>2005</b>	687	108
<b>2006</b>	732	147

Panama has a Financial Analysis Unit for the Prevention of Money Laundering and Terrorism Financing (UAF), which is an administrative agency responsible for receiving, analyzing and disseminating information on suspected money laundering and terrorism financing transactions obtained from local private and public entities. It is also the agency responsible for the coordination of national efforts to combat these crimes. The UAF has a total staff of 40.

The responsibilities of the UAF are to compile information from public and private entities, analyze the information obtained, maintain statistical records, exchange information with similar agencies in other countries, provide information directly to the Attorney General, and provide assistance to investigating officials from the Office of the Attorney General and the Superintendency of Banks.

For the UAF, access to banking information must be authorized by a prosecutor or judge. The Unit may nonetheless share information with other state entities (through the Office of the Special Prosecutor for Drug-related Crimes) and with other similar foreign financial analysis units.

The UAF is a member of the Egmont Group and has signed Memoranda of Understanding (MOU) with 40 countries in the Americas, the Caribbean, Europe, and Asia.

During the years 2004–2006, training activities were carried out with feedback provided by the UAF to supervision and control agencies, such as the Colon Free Zone and the National Securities Commission.

Law 42-2000 establishes the general obligation for financial institutions to report to the UAF any act (including attempted transactions), transaction, or operation suspected of or linked to money laundering activities. Financial institutions have the obligation to report promptly all transactions that



are complex, large, unusual, or that have no apparent legal economic purpose, including those potentially linked or related to terrorism or terrorist acts.

Non-financial institutions, with the exception of casinos, are not obligated to report suspicious transactions.

Panama presents the following information with respect to suspicious transaction reports:

**Number of suspicious transaction reports received and investigated 2004–2006**

Year	Number of suspicious transaction reports received by the UAF	Number of suspicious transaction reports investigated by the UAF	
		Without merit	With merit
2004	738	58	636
2005	849	144	147
2006	934	465	158

The provisions on bank secrecy do not constitute obstacles to obtaining documents and financial records for the purpose of carrying out investigations and prosecution. Competent authorities have access, without any restrictions, to the confidential information of any person, natural or legal; furthermore, this information can be shared with other countries through the regular procedures of mutual cooperation.

The “Banking Law” of Panama provides the following: “the information about individual customers of a bank, obtained by the Superintendency in the exercise of its functions, can only be disclosed to the competent authorities in accordance with the law and in the context of a criminal proceeding”. In the context of criminal investigations, competent authorities have unrestricted access to confidential information from any person or corporation, and information can be shared with foreign countries through the normal mutual legal assistance procedures.

Panama reports the following number of suspicious transaction reports (STRs) that originated from requests made by the UAF to declaring entities, based on Article 2 of Law No.42 of 2000:

**Number of Suspicious Transaction Reports that Originated from Requests Sent by the UAF to Declaring Entities on Documents and Financial Records 2004–2006**

Year	Number of Money Laundering STRs	Number of requests to obtain documents of banks or other financial institutions	Number of cases in which documents and financial records were obtained
2004	751	716	709
2005	856	414	405
2006	945	571	325

Panamanian criminal procedural law provides for precautionary measures (preventive embargo, confiscation) in connection with investigations and proceedings for money laundering, the provisional and definitive seizure of property, and the confiscation of same if, at the end of the process, it is determined by judicial sentence that the property in question was connected with the crime in question.



Responsibility for managing confiscated money and assets lies with the National Commission for the Study and Prevention of Drug-related Crimes (CONAPRED), and that of seized assets with the Office for the Coordination of Impounded Property within the Office of the Prosecutor General of the Republic.

**Value of seized assets in cases of money laundering 2004–2006**

Year	Value of seized assets <sup>1</sup> (in US\$)
2004	US\$ 1,209,809.36
2005	US\$ 10,468,545.13
2006	US\$ 1,863,137.09

<sup>1</sup>: Data listed in previous chart refers to monies seized in drug related cases, money laundering being one of them. These amounts have not been added yet to CONAPRED's funds. Personal and real property are not appraised until a final sentence has been issued which would allow CONAPRED to dispose of them either by public auction or donating them.

In 2004, 2005 and 2006, Panama did not make any requests to other countries for preventive embargoes of property in cases of money laundering based on international treaties, nor did it receive any such requests.

Panamanian law does not provide for the extradition of nationals. In these cases, the law establishes that the citizen shall stand trial in the Republic of Panama as if the crime of which they are accused had been committed in Panamanian territory.

The processing of extradition requests is handled directly by the Ministry of Foreign Affairs, which is responsible for receiving and sending to the Office of the Attorney General requests for preventive detention for purposes of extradition. This is followed by the appeal phase before the Supreme Court of Justice, after which the case is submitted to the Executive Branch for a final decision.

**Extradition Requests sent by Panama to other States in connection with money laundering based on international agreements 2004–2006**

Year	Number of extradition requests sent by Panama	Number of replies granting the request
2004	1	0
2005	3	1
2006	0	2



**Extradition Requests received by Panama from other States in connection with money laundering based on international agreements 2004–2006**

Year	Number of extradition requests received by Panama	Number of replies granting the request
2004	17	9
2005	15	9
2006	18	10

**CICAD recognizes that the country has in place a legal framework to prevent, control, investigate, and impose administrative, civil, and criminal penalties for money laundering offenses.**

**CICAD notes with concern that the legal framework does not include the crimes of organ trafficking or pornography as predicate offenses of money laundering, nor does it include public notaries among those obligated to comply with administrative controls. CICAD encourages the country to extend the scope of the obligation to report suspicious transactions to other non-financial activities in addition to the casino industry.**

### **RECOMMENDATIONS:**

- 11. EXPAND THE LIST OF PREDICATE OFFENSES FOR MONEY LAUNDERING TO INCLUDE ALL CRIMINAL ACTIVITIES CONSIDERED SERIOUS CRIMES UNDER THE PALERMO CONVENTION (PUNISHABLE BY A MAXIMUM DEPRIVATION OF LIBERTY OF AT LEAST FOUR YEARS OR A MORE SERIOUS PENALTY), A RECOMMENDATION REITERATED FROM THE THIRD EVALUATION ROUND, 2003–2004.**
- 12. INCLUDE PUBLIC NOTARIES AMONG THOSE OBLIGATED TO COMPLY WITH ANTI-MONEY LAUNDERING ADMINISTRATIVE CONTROLS, A RECOMMENDATION REITERATED FROM THE THIRD EVALUATION ROUND, 2003–2004.**
- 13. EXTEND THE OBLIGATION TO REPORT SUSPICIOUS TRANSACTIONS TO NATURAL OR LEGAL PERSONS INVOLVED IN THE BUYING AND SELLING OF ART, ANTIQUITIES OR OTHER LUXURY GOODS, COLLECTIBLE STAMPS OR COINS, JEWELS, OR PRECIOUS STONES OR METALS.**



## CONCLUSIONS

CICAD views with satisfaction the implementation of the 2002–2007 National Anti-drug Strategy and notes that financing for the budget for implementation of the national strategy depends on seizures from drug-related crimes. Likewise, CICAD highlights the efforts of the country to ensure compliance with the international conventions ratified through the enactment of Law 19 on controlled chemical substances, complying with the recommendation assigned during the Second Evaluation Round, 2001–2002.

Regarding the national information system, CICAD recognizes that Panama has a Drug Observatory. However, it notes with concern that the country faces difficulties in integrating and centralizing information from agencies working in drug-related areas.

In the area of demand reduction, Panama carries out school-based and community-based (for adults) drug prevention programs nationwide and has organized short refresher courses on prevention and treatment. However, CICAD observes that these programs do not cover all schools and that certain key populations, such as out-of-school youth, are not included. The country has standards of care for drug abuse treatment as well as a methodology for the accreditation of treatment centers and evaluation of treatment and rehabilitation centers and programs. However, the coverage of care and treatment services has not been extended.

CICAD notes that the country has a legal framework in place to control, punish, and prevent the diversion of pharmaceutical products. Nonetheless, CICAD views with concern the fact that the country does not have an automated information management system that would facilitate control of pharmaceutical products by the competent entities.

CICAD recognizes Panama's efforts to control drug trafficking, as well as the fact that it has controls and records on persons and public officials charged with and convicted of illicit drug trafficking offenses and related acts of corruption. CICAD also values the responses to requests for judicial cooperation and extradition from other countries.

CICAD recognizes that the country has a legal framework and mechanisms for control of firearms, ammunition, explosives, and other related materials, in order to prevent their diversion. However, it notes that the country's laws provide no penalty of any kind for breach of those regulations that control transit of firearms.

The country has in place laws to prevent, investigate, and punish money laundering offenses. CICAD notes that public notaries are not subject to these controls and that the majority of non-financial economic activities are not obligated to report suspicious transactions. Likewise, CICAD notes that the legislation of Panama does not include the crimes of organ trafficking or pornography as predicate offenses of money laundering.

CICAD acknowledges Panama's efforts to carry out the National Anti-drug Strategy, as well as its valuable participation in the Multilateral Evaluation Mechanism (MEM) process.



## SUMMARY OF RECOMMENDATIONS

The following recommendations are assigned to Panama in order to assist the country in strengthening its policies to combat the problem of drugs and related activities and increase multilateral cooperation in the Hemisphere:

### INSTITUTIONAL STRENGTHENING

1. ALLOCATE, WITHIN THE NATIONAL BUDGET, APPROPRIATIONS TO SUPPORT SUSTAINABLE IMPLEMENTATION OF PANAMA'S NATIONAL ANTI-DRUG STRATEGY, A RECOMMENDATION REITERATED FROM THE THIRD EVALUATION ROUND, 2003–2004.
2. ESTABLISH AN INTEGRATED DRUG DATA AND STATISTICS SYSTEM THAT FACILITATES THEIR COLLECTION, ORGANIZATION, ANALYSIS, AND DISSEMINATION THROUGH THE PANAMANIAN OBSERVATORY ON DRUGS.

### DEMAND REDUCTION

3. EXTEND THE COVERAGE OF PREVENTION PROGRAMS TARGETING PRIMARY AND SECONDARY SCHOOL STUDENTS.
4. DEVELOP PREVENTION PROGRAMS TARGETING OUT-OF-SCHOOL YOUTH.
5. EXTEND COVERAGE OF DRUG TREATMENT PROGRAMS TO PROVIDE ASSISTANCE TO THE POPULATION IN NEED THEREOF, A RECOMMENDATION REITERATED FROM THE THIRD EVALUATION ROUND, 2003–2004.

### SUPPLY REDUCTION

6. IMPLEMENT A STUDY TO ESTIMATE THE MAGNITUDE OF DRUG USE IN SCHOOLS.
7. CARRY OUT TRAINING AND RESEARCH ACTIVITIES RELATED TO THE PREVENTION AND CONTROL OF ILLICIT TRAFFIC OF PHARMACEUTICAL PRODUCTS AND OTHER DRUGS VIA THE INTERNET, WHICH WILL ENABLE THE COUNTRY TO IDENTIFY ITS REGULATORY AND OPERATIVE NEEDS.
8. IMPLEMENT AN AUTOMATED SYSTEM FOR TIMELY MANAGEMENT OF INFORMATION TO FACILITATE CONTROL OF PHARMACEUTICAL PRODUCTS BY THE COMPETENT ENTITIES.

### CONTROL MEASURES

9. INCLUDE IN THE LEGAL FRAMEWORK PUNITIVE MEASURES FOR FAILURE TO COMPLY WITH REGULATIONS ON IN-TRANSIT MOVEMENT OF FIREARMS, AMMUNITION, EXPLOSIVES, AND RELATED MATERIALS.
10. IMPLEMENT A COMPUTERIZED REGISTRATION SYSTEM FOR THE IMPORT, EXPORT, AND IN-TRANSIT MOVEMENT OF FIREARMS, AMMUNITION, EXPLOSIVES, AND RELATED MATERIALS.



11. EXPAND THE LIST OF PREDICATE OFFENSES FOR MONEY LAUNDERING TO INCLUDE ALL CRIMINAL ACTIVITIES CONSIDERED SERIOUS CRIMES UNDER THE PALERMO CONVENTION (PUNISHABLE BY A MAXIMUM DEPRIVATION OF LIBERTY OF AT LEAST FOUR YEARS OR A MORE SERIOUS PENALTY), A RECOMMENDATION REITERATED FROM THE THIRD EVALUATION ROUND, 2003–2004.
12. INCLUDE PUBLIC NOTARIES AMONG THOSE OBLIGATED TO COMPLY WITH ANTI-MONEY LAUNDERING ADMINISTRATIVE CONTROLS, A RECOMMENDATION REITERATED FROM THE THIRD EVALUATION ROUND, 2003–2004.
13. EXTEND THE OBLIGATION TO REPORT SUSPICIOUS TRANSACTIONS TO NATURAL OR LEGAL PERSONS INVOLVED IN THE BUYING AND SELLING OF ART, ANTIQUITIES OR OTHER LUXURY GOODS, COLLECTIBLE STAMPS OR COINS, JEWELS, OR PRECIOUS STONES OR METALS.