



Financial Action Task Force Of South America

**Grupo de Acción Financiera de Sudamérica
Grupo de Ação Financeira da América do Sul**



10th ANNIVERSARY

Dr. Benigno María López Benítez
President of GAFISUD year 2011
Republic of Paraguay

It is the first time the FAFT and GAFISUD carry out a joint Plenary meeting, and this is a major event. We consider this as a key advance in the professional and technical consolidation of GAFISUD as a regional organism. It is, therefore, an honor and a responsibility to co-organize this event.

GAFISUD was created more than ten years ago and from that time up to the present this regional organism has been moving forward, giving solid steps along its consolidation process.

However, the process of integration and communication with GAFISUD and its member countries has never been an easy task, for nobody likes to have its errors, deficiencies and weaknesses marked. However, the homogeneity of GAFISUD members facilitated this process.

GAFISUD's consolidating process is strengthened by the honesty with which its members confront challenges, what enables us to comply with minimum standards which are required in today's globalized world.

I would like to remark the mutual evaluations and the high level missions from all the organization's internal processes.

During mutual evaluations, countries undergo a rigorous process of analysis and study of their money laundering and terrorist financing systems of prevention. As a result, action plans are created to correct the deficiencies and to place our jurisdictions closer to the best practices to face the challenges posed by these transnational crimes.

Mutual evaluations are translated into action plans, which often require, for its correct functioning, a major assistance such as the high level missions. During these visits, GAFISUD appoints a group of officials of member countries in order to visit those jurisdictions with important strategic deficiencies and interact with their relevant authorities to find together suitable mechanisms to correct these deficiencies.

The Presidency of GAFISUD values and emphasizes the professionalism and honesty with which mutual evaluations and high level missions are carried out.

We would like to take advantage of this event to share with our fellow organisations, who work with us in the global combat against organized crimes, the experience as it has been and currently is in along a hard but encouraging path.

Presentation

GAFISUD was formally created in December 8, 2000 in Cartagena de Indias, Colombia, by means of a Memorandum of Understanding signed by the governments of nine countries: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay. Three full members were also incorporated un the following years: México (2006), Costa Rica and Panamá (2010).

The Group was created following the Financial Action Task Force (FAFT), to promote the implementation of the 40 + 9 Recommendations of the FAFT as an international standard against money laundering and terrorist financing. Additionally, the possibility of drafting its own Recommendations in order to improve national policies to combat these crimes was established.

The global purpose of the Group is to combat crime and prevent the threats and economical, political and social costs it generates by highlighting the prevention and strengthening the institutional capacity of the member countries. The achievement of this purpose also contributes to the protection of the economies and the financial systems as a base of growth and progress in a safe and stable framework.

Working as a team enhances the synergies of the Group, enables the concentration of efforts in regional needs and, at the same time, presenting a regional perspective in international forums, with the objective to cooperate to the global efforts against transnational organized crime. For this reason, GAFISUD's dynamic is built on the direct involvement in the countries' work, the capacity of every public officer (judges, prosecutors, police units, financial supervisors and financial intelligence units) and the promotion of horizontal cooperation mechanisms among them.

The construction of an organisation and the development of a regional system

Since the year 2000, GAFISUD has grown as an organisation in line with the development of the AML/ CFT national systems of its member countries, who have considered the group to be an effective tool to reach the proposed aims.

The efficiency of the tool has been achieved through a constructive, serious, and joint work of the different actors involved in the prevention and control of these crimes in the different members and through plenary meetings and working groups which, during the last ten years, have laid the foundations for the constitution of a regional system.

It is, therefore, a pleasure to present our institutional achievements, among which the following are highlighted: the culmination of our third round of mutual evaluations, our program of biannual typology exercises, the development of a network among the financial intelligence units of the member countries, the creation of an asset recovery network to improve cooperation between prosecutors and police units from member States, the implementation of technical assistance projects of great importance on strategic preventive areas, the elaboration of good practice documents (on financial supervision and on the criminalization of terrorist financing) as well as a procedural guide for international legal assistance.

However, the major aspect is the result obtained in the improvement of national systems, which are summarized in the most important areas as follows:

1. Money Laundering criminalization

In 2000, all member countries of GAFISUD had typified the crime of money laundering exclusively linked to illegal drug trafficking as a predicate offence. In most cases, there did not exist clarity regarding the autonomy of the crime.

All the members have currently broadened the scope of predicate offences to an important group of serious crimes and, in most cases, legal doubts regarding the autonomy of money laundering have been cleared.

2. Financial Intelligence Units

In 2000, only four members of GAFISUD had established an operative FIU.

In 2011, all our members (the 9 original countries, Costa Rica, Mexico and Panama) have an operative FIU.

In June 2011 we will finish the process of signing a Memorandum of Understanding among all the FIUs of the member countries in order to strengthen the regional cooperation.

3. Suspicious Transaction Reports

In 2000, only the countries which had an operative FIU, had established the legal obligation of reporting suspicious operations. The obliged subjects were almost exclusively banks.

In 2011, all our member countries have regulated the legal obligation of reporting suspicious operations. Most of the countries have modified their legislation to include a wider range of obliged subjects. Likewise, in accordance with the mutual evaluation reports, the number of STRs has been increasing constantly in every member country.

4. Criminalizing the financing of terrorism

Since the adoption by GAFISUD of the FAFT's Special Recommendations against terrorist financing in 2001, the following countries have penalized that crime: Argentina, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru and Uruguay. Costa Rica and Panama had also done so before incorporating to the Group.

5. International Cooperation

In 2003, GAFISUD approved the "Guide of authorities, contacts and procedures for the international legal cooperation", a tool which has been very useful to strengthen the legal cooperation among our members.

6. Administrative regulations and monitoring

Every member country has carried out important efforts aimed at strengthening its monitoring and regulatory capacity. The supervisory authorities had an important role in the Working Group of Preventive Compliance, which drew up documents of best practices in relevant monitoring aspects.

The process of mutual evaluations

Introduction

The process of mutual evaluations in the region began with the creation of GAFISUD. Three rounds of mutual evaluations including all member countries have been carried out since then.

The beginnings

The procedure of mutual evaluations is complex. It includes a group of trained experts provided by GAFISUD's member countries, an Executive Secretariat which coordinates the process and a country willing to reveal its whole AML/ CFT preventive and repressive system and to receive an evaluation report that shows its strengths and weaknesses.

However, this process occurred naturally in the region. Our countries accepted it from the beginning, encouraged by the reception of truly objective reports regarding their situation.

Even if at the beginning the reports were based on a formal compliance with the standards, they later started to assess the effective compliance of the adopted measures.

GAFISUD understood from the very beginning that training is a foundation for the system to work smoothly. That is why, in 2001 the first training course for experts on mutual evaluations was given, years before other organisations such as FAFT would start to give theirs. It has been done every year and, since 2010, in addition to this regular course, an advanced seminar for experienced evaluators has been implemented. In this course, recurrent problems found in evaluation processes are discussed, future challenges are presented, and possible solutions in pursuit of the improvement and continuous adjustment of the process to the reality of the region are found by all the participants.

The follow up process

Nevertheless, the process of mutual evaluation does not end with the evaluation report. We can say that the work carried out by GAFISUD, supported by the assessed countries for the improvement of its AML/ CFT systems starts at this point. Once a report is approved, the implementation of a follow up process is decided for each country which progress is regularly monitored with the aim of improving the major weaknesses highlighted in its report.

Moreover, every country being monitored must present an action plan with due dates and specific measures for the accomplishment of the most important standards in the subject in which, together with GAFISUD, they work on the definition of priorities in a short, medium and long term.

The revision process and the fourth round

Led by FAFT, the 40 + 9 Recommendations as well as its evaluation process are being revised. Given GAFISUD's understanding of the importance of the process and due to the will of the Plenary, we have been participating actively in these works from the beginning and transmitting the region's experiences in pursuit of the standards' improvement.

Once the new standards are agreed, GAFISUD will carry out a self-evaluation round of its members aimed at knowing, as fast as possible, the level of demand of the new standards in each country and giving the countries the opportunity to adjust their AML/ CFT national systems before the fourth round starts.

GAFISUD's fourth round of mutual evaluations will begin in 2013, once the modifications on the evaluation process- stated in the second stage of the mutual evaluation revision process led by FAFT- are agreed.

The results and the future of the process

Más allá del contenido de los estándares y de las reformas posibles al proceso de evaluaciones mutuas, este ejercicio comenzado hace casi una década brindó una serie de beneficios indiscutibles para la región:

- It has enabled GAFISUD's own countries to evaluate each other and to produce reports which are a presentation letter of their efforts before the international community, for they have universal validity.
- More than 300 officers of member countries have been trained on the AML/ CFT systems evaluation methodology.
- It has contributed to a greater knowledge and involvement of the countries of the region, so they are all aware of their own and other's reality.
- It offered a precise outlook of the system's strengths and weaknesses, allowing to focus on the weaknesses and sharing the developed good practices in satisfactory compliance with different aspects of the international standards.

Finally, it showed the international community the region's commitment and experience in this subject, through a transparent procedure which allows observers to participate during the whole evaluation process.

The continuity of this commitment is ensured by the preparation works for the fourth round of evaluations.

Dr. Antonio Gustavo Rodrigues
President of GAFISUD in 2006
2008-2009 President of FATF
Federative Republic of Brazil

Different cultures, different interests and expectations. It's not easy to be an international organization. It is even more complex to be a FATF style regional body (FSRB). Beyond the idiosyncrasies of its members, it also has to treat with others of its kind and deal with a challenging subject.

Despite these difficulties, GAFISUD can be proud of its performance in these ten years of existence.

I had the pleasure and honor to chair GAFISUD in 2006 and I keep excellent memories. I have witnessed the skills and public spirit of the representatives of various member countries and observers that, through appropriate decisions, allowed the body to grow stronger, efficient and respected. Perhaps, one of the most important decisions that have been taken at that time was the invitation for Mexico to join the group. The active participation of this country since its integration contributed greatly to this development, demonstrating how correct that decision was. Thus, GAFISUD also became one of the few FSRBs that count with three of its full members with a sit on FATF.

GAFISUD has at least one characteristic that I believe contributes to its success: it conducts its evaluations and discussions with great seriousness, knowing its goals, but in a relaxed atmosphere that encourages participation of all.

This serious and constructive environment has finally attracted more recently new member countries and observers, all of them received with great satisfaction and that also contributes to the growing strength of the institution.

I could not fail to mention the important contribution of the Executive Secretariat of GAFISUD in this process. It is surprising for those who do not know the team that such a small group of people can give vent to the large and growing demand of work, always with good humor, courtesy and respect. Undoubtedly, the dynamic and cooperative profile of the Executive Secretary, Mr. Alejandro Montesdeoca, is a key element of this success, which allowed the body to flourish besides its small but excellent staff.

By virtue of my assignments, I have been accompanying GAFISUD for seven of its ten years. I have seen how the children grew strong in a healthy environment, full of principles. From those children, responsible and respected teenagers grew and will become adults that will allow our region and countries to develop in a sustainable manner, with respect for democratic institutions.

ANTONIO GUSTAVO RODRIGUES

The importance of international cooperation

Apart from GAFISUD's member States, there is an important group of States and organisations that participate in GAFISUD which are vital for our growth through their presence in the plenary meetings, their participation in mutual evaluation teams and their technical and financial support to the organisation.

Why we would like to express them our deepest gratitude.

They are:

- The Federal Republic of Germany
- Canada
- The Kingdom of Spain
- The United States of North America
- The French Republic
- The Republic of Guatemala
- The Portuguese Republic
- The Financial Action Task Force (FAFT/ GAFI)
- The Caribbean Financial Action Task Force (CFATF/ GAFIC)
- The Asia/ Pacific Group on Money Laundering (APGML)
- The Organization of American States, represented by the Inter-American Drug Abuse Control Commission (CICAD) and the Inter-American Committee against Terrorism (CICTE)
- The United Nations Organization, represented by the Office on Drugs and Crime and the Executive *Directorate* of the Counter-Terrorism Committee
- The Inter-American Development Bank
- The World Bank
- The International Money Fund
- Interpol

We would also like to express our gratitude to the European Union which, without being a formal observer, collaborates closely with GAFISUD since 2010.

A new commitment: Technical assistance projects

Since 2010, GAFISUD has been implementing two projects of technical assistance; one of them linked to the Designated Non Financial Businesses and Professions (DNFBPs) and the other to the Non- Banking Financial Sector.

This represents a milestone since it can mark the beginning of the development of a Technical Assistance Project area, which we consider an essential complement to the activities aimed at strengthening the preventive systems developed so far.

Conceptual context

The carrying out of mutual evaluation has been, undoubtedly, the main focus for GAFISUD, for other regional groups and for FAFT as well.

However, the evaluations are not an objective by themselves; the objective is the transformations of national realities, encouraging "a coordinated and integral answer among the region's governments... aimed at preserving and maintaining the social, economical and political stability of our region", as our Constitutive Memorandum says.

The work done to improve the evaluation process and its results should be the starting point of new work, aimed at strengthening the systems of prevention, properly responding to the detected weaknesses, especially those which could reflect the existence of common problems, hence promoting initiatives which could tackle those deficiencies effectively.

For such an effect to be possible, it is also necessary to carry out a risk-based analysis, to set priorities and define long and medium term plans.

The projects

A. Strengthening of the system of prevention in the Designated Non-Financial Businesses and Profession sector (DNFBPs).

Between 2007 and 2009, GAFISUD developed a training program through an agreement entered into by the Federal Republic of Germany and the InWent Agency of the federal government, aimed at promoting strategies to improve the system of prevention against money laundering and the financing of terrorism in this sector.

When this process finished, the technical cooperation relationship with the German Government was strengthened as a result. In that context, the project "Strengthening the system of prevention in the DNFBP sector" was conceived, and its implementation started in January 2010.

As a result of this, two reports were presented to the XXII Representative's Plenary, carried out on December 2010: the "Final report on current legislation of DNFBP in member States" and "Regional typologies of GAFISUD- Designated Non Financial Businesses and Professions".

Finally, the drawing up of a regional risk analysis of money laundering and terrorist financing through DNFBP is planned, as well as a document of best practices for the accomplishment of the Recommendations bearing the regional reality.

B. Strengthening of the system of prevention in the non-banking financial sector

In December 2009, the European Union and GAFISUD signed an agreement to develop the subproject "Support to the combat of money laundering in Latin American countries and the Caribbean". The aim of the project is to support the fight against money laundering in Latin America and the Caribbean in the non banking financial sector, in the framework of the global fight against the organized crime in the route of cocaine.

Initially, the project was to be developed in five of the countries conforming GAFISUD. Nevertheless, it has been conveniently broadened to the twelve countries of the group, limiting the study spectrum with the help of a risk analysis.

Consequently, in 2011 the specific study of the following sectors is being developed: foreign exchange market; securities; value and money transfer services.

Finally, the drawing up of a regional risk analysis of money laundering is expected through non banking financial activities and a document of best practices for the accomplishment of the Recommendations bearing in mind the regional reality.

Conclusion

The development of Technical Assistance Projects seems to be aimed at making up a new strategic point in GAFISUD's path.

This is due to the commitment assumed by the countries of the Group to improve their systems of prevention and due to the fact that the Group by itself represents an irreplaceable tool to find solutions in those subjects requiring an integrating vision.

Mr. Felipe Tam Fox
President of GAFISUD in 2010
Republic of Peru

More than ten years ago, the regional leaders of that time were conscious of the threat represented by money laundering activities in the economy and the values of society. This is why they generated unanimous consensus to find an integrated and coordinated answer of governments and economic agents in the framework of a shared vision of progress and wellbeing towards the prevention, control and repression of these offences under the premise that international cooperation is crucial in the fight against these crimes.

Today, ten years after that, I can affirm with conviction that the foundations, the spirit and the objectives that encouraged the creation of GAFISUD are not only maintained but also consolidated on a daily basis. They are the generators of new, better and more effective strategies and policies to combat money laundering and terrorist financing in the region.

It has been a real honor and privilege, both for me and for the Republic of Peru, to chair GAFISUD in 2010. This organism represents a key element in the fight against money laundering and terrorist financing in the region. Moreover, it has been a greater privilege as it has coincided with a very special term; we have had the opportunity of celebrating its 10th anniversary in a successful context of achievements, challenges and higher development perspectives.

The remarkable progress in the development of money laundering and terrorist financing national systems has been possible thanks to the effort, dedication and intelligence offered by all the country members, through its national representatives- for their responsibility and solidarity- making of GAFISUD a big family with a brotherly environment, taking the initiative, solving problems and boosting

regional integration in our countries in the framework of common interest and immediate attention.

Even if last decade's achievements were outstanding, we still have to confront important challenges and tackle them with strength and conviction, creativity and responsibility; maintaining an integrating, supportive and commitment spirit for our countries, families and society.

Finally, let me send all the member countries, which are part of GAFISUD's family, a special and warm greeting for their 10th anniversary, for the achieved goals in its first decade and for the goals which we will achieve in the following years with the members' commitment and effort.

Working "on" the system. A peculiarity of GAFISUD

The Working Group on Operational Support is a clear example of the international cooperation level existing among GAFISUD member countries.

Such integration is shown in the different areas the working group intends to develop and strengthen through its 2010- 2011 term.

The creation of GAFISUD Asset Recovery Network (RRAG) is to be highlighted, together with UNODC's contribution and CICAD / OAS's support. It is formed by representatives of the specialized public prosecutor's offices and police forces and its objective is to contribute in the identification, localization and recovery of crime-originated assets.

At the same time, since 2008, exercises of control on cross border transportation of money and valuables have been carried out every six months by the competent authorities of the member countries under the coordination of the Working Group on Operational Support.

Another remarkable example of multilateral cooperation strengthening is the development and sign of a Memorandum of Understanding between all GAFISUD's FIUs. Currently, nine of twelve member countries have signed it. It is expected for the remaining countries to sign it during the upcoming Plenary meeting.

Moreover, the Group is working on regional PEPs, mutual legal assistance and information exchange between financial supervisors.

Structure of GAFISUD

Council of Authorities

It is formed of a representative of each State who holds the maximum responsibility in combating money laundering and terrorist financing. They gather whenever the Plenary considers it to be convenient for the approval of a matter or project which requires a higher institutional- political support.

The Plenary of Representatives

It is formed of the designated delegates of each member State. It meets at least twice a year and has the following functions:

- Approve the Action Program.
- Approve the budget.
- Approve the annual report
- Control the development of the approved Action Program.
- Appoint the Executive Secretary; approve the structure and other functions of the Secretariat.
- Approve the necessary procedural norms.
- Accept the incorporation of new members and observers.
- Impose sanctions such as the suspension of the membership or the exclusion from GAFISUD.

The *President* of GAFISUD is appointed by the Plenary, from one of its members and he exercises its representation. The term of presidency is of one year. At the beginning of each term, the President presents to the Plenary a proposal for an annual Action Program.

The Executive Secretariat

It carries out technical and administrative functions for the development of GAFISUD's activities and represents the Organization before international organisations and institutions.

The Working Groups

They are formed of representatives of member countries and are supported by the Executive Secretariat. They generate the essential materials for the elaboration and accomplishment of the aims of the annual action programs. Their work depends on the approval of the Plenary Session. Our current Working Groups are:

Working Group on Training and Development

Its task is related to the drafting and implementation of strategic training plans, technical assistance and institutional strengthening.

Working Group on Mutual Evaluation

Its task is the analysis of the process and the evaluation methodology as well as the drafting of the progress reports carried out in the framework of the follow up processes.

Working Group on Operational Support

Its task is to create mechanisms to improve the institutional cooperation between the authorities of the AML/ CFT systems of different country members. It also coordinates GAFISUD's Assets Recovering Network.

Dr. José Miguel Insulza
President of GAFISUD in 2002
Republic of Chile
Current Secretary General of the Organization of American States

I would like to send my greetings to GAFISUD on its tenth anniversary. Its work on public policies on money laundering and the financing of terrorism, carefully evaluating the implementation of international standards on the subject has not only consolidated it as a specialized organism but also expanded it, including Central and North America.

In 2001, when I chaired GAFISUD in representation of Chile, there were more uncertainties than certainties; and for the latter to weigh more than the former, we knew that our mission was to consolidate the institutionality of the recently- created organization, for which we were the second to serve its Presidency.

We consider we have correctly accomplished the purpose of our term. During the Chilean Presidency the first evaluation round was carried out, which constituted a wake up call, the beginning of an action and, above all, a milestone in the history of the organism. The evaluations are the North, the why and what for of the existence of the financial action task force. Carrying out the first one in South America confirmed that we can walk together through that path with commitment.

A decade after that, having the honor of leading the General Secretariat of the OAS- which through the Inter-American Drug Abuse Control Commission had a key role in the establishment of the Group- I can say I save a fond memory of that time both with satisfaction and commitment.

We acknowledge both the Presidency of GAFISUD and the General Secretariat of OAS, that combating money laundering means targeting organized crime. This is why no effort will be considered too much to strengthen the strategic alliance- the same way we consolidated the institutionality of GAFISUD- which both the circumstances and the countries demand to GAFISUD and OAS.

GAFISUD's authorities and personnel

Mr. Benigno María López Benítez

2011 President

Member of the Board of the Central Bank of Paraguay

Mr. Alejandro A. Montesdeoca Broquetas

Executive Secretary

Mr. Esteban Sergio Fullín

Deputy Executive Secretary

Mr. Marconi Costa Melo

Technical Assistant

Mr. Ricardo Gil Iribarne

Project Director

Ms. Barbara Friedrich

DNFBP Project Director

Mr. Antonio Correa González

Project Consultant

Ms. Daniela Solano Córdova

Project Consultant

Mr. Sebastián Lisman

Administrative Director

Ms. Corina Rozenbaum

Administrative Secretary



Florida 939 #10

**Buenos Aires, Argentina
CP C1005AAS**

**Phone/Fax: +5411 5252 9292
E-mail: contacto@gafisud.info**

June 2011