



4th Follow-Up Report

VENEZUELA

May, 2011

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I. Introduction

This document summarizes the CFATF's analysis of the actions the country states it has taken to overcome the shortcomings identified in the mutual evaluation report discussed in the Plenary of May 2009 and adopted on September 25, 2009. It is based on the matrix submitted by the country on February 2nd.

Venezuela's ratings were PC or NC with respect to 31 of the FATF Recommendations, including ten (10) of the 16 Core and Key Recommendations, and it was therefore put under expedited follow up by the CFATF. Separately, on October 29 2010 the FATF, following a targeted review by the ICRG, included Venezuela in the group of countries subject to ongoing review.

Rec.	1	3	4	5	10	13	23	26	35	36	40	I	II	III	IV	V
Rating	LC	PC	C	PC	PC	PC	PC	PC	C	LC	C	PC	PC	NC	PC	LC

Partially Compliant (PC)	Non Compliant (NC)
3. Confiscation and provisional measures	6. Politically exposed persons
5. Customer Due Diligence	7. Correspondent banking
8. New technologies and non face-to-face business	9. Third parties and introducers
10. Record keeping	12. DNFBP – R.5, 6, 8-11
13. Suspicious transaction reporting	16. DNFBP – R.13-15 & 21
14. Protection and no tipping-off	20. Other NFBP and secure transaction techniques
21. Special attention for high-risk countries	24. DNFBP - regulation, supervision and monitoring.
22. Foreign branches and subsidiaries	30. Resources, integrity and training
23. Regulation, supervision and monitoring	32. Statistics
26. The FIU	33. Legal persons – beneficial owners
27. Law enforcement authorities	SR.III Freeze and confiscate terrorist assets
34. Legal arrangements – beneficial owners	SR VII Wire transfer rules
38. MLA on confiscation and freezing	SR.VIII Non-profit organisations
SR I International conventions	SR.IX – Cross-border declaration and disclosure
SR.II Criminalise FT	
SR.IV FT suspicious transaction reporting	
SR VI Alternative money transfer services	

The following is the information supplied by Venezuela as a summary of the scope of its financial system and its international interdependence.

Data as of October 2010		Banks	Securities	Insurance	TOTAL
Number		59	112		
Assets	US\$	169.545.098,60 mil USD	10.645.345.903 USD		
Deposits	Total: US\$	126.139.473,95	626.608.404	3,95% del PIB	

		mil USD			
	Non-residents: US\$ %				
International Links	Foreign-owned:	10			
	Subsidiaries abroad	8			

Casas de cambio: 22. Assets: 32.979.453,96 U\$D

There are 59 banks in Venezuela with approximate total assets of 170 Billion USD. The foreign-owned banking sector is minimal. In 2007, the capital of foreign banks accounted for 1.8% of total assets of the System, the lowest in Latin America.

An off-shore sector does not exist in Venezuela and the strict foreign exchange controls currently imposed are not conducive to these types of services.

The only institutions authorized to provide money transfers are exchange houses, Universal and Commercial Banks and Savings and Loans institutions.

II Summary of progress made by the country since the last evaluation.

Venezuela has implemented a number of actions recommended in the mutual evaluation report, particularly with regard to regulation and supervision of banks and securities intermediaries/brokers. It also created a Casinos Commission and imposed obligations of AML/CFT prevention in this sector, and has significantly improved the Public Registry databases (including companies' records). It has also provided some figures on convictions for ML investigations and convictions showing the application of the criminal legal framework to combat these crimes, with a significant upturn during 2010 second semester.

In February 2011 a resolution that shall improve anti-money laundering applicable to the securities market, the application of which has been supervised since 2010 was issued. There is a draft resolution to improve anti-money laundering regulations of the securities sector and the authorities are preparing a draft amendment to the Law Against Organized Crime, which will correct many of the deficiencies identified in the mutual evaluation report.

An institutional coordination mechanism has been activated, led by the Vice-President of the Republic and the National Anti-Drug Office (ONA), in order to meet the requirements of FATF (ICRG) and CFATF (monitoring), to draft the legal reform and to undertake other sectoral activities.

It is necessary to highlight the recent creation and commissioning (end of 2010) of the General Direction to combat Organized Delinquency of the Public Ministry which shall be specialized in combating this type of crimes/offenses in all its forms and includes a Direction Against Legalization of Capitals, Financial and Economic offenses.

The following is a summary of the relevant actions reported by Venezuela with respect to the FATF recommendations with ratings of NC or PC. Following this is a Follow-up Table or Matrix submitted by the country.

Recommendations 3 and 38: Provisional measures

11. Based on the mutual evaluation report, Venezuela was required to:

- a. Provide statistics that demonstrate the effectiveness of provisional measures (including at the request of foreign authorities), which is still pending. Venezuela informed that in the last 4 years until November 2010, it had 87 investigations initiated ex officio and 755 cases arising from reports of suspicious activities, 7 convictions and 3 acquittals. In relation with precautionary measures 25 persons had been detained in such 4 years. For the third follow up report we received information

corresponding to the term from July 2010 to January 2011 reflecting a considerable increase in the crime prosecution: 12 persons were detained in this six month term, 19 investigations for ML were started, 2 condemnations were imposed, tenths of goods were seized, among other achievements. It will be desirable to obtain a higher number and amount of definite seizure of goods/property since the only ceased good in this 6 month term was one (1) vehicle.

- b. Computerize the information from public records: Already one hundred ninety eight (198) offices of the National Register (of a total of two hundred twenty (220)) have been automated, so that users can get faster information on the identification of natural and legal persons, property subject to sale, donation or other transactions. With respect to notaries who amount to around two hundred and fifty (250), automation is scheduled to start in the year 2011.
- c. Improve the identification of forfeitable property. The systematization of the records shall assist in order to more efficiently locate the assets of a person, but this is pending. The National Anti-Drug Office also has a database that allows the identification of property subject to forfeiture.
- d. Enter into agreements with other nations to coordinate actions for seizure and forfeiture: This is pending.

Recommendations 5, 6, 7, 8, 9: CDD

Until the end of 2010, the main progress of Venezuela in its preventive regime was the recent issuance of the new AML/CFT regulation (Resolution 119-10) that applies to most financial institutions (supervised by the Superintendency of Banks and Other Financial Institutions-SUDEBAN. Now, Resolution No. 25 of the National Securities Superintendence (SUNAVAL) was issued on February 11, 2011, and significantly amends AML/CFT securities regulations.

Resolution 119-10 of SUDEBAN was published in the Official Gazette and entered into force on March 17, 2010. It incorporates most of the improvements recommended in the evaluation report and compliance is now being verified through on site inspections by SUDEBAN.

This new resolution establishes and unifies the minimum requirements and procedures that must be adopted and implemented by the regulated entities, based on their risk levels, to prevent and control Money Laundering and Terrorist Financing. SUDEBAN developed a risk-based guide to standardize the implementation of this resolution, providing support for the obligated institutions to assess their own risks.

Article 34 of Resolution 119.10 (customer due diligence, CDD) requires more stringent controls for customers and high-risk operations, including PEPs PEP, correspondent relationships and online banking. The resolution also reinforces the obligation to verify the CDD data by applying increasingly stringent procedures depending on the level of risk.

New sectors were incorporated as obligated institutions such as hotels and resorts that conduct foreign exchange operations, bonded warehouses, natural and legal persons engaged in providing credit, discounting or investing with their own funds.

Only banks are allowed to provide trust services. The new regulation requires to consider that this service has a higher risk and therefore must be subject to enhanced measures, including the identification of the beneficiary (and not just the formal beneficiary of a trust).

As for the securities industry, Resolution No 25 of 2011 of SUNAVAL entered into force from its publication in the Official Gazette on February 15 of this year (the text has not been reviewed by the CFATF Secretariat, but according with information provided by authorities, Resolution 25 includes a risk based approach).

15. Main pending actions:

- Verify effective implementation of the private sector of new regulations in the banking and stock exchange sectors

Recommendation 10:

Record keeping

The new SUDEBAN regulation (March 2010) incorporates most recommendations made in the evaluation report and compliance has begun to be monitored. In the stock Exchange sector a new resolution was also issued on February 2011 (pending revision by the CFAT Secretariat) and its compliance will be subject of supervision by SUNAVAL, as was the case with the previous AML/CFT regime. In addition authorities provided concrete information on AML/CFT supervision accomplished by SUNAVAL on the stock exchange sector, which is an integral part of the prudential supervision. Since May 2010 until January 31, 2011 SUNAVAL conducted 95 on-site inspections in which it verified compliance with anti-money laundering obligations then in force, which derived in the imposition of several penalties. Although authorities did not present complete statistics they did show some summarized samples of these sanctions.

Main pending actions:

- Eliminate threshold of \$10,000.00 for recording wire transfers (the new Resolution 119-10 of SUDEBAN reaffirms the obligation to report transactions with certain characteristics, but does not set out the minimum information necessary for CDD when transactions below this threshold). The matrix of progress mentions provisions that apply to foreign currency Exchange operations, but not to funds transfers.
- Verify practical implementation of Resolution 25 of SUNAVAL (February 11, 2011) in the securities sector.

Recommendations 13, 14 and SR IV

Reporting

The deficiencies identified in the report as regards protection for persons reporting, prohibition of tipping off, and deadlines for submission of reports were overcome with the new SUDEBAN regulations. The time limit for reporting was reduced to a maximum of 2 working days after the institution concludes the necessity of reporting the transaction as suspicious. The same deficiencies remain to be dealt with for the other categories of regulated entities (e.g. the securities and insurance sectors).

ONA is coordinating with the various competent agencies to submit to the National Assembly a bill to reform the "Organic Law Against Organized Crime", which will resolve other outstanding deficiencies.

Main pending actions:

- Remove from the law the reference to sending duplicate STRs to an agency other than the FIU
- Extend improved STR regulations to insurance and securities sectors, and other not so far covered by SUDEBAN
- Impose by law (and not merely by regulation) the duty to report any suspicion of FT, even in the case of funds of lawful origin.

Recommendations 12, 16, 20 and 24: DNFBPs

Venezuela made some concrete progress on DNFBPs and other non-financial sectors. Registration offices throughout the country are now required to have a "compliance officer" responsible for laundering prevention, and many of the registries have been automated. An amendment to the Organic Law against Organized Delinquency is being prepared which shall allocate obligations for DNFBPs and a

vigilance/control authority for them. Moreover, the National Commission of Casinos issued ruling No. 064, June 17, 2010, in which obligations are imposed on Casinos to prevent ML/FT and created a Unit in charge of verifying compliance thereof.

However, this new provision states that casinos send their suspicious transactions reports to the National Commission of Casinos, which will send it to the National Financial Intelligence Unit "after studying [the STR]" (Article 19, last paragraph). This previous filter by another governmental entity other than the UNIF seriously undermines the confidentiality, immediacy and spontaneity that should characterize these reports of suspicious transactions, and is contrary to the FATF recommendations 12, 16 and 26.

Recommendation 21: High-risk countries

22. The deficiency identified in the report was lack of evidence of compliance with the (recently issued) requirements in this area by the financial institutions. It should be noted that SUDEBAN has created a specialised team of anti-money-laundering supervisors under the direction of the FIU. The team has already begun a first round of inspections (see R.23). Compliance with Recommendation 21 is being supervised as part of the inspection program.

Recommendation 22: Foreign branches and subsidiaries

The new SUDEBAN Resolution addresses most of the shortcomings in this area. However, the resolution does not state that institutions should apply the highest standards (Venezuela's compared to the host country's) in their foreign branches.

Recommendation 23: Regulation and supervision

The FIU, which is the financial intelligence unit of Venezuela and is part of the Superintendency of Banks and Other Financial Institutions (SUDEBAN) is now responsible for AML/CFT Supervision, a role that was previously only a part of prudential supervision areas. A specialized group was set up within the FIU. There is no information of concrete steps to strengthen oversight of institutions that are supervised by other entities (insurance and securities), but the Securities Commission was transformed into a Superintendency of Securities, which is expected to increase its operational capacity.

The new FIU supervision team has 10 inspectors assigned to it, 8 of whom have already been transferred from other SUDEBAN departments, and the remaining two posts are in the process of being filled by outside recruitment. From 2009 to March 2010 the team carried out only 9 specific AML/CFT inspections. However, from January to October 2010 it carried forty-four (44) inspections (28 of them to currency exchange merchants in the borders). This represents a 69.84% fulfilment of the Annual Plan.

Officials said the number of inspections has increased because they developed an Inspection Procedures Manual, revised their supervisory strategy and they are now making targeted inspections designed to evaluate only certain aspects of the institutions' AML/CFT programs. However, the staff of this supervisory unit, with only 10 people (of which only 8 vacancies have been filled), appears insufficient to supervise, with the necessary depth, all the institutions under its responsibility, especially now that they are adopting a new risk-based model which requires greater specialization from the reporting institutions and the authorities. UNIF is conscious about this limitation and is proceeding with an evaluation of needs to increase personnel. Further during 2010, second semester its inspectors received training in banking supervision practices based on forensic audit and risk.

In the stock exchange sector, authorities provided information that allows us to conclude that there is a degree of AML/CFT supervision and in fact, this supervisory activity has taken place since before. From May 2010 to January 31, 2010 SUNAVAL conducted 95 onsite inspections in which it verified compliance with anti-money laundering obligations effective for the stock exchange sector which derived in the imposition of several fines/penalties.

Specifically with respect to the insurance sector authorities reported some statistics and supervision but did not clarify to what extent these refer to verification of compliance with AML/CFT regulations, nor does it mention the findings of such inspections. In 2009, 61 institutions were inspected (42 broker companies, 17 insurers, 1 reinsurer company, 1 premium financing company) which is a pretty large increase with respect to only 3 inspections accomplished in 2007. Likewise, in 2010, 38 inspection visits took place (32 insurance companies and 6 brokerage firms).

Main pending actions:

- Provide more precise data on human resource entrusted with the AML/CFT supervision of the insurer and stock Exchange sector, statistics on sanctions imposed and supervision activity of SUNAVAL as of the issue of Resolution No. 25 dated February 2011.
- Increase the number of staff and the training of the team of inspectors of UNIF.

Recommendation 26:

FIU

In 2010 the FIU implemented several improvements in its procedures and tools. These are included in SUDEBAN's 2010 Operational Plan, which now has ministerial approval. These improvements include the development of software to improve information processing, as well as the assignment of a server to the FIU for its exclusive use. With a view to improving the usefulness of the information submitted for investigation of criminal cases, the FIU and the Ministerio Público will hold an initial discussion forum between the FIU and prosecutors, and have boosted their mutual training initiatives.

In addition, a Policy and Procedures Manual of the FIU issued in June 2010 seeks to standardize and improve the analysis of the RTS, the preparation and the adoption of intelligence reports that are forwarded to the Attorney General.

Below is the information available about SARs (suspicious activity reports) received and the cases submitted to the Attorney General from January 2008 through the first half of 2010:

Year	SARs received	Cases disseminated to AG's office
2008	1125	541
2009	1341	465
1st Semester 2010	695	300

It can be noted that more than half of the RAS received by the FIU is transmitted to the Public Ministry, a proportion that seems excessively high, especially considering that no statistics are available to determine whether these cases are really useful to generate criminal investigations and convictions. It would be desirable for the FIU to provide details about the type of reporting institutions (to see if all sectors are implementing controls), the suspected underlying crime (to verify that the system goes beyond narcotraffic-related money laundering) and the number of intelligence reports that result in subsequent criminal investigations and convictions (as a measure of the quality of the FIU's work).

Regarding independence and autonomy, UNIF clarified that it is accountable to the Superintendent of Banks for administrative purposes only, and has full operational independence to fulfill its regular duties. The budget of the FIU is part of the budget of all SUDEBAN, which could increase or decrease it, but the FIU has autonomy for its execution (it currently has USD\$4,228,000 for personnel costs, and an additional amount for supplies). The Manager of the FIU, although it is directly appointed by the Superintendent of Banks, is chosen according to a rigorous and transparent process that has been previously established.

The information supplied by the country shows a potential limitation of the autonomy of the FIU: instead of exercising its functions directly, the Director of the FIU is delegated by the Superintendent of Banks to sign communications, require information and documentation, authorize actions with respect to regulated entities, and submit information to third parties, among other basic functions. The last delegation was made by Resolution No. 191.10 of April 30, 2010, published in the Official Gazette No. 39423 of May 13 of that year. According to the authorities usually all of high level officials are appointed in this manner.

The evaluation report recommended strengthening security of information and eliminating the need to use the database and network infrastructure of SUDEBAN. As reported by the UNIF, computer security has been strengthened by a technology infrastructure that ensures the confidentiality, availability and data integrity of the unit, following internationally recognized best practices. Similarly, they have incorporated security measures to guarantee segregation of the UNIF systems from those of other departments of the Superintendency, both physical and in virtual environment.

28. Main pending actions:

- Legally authorize the Director of the FIU to obtain information to accomplish his functions directly, and not through delegation from the Superintendent of Banks.
- Finalize the project for opportune access to different external sources of information
- Provide statistics on STRs received and cases forwarded to competent authorities
- Accelerate the cooperation project with the Fiscalía (Prosecutorial Agency or “Public Ministry”) in order to measure the usefulness of information being sent to them, and follow up on the number of STRs/reports resulting in an investigation or conviction. It is worth noting that, according to the Ministerio Público, six (6) investigations have been initiated in the last six months as a result of STRs.

Recommendation 27:

Law enforcement authorities

The new General Direction Against Organized Crime of the Public Ministry has started a systematization and centralization project of the information on decisions of all attorneys that manage ML cases at local level. The test result of this project is that the Public Ministry could provide more extensive statistics of at least six month since July 2006 until January 2011.

[Tables with statistics are annexed at the end of this document]

Venezuela reports that money-laundering cases are now being investigated in which the predicate offence is not necessarily related to drug trafficking, and that this shows that the structural location of the competent authorities in specialized anti-narcotics agencies is of no importance. An ongoing effort to train investigators was also mentioned.

However, as in our previous follow-up report, there were no specific data on the investigations referred to neither on the training received.

Recommendation 30 and 32:

Resources and statistics

SUDEBAN has set up a specialized team of 10 new anti-money laundering supervisors under the direction of the FIU. No information was provided about progress in the matter of compliance supervision resources in other areas. It is expected, however, that the elevation of the Securities Commission to the category of Superintendency will have a positive effect on its operational capacity.

No information was provided on any measure to improve integration of the available Police statistics and their use in evaluating the effectiveness of the system. To the extent that Venezuela develops a national plan to implement the actions recommended in the mutual evaluation, for which the CFATF and the World Bank have provided training, it is expected that the use of AML/CFT statistics will be more effective.

As mentioned above, there is still no information on seizures and forfeitures related to ML/FT (although the ONA reported having a new system of information for this), and there is need to provide more detailed statistics on the dates of investigations and convictions, to inform about cases where the underlying crime is different from drug trafficking, in order to conclude that the system is being successful to prevent, detect, prosecute and punish these crimes.

As of the creation of the Direction against Legalization of Capitals, Financial and Economic Crimes/Offenses attached to the General Direction against Organized Delinquency the creation of a central data base containing all information of statistics of legalization cases concerning capitals by the Public Ministry and local level was defined, which shall facilitate management, control and evacuation of information related with this offense.

Recommendations 33 and 34: Legal persons and trusts

The national authority responsible for managing the Registers of all legal persons and property subject to registration (such as real estate and vehicles) is at present being systematised. One hundred and ninety eight (198) registrar offices have been automated, of a total of 220. The authorities affirm that all data entered in the system will be stored in rapid-access computer data bases. The plan also anticipates that old information which until now was kept only in ledgers, will be entered into the system as well. This will provide for better access to information on beneficial owner of companies and owners of property subject to confiscation. The above constitutes a practical step towards repairing the deficiencies identified in the report, which centre on the need to strengthen the public register.

Special Recommendations I and III: Conventions and freezing of terrorist assets

No information was found to show the existence of any particularly rapid system for freezing terrorist assets in accordance with UN Security Council Resolutions. Officials indicated that these issues are already addressed in the draft reform of the Organic Law Against Organized Crime (which has not been submitted to the National Assembly nor has it been shared with the CFATF Secretariat)

Special Recommendation II: Criminalise FT

Financing of terrorism is criminalised in Venezuela, but the law still need to be amended to:

- Criminalise financing of individual terrorists
- Amend definitions in the law which could give rise to problems of interpretation regarding autonomy of the offence
- Put the legislation into practice: although cases of terrorism occasionally arise, and some STRs have been received for suspicion of terrorism financing, no FT investigations have resulted.

Special Recommendation IV: STRs for FT

Resolution 119.10 makes it clear that any suspicion must be reported even when the funds involved are of lawful origin. However, the report recommended that this should be specified in the law itself. This will be addressed in the draft reform of the Organic Law Against Organized Crime

Special Recommendation VI and VII: Remittances and wire transfers

Information provided on AML / CFT inspections by the FIU in 2010 shows that 28 of the 44 visits were conducted in border exchange operators (RE.VI). According to the authorities, inspections to other types of institutions include the verification of controls on electronic transfers (SR.VII).

Regulation 119.10 reinforces the duty of care that financial institutions should have with regard to customers engaged in money remittance business. However, the requirement to obtain information on the remitter applies only to cases where the transfer is to or from a country considered to be high risk, and there is no obligation to ascertain the account number in all cases [Note of the Secretariat to Venezuela: Please refute this opinion by citing the relevant articles].

Special Recommendation IX:

The matrix mentions that Customs included cross-border cash declaration at sea and land borders, in addition to airports. The Secretariat requests that Venezuela please provides additional details of this (i.e. legal or regulatory provisions, copy of declaration forms, statistics, etc) to show there is an effective system for control of cross-border cash movement.

The authorities also reported on inspection visits carried out at border exchange operators, but this is not relevant for purposes of compliance with RE.IX.

It is worth highlighting the creation of the Office for Prevention and Control of Money Laundering of SENIAT (tax and customs authority) through Providence dated February 17, 2011.

III Conclusion

Venezuela has implemented a number of actions recommended in the mutual evaluation report, but not all. Among the deficiencies that still exist the following should be highlighted:

1. Reports of suspicious transactions should be sent to authorities other than the FIU, according to the Law (although this does not happen in practice).
2. Lack of a legal obligation to report suspicions of terrorist financing when funds are of legal origin.
3. There is no procedure in accordance with Security Council Resolutions United Nations to freeze terrorist assets quickly.
4. Statistics (for periods longer than 6 months) to demonstrate the effective application of the penal AML/CFT framework in terms of investigations, convictions and seizures.
5. There is no evidence of efforts to combat the laundering of proceeds of crimes other than drug trafficking.
6. The FIU does not have enough staff to adequately supervise all institutions supervised.
7. AML/CFT supervision in the securities industry already came into operation and the new Superintendency issued the provisions that strengthen regulation of this sector. However, it is still too soon to test effective implementation.
8. It is not clear if compliance with AML/CFT regulations in the insurance sector is being supervised.

According to the authorities many of these shortcomings will be overcome with an amendment to the Law Against Organized Crime (LOCDO), which is still in draft form and has not been shared with the CFATF Secretariat. It is recommended that the Plenary keep Venezuela under expedited follow-up and require a new progress report to the Plenary in November 2011.

ANEXO 1: Estadísticas Del Ministerio Público
II Semestre de 2010 (julio 2010 a enero 2011)

I. LEGITIMACIÓN DE CAPITALES

1. Condenas:

Sentencias Condenatorias	02
Personas Sentenciadas	07

2. Bienes asegurados:

Bienes asegurados	Cantidad
Empresas	06
Vehículos	46
Aeronaves	02
Inmuebles	31
Embarcaciones	05

3. Bienes confiscados:

Bienes confiscados	Cantidad
Vehículos	01

4. Moneda nacional y extranjera decomisada e incautada:

Moneda	Suma Asegurada	Suma Confiscada	Total
Dólar	\$ 535.434	\$ 701.901	\$

			1.237.335
Euro	€ 130.000	€ 621.000	€ 751.000
Peso	\$ 5.283.178	\$ 380.100	\$ 5.663.278
Sol	S/. 220		S/. 220
Nuevo Shéquel	₪ 200		₪ 200
Reales		\$ 201	\$ 201
Bolívars	Bs. 78.898		Bs. 78.898

5. Casos iniciados por el delito de Legitimación de Capitales:

Casos de Legitimación de Capitales iniciados de oficio	13
Casos de Legitimación de Capitales iniciados a partir de RAS	06
Total	19

6. Personas detenidas por la comisión del delito de Legitimación de Capitales:

Total: 12 (Julio 2010- enero 2011)

II. COOPERACIÓN INTERNACIONAL (Legitimación de Capitales)**7. Extradiciones Activas:**

País requerido	Cantidad de solicitudes
EUA	02
España	01

Nota: En todas el Tribunal Superior declaró procedente la Solicitud.

8. Extradiciones Pasivas

País requirente	Cantidad de solicitudes	Status
Países Bajos	01	En trámite

9. Solicitudes de Asistencia Penal Mutua - Activas

País Requerido	Cantidad de Solicitudes	Status
Colombia	03	Las 3 en trámite
Francia	01	En trámite
México	01	En trámite
Gambia	01	En trámite
Chile	01	En trámite

Italia	01	En trámite
Islas Vírgenes	01	En trámite
Panamá	03	Las 3 en trámite
Ecuador	01	En trámite
Honduras	01	En trámite
Reino Unido	01	En trámite
EUA	01	En trámite

10. Solicitudes de Asistencia Penal Mutua - Pasivas

País Requirente	Cantidad de Solicitudes	Status
Perú	01	En trámite
Guatemala	03	Las 3 en trámite
Ecuador	01	En trámite
Colombia	01	En trámite

III. FINANCIACIÓN AL TERRORISMO

11. Solicitudes de Asistencia Penal Mutua - Pasivas

País Requirente	Cantidad de Solicitudes	Status
Colombia	01	En trámite

Nota: durante el último semestre de 2010 y enero de 2011, no se conocieron casos vinculados a la comisión del delito de Financiación al Terrorismo.

VENEZUELA3rd Progress Report with respect to the Mutual Evaluation approved in May 2009

III Round of Mutual Evaluations

[Changes with respect to the previous report are underlined]

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
Legal Systems				
1. ML offence	ML	<ul style="list-style-type: none"> It does not cover some prior crimes. Problems as far as the effectiveness of the norm goes, reflected in lack of convictions 	<ul style="list-style-type: none"> It is necessary to cover all categories of predicate offenses defined by the FATF. The Venezuelan state has the necessary legislation for the prevention and correction of ML and FL offences; however, it requires that it be properly implemented by the responsible institutions in accordance with the spirit in which it was created. 	<p>Preparing draft reform of the Organic Law Against Organized Crime to include all the predicate offenses defined by FATF. The Bill is expected to be approved in March 2011.</p> <p><u>The discussion of the amendment project to Organic Law against Organized Delinquency is continued with involved institutions, Antidrug National Office, National Unit of Financial Intelligence, Public Ministry, Ministry of Popular Power for Basic Industries and Mining, among other.</u></p>
2. ML offense—mental element and corporate liability	MC	<ul style="list-style-type: none"> Despite the number of investigations, sufficient statistics have not been provided on convictions to verify the effectiveness of criminal procedures and penalties. There have been no reports of convictions of Legal Persons 	<ul style="list-style-type: none"> Same as R.1. 	<p>Statistics on convictions were provided.</p> <p><u>The Public Ministry Provided updated statistics referred to condemnations for the Offense of Legalization of Capitals as of July 2010 to date.</u></p>
3. Confiscation and provisional measures	PC	<ul style="list-style-type: none"> The lack of case law makes it impossible to verify the 	<ul style="list-style-type: none"> Train staff Improve tracing and 	<ul style="list-style-type: none"> <u>One hundred and ninety eight (198) registration offices have been automated</u>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
		<p>effectiveness of precautionary measures and confiscation</p> <ul style="list-style-type: none"> • Data in records are not computerized which makes it difficult to trace the assets. • The lack of specific statistics on seizures and precautionary measures in cases of LA make it impossible to assess the effectiveness of the measures. 	<p>detection of property to be confiscated.</p>	<p><u>through which rapid access may be obtained to information of individuals, companies and goods subject to transactions accomplished in accordance with the provisions contained in the Public Registration and Notary Public Law.</u></p> <ul style="list-style-type: none"> • <u>Information on statistics of precautionary measures throughout the past 4 years was provided</u> • One hundred ninety-eight (198) registrar offices have been automated, where you can have quick access to information of natural and legal persons, or property subject to registration in accordance with the Act on Registration And Notaries Public. • Statistics were provided of precautionary measures ordered during the last 4 years. • The Antidrug National Office (ANO) in the professional improvement area has issued training courses in the area of appraisal of vehicles, apartments and farms to the personnel of attorneys responsible to accomplish the recovery act of property. • <u>Antidrug National Office has a Direction for the Management of Assigned Property, and it has a registration system that is fully in operation- And it has created a registration system of seized goods which is totally operative</u>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<ul style="list-style-type: none"> Public Ministry offers updated statistics corresponding to preventive insurance measures of goods with respect to cases linked with legalization of capitals from second semester of 2010 to date
4. Secrecy laws consistent with the Recommendations	C	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Clarify access to information on branches in countries with strict secrecy laws. 	<p>With respect to the banking secrete in Resolution 119-10 several measures tending to consider as high risk clients, legal persons organized and established in countries, states or jurisdiction that have a differentiated fiscal system among residents and nationals, strict banking secrecy, lack of international treaties on the matter were introduced; likewise, reduced or inexistent taxes. See Article 32, paragraph 1, subparagraph n</p> <p>Likewise, the Banking Superintendence issued Resolution 312.12 which prohibits enforced subject to accomplish and maintain operations with banks or financial institution with banking and/or investment license granted in countries, states or jurisdictions with low-tax regimes, without monetary, banking or financial supervision, or with strict protection to banking secrecy.</p>
5. Customer due diligence	PC	<ul style="list-style-type: none"> ML and FT prevention legislation in the securities sector is poorly developed. Need to improve certain aspects of identification and knowledge 	<ul style="list-style-type: none"> Improve prevention system in securities sector. Improve system for discovering beneficial owner for some legal 	<p>A new Resolution was issued (119-10, effective as of April 2010) on AML&CFT for financial institutions controlled by SUDEBAN.</p>

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		<p>of customers and verification of data submitted by them, as well as updating of this information.</p> <ul style="list-style-type: none"> • Adequate segmentation of customers including enhanced due diligence for higher-risk activities, profiles or categories. • The evaluation team was not able to verify the effectiveness in the application of the existing regulation in the securities sector, since no interviews with representatives of the private securities sector or any regulated entity were held, despite repeated requests • There is no certainty of adequate identification and knowledge of the final or beneficial owner of: <ul style="list-style-type: none"> - Trusts and usufructs - Legal persons with complex share structures • No risk-based approach (RBA) has been developed 	<p>persons</p> <ul style="list-style-type: none"> • Establish ML and FT prevention rules for PEPs, Correspondent Banking and remote banking 	<p>With respect to Clients Due Diligence (CDD), Resolution 119-10 demands Enforced Subjects several obligations on CDD.</p> <p>With respect to the Policy to Get to Know Your Client Better, Enforced Subject must use different methods to verify the identity and the data supported by clients. The higher the risk level more detailed or strict methods must be used which may include the request of additional documentation, the contact or the visit to clients, telephone communications, independent verification of the client identity through a comparison of information provided by the client with information obtained from a consultant credit or investigation company or in a public data base or other source. May also include verification of references with other financial entities and obtainment of financial statements among other. See Article 41.</p> <p>Likewise, Enforced Subject must ensure the quality of the information related with the capture of data of the identification Card of client and further updates. See Article 41</p> <p>Trusts: The referred Resolution demands Enforced Subject authorized as Financial</p>

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				<p>Institutions the obligation to consider these type of products as high risk and ensure that there is adequate, exact and timely information on managed trusts, including information of the trustee and final beneficial owners. In addition, they must design mitigation measures in accordance with this risk level and the nature of the product. See Article 65</p> <p>This risk-based regulation requires the establishment of more stringent controls for high-risk customers and transactions, including politically exposed persons, PEPs, correspondent relationships and online banking. The regulations also reinforce the obligation to verify the data of CDD by applying increasingly stringent procedures depending on the level of risk.</p> <p>Only banks are allowed to provide trust services. The new regulation requires institutions to consider this service as higher risk and therefore implement measures, including the identification of the beneficial owner (not just the formal beneficiary of a trust).</p> <p>The Securities Superintendency already drafted a reform of the current Resolution 178-2005, which incorporates the new practices of risk-based customer due diligence.</p>

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				<p><u>This risk function regulation requires establishment of more rigorous controls for high risk clients and operations, including politically exposed persons, correspondents relations and distance banking. Regulations also reinforce the obligation of proving CDD data through application of more strict procedures in function of the risk level</u></p> <p><u>Only Banks are authorized to provide trust services. The new regulations require to consider the possibility that this service has a higher risk and consequently measures should be applied also for the identification of beneficiary and not only formal beneficiary of a trust</u></p> <p><u>Securities Superintendence prepared an amendment project in its current Resolution 178-2005; in which includes new practices of client due diligence based on risks</u></p>
6. Politically exposed persons	NC	<ul style="list-style-type: none"> With regard to PEPs there is no legal obligation and no regulations have been developed for this, since the Superintendency of Banks is in the process of revising Resolution 185-01 “Standards for Prevention, Control and Prosecution of Money 	<ul style="list-style-type: none"> Establish ML and FT prevention rules for PEPs 	<p>With respect to Politically Exposed Persons (PEP) Resolution 119-10, contemplates the following aspects:</p> <p>a) Be considered high risk clients. See Article 32, paragraph 1, subparagraph 1.</p> <p>b) Reasonable measures to mitigate risk</p> <p>1. List of minimum requirements</p>

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		<p>Laundering Operations Applicable to Entities Regulated by the Superintendency of Banks and Other Financial Institutions”, to adapt it to international standards.</p>		<p>including, among other, obtainment of information with respect to origin of funds</p> <ol style="list-style-type: none"> Obtain approval of higher management to establish commercial relations with such clients. See Article 61 <p>Definition: refers to an individual that is or was a political figure el high level or close family members of his/her circle or of immediate co-operators. A high level political figure is an important officer of an entity executive, legislative, judicial or military of a foreign government elected or not, a high level member of a foreign political party or a high level executive of a corporation owned by a foreign government.</p> <p>Also this category includes any corporation, business or entity that has been created by such officer or for its benefit. According to the opinion related with close family members, the following are included: parents, brothers, spouses, sons or political related parties of PEP. The Intimate associate of a PEP is a public and commonly known person for its intimate association with the PEP and includes those who are in the position to accomplish financial transactions on behalf of PEP. See Article 124</p> <p>This risk-based regulation requires the</p>

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				<p>establishment of more stringent controls for high-risk customers and transactions, including politically exposed persons, PEPs, correspondent relationships and online banking. The regulations also reinforce the obligation to verify CDD data by applying increasingly stringent procedures depending on the level of risk.</p> <p><u>This risk function regulation requires the establishment of more rigorous controls for high risk clients and operations including politically exposed persons, correspondents relations and distance banking. Regulations also reinforce obligation of proving CDD data through application of more strict procedures in function of the risk level</u></p>
7. Correspondent banking	NC	<p>No regulations have been developed for correspondent banking since the Superintendency of Banks is in the process of revising Resolution 185-01 “Standards for Prevention, Control and Prosecution of Money Laundering Operations Applicable to Entities Regulated by the Superintendency of Banks and Other Financial Institutions”, to adapt it to international standards.</p> <p>Nor is there any regulation for the remainder of the financial sectors.</p>	<ul style="list-style-type: none"> Establish ML and FT prevention rules for Correspondent Banking 	<p>Correspondent Banking was included in Resolution 119-10 namely:</p> <p>a) Correspondent Banking and/or Correspondent Relations, is considered as a high risk Service. See Article 32, paragraph 2, subparagraph b</p> <p>b) Enforced Subject who maintain correspondent relations, in addition to implement measures on due diligence procedures must apply the following controls.</p> <p>See Article 62</p>
8. New technologies &	NC	<ul style="list-style-type: none"> No regulations have been 	<ul style="list-style-type: none"> Improve system for 	In Resolution 119-10 electronic banking

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non face-to-face business		developed for remote banking, since the Superintendency of Banks is in the process of revising Resolution 185-01, “Standards for Prevention, Control and prosecution of Money Laundering for Institutions Regulated by the Superintendency of Banks and other Financial Institutions”, to adjust it to international standards. Nor are there any regulations for the other financial sectors.	<p>discovering beneficial owner for some legal persons.</p> <ul style="list-style-type: none"> Establish ML and FT prevention rules for remote banking. 	<p>or internet and/or transactions or business which are not “face to face”, or which do not imply the physical presence of the parties, are considered high risk Distribution Channels. See Article 32, paragraph 3, subparagraph a.</p> <p>Enforced Subjects shall provide a policy of “Acknowledging the Client of Your Client” whenever the client is a financial institution considered with high risk, which in turn offers products or services to individuals that do have physical presence. See Article 49</p> <p>In addition, Enforced Subjects must pay special attention to any ML/FT risk arising from the use of new technologies or technologies under development stage which hinder the verification of client identity are adopt measures to prevent the use with unlawful purposes for which they shall apply policies and procedures to face any specific risk related with commercial relations or operations which do not imply physical presence of the parties. See Article 59.</p>
9. Third parties and introducers	NC	<ul style="list-style-type: none"> There is no specific prohibition of this in the law, and no development of regulation in keeping with international standards. 	<ul style="list-style-type: none"> Establish regulations for (third parties and introducers) in keeping with international standards. 	<p>In Resolution 119-10, intermediaries are considered high risk channels, See Article 32, paragraph 3, subparagraph d</p> <p>Financial Institutions that delegate intermediaries task to accomplish identification of clients and verification of</p>

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				<p>identity, obtaining of information on the purpose or nature of the commercial relation or to attract new business must adopt adequate measures to ensure that the copies of identification data or other relevant documentation be delivered immediately by third parties whenever requested. See Article 41</p> <p>It is important to highlight that the mentioned regulation defined intermediary as follows: <i>“is the activity that has the approach of purchasers and offerors for the acquisition of financial assets, intermediaries/brokers are used frequently to capture clients, private banking, securities market companies and insurance companies. See Article 124, paragraph 11.</i></p>
10. Record keeping	PC	<ul style="list-style-type: none"> • No verification of compliance with this • Recommendation in the securities sector was possible, since no private entity in this market was visited. • • With respect to obtaining information registered in those registries, the information would be useful only if provided in a timely manner and by all the corresponding regulated entities. However, there is no administrative control that can 	<ul style="list-style-type: none"> • Ensure compliance with record keeping in all sectors. 	<p>Resolution 119-10 provides that Enforced Subjects shall keep during ten (10) years relevant documents or registration documents which evidence the accomplishment of operations and the relations of client business with the institution, as well as documents demanded by the identification of clients that would have accomplished or that would have created business relations with the Enforced Subject. Indicated terms shall be counted 1) for documents related with identification of clients as of the date in which the relation is finalized, 2) For those documents that accredit one</p>

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		<p>give any assurance that this is the case.</p> <ul style="list-style-type: none"> • Threshold of \$10,000 for record-keeping on wire transfers. 		<p>operation as of the execution of it, 3) For report of activities as of the remission. See Article 51</p> <p>With respect to the Automation of Client Registration in the Banking Sector, most of the financial institutions have this information in electronic means.</p> <p>In addition, SUDEBAN is developing a System named “Overall Financial Information System FIS” which allows to obtain financial information from banking institution under the supervision of SUDEBAN, as well as on clients which shall turn into more effective the task of supervision and control of such institutions</p> <p>Concerning the securities sector, Resolution 178-2005 provides that enforced subjects must have individual information of each of the client that is those that accomplish investments in securities, rights or investment units, it must also be ordered through registration conceived through physical, electronic or magnetic means and must be available for the competent authorities. Such registration that contain documents must be generated or received as a consequence of the operations accomplished and must be kept in accordance with the provisions of Article 48 of the Organic Law Against</p>

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				<p>Organized Crime for at least a term of five (5) years; such term shall be counted as of the day in which the client relations are finished. As a minimum the information must contain at least data that fully identify client, according to the case.</p> <p><u>Reporting institutions maintain risk of all foreign Exchange transactions and apply client due diligence CDD to any amounts in foreign Exchange, since to accomplish a transfer mandatorily you must be an obliged/enforced subject client. Minimum information necessary for the client due diligence of transactions lower to the \$ 10.000 threshold, apply according to Articles 34, 44 and 46 of Resolution 119.10. In addition, Venezuela abides by an Exchange control system which demands rigorous procedures to accomplish foreign Exchange operations for any amount.</u></p>
11. Unusual transactions	ML	<ul style="list-style-type: none"> The effectiveness of actions in this area could not be completely quantified, since the processes were only recently put in place. 	<ul style="list-style-type: none"> Implement in a more effective way the existing regulations for regulated institutions in order to comply with the laws, regulations and rules against money laundering. 	<p>Resolution 119-10 demands that Enforced Subjects must implement informatics systems that facilitate the detection of unusual operations. See Article 90</p> <p>Enforced Subjects must design annually a strategic plan that must be approved by the Board of Directors in order to prevent and mitigate ML/FT risks, which shall be named POA, PCML/FT which may include in accordance with the needs, and</p>

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				as minimum, acquisition, implementation or legalization of computerized systems for the detection of unusual and suspicious operations , training programs for workers, supervision and auditing programs, legalization of mechanisms for internal control, protection of computerized programs to increase efficiency and efficacy in risk management, See Article 22
12. DNFBP-R.5, 6, 8-11	NC	<ul style="list-style-type: none"> An effective AML/CFT system of control for casinos could not be verified due to the lack of interviews with any of the expected supervisors and representatives of the sector For the rest of the DNFBPs, regulatory development of prevention obligations in money laundering still does not exist 	<ul style="list-style-type: none"> Issue regulations for the DNFBP sector and ensure compliance. 	<u>It is informed that through the Vice-presidency of the Republic and Antidrug National Office actions tending to surpass deficiencies of 2008 report have been coordinated, therefore concrete advancements are evidenced such as automation of one hundred and ninety eight public registrations and mercantile offices; to which rapid Access may be obtained to information of individuals, companies and properties subject to transactions accomplished in accordance with provisions contained in law of the Public Registration and Notary Public Records, the Public Power Ministry for basic Industries and Mining approved conformation of a prevention unit and preparation of Mandatory Compliance Regulations by Enforced Subjects. In turn, it is important to mention that the National Commission of Casinos issued providence 064 on June 17, 2010 and published in Official Gazette No 39.000, providing measures to be followed by</u>

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				<p><u>Enforced Subjects for the prevention of these offenses.</u></p> <p><u>The resolution project of the Securities National Superintendence is being evaluated for authorization by the Legal Consultation of this fundamental entity for which its publication is foreseen for the coming weeks.</u></p>
13. Suspicious transaction reporting	NC	<ul style="list-style-type: none"> - The law establishes an obligation to inform the FIU jointly with another entity that has not been established, which could affect its implementation as the legislation remains unclear. - The regulations are clear and applicable to the institutions under the responsibility of the Superintendency of Banks, but they do not cover securities and insurance, among others. 	<ul style="list-style-type: none"> Eliminate from the Law the obligation to send STRs to the “decentralized agency” in addition to the UNIF. Although this organ does not exist, it could cause future problems. Reduce the time allowed to file an STR Require by law that STRs should be presented for all operations that are suspected of financing of terrorism (at the moment the law only requires STRs related to funds of illicit origin). 	<p>Aspects of RAS in Resolutions 119-10: this Regulation demands Enforced Subjects to analyze unusual characteristics that could be related with the financing or terrorism, submit for an extensive analysis and in cases in which the institution considers pertinent, classify the operation as suspicious must prepare the “Suspicious Activity Report (SAR)” and remit it to UNIF, See Article 67 and 68</p> <p>In addition, at times when the Enforced Subjects decide to report suspicious cases for activities related with ML/FT, Compliance Officer must remit the corresponding “Suspicious Activities Report” (SAR) to UNIF using both electronic means as the written form in a term that shall not exceed 2 working days after the CPC ML/FT concludes the need to report the operation as suspicious. For purposes of this report, it is not required that the Enforced Subject is certain that is dealing with an unlawful activity or that</p>

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				<p>the funds arise from these type of activity. It is only necessary that the Enforced Subject consider that these are suspicious activities based on experience and analysis accomplished. See Article 86</p> <p>It is worth stating that the Superintendence of Banks and other financial institutions through UNIF is receiving reports for suspicious activities arising from the Superintendence of Insurance and the Commission of National Securities.</p> <p>It is also important to highlight that the Superintendence of Banks and Other Financial Institutions through UNIF has entered into information exchange memorandums with the Superintendence of Insurance and the Commission of National Securities in order for this supervising entity to remit the reports of suspicious activities to UNIF.</p> <p>Written forms of Suspicious Activity Reports come together with a copy of the client identification card, identity document, RIF, and all documentation that backs the presumption of suspicious activity and all documentation necessary to facilitate the evaluation and analysis of the facts, operations and activities reported. See Article 86</p>

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14. Protection & no tipping-off	PC	<ul style="list-style-type: none"> • It is not clear that there is provision for protection from criminal and civil liability of financial institutions, directors, officers and employees for suspicious operation reports sent to the FIU. • There are no rules expressly forbidding, directors, officers and employees, temporary or permanent, of a financial institution to disclose that a SOR has been made. 	<ul style="list-style-type: none"> • To afford legal protection to regulated institutions that comply with this obligation in good faith. • To raise to the rank of Law, the prohibition to reveal an STR or information related to investigations of the UNIF (currently the prohibition is only contained in a Resolution) and establish the possibility of administrative and penal sanctions for its breach. • Require by a legal or regulatory manner that the personal names and details of those who carry out a STR remain safe. 	<p>Resolution 119-10 provides that the Report of Suspicious Activities is not a criminal denouncement and does not require formalities and requirements for this mode to proceed nor implies criminal or civil liability against the obliged subjects or its employees, or for whoever subscribes it. Clients may not invoke the confidentiality or intimacy effective rules to demand civil or criminal liabilities to employees or the enforced subject for the reveal of any information provided this latter reports the existence of grounded suspicious of criminal activities to the competent authorities even when the presumptive or irregular activity has not been accomplished. See Article 86.</p> <p>In addition, employees of the obliged subjects may not warn clients that have made verifications or have notified authorities of activities that may give signs of being related with ML/FT. Neither may they deny banking or financial assistance or suspend relations or close their accounts while undergoing phases of the judicial or police investigation process except if there is authorization to that end issued by the competent judge. Likewise, it shall increase actions for the control on accounts and maintain SUDEB informed through UNIF on suspicious operations accomplished. Article 97</p>

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15. Internal controls, compliance & audit	ML	<ul style="list-style-type: none"> The legislation in the securities sector is less developed. The effectiveness of measures in the securities sector could not be assessed, since no meeting with the private sector was held. 	<ul style="list-style-type: none"> Improve system in securities sector. 	<p><u>The Securities Superintendence has already prepared an amendment project from its current resolution 178-2005: in which it incorporates new client due diligence practices based on risks</u></p> <p>The Securities Superintendency already drafted a reform of the current Resolution 178-2005, which incorporates the new practices of risk-based customer due diligence.</p> <p>With respect to auditor, internal controls and compliance Resolution 119-10 provides the following:</p> <p>a) Audits for the compliance program against ML/CF shall be made by internal auditors, external auditors or other independent qualified third parties. This is a practice for the Enforced Subject to accomplish audits in compliance proportionally with its CL/FT risk profile.</p> <p>Auditors of the compliance program to combat ML/FT must accomplish test to verify specific compliance with LOCDO, other effective regulations and evaluate relevant management information systems.</p> <p>Audit must be based in risk and programs shall vary in accordance with the size of the institution, complexity, scope of activities, risk profile, quality of control</p>

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				<p>tasks, geographic diversity and use of technology. Audit program based on effective risk shall cover all financial institution activities. Frequency and scope of each audit shall vary in accordance with the risk valuation. The evidence must be held the Board of Directors and the Management to identify areas which have weaknesses and require more strict revisions.</p> <p>As a minimum, the independent tests must include the following, despite the scope of the revision is limited to a particular areas or activity:</p> <ol style="list-style-type: none"> 1. One evaluation of the effectiveness of the compliance program against ML/FT containing the Manual of Policies and Procedures for the Management of ML/FT Risk. 2. A revision of the risks evaluation of the Financial Institution (products, services, clients, entities and geographic locations) 3. Tests of adequate transactions which are based on risk and verification of compliance with the financial institution with the demands of the effective regulations. 4. An evaluation of efforts of the management to achieve a solution of observations made by the regulating entity in audits and previous inspections which includes progress with respect to compliance with corrective measures imposed.

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				<p>5. A revision of the annual training program concerning scope and content.</p> <p>6. A revision effectiveness of the monitoring and detection system of suspicious activities related with ML/FT. (automated systems, or manuals or a combination of both) See Article 69.</p> <p>b) Audit unit of the Enforced Subject must prepare and execute an “Annual Program for the Evaluation and Control” in order to evidence the level of compliance with the effective regulations and the plans programs and internal controls adopted by the institution to prevent, control and detect operations, which are presumed as related with the ML/FT. Such program must be of restricted use or confidential and indicate dependencies to be audited, frequency of audits or approximate dates and aspects subject to inspection at each time. See Article 30.</p> <p>c) Approval by the Popular Power Ministry for the Planning and Development of the Coordination and Inspection of ML/FT Prevention within Organization Structure of UNIF (See Annex 2)</p> <p>b) Application for the activation of inspection coordination (Annex 3)</p> <p>c) Development of 2010 Annual</p>

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				<p>Operative Plan including inspection time schedule which is being currently executed (Annex 4)</p> <p>Activities of the mentioned coordination shall allow:</p> <p>a) Develop on site and off site inspection visits.</p> <p>b) Impose administrative sanctions in applicable cases</p> <p>c) Develop statistics that allow to exactly be aware of the number of inspections, sanctions, etc.</p> <ul style="list-style-type: none"> It is important to highlight the study which being subject of Resolution 178-2005 “Regulations for the Prevention, Control and Fiscalization of Operations for the Legalizations of Capitals Applicable to the Venezuelan Capital Market”, in order to adjust it to the demands of the capitals market and consequently strengthen prevention and control mechanisms for the legalization of capitals.
16. DNFBP–R.13-15 & 21	NC	<ul style="list-style-type: none"> No evidence of an effective AML/CT system created for the DNFBP sector. 	<ul style="list-style-type: none"> Issue regulations for the DNFBP sector and ensure compliance 	In “Norms Related with management and Fiscalization of Risks Related with Legalization of Capital and Financing of Terrorism Crimes Applicable to Institutions Regulated by the Banking Supeintendence and other Financial Institutions”, it is demanded that Enforced Subjects must consider as high risk clients

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				<p>persons entrusted to the list of business and activities including several categories of DNFBPs: See Article 32, paragraph 1</p> <p>Same actions reported under Rec.12: automation of records, new AML Unit in Ministry of Mines, and new requirements for casinos.</p>
17. Sanctions	ML	<ul style="list-style-type: none"> • A specific chapter devoted mainly to ML/FT • prevention, and applicable to all regulated entities, is necessary. 		<p>Concerning administrative sanctions to the Enforced Subjects, Resolution 119-10 provides the following: Noncompliance with this regulation shall be subject of the application of penalties applicable in accordance with the general Law of Banks and other financial institutions; all this regardless of the provisions contained in the legal effective ordering at the time of the violation. See Article 123</p> <p>In addition, SUDEBAN has implemented the following actions with respect to administrative sanctions addressed mainly to the topic of the prevention and control of Capital Legalization and Against Financing of Terrorism.</p> <p>a) Approval by the Ministry of the Popular Power for the Planning and Development of the Coordination for the Inspection of ML/FT prevention within the Organization Structure of UNIF</p>

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				<p>b) Request for the activation of coordination of inspection</p> <p>c) Development of 2010 Annual Operative Plan including a time schedule for the inspection which shall is currently being executed</p> <p>d) Activities of the mentioned coordination shall allow:</p> <ol style="list-style-type: none"> 1. Develop on site and off site inspections visits 2. Impose administrative fines in those cases in which is applicable 3. Develop statistics that allow to acknowledge exactly the number of inspections, sanctions, etc <p><u>Article 56 of the Organic Law against Organized Delinquency provides principles for the application of sanctions; indicating that criminal sanctions of enforced subjects shall be imposed in accordance with the nature of the committed offense, seriousness of the violation, consequences for enterprises and need to prevent the commission for this facts and if possible cause a damage that leads them to cease unlawful activities, for which the penalty must be adequate to economic funds and paid in capital.</u></p>
18. Shell banks	C	•		
19. Other forms of reporting	C	•		

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20. Other NFPB & secure transaction techniques	C	<ul style="list-style-type: none"> No examination of the enforcement of controls in other sectors was possible. 	<ul style="list-style-type: none"> Study feasibility of extending AML/CFT controls to high risk sectors other than DNFBPs 	<p>Same actions reported under Recs.12 and 16: automation of records, new AML Unit in Ministry of Mines, and new requirements for casinos.</p> <p><u>It is important to highlight that within the framework of the re-structuring of the National Commissioning of Casinos, this entity has considered the inclusion of a new Direction of Legalization of Capital, which shall be in charge of accomplishing activities related with processes to prevent legalization of capitals and financing of terrorism in Casino and Bingo establishments; likewise, that covers aspects related with inspections to verify compliance with applicable regulations.</u></p> <p><u>In the amendment of Organic Law against Organized Delinquency a serious of enforced crimes and sectors are included within the framework of protecting to a higher extent national economy</u></p>
21. Special attention for higher risk countries	NC	<ul style="list-style-type: none"> No evidence of procedures and policies for prevention and control within the supervised institutions which ensure compliance with this obligation under the Venezuelan regulations. 	<ul style="list-style-type: none"> Verify the effectiveness of recently issued regulations with respect to monitoring relations with countries that do not comply with the FATF recommendations. 	<p>Resolution 199-10 deals with issues related with special attention for countries with higher risk, based on a focus based on risk. To that respect the mentioned regulation provides the following:</p> <p>a) Constituted legal persons and those established in countries, states or jurisdictions where there is a fiscal system differentiated among residents and nationals strict banking secrete, lack of</p>

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				<p>international treaties on the matter as well as inexistent or reduced taxes are considered as high risk clients. See Article 32, paragraph 1, subparagraph n</p> <p>b) Although it is true that there is no definition universally agreed by international governments or entities that provides whether a country or determined region represents a higher level risk Enforced Subjects are instructed to consider as countries or high risk areas, the following:</p> <ul style="list-style-type: none"> • Those considered by FATF, as non-cooperating parties or those the ML/FT risk prevention systems of which are considered inexistent or if exist are not being effectively applied. • Countries or jurisdiction included in the list issued by the Council of Security of the United Nations. • Those considered by the organization or the United Nations as high incidence in the production, traffic and/or consumption of illegal drugs. • Those considered by international entities that work to combat ML/FT as offshore financial centres, countries, states or jurisdictions that have a differentiated fiscal system between residents and nationals, strict banking secrete, lack of

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>international treaties on the matter, as well as reduced or inexistent taxes.</p> <ul style="list-style-type: none"> • Countries identified by “Serious Sources” as having significant levels of corruption and other criminal activities. • National geographic areas whenever there is public information of official entities that these are being frequently used for the transit or traffic of unlawful drugs, illegal immigrants or any other form of illegal traffic of persons, smuggling of goods or money in cash. • Geographic areas identified by the Enforced Subjects in accordance with experience by the history of money towards transactions, reports of specialized entities in fight against organized crime and amount of suspicious activity reports detected in determined geographic area. See Article 32, paragraph 4 <p>With respect to financing of terrorism, Enforced Subjects shall apply procedures to detect these type of crimes, namely:</p> <ol style="list-style-type: none"> 1. Apply monitoring procedures on transactions with countries in geographic areas according to lists issued by the United Nations Security Council where individuals, organizations or countries in particular are subject to sanctions by

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				<p>the financing of terrorism.</p> <p>2. Monitoring which allows to identify transactions related with companies or individuals that have been identified in other jurisdictions as elements related with terrorist organizations or activities or financing thereof.</p> <p>3. Internal control procedures and alert signals based on typologies detected and spread by national authorities or other jurisdictions related with financing of terrorist activities. See Article 67</p>
22. Foreign branches & subsidiaries	PC	<ul style="list-style-type: none"> The legislation is very general. It mandates the maintenance of control and communication systems enabling cash movements to be monitored, but it makes no specific mention of any requirement to apply the highest standard, nor to enforce consistent CDD measures at the group level. It is necessary to determine what efficient and effective measures are implemented by the entities to comply with established standards. Poorly developed legislation for the securities sector. 	<ul style="list-style-type: none"> For foreign branches, no mention is made of requirement to apply highest standards, nor to apply coherent CDD measures at group level. 	<p>In Resolution 119-10, it is provided that the Compliance Officer shall coordinate and supervise compliance with the effective regulation and internal controls of other administrative dependencies, the responsibility of which is the execution of plans, programs and regulations concerning prevention and control of ML/FT risk, <u>including branches and agents</u>. See Article 14 paragraph 6</p> <p>It is important to highlight the study which is being subject of Resolution 178-2005 “Regulations for the Prevention, Control and Fiscalization of Operations for the Legalization of Capitals Applicable to the Venezuelan Capital market”, in order to adjust it to demands</p>

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				<p>of the capital market and consequently strengthen prevention and control mechanisms for legalization of capitals in this aspects.</p> <p>Financial groups form part of the Enforced Subjects.</p> <p>Whenever dealing with Financial Groups likewise a Party Responsible for Compliance shall be appointed in each of the group companies.</p> <p><u>In Resolution 119.10 Article 62, due diligence principles were established concerning relations and operations with persons including companies and financial institutions were FATF recommendations are not applied at all or insufficiently applied</u></p> <p><u>SUDEBAN shall issue a potential regulation to extend such principles to obligations of financial institutions of applying the highest standard and the obligation of applying the coherent CDD measures at group level in those cases applied to branches and affiliates located abroad specially in countries where FATF are insufficiently applied or not applied at all</u></p>
23. Regulation, supervision and monitoring	PC	<ul style="list-style-type: none"> Tools exist in Venezuelan legislation to put in place adequate regulation and supervision of the financial 	<ul style="list-style-type: none"> Improve capability for inspections and controls in regulated entities. 	Superintendence of banks and Other Financial Institutions during 2009 accomplished seven general AML/CFT inspections

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		institutions, but supervision by the competent authorities responsible for ensuring adequate compliance with AML requirements is not as effective, and one result could be limited operational capacity for on-site supervision.		<p>Planning for the year 2010 originally planned 38 inspections. Then it was redefined due to the entry into force of Resolution 119-10. These inspections are intended to verify the structure of the Integrated Prevention and Control of ML/FT Unit. Of the 63 inspections planned for 2010 44 have been implemented, representing 69.84% of the plan.</p> <p>In addition, SUDEBAN has accomplished the following actions:</p> <ul style="list-style-type: none"> a) Approval by the Ministry of Popular Power and Planning and Development of the Coordination and Inspection for the Prevention of ML/FT within the Organization Structure of UNIF. b) Request of the activation of the Inspection Coordination c) Development of 2010 annual operative plan, including inspection time schedule which is currently being executed <p>Activities of the mentioned coordination shall allow:</p> <ul style="list-style-type: none"> a) To develop on site and off site inspection visits. b) Impose administrative sanctions whenever applicable. c) Develop statistics that allow accurate acknowledgement on the number of inspections, sanctions, etc.

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				<u>Currently UNIF is studying allocated Budget for the personnel expenses in order to cover Human Resource needs in inspection area. Concerning training, examiners of Banks ascribed to the inspection coordination of UNIF, during the second semester of 2010, received training in banking supervision practices based on risk and forensic audit, for 2011 proposing Human Resources Office personnel training needs of this area.</u>
24. DNFBP - regulation, supervision and monitoring	NC	<ul style="list-style-type: none"> There is no authority regulating or supervising this sector. 	<ul style="list-style-type: none"> Issue regulations for the DNFBP sector and ensure compliance 	<p>Resolution 119-10 demands Enforced Subjects to consider persons included in a list of business which include several DNFBPs as high risk clients See Article 32, paragraph 1</p> <p>The draft reform of the Organic Law Against Organized Crime, clearly states the obligations of DNFBPs's and establishes the regulatory authority. The reform will be presented to the National Assembly for approval before the end of March 2011.</p> <p><u>The amendment to the Organic Law Against Organized Delinquency, foresees clearly the obligation of DNFBPs and provides regulating authorities; such amendment shall be submitted before the National Assembly for approval before ending March 2011</u></p>

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25. Guidelines & Feedback	ML	<ul style="list-style-type: none"> Unable to demonstrate an effective AML/CFT system of control implemented in the DNFBP sector. 	<ul style="list-style-type: none"> Issue regulations for the DNFBP sector and ensure compliance 	<p>Same actions reported under Rec.12, 16 and 20: automation of records, new AML Unit in Ministry of Mines, and new requirements for casinos.</p> <p><u>It is informed that through Vice-presidency of the Republic and National Antidrug Offices; actions tending to surpass deficiencies of 2008 report have been coordinated, therefore concrete advancements are evidenced such as: automation of one hundred and ninety eight public and mercantile registrations offices, in which quick access may be obtained to information of companies, individuals and property subject to transactions accomplished in accordance with provisions of the Public Registry and Notary Public Law. The Ministry of Popular Power for the Basic Industries and Mining approved formation of a Prevention Unit and preparation of a mandatory compliance regulation by Enforced Subjects. In turn it is important to mention that the National Commission of Casinos issued providence 064 dated June 17, 2010 and published in Official Gazette 39.000 establishing measures to be followed by Enforced Subjects for the commission of these crimes</u></p>
26. The FIU	PC	<ul style="list-style-type: none"> Lack of independence and autonomy of the FIU, directly manifested in the sphere of human and material resources. 	<ul style="list-style-type: none"> Improve structure Enhance analysis and information in reports to Ministerio Publico. 	<ul style="list-style-type: none"> As for the lack of independence and autonomy, it is necessary to take into account the following aspects: <ol style="list-style-type: none"> The FIU reports directly to the

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
		<ul style="list-style-type: none"> • Vulnerability of the information held on computers not owned by the FIU. • Slight contribution of FIU to analysis and processing of inputs from regulated entities to become expert forensic reports to law enforcement authorities. 		<p>Superintendent of Banks and Other Financial Institutions only for administrative purposes. Maintaining full operational independence to fulfil its regular duties.</p> <p>b) The FIU determines its needs through an Annual Operating Plan (POA), which is an integral part of the budget of the Superintendency of Banks, but the FIU has autonomy in relation to its execution.</p> <p>c) The Manager of the FIU is authorized to sign, request information and documentation, authorize actions in regulated entities, transfer documents and information, report, communicate with government entities, certificate documents, among others, by delegation of the Superintendent Banks and Other Financial Institutions, published in the Official Gazette of the Bolivarian Republic of Venezuela No. 39,423 of May 13, 2010, Resolution No. 191.10 from 30 April of that year.</p> <ul style="list-style-type: none"> • Information security has been strengthened in the FIU, through the incorporation of national and international best practices in processes of exchange of information with the supervised institutions. <p>For this purpose, it has a technology infrastructure that ensures the confidentiality, availability and integrity of the data from the National Financial</p>

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				<p>Intelligence Unit. Similarly, there have been continuous improvements in systems and processes, which optimized and added security measures that allow the segregation (separation) of the FIU's own systems from other departments of the SUDEBAN, both in physical and virtual environments.</p> <ul style="list-style-type: none"> • With respect to actions taken by the FIU to improve the quality of Suspicious Activity Reports submitted to the Public Ministry, the following is informed: <ul style="list-style-type: none"> a) The Superintendency of Banks and Other Financial Institutions, together with the Public Prosecutor, held a workshop on July 29 and 30, 2009, addressed to one hundred (100) Tax assessors from the Corruption, Drug and Common Crimes Directorates. The objective of the workshop given by the FIU, was to develop strategies to interpret and apply the administrative approach of suspicious activity reporting (RAS) as a tool to motivate a criminal investigation concerning money laundering and terrorist financing, according to international standards and the system for reporting of suspicious activity.

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				<p>b) On March 4, 2010, the FIU conducted a workshop with the participation of one hundred fifty (150) enforcement officers, prosecutors of the Public Ministry and police officials, in order to improve and standardize the process of the FIU STRs and to improve the interpretation of the information contained therein.</p> <p>c) On June 29, 2010, the Superintendent of Banks and Other Financial Institutions approved the Policy and Procedures Manual of the FIU, which includes the process of analyzing the STRs, the development and adoption of intelligence reports which are disseminated to the Public Ministry, in order to standardize procedures within the FIU, which lead to the provision of information on suspicious activity reports.</p> <p><u>UNIF attributions are defined in the Law of Banks (directly the information necessary for its tasks). In addition, the appointment of the Manager of UNIF is accomplished by the Banking Superintendence. In the Bolivarian Republic of Venezuela all high level public officers appointments are published in the Official Gazette</u></p>

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				<p><u>UNIF is going through a process for the rating of information jointly with the Public Ministry, to acknowledge the number of intelligence reports resulting from previous criminal investigations and condemnations.</u></p> <p><u>UNIF established within the 2010 action plan the accomplishment of a workshop: Strategies to improve analysis and value added of the information sent to the General Attorney office and feedback process with reporting entities and enforced subjects. On February 2011 the 1st workshop shall take place.</u></p>
27. Law enforcement authorities	PC	<ul style="list-style-type: none"> The investigation of ML is excessively linked to the investigation of drug-related crimes, and there are not enough resources assigned to it. 	<ul style="list-style-type: none"> Improve procedures and tools of law enforcement authorities. 	<ul style="list-style-type: none"> Although functionally the Anti-Money Laundering Division of the Scientific-Criminal and Criminalistic Investigation (CICPC) is part of the Anti-Narcotics Directorate, money laundering investigations in the operational sphere have been broadened in step with progress in investigative processes. For this reason there are cases today in which the predicate offence is different from those specified in the Organic Law to Combat Traffic and Consumption of Illicit Drugs, such as, inter alia: tax evasion, currency exchange offences, fraud, robbery and kidnapping, which fall under the Organic Law to Combat Organized Crime.

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<ul style="list-style-type: none"> In addition to this there are now personnel highly qualified in investigation of these offences, and who continuously attend courses, workshops and seminars in the subject in question, with a view to broadening their knowledge and enabling a more effective attack to be mounted against money laundering and financing of terrorism.
28. Powers of competent authorities	C	•		

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
29. Supervisors	ML	<ul style="list-style-type: none"> Lack of a chapter of administrative sanctions devoted principally to ML and FT prevention, applicable to all regulated entities. 		<p>SUDEBAN has implemented the following actions with respect to administrative penalties addressed mainly to the Prevention and Control of Capital Legalization and Against Financing of Terrorism.</p> <p>a) Approval by the Ministry of Popular Power and Planning and Development of the Coordination and Inspection of ML/FT Prevention within Organization Structure of UNIF (See Annex 2)</p> <p>b) Request of activation of the Inspection Coordination (Annex 3)</p> <p>c) Development of 2010 Annual Operative Plan including inspection time schedule which is being currently executed (Annex 4)</p> <p>Activities of the mentioned coordination shall allow:</p> <ol style="list-style-type: none"> 1) To develop on site and off site inspection visits. 2) Impose administrative sanctions in applicable cases 3) To develop statistics allowing accurate awareness on the number of inspections, sanctions, etc. <p>In addition, the Banking Superintendence and Other Financial Institutions accomplished during 2009 Seven (7) General Inspections to evaluate compliance with the Overall System for the Prevention of Capitals Legalization and Financing of Terrorism.</p> <p>There were 38 inspections originally</p>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>planned for the year 2010. Then it was redefined due to the entry into force of Resolution 119-10. These inspections are intended to verify the structure of the Integrated Prevention and Control of ML/FT Unit. Of the 63 inspections planned for 2010 44 have been implemented, representing 69.84% of the plan.</p> <p>Concerning administrative sanctions to enforced subjects, Resolution 119-10 provides the following:</p> <p>. Noncompliance with this regulations shall be subject to the application of applicable penalties foreseen in the General Law of Banks and other financial institutions, all this regardless of the provisions contained in the legal ordering in force as of the time of the violation.</p> <p>See Article 123</p> <ul style="list-style-type: none"> • <u>The Organic Law Against the Organized Delinquency provides administrative penalties for Enforced Subjects; as evidenced in Articles 44, 47, 48, 49, 50, 51, 52, 54.</u>
30. Resources, integrity and training	NC	<ul style="list-style-type: none"> • Concerning the supervision of the regulated institutions, there are deficiencies in staffing, staff specialisation and knowledge in codes of conduct. In the three financial sectors, banking, securities and insurances, there is 	<ul style="list-style-type: none"> • Improve capability for inspections and controls in regulated entities. • Provide greater resources for the work of the FIU and for supervision and inspection of regulated 	<p>SUDEBAN has implemented the following actions tending to improve resources and Organizational Structure. See above answer)</p> <p>In addition, SUDEBAN is developing a system named “FIS Financial Overall Information System” which shall allow</p>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
		a lack of minimum resources in order to exercise inspection and supervision functions of regulated entities. Lack of technical resources, equipment, and software to facilitate work. Shortage of staff in inspection, supervision, monitoring, regulation and bank control units. For example the foreign exchange businesses that operate in the borders have not been supervised since 2004 and the CNMV has only one supervisor specialized in prevention.	entities.	obtaining financial information of banking Institutions and the supervision of SUDEBAN, as well as its clients which shall optimize the management of supervision and control of such institutions. According to Resolution 119-10 whenever external auditors or legal persons specialized in prevention in control of ML/FT issue unfavourable opinions related with the compliance by enforced subjects their legal obligations foreseen in LOCDO and this regulations, the entity may accomplish a special inspection to evidence exactness of the opinion issued and demand the relevant corrective actions. See Article 76 Likewise, companies belonging to financial groups subject to the inspection, supervision, vigilance, regulation and control of SUDEBAN are obliged to implement SIAR ML/FT which provided in Article 6 of this Resolution and give strict compliance to provisions of this regulation concerning all applicable matters attending the nature of its businesses, products and services offered, clients and geographic areas in which they operate. Any doubt in relation with applicability of the provisions contained in this article shall be grounds for consultation with SUDEBAN. See Article 118 It is important to highlight that the

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				<p>Superintendence of Banks and Other Financial Institutions during 2009 accomplished Seven (7) General Inspections to evaluate compliance with the Overall System for the Prevention of Capitals Legalization and Financing of Terrorism.</p> <p>There were 38 inspections originally planned for the year 2010. Then it was redefined due to the entry into force of Resolution 119-10. These inspections are intended to verify the structure of the Integrated Prevention and Control of ML/FT Unit. Of the 63 inspections planned for 2010 44 have been implemented, representing 69.84% of the plan.</p>
31. National co-operation	ML	<ul style="list-style-type: none"> The various legal mechanisms for coordination established in the law have not been adequately applied. 	<ul style="list-style-type: none"> The legal mechanisms (of cooperation) have not been adequately applied and it is therefore necessary to determine the best way for the various institutions can develop them in the interest of greater effectiveness. 	<ul style="list-style-type: none"> It is important to highlight that the Superintendence of Banks and Other Financial Institutions through UNIF executed information exchange memorandums with the Superintendence of Insurance and the National Commission of Securities in order for these supervising entities to remit Suspicious Activity reports to UNIF. Regarding national cooperation and coordination, the Anti-Narcotics Squad of the National Guard plays an active role in working panels and coordination meetings with the various State bodies and agencies, as

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				<p>well as with private institutions involved in combating money laundering and financing of terrorism. This collaboration is aimed at improving procedures, exchanging information and speeding up investigations in order to achieve the practical results that will enable the Public Ministry to reach firm decisions.</p> <ul style="list-style-type: none"> • The Criminal and Financial Investigation Directorate of the National Guard has held working meetings, and attended courses and seminars, on money laundering and financing of terrorism with other national agencies involved in combating these offences. • The Superintendence of Banks and Other Financial Institutions, through the National Financial Intelligence Unit, has increased national cooperation mechanisms with State financial institutions and bodies. • Workshops and courses have been held for regulated institutions to strengthen their prevention systems and improve the quality of their STRs. • The FIU has also held various working meetings with the National Anti-Narcotics Office and the Public ministry to strengthen machinery for information exchange.

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				<ul style="list-style-type: none"> • The CICPC is efficiently managing inter-agency relations in support of the various investigations being carried out into money laundering and financing of terrorism, thus effectively overcoming previous deficiencies in requests for financial, legal and accounting information from various private and government entities. Links have also been strengthened with various government investigative agencies, such as the National Guard, SUDEBAN, the Independent Registry and Notarial Service, and all authentications and notarisations of documents submitted to the different Registers and notarial offices nationwide are processed automatically. • The National Anti-Narcotics Office is responsible for organising and running meetings with the participation of the CICPC, to coordinate and design strategies to solve the shortcomings or gaps that may appear in the development of the investigative process. It should be noted that the CICPC also has Divisions against Organised Crime, Financial Crime, Computer Crime, Terrorism and Piracy, which tackle money laundering and terrorist financing with efficiency and

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				<p>promptness. The possibility is also being studied of including in its structure a General Directorate Against Money Laundering.</p> <p>●Likewise, it is necessary to highlight <u>Division Creation of the General Direction against Organized Delinquency of the Public Ministry the purpose of which is to be constituted in an entity destined to effectively and timely respond within the framework of the fight against Organized Delinquency in different settings. Therefore, contemplates as part of its action lines articulation of efforts with entities encountered within and beyond the justice management system linked in matter of Organized Delinquency to the purposes of creating a common fund in combating such scourges. By virtue of specific competence of the General Direction it has inscription to the Direction Against Drugs, such as the Direction of Legalization of Capitals, Financial and Economic Crimes being this latter recently created and the purpose of which is oriented to establish in a single dependency action lines addressed to investigation and design of strategies against legalization of capitals and financial and economic offenses, thus complying with Article 58 of the Organic Law against Organized Delinquency, which provides establishment thereof</u></p>

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				<p>•Likewise, it must be highlighted that the Public Ministry on 28 and 29 of October 2010, carried out “IV International Convention against Drugs and Capitals Legalization” to which 705 participants attended belonging to different state entities involved with combating of this offensive figures. Its development centered in providing efficient tools, exchange experiences and generate a global vision of the topic in order to unify criteria and efforts to effectively fight such scourges. The accomplishment of this event also had the objective of consolidation of tasks aimed to attain an approach and cooperation of the different entities related with the topic in order to establish a common frame to add pertaining the foreseen in national and international legislation on the matter</p>

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32. Statistics	NC	<ul style="list-style-type: none"> • An evaluation on the efficiency of the system has not been carried out. • Only in the area of the UNIF there are complete statistics available. . • With respect to the information on investigations, convictions, seizures etc, the information is partial or unavailable. • In the matter of international cooperation, statistics were not adequate in order to evaluate its effectiveness • 	<ul style="list-style-type: none"> • Generate overall statistics in all the agencies of the AML/CFT system 	<ul style="list-style-type: none"> • Systematic statistics on nationwide drug seizures effected by the Regional Anti-Narcotics Intelligence Units and Special Anti-Narcotics Units, as well as seizures effected by the large Regional Units of the National Guard throughout the country. It should be noted that all seizures trigger a process of reporting to the Public Ministry and later investigation. In addition to the above, it keeps up-to-date statistics on cases investigated in the specific area of money laundering. • <u>As of the creation of the Direction Against Capital Legalization, Financial and Economic Offenses attached to the General Direction against Organized Delinquency, the creation of a central data base containing all statistical information on cases related with Capital Legalization known by the Public Ministry at the local level was defined which shall facilitate management control and evacuation of information applicable to this offense.</u> • All movable and immovable assets seized by the National Guard are placed at the disposal of the National Anti-Narcotics Office for custody

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>and management.</p> <ul style="list-style-type: none"> • The Criminal and Financial Investigation directorate of the National Guard keeps an up-to-date statistical register of money laundering and terrorist financing investigations ordered by the prosecutors of the Public Ministry. <p>It is relevant to highlight that the Superintendence of Banks and Other Financial Institutions during 2009 accomplished Seven (7) General Inspections to evaluate compliance of the Overall System for the Prevention of capital Legalization and Financing of Terrorism.</p> <p>There were 38 inspections originally planned for the year 2010. Then it was redefined due to the entry into force of Resolution 119-10. These inspections are intended to verify the structure of the Integrated Prevention and Control of ML/FT Unit. Of the 63 inspections planned for 2010 44 have been implemented, representing 69.84% of the plan.</p> <p>SUDEBAN has implemented the following actions with respect to administrative sanctions, mainly addressed to the topic for the Prevention</p>

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				<p>and Control of Legalization of Capitals and Against Financing of Terrorism.</p> <p>a) Approval by the Ministry of the Popular Power for the Planning and Development of the Coordination of Inspections and Prevention of ML/FT within the Organization Structure of UNIF</p> <p>b) Request for the activation of inspection coordination</p> <p>c) Development of 2010 Annual Operative Plan including inspection time schedule currently being executed</p> <p>Activities of the mentioned coordination shall allow:</p> <ul style="list-style-type: none"> a) To develop on site and off site inspection visits b) Impose administrative sanctions in those cases in which they are applicable. c) Develop statistics that allow to exact awareness on the number of inspections, fines, etc. <p>Currently UNIF is participating in the Overall Financial Information Project in its final phase which shall allow SUDEBAN to electronically recover all financial information useful of the National Banking System which provides the power to evaluate banking management and through technological tools (software) intelligence of business</p>

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				<p>can be accomplished to improve supervision and control activities on enforced subjects. Likewise it provides automation and timely access to information sources and data bases</p> <p>UNIF has always maintained adequate statistics on received and remitted cases, currently there is personnel entrusted exclusively in the incorporation of information in data base reflecting statistic results of all cases, response times of UNIF and through a study accomplished in the meeting of the Operative Group of Egmont Group which took place on February 28, 2010 in Mauricious about measures to improve exchange of information among Financial Intelligence Units. It was evidenced that UNIF of Venezuela is among those that respond to the request of information in less than one week.</p> <p>. For statistics related with Resolutions of the security Council of UN since year 2003, SUDEBAN has communicated the financial institutions all list of terrorist and terrorist organizations prepared by the UN Security Council. No link has yet been detected with Venezuela.</p>

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33. Legal persons– beneficial owners	NC	<ul style="list-style-type: none"> The project for computerization of Register and notarial data is not yet complete. There is therefore no national register to provide necessary details on ownership and control of companies. 	<ul style="list-style-type: none"> Complete the establishment of a system to enable control of legal persons to be determined 	<p>The Autonomous Registration and Notary Public Service through to Automation Project for Office of Registry and Notary Public at a national level (technological transfer and technical service agreement No ALBET S.A. E09-020-000), which is accomplished in two phases, phase one, already finished and phase two, currently in progress. In this sense currently though the SAREN Management System there may be access to information about property and legal persons that accomplish transactions before this service in 80% expecting for January 2010 that network allows 100%.</p> <p>In Resolution 119-10 in accordance with the risk grading procedures of ML/FT of each enforced subject, or in accordance with the instructions of a competent authority on the matter or in accordance with best international practices for the prevention of ML/FT. Among the high risk factors the following products and /or services that represent high risk are included: Trust and Assets Management Services. See Article 32, paragraph 2, subparagraph g</p> <p>In Resolution 119-10 it is provided that Enforced Subjects authorized as trust institutions must consider this type of high risk products and ensure that his information is adequate, exact and timely for managed trusts including information of trustee and beneficial owners. In</p>

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				<p>addition, mitigate measures shall be adopted in accordance with the risk level and the nature of the products. See Article 65</p> <p>The Public Prosecutor's Office (Ministerio Público) provided the statistical information of the last four years, precautionary measures, convictions, investigations, arrests.</p>
34. Legal arrangements – beneficial owners	PC	<ul style="list-style-type: none"> • There is no central register encompassing all trusts set up by banking and insurance institutions. • The effectiveness of this rule could not be determined, nor was it possible to discover what information the registers of the competent authorities contained. • It is not clear for the evaluating team the adequacy of access to information when trusts are formed by clients of a Venezuelan financial institution but from a branch located in another country in which the legislation in this respect is different or where banking secrecy is excessive. 	<ul style="list-style-type: none"> • Establish some kind of system to enable parties controlling legal arrangements to be known. 	<ul style="list-style-type: none"> • One hundred ninety-eight (198) registrar offices have been automated, where the public can have quick access to information of natural and legal persons, or property subject to registration in accordance with the Act on Registration And Notaries Public.
35. Conventions	C			<p><u>As additional strength its necessary to highlight that the Coordination of National Matters or the Public Ministry is strictly attached to the provisions contained in Conventions of Vienna,</u></p>

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				<u>Palermo and International Convention for the repression of Financing of Terrorism, all approved and ratified by the Republic within the framework of its task as dependency in charge of proceeding with Mutual Assistance Request and Criminal Matters, Warrants Interrogatory Letters, which accomplishes in a timely and efficient manner.</u>
36. Mutual legal assistance (MLA)	ML	<ul style="list-style-type: none"> Problems in identifying goods exist, as noted in Recommendation 3 	<ul style="list-style-type: none"> There should be a mechanism to determine the goods of which a person is owner, in a truthful and timely manner. Establish an effective mechanism for freezing financial accounts. 	<ul style="list-style-type: none"> The Criminal and financial Investigation Directorate of the National Guard, in the course of ML and FT investigations, determines, reliably and promptly, the ownership of assets of persons, both natural and legal, under investigation, through the National Registry and Notarial Directorate. Our Legislation foresees that within the framework of an investigation the existence of goods used and/or obtained in the commission of the crime be determined, although only with founded suspicious of precedence shall be preventively ensured and seizure thereof shall be ordered whenever there is final condemnatory sentence. Likewise, through SUDEBAN there is an effective mechanism for the freezing of financial accounts and even the Public Ministry within the framework of legal attributions may request directly to financial or

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>banking institutions the ensuring and freezing of accounts.</p> <ul style="list-style-type: none"> • This way we have the Organic Law against Organized Delinquency which provides: Seizure of Confiscation Article 19. The seizure or confiscation of property inputs, raw material, machinery, equipment, capital or products and benefits coming from crimes committed by members of an organized delinquency group is necessarily attached to the principle crime, even if these are in held or filed without participation in such crime whether legal persons or individuals. <p>All instruments or equipment to counterfeit or alter currency or securities of public credit shall be destroyed. The psychotropic and narcotic substances shall be destroyed through incineration or other adequate means before a control judge, an attorney, general of the Public Ministry and an officer police in charge of criminal investigations, following the procedure indicated in the Law on this matter and other goods product of other crimes of organized delinquency shall be destroyed whenever the nature so demands in accordance with the Law.</p> <p>Likewise, the seizure of instruments, equipment, armament, vehicles, and effects with which the punishable act was</p>

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				<p>committed shall be auxiliary crime in accordance with provisions of the Criminal Code and in relation with weapons it shall be executed in accordance with the provisions of the weapons and explosives law.</p> <p>Block or preventive immobilization of banking accounts.</p> <p>Article 21. During the course of a criminal investigation for any of the crimes committed by the organized crime, the attorney of the Ministry may request before the judge of control authorization to block or preventively immobilize the banking accounts belonging to any of the members of the organization under investigation, as well as the preventive closure of any premise, commercial establishment, trade, club, casino, night entertainment center, spectacle or industry linked with such organization. And in Organic Law Against Unlawful Traffic and Consumption of drugs and narcotic substances we have the following</p> <p>Article 66</p> <p>Seized, Insured and Confiscated Property. Real estate of chattels, capitals, ships, aircraft, land automotive vehicles, stocks equipment, instruments and other objects which may be used in the commission of the investigated crime as well as those property about which there is suspicious of crime origin foreseen in this law or in related crimes such as goods or capitals</p>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>for which it is not possible to demonstrate lawful origin, banking assets, life styles that do not correspond with income or any other lawful support in which fake imports or exports over-invoicing or double invoicing, transfer of cash, violating custom regulations, banking or financial transactions from or to other countries without being able to evidence investment of unlawful placement unusual transactions, lack of use, non conventional structured or transit transactions classified as suspicious be Enforced Subjects, have enterprise, companies or corporation which are inexistent or any other conviction element except if the law expressly prohibits it shall be in all events preventively confiscated and ordered whenever there is a final definite ruling confiscation thereof shall be allocated to the decentralized entity on the matter which shall avail thereof in order to allocate resources for the execution of its programs and those accomplished by public entities entrusted with repression, prevention, control and fiscalization of crimes typified in this law, as well as for entities entrusted to programs for the prevention treatment, rehabilitation and social re-adaptation of consumers of narcotics and psychotropic substances. Likewise, resources shall be allocated for the creation and strengthening of national and international</p>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>networks mentioned in the Law Article 67</p> <p>Management Service of Ensured Seized or Confiscated Goods or Property</p> <p>The decentralized entity on the matter shall create an Insured, Seized or Confiscated property management Service, for those property assigned by the criminal courts in order to adopt measures necessary for due custody, preservation and management of resources in order to avoid alteration, disappearance, or deterioration or destruction and may appoint depositories or special manager who shall submit to its guideline and submit periodical evaluation control and follow-up reports concerning management. These persons shall have the nature of public officers for purposes of keeping custody and preservation of goods and shall respond from the civil and criminal viewpoints before the Venezuelan state and offended third parties. The Attorney General of the Public Ministry with authorization from the control judge may request the allocation of some type of seized or property for its use, safekeeping custody to an official institution that needs it for compliance with its tasks.</p>
37. Dual criminality	ML	<ul style="list-style-type: none"> Venezuela cannot extradite nationals or foreigners when the sentence could surpass 30 years of prison 	<ul style="list-style-type: none"> The rule that prevents extraditing nationals or foreigners capable of receiving a sentence greater 	<p>In terms of extradition regulations provided in the Constitution of the Bolivarian Republic of Venezuela Articles 23, 69, 271 are applicable.</p>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
			than 30 years must be reviewed	<p>Nations may not be extradited; however they may appear in trial at the request of the offended party or the Public Ministry.</p> <p>Under no circumstance shall extradition of foreign responsible for crimes for de-legalization of capitals, drugs, delinquency, organized international crime, facts against public heritage and other states and against human rights may be denied.</p> <p><u>It is necessary to mention that the application of this regulation responds the fundamental principals in legal matters of the Republic: extradition may not be granted to any person, the condemnation of whom in the stage requires more than 30 years since constitutional order, through Article 44, foresees that imprisonment penalties shall not exceed such term, therefore, taking into account that the Supreme Law of the Republic makes this express provision is not applicable to grant extradition to a person that in the State required will be subject to a penalty exceeding such maximum term established legally in Venezuela.</u></p> <p><u>On the other hand the Public Ministry provides all support required concerning the procedures for Mutual Assistance Requests in Criminal Matters, Warrants and Rogatory Letters,</u></p>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<u>for which without prejudice the double incrimination requirement except when dealing with the application of precautionary measures. From statistic data attached to this matrix active tasks accomplished by the Public Ministry concerning procedure of international cooperation instruments in criminal matters is cleared</u>
38. MLA on confiscation and freezing	PC	<ul style="list-style-type: none"> • Problems in identifying goods • Lack of Agreements for the sharing of assets. • The effectiveness of the possible measures of cooperation contained in the LOCDO could not be evaluated. 	<ul style="list-style-type: none"> • There should be a mechanism to determine the goods of which a person is owner, in a truthful and timely manner. • Establish an effective mechanism for freezing financial accounts. 	<ul style="list-style-type: none"> • One hundred ninety-eight (198) registrar offices have been automated, where you can have quick access to information of natural and legal persons, or property subject to registration in accordance with the Act on Registration And Notaries Public. • The Anti-Narcotics Squad of the National Guard maintains close relations with all the police and military attaches of the various embassies active in our country, and provides them promptly with information they request that is of interest to them and is related to drug seizures and detention of foreign nationals. It also provides information relevant to investigations being carried out by those governments into money laundering and financing of illegal activities. • The Direction of Criminal and Financial Investigations of the

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>Bolivarian National Guard in the course of investigations about Legalization of Capitals and Financing of Terrorism determined the ownership title of the property of the persons, both companies and individuals under investigation, in an accurate and timely manner through the National Direction of Registration and Notary Public Offices</p> <ul style="list-style-type: none"> • Although requests for securing assets are the province of the Public Ministry, the CICPC, in the course of investigation, is able to determine effectively the ownership of assets of the person(s) under investigation and/or connected to a given investigation. This information is submitted to the Public Ministry. • Our Legislation foresees that within the framework of an investigation, existence of goods used and/or obtained in the commission of the crime must be determined, even with a single suspicion of criminal origin for which they shall be preventively seized and the confiscation shall be ordered whenever there is final and definite condemnation sentence • Likewise, through SUDEBAN there is an effective mechanisms for the freezing of financial accounts and even the Public Ministry within the

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>framework of legal attributions may directly request financial or banking institutions the preventive seizure or freezing of accounts</p> <ul style="list-style-type: none"> Resolution 119-10 clarified that financial institution must pay special attention to operations and activities which are unusual and may indicate that funds could be related with the financing of terrorism and then being subject to a profound analysis and whenever the institution deems convenient the transaction is classified as suspicious must send RAS to UNIF See Article 66, 67 and 68 Blockage or preventive detention of bank accounts. Article 21. During the course of a criminal investigation for any crimes committed by organized crime, the Prosecutor's Office may ask the judge for permission to lock control or the preventive detention of bank accounts belonging to any member of the organization investigated, as well as the preventive closure of any premises, establishment, business, club, casino, nightclub, entertainment or industry related with that organization.
39. Extradition	ML	<ul style="list-style-type: none"> Venezuela cannot extradite nationals or foreigners when the sentence could surpass 30 years of prison 	<ul style="list-style-type: none"> The rule that prevents extraditing nationals or foreigners capable of receiving a sentence greater 	<ul style="list-style-type: none"> In terms of extradition, regulation provided in the Constitution of the Bolivarian Republic of Venezuela, Articles 23, 69, 271 are applicable.

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
			than 30 years must be reviewed	<p>Nations may not be extradited; however they may be sent to trial at the request of the offended party or the Public Ministry.</p> <p>Under no circumstance shall extradition of foreign or foreign responsible for crimes for legalization of capitals, drugs, delinquency, organized international crime, facts against public heritage and other states and against human rights may be denied.</p> <p><u>It is insisted that in the application of this regulation response to fundamental principles in legal matters of the Republic such a referred to in corresponding part of Recommendation 37.</u></p>
40. Other forms of co-operation	C	•		
SR.I Implement UN instruments	PC	<ul style="list-style-type: none"> No system for making operational the implementation of UN FT resolutions has been established. 	<ul style="list-style-type: none"> Establish a system for making operational the implementation of UN FT resolutions. 	<p>Likewise, through Resolution 119-10 there are factors to be considered high risk in countries or jurisdictions included in the list issued by the Security Council of the United Nations; likewise, Enforced Subjects must apply monitoring procedures on transactions with countries or geographic areas in accordance with lists issued by the United Nations Security Council where individuals, organizations or countries in particular be subject to sanctions for the financing of terrorism. It is important to highlight that within the reports of operations in dollars of the United States of America or its equivalent</p>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>in other currencies (Purchase and Sales, Transfer and Electronic Money) that Enforced Subjects must transmit operations with countries or jurisdictions where they are listed by UN.</p> <p>Among the Factors or categories to be considered high risk Resolution 119-10 includes the following:</p> <p>Regardless those that additionally may be included and rated in such category in accordance with the risk rating procedures of ML/FT of each Enforced Subject or in accordance with the instructions of a competent authority on the matter or in accordance with best international prevention practices for ML/FT. Among the high risk factors the following are considered (article 32 in paragraph 4, subparagraph b)</p> <p>Countries, jurisdictions and/or geographic areas which represent high risk. The geographic area risk provides useful information with respect to possible ML/FT risks. There is no universally agreed definition by government or international entities which prescribe if a country or determined region represent a higher risk level for which Enforced Subjects are given instructions to consider the following as high risk.</p> <p>Those considered by the International Financial Action Group (hereinafter FATF), as non-cooperating parties or those prevention systems of ML/FT risk</p>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>considered inexistent or if existing are not effectively applied</p> <p>.Countries or jurisdictions included in the lists issued by the Security Council of UN Procedures that Enforced Subjects must develop to detect activities related with financing of terrorism are the following:</p> <p>Apply monitoring procedures on transactions with countries or geographic areas according to the issued by the United Nations Security Council where individuals, organizations or countries in particular are subject to sanctions for the financing of terrorism.</p> <ol style="list-style-type: none"> 1. Monitoring that allows to identify transactions related with individuals or legal persons that have been identified in other jurisdictions as elements related with terrorist activities or organization or financing thereof. 2. Procedure for the internal control and alert signals based on typologies detected and communicated by the national authorities or other jurisdictions related with the financing of terrorism activities. See Article 67 <p>Likewise, reports of operations in US dollars or equivalent in other currencies (Purchase and Sale, Transfers and Electronic Money) which Enforced Subjects shall remit to SUDEBAN with in fifteen (15) calendar days following</p>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>the monthly closing using electronic transmissions, a report of operations of purchase-sale and transfer of currencies: as well as electronic cash sales in currencies that comply with the following characteristics:</p> <p>1. Transfers equal or exceeding three thousand us dollars (US\$3,000.00) or its equivalent in other currencies, made towards or from territories or regions included in the list of “Physical Havens” countries, or states or jurisdictions that have a fiscal system differentiated among residents and nationals, absolute banking secrete, lack of international treaties on the matter; as well as reduced taxes or non-existing taxes published by the organization by the Cooperation and Economic Development (OCDE) of UN.</p> <p>2. Transfers equal or exceeding seven hundred and fifty United States dollars (US\$750.00) or its equivalent in other currencies, made towards or from countries mainly areas which produce drugs in accordance with specifications of Global Illicit Drug Trends of the United Nations (Web Page www.unodc.org) See Article 78</p> <p>Communication Channels with Enforced Subjects</p> <p>In Annex 6 the summary table for the processing of applications of financial information of legal persons and/ individuals linked to the financing of</p>

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				<p>terrorism is presented in accordance with the provisions of Resolutions 1267, 1373, 1455, 1483, 1526, 13224, 1333, 1390, 1617, 1624, and 1735 of the United Nations Security Council.</p> <p>- The circular issued SUDEBAN SBIF-DSB-UNIF-19574 dated October 1st 2010, requires regulated entities to report immediately to the FIU when identifying persons or organizations that are mentioned in the lists of UN Resolutions.</p>
SR.II Criminalize terrorist financing	PC	<ul style="list-style-type: none"> • A few problems of definition which could cast doubts about the autonomy of the offense. • Although there are cases of terrorism, no cases of FT are known. • No criminalization of the financing of individual terrorists. 	<ul style="list-style-type: none"> • Improve criminalization. • Lack of records of cases of financing as opposed to existing terrorism cases. 	<ul style="list-style-type: none"> • <u>Venezuelan legislation criminalizes the financing of terrorism, categorized as Organized Crime, through Article 7 of Organic Law Against Organized Crime (effective since October 26, 2005). It provides that whoever belongs to, finances, acts or cooperates in armed bands or organized delinquency groups(...), shall have imprisonment penalty from ten to fifteen years. It also stipulates aggravating circumstances in the following article related with the means used and addressed to certain sectors, sites and qualified persons.</u> <p>It is important to highlight that Resolution 119-10 clarified that financial institutions must pay special attention to operations and activities, the characteristics of which are unusual and that may indicate that funds may be related with the financing of</p>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>terrorism, then subject to a deep analysis and whenever the institution deems convenient and the transaction rating as suspicious must sent a RAS to UNIF. See Article 66, 67 and 68</p> <p>The draft reform of the Organic Law Against Organized Crime, establishes clearly the definition of terrorist financing, incorporates it as part of the concept of of organized crime, including individual actions.</p>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
SR.III Freeze and confiscate terrorist assets	NC	<ul style="list-style-type: none"> No laws on this 	<ul style="list-style-type: none"> Establish a regime for freezing funds used for FT. 	<p>It is important to highlight that Resolution 119-10 clarified that financial institutions must pay special attention to operations and activities, the characteristics of which are unusual and that may indicate that funds may be related with the financing of terrorism, then subject to a deep analysis and whenever the institution deems convenient and the transaction rating as suspicious must sent a RAS to UNIF. See Article 66, 67 and 68</p> <ul style="list-style-type: none"> <u>In Venezuela, there is full compliance with mandate referred to the freezing and seizure of terrorist property since Organic Law against Organized Delinquency provides mechanisms for the identification, detection, seizure and confiscation of this unlawful activity.</u> <u>This way in Article 19 foresees as accessory penalty to the financing of terrorism offense and other for its offensive activity related with organized delinquency the confiscation of property, inputs, raw material, machinery, equipment, capitals or products or benefits thereof. Following Article 20 contemplates preventive seizure measures for ships, aircrafts, terrestrial transportation vehicles and containers. In this same order of ideas, Article 21 provides blocking or</u>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p><u>preventive immobilization of banking accounts that belong to members of an organization subject matter of investigation and likewise the preventive closure of premises, establishments, trades, clubs, casinos or industries related with this offensive conduct. Article 22 foresees the creation of an administration service of seized or confiscated property in order for custody preservation and management thereof, while Article 24 of such same law reflects, among other aspects, those related with net worth effects of the condemnation decision upon ordering the execution of the confiscation measure, the procedure of which shall be used through the un-concentrated entity in the fight against organized delinquency for the control, fiscalization and repression of this offenses, including financing of terrorism.</u></p> <ul style="list-style-type: none"> • <u>Articles 26 and 27 contemplate criminal liability of punishable facts committed by companies foreseen penalties that go from definite closure, revocation of concessions, prohibition of accomplishing commercial, industrial, technical or scientific activities seizure of property etc.</u> • <u>Likewise, in international</u>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p><u>environment, Articles 71 to 74 of the commented Law provides possibility of accomplishing seizures within the framework of international cooperation providing measures and procedures for materialization thereof.</u></p> <ul style="list-style-type: none"> • <u>Finally, Article 283 of the Criminal Procedure Organic Code provides that whenever the Public Ministry is aware of the perpetration of a punishable public action fact shall accomplish actions tending to investigation and evidence commission with all circumstances that may have an influence in the qualification and determine the responsibility of authors or participants as well as the ensuring of active and passive objects related with the commission of facts.</u> <p><i>[Nota from FATF Secretariat: These arguments were already presented during the mutual evaluation and were not accepted, because these measures are not what SR.III requires]</i></p>
SR.IV Suspicious transaction reporting	PC	<ul style="list-style-type: none"> • No legal requirement for regulated entities to report operations related to FT. As is the case with recommendation 13, financial institutions submit reports based on Superintendency of Banks and FIU resolutions and circulars. 	<ul style="list-style-type: none"> • Require by law that STRs should be presented for all operations that are suspected of financing of terrorism (at the moment the law only requires STRs related to funds of illicit origin). 	Resolution 119-10 provides that Enforced Subject must give must give special attention to operations and activities, the characteristics of which are unusual and that may indicate that funds could be related with the financing of terrorism, then submit them to an extensive analysis and in all events that the institution considers it applicable and rates the

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				operation as suspicious must prepare the Suspicious Activities Report and submit it to UNIF. See Article 68
SR.V International cooperation	ML	<ul style="list-style-type: none"> The factors determined for R 36 and 38 are repeated Although within the Venezuelan legislation, there are mechanisms established to apply the SR.V, of the 192 international requests received and/or sent, as well as from the responses provided by Venezuela, it was not possible to determine the amount that corresponded to FT. This would have allowed a more accurate evaluation of the effectiveness of this RE. 	<ul style="list-style-type: none"> There should be a mechanism to determine the goods of which a person is owner, in a truthful and timely manner. Establish an effective mechanism for freezing financial accounts. The rule that prevents extraditing nationals or foreigners capable of receiving a sentence greater than 30 years must be reviewed. A data management system should be established to provide statistics on the work being done in this aspect of international cooperation. 	<p>UNIF has always maintained adequate statistics and received and remitted cases Egmont Group prepared a study in which it highlighted that UNIF of Venezuela is among those entities that respond to information request in less than one week. To that respect UNIF has implemented the following measures.</p> <p>a) Statistics of received and sent requests have improved for the exchange of information between FIU, classifying it per type of crime in the year 2009, a total of 2 request were received in relation with financing of terrorism and 72 linked to the legalization of capitals, in addition 2010 it was added to classify applications in accordance with the adjacent crime to the capital legalization crime.</p> <p>b) Response time have been reduced for application accomplished by other FIU at an average of 0 to 7 days.</p> <p>All regulations mentioned in the recommendations 36 and 38, or our party, are perfectly applicable to the Financing of Terrorism crime.</p> <p>Concerning the status of mutual assistance application there is a control of active and passive Rogatory and should this are being executed or not the control</p>

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				<p>of which is attached hereto</p> <ul style="list-style-type: none"> Concerning status of the Mutual Assistance applications in active and passive criminal matters there is a control thereof as well as of its correct execution. To such end statistics data of active and passive applications of the last semester of 2010 and January 2011 are attached The legal parameter of Venezuela is not to grant extradition of individuals that shall be condemned to more than 30 years on imprisonment in the requiring state as referred in corresponding parts of Recommendation 37 and 39.
SR.VI AML requirements for money and value transfer services	PC	<ul style="list-style-type: none"> Deficiencies in the information about the clients (of) wire transfer services and fund transfers, especially below the threshold of the \$10.000 There have been no STRs from Money remitters. 	<ul style="list-style-type: none"> Complete the announced revision of the regulations. Improve controls for collecting information on originators. 	<p>The regulations and procedures for the prevention, control and mitigation of risks for the relation of business and transaction of clients with individuals or companies located in regions, areas or territories, the legislation of which is strict concerning the banking secrete registration or commercial matters do not apply regulations against ML/FT similar to those effective in the Bolivarian Republic of Venezuela must at least contain the following:</p> <ul style="list-style-type: none"> Necessary information for the correct identification of clients that request services other institutions to accomplish money or property remittance to the mentioned areas or

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				<p>regions through cable transfers, electronic or any other means demanding identification documents provided in Article 37 of this Resolution</p> <ul style="list-style-type: none"> - The requirement to record the name and address of the beneficiary of the transaction as well as the account number in case such beneficiary be client of the receptor bank of the transfer abroad. - Internal audit mechanisms destined to verify compliance of controls and procedures by personnel, branches, agencies and offices. See Article 64 <p>In addition Coordination of the Inspection for Prevention and Legalization of Capitals and the Financing of Terrorism includes within its planning to accomplish inspections of exchange frontier/border operators located in the states of Zulia, Tachira and Bolivar</p> <ul style="list-style-type: none"> • <u>Remittances at the Republic of Venezuela shall be sent and received through money Exchange houses which shall be regulated by SUDEBAN, minimum requirements for this type of operations are provided in Regulations of the Commission of Administration of Foreign Exchange CADIVI, entity in charge of the existing exchange</u>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<u>control in the country.</u>
SR.VII Wire transfer rules	NC	<ul style="list-style-type: none"> The identification threshold is \$ 10.000US, far from U.S. \$ 1,000, as recommended by the FATF There are no laws for internal transfers. No risk-based procedures have been developed for adoption by the institutions, for identifying and handling wire transfers not accompanied by full details of the originator. There is no specific reference to any information on the originator that must be incorporated in any cross border transfer. 	<ul style="list-style-type: none"> Establish a clear mandatory procedure for recording the identity of the originator of all wire transfers. 	<p>Resolution 119-10 contemplates issues related with the identification of clients related with wire transfers and of the currency exchange operations, namely: Enforced Subjects must demand identity documents from individuals or companies that accomplish currency exchange operations for any amount noting in the relevant registration identification data of clients, amounts and currencies negotiated, type of exchange of date of operation. Whenever the transaction exceed two thousand (US\$2`000.00) dollars or its equivalent in other currencies, they must keep a copy of the identity document if dealing with occasional clients. See Article 44</p> <p>Exchange Agencies and Frontier Exchange Operators must establish the corresponding client file and “Client Identification Card” for unusual clients.</p> <p>Likewise, the reports of operations in United States Dollars or equivalent in other currencies (Purchase and Sale, Transfers and Electronic Money) that Enforced Subjects shall remit to SUDEBAN, within fifteen (15) calendar days following the monthly closing using electronic transmissions, a report of operations for the purchase sale and</p>

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
				<p>transfer of currencies as well as sale of electronic money in currencies and which comply with determined characteristics See Article 78</p> <p>• <u>Remittances at the Republic of Venezuela shall be sent and received through money Exchange houses which shall be regulated by SUDEBAN, minimum requirements for this type of operations are provided in Regulations of the Commission of Administration of Foreign Exchange CADIVI, entity in charge of the existing exchange control in the country.</u></p>
SR.VIII Non-profit organizations	NC	<ul style="list-style-type: none"> The evaluation team was unable to obtain evidence of a central national register of these organizations, their spheres of operation, owners or founders. The team could obtain no evidence of any public control of the projects carried out by these organizations, or of the funds they manage. 	<ul style="list-style-type: none"> Establish a register of information on NPOs with regard to their improper use by money launderers of terrorism financiers. 	The draft reform of the Organic Law Against Organized Crime will incorporate the FAT supervisory measures.
SR.IX Cash Couriers	NC	<ul style="list-style-type: none"> No effective compliance declaration system, with clear functions and penalties, has been established. 	<ul style="list-style-type: none"> Set up a system in accordance with CFATF recommendations. 	The National Customs and Tax Administration has added to the registration of air border declaration, the declaration at land and sea borders.