

**Statement of the Senior Officials Group  
of the  
Black Market Peso Exchange System  
Multilateral Working Group**

We, Under Secretary Jimmy Gurulé (Enforcement) of the United States Department of the Treasury; Nilo J.J. Swaen, Minister of Finance of the Ministry of Finance of Aruba; Santiago Rojas Arroyo, Director General of the National Tax and Customs Directorate of Colombia; José Miguel Alemán, Minister of Foreign Relations of the Republic of Panama; Dr. Mildred Camero C., President of the National Commission Against the Illicit use of Drugs of the Bolivarian Republic of Venezuela, the Senior Officials Group, met today to review the progress achieved by the Black Market Peso Exchange System Multilateral Working Group.

1. We reaffirm that money laundering, through which criminals seek to disguise the illicit nature of their proceeds by introducing them into the stream of legitimate commerce, facilitates the criminal activities described in the laws of each of our jurisdictions.
2. We acknowledge that money laundering taints commerce and our financial institutions, erodes public trust in their integrity, is global in reach, and can adversely affect trade flows and ultimately disturb financial stability.
3. We affirm that money laundering, including the Black Market Peso Exchange System, or money laundering that makes use of trade, like the crime and corruption upon which it is based, is an issue of national security.
4. We pledge to continue national and international cooperation in our efforts to combat money laundering because we have a vital interest in maintaining the integrity of commerce and of our financial system.
5. We affirm the importance of the collection and exchange of trade-related data to facilitate the growth of legitimate trade in the region and to enhance the collection of and reduce the burden of collecting government revenue.
6. We acknowledge also the importance of training the private sector about the risks and harmful effects of money laundering and other criminal activities.
7. We encourage the widest possible dissemination of the conclusions and recommendations of the Experts Working Group and their timely acceptance by governments in order to prevent the displacement of money laundering activities to jurisdictions that do not address trade-based money laundering as well as to prevent unfair trade competition.

8. We recognize that governments may need to consider amending national laws or issuing new regulations in order to achieve the objectives of these recommendations.
9. We have reviewed the laudable work of the Experts Working Group, and support the conclusions and recommendations that it reached in the attached Experts Working Group Report. We intend for this Experts Working Group to convene in July 2003 to review progress in implementing the recommendations set forth in the Experts Working Group Report and to report on results achieved in combating trade-based money laundering.

**BLACK MARKET PESO EXCHANGE SYSTEM  
MULTILATERAL EXPERTS WORKING GROUP REPORT  
March 14, 2002**

**Methodology:**

1. In researching trade-based money laundering\* throughout the region, the Black Market Peso Exchange System Multilateral Working Group (“Multilateral Working Group”) and its Experts Working Group (“Experts Working Group”) took into account, and some of the participating government agencies assisted in developing, the conclusions and recommendations of the Free Trade Zone Typology conducted by the Caribbean Financial Action Task Force (CFATF).
2. The Experts Working Group convened on four occasions, meeting with subject matter experts from relevant agencies of the governments of Aruba, Colombia, Panama, Venezuela, and the United States, as well as Free Trade Zone administrators and merchants operating in Free Trade Zones, to:
  - Examine and develop a better understanding of trade-based money laundering and its effects;
  - Discuss ways to improve international cooperation;
  - Examine documents concerning import/export transactions and related controls;
  - Critically examine and evaluate the legislation in each jurisdiction that may affect the progress of the initiatives proposed by the Experts Working Group; and
  - Gain insight into the general operations of certain Free Trade Zones within these jurisdictions.

**Conclusions:**

3. The Experts Working Group concluded that:
  - a. Trade-based money-laundering occurring in the region, which facilitates narcotics trafficking, terrorism, and other crimes, poses a serious threat to the financial systems and economic stability of the region;
  - b. More financial and personnel resources should be assigned to the development of a concerted and coordinated attack on trade-based money laundering;

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\* When used in this document, the term “trade-based money laundering” includes money laundering accomplished through trade and predicated on narcotics trafficking, terrorism, and other crimes.

- c. Non-existent or incompatible trade data reporting systems make the effective tracking and monitoring of imports, exports, and transshipments difficult;
- d. The absence of adequate registration and regulation of merchants engaged in international commerce, and the lack of screening procedures for those merchants operating from special customs and/or tax areas, such as Free Trade Zones, can contribute to the proliferation of trade-based money laundering; and
- e. The scope and magnitude of trade-based money laundering could be reduced by the development and implementation of education and outreach programs.

### **Recommendations:**

Taking into consideration the studies and topics addressed in earlier meetings, the Experts Working Group recommends that, where appropriate, Governments take the following steps, subject to the availability of funds and applicable laws and regulations:

#### **IN THE SHORT TERM (within six months)**

1. Conduct Public Outreach Programs for manufacturers, other persons engaged in international commerce, as well as Free Trade Zone Operators and Merchants designed to:
  - Educate them on the methods used to conduct trade-based money laundering;
  - Provide them on a continuing basis with information regarding trends and patterns of trade-based money laundering and related suspicious or unusual transactions;
  - Engage them in a government-private enterprise coalition to combat trade-based money laundering;
  - Encourage them to develop and implement their anti-money laundering programs and procedures effectively, including enhanced customer identification systems;
  - Engage them in the development and implementation of a “Code of Ethics” for Free Trade Zones and related areas aimed at preventing money laundering and other illegal activities that would be supported by all governments whose agencies participate in the Multilateral Working Group;
  - Educate them on legal requirements for the conduct of legitimate international commerce;
  - Inform them through government publications in printed media as well as on the internet through web-sites explaining the risks of involvement in a money laundering

operation and providing relevant laws, procedures, controls, and legal practices, as well as “best practice” guidelines for cross-border transactions. Such information should emphasize the requirements related to payment of applicable duties and taxes, including import and export licenses, where applicable, as well as outline all authorized payment procedures for each government whose agencies participate in the Multilateral Working Group; and

- Inform them, in particular, through these same publications and the appropriate websites, about legally prescribed payment procedures.
2. Adequately screen, register and regulate merchants engaged in international trade, including Free Trade Zone Operators, in order to ensure that they do not contribute to the proliferation of trade-based money laundering;
  3. Require money changers and exchange offices to report to their supervisory agencies information on cash transactions, suspicious or unusual transactions, and suspicious or unusual international transfers;
  4. Improve communication, coordination, and cooperation among the various law enforcement, regulatory, and supervisory agencies, to include customs, tax, and bank regulatory agencies;
  5. Publicize the administrative and criminal penalties applicable to pertinent violations;
  6. Submit at the next meetings of the FATF and its regional groups this Experts Working Group Report, with a view to publicizing the valuable efforts the Multilateral Working Group has made thus far and inquire as to the viability of building on these efforts in the recommendations of those bodies.

#### IN THE LONG TERM (within two years)

7. Improve the collection, quality, and international exchange of trade data for the purpose of developing a regional Numerically Integrated Profiling System (NIPS) to help promote legitimate regional trade by developing a more accurate picture of trade flows and focus law enforcement and regulatory resources to better identify and combat criminal activity;
8. Conduct economic, social, political, and/or legal studies of the problem of trade-based money laundering, focusing on issues such as the international exchange of information, the control of borders, the regulation of persons engaged in international commerce, and the regulation of free trade zones and other zones of international commerce and, based on the results of such studies, propose solutions to address major problems;
9. Develop and implement the money laundering prevention guidelines for the CFATF Member Governments, merchants, and Free Trade Zone authorities, as a general framework for effectively detecting, preventing, investigating, and prosecuting trade-

based money laundering cases;

10. Consider bilateral or multilateral agreements or arrangements to fill existing gaps with regard to the exchange of evidence and information and facilitate the investigation and prosecution of those responsible for perpetrating the crime of money laundering;
11. Extend the crime of illegal enrichment, where it exists and where it might be necessary and useful, to cover acts by both public officials and private individuals, and provide for accomplice liability.
12. Establish the obligation to declare monetary instruments upon entering and exiting the jurisdiction and create penalties for failure to comply.
13. Provide adequate funds, training, personnel, and systems necessary for the effective detection, prevention, and prosecution of money laundering cases. Identify experts in each jurisdiction for the investigation and prosecution of trade-based money laundering cases and focus the training to be offered nationally and internationally accordingly;
14. Make efforts to allocate a certain amount of each government's national budget to money-laundering prevention projects and consider offering international anti-money laundering assistance to jurisdictions that require it;
15. Continue efforts to inform banking and non-banking financial institutions and merchants of activities, trends, and methods in money laundering and suspicious transactions, and, resources permitting, offer necessary training;
16. Consider conducting on-site assessments in order to follow up on the implementation of the recommendations of the Experts Working Group;
17. Establish, where necessary, trade data reporting systems to make possible the effective tracking and monitoring of imports, exports, and transshipments;
18. Encourage the establishment of a regional program for the exchange of information on shipping departures. This information system should operate on line and in real time and include information on the shipper, type of cargo, destination, and means of transport;
19. Encourage the development and implementation of an electronic customs filing and reporting system with universally compatible data fields that can be used to track the flow of goods being imported, exported, or transshipped from, to, or through each jurisdiction's customs territory and free trade zones;
20. License, regulate, and monitor entities and individuals acting as customs brokers, and persons operating bonded warehouses to promote compliance with applicable rules and regulations. Non-compliance should be sanctioned and, in appropriate cases, such

sanctions should be put on public record and/or lead to a revocation of license;

21. Consider the establishment of a training facility in Ciudad del Saber, Republic of Panama, for the purpose of providing training and disseminating information to benefit governments that wish to join forces in the fight against money laundering;
22. Chart all free trade zones and special customs areas in their jurisdictions and make this information publicly available;
23. Evaluate their jurisdictions' anti-money laundering legislative frameworks and their effectiveness in combating trade-based money laundering;
24. Regulate for the purpose of preventing money laundering the activities of currency exchange dealers and their agents, and financial institutions, and provide severe penalties for those facilitating trade-based money laundering;
25. Develop and implement a system to identify, and make available to Free Trade Zones Authorities, the names of Free Trade Zones Merchants and Users whose operational permits have been terminated as a result of money laundering activity;
26. Identify money laundering techniques used by illegal money changers; and
27. Seek international cooperation to strengthen border security and checks to curb trade-based money laundering.