



Seventh Follow-Up Report

Venezuela
November 22 2013

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I. Introduction

1. This document summarizes the CFATF Secretariat's analysis of the actions the country states it has taken to overcome the shortcomings identified in the Mutual Evaluation Report (MER) discussed in the Plenary of May 2009 and adopted in August of the same year. This is the seventh follow-up report, and it is based on the information submitted by Venezuela on August 28th, 2013 (see matrix of progress annexed). Venezuela is in the process of regular-expedited follow-up.

2. Venezuela's ratings were PC or NC with respect to ten (10) of the (sixteen) 16 Core and Key FATF Recommendations, three (3) were classified as Largely Compliant (LC) and three (3) and Compliant (C), as can be seen in the following table:

Core and Key Recommendations

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

3. Overall, the country's ratings were PC or NC in thirty one (31) of the FATF Recommendations as reflected in the table below

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	

4. In October 2010, the FATF included Venezuela in the group of countries under ICRG continuous follow up. Following Venezuela's progress in implementing the Action Plan in October 2012 the FATF Plenary

decided, on the recommendation of the ICRG, to schedule an onsite visit in January 2013 to verify the implementation of the Action Plan items fulfilled by Venezuela and which was carried out, resulting in a favourable view on the progress made as it relates to compliance with several Recommendations, whose deficiencies were addressed, such as Recommendation 26, and Special Recommendation II.

5. 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 September 30, 2013		Banks	Other Credit I *	Stock Market	Insurance	TOTAL
Number of Regulated Entities		35	12			
Assets	US\$	198.845.214.285,71				
Deposits	Total: US\$	143.350.668.571,00	N/A			
	Non-residents: US\$ %	N/D	N/D			
International Links	Foreign-owned:	2.561.212.540,00	NO			
	Subsidiaries abroad:	N/D	N/D			

(*) Exchange Houses.

II. Scope of this report

6. Based on the decision of the November 2012 Plenary, Member countries on Regular and Expedited Follow-up, must meet all of the Core and Recommendations, and make substantial progress on other outstanding Recommendations, towards the next Plenary meeting, in November 2013¹. Since the Fifth Follow-up Report, after the May 2012 Plenary, and the Sixth Follow-up Report, of February 2013, both approved by the Round Robin process, Venezuela has continued to remedy the deficiencies found in its AML/CFT regime. In the fifth follow-up report, it was noted that the deficiencies identified in Recommendations 5, 6, 7, 8, 9, 10, 14, 21, 23, 33 and 34, had been corrected. At the same time, according to the information provided in the sixth follow-up report, through the reform of the Organic Law Against Organized Crime (hereinafter LOCOFT by its acronym in Spanish), Resolutions 122, 158, among other advances presented, the deficiencies in compliance with Recommendations 3, 13, 20, 22, 26, 38; Special Recommendations I, II, III and IV were substantially corrected. Progress was also made in the implementation of Recommendations 12, 16, 24, VI, II, VIII and IX. In accordance with the foregoing, this Report will focus on the FATF Core and Key Recommendations, which were rated as PC, NC or LC, whose deficiencies are still to be rectified and related to the recent advances presented.
7. It is important to note, that on August 30, 2013, the CFATF Secretariat received a communiqué from the Bolivarian Republic of Venezuela, in accordance with paragraphs 67 and 68 of the document entitled "CFATF Mutual Evaluation Program: Processes and Procedures", in which it is established that if a member country indicates that it has complied with the criteria established for exclusion from the regular follow-up process, in order to go forward with biennial updates, the country must make a formal request, present a full report together with laws, regulations and other necessary information in order to evaluate the effectiveness of compliance with the Core and Key Recommendations. The Secretariat

¹ See CFATF ICRG Co-chairs Report (gafic_plen_xxxvi_2012-9-ann-1 (1)), which was adopted by the Plenary at the November 2012 Plenary, in the Virgin Islands. For further information, see the section on "Review of the CFATF Follow-up reports", page 8

took note of the request and it expects to receive the Technical Report from the country, soon, for consideration at the next Plenary Meeting of May, 2014.

III. Summary of progress achieved by Venezuela

8. The main advances indicated by the authorities for this period can be summarized as follows:

- The Bolivarian Republic of Venezuela was excluded from the list of countries with strategic AML / CFT deficiencies or the so-called grey list issued by the Financial Action Task Force (FATF) in February 2013, as also recognized as part of the Plenary of the Caribbean Financial Action Task Force (FATF).
- The Organic Law against Organised Crime and Financing of Terrorism (LOCDOFT) came into force on 30 April 2012, and continues to have a positive impact on several Recommendations.
- Strengthening the supervision conducted by the Supervisory Bodies or Organs in different sectors of the national economy: financial and nonfinancial
- The country continues to strengthen its capabilities, both at the UNIF, as well as law enforcement authorities and supervisory authorities, particularly in the Securities Sector.
- Additionally, in terms of effectiveness, the Authorities presented a substantial number of statistics in relation to convictions, investigation, sentencing, and seizures as a result of the offence of money laundering, as well as statistics as it relates to inspections and supervision visits both for the financial and non-financial sector. Finally, information was presented as it relates to mutual legal assistance offered.
- With regard to cases involving the crime of money laundering , it was reported that as of August 2013 , there were one hundred eighty seven (187) cases , of which twenty-one (21) are on trial and in thirty (30) , conviction was obtained. In this same vein, in cases involving the crime of Terrorism, nine (9) cases were detected, of which two (2) were on trial and one (1) case received sentence. At the close of September 30, 2013 seized was a total of Three Thousand Nine Hundred Eighty Two Million Three Hundred Forty- Four Thousand Eighteen and Forty Cents Bolivars (Bs. 3.982.318.044, 40) equal to Six Hundred and Thirty Thousand Two Hundred Thirteen Million Nine Hundred Seventy Five Dollars of the United States of America with Thirty cents (U.S. \$ 632,113,975.30), made up mainly of aerial and ground vehicles, boats and real estate, estates, corporations, among others.
- As for inspections, the authorities reported that in 2013, the Superintendent of Insurance Activity conducted one hundred and one made (101) visits, the National Superintendency of Securities made thirty-two (32) and in Banking Sector fifty-nine (59) on-Site visits were made and ninety-one (91) official visits. Regarding Bingo and Casino eleven (11) visits were made.

Details on Key and Core Recommendations

9. The following is an analysis of the actions which the authorities have taken and set out in the matrix of advances regarding Core and Key Recommendations rated PC, NC or LC.

Recommendation 1

10. Compliance with this Recommendation, originally rated as LC, remained practically rectified, by virtue that in criminalizing money laundering it substantially complies with the Vienna and Palermo Conventions requirements. With respect to the range of precedent offences included, piracy, insider

trading and market manipulation are not found, and piracy and counterfeiting of goods. The Authorities noted that in spite of the foregoing, the progress of investigations and convictions, continues (see table below), however, given the importance of including such offences in an autonomous manner, such as predicate offenses, compliance with Recommendation 1, is pending.

PREDICATE OFFENCE	NUMBER OF CASES
MONEY LAUNDERING	115
DRUGS	37
FRAUD	15
ILLEGAL EXCHANGE	5
BINGOS	4
CORRUPTION	4
FINANCIAL CRIMES	3
EXTORTION	2
UTILIZATION OF CASES DERIVED FROM OFFENCES	1
THEFT AND EXTRACTION OF GOLD AND DIAMONDS	1
TOTAL	187

Recommendation 36, and Special Recommendation V.

11. These Recommendations were rated LC. According to the actions taken by the authorities, as reported in previous follow up reports and for this report a level of performance equivalent to C, has been achieved. The deficiencies noted by the Examiner were: lack of clarity in order to follow up on orders for the confiscation or seizure of goods, particularly, those received within the framework of a request for mutual legal assistance. It was noted that the lack of automation of Records (e.g. Vehicle registration, property registration), makes identification difficult. In addition, the importance of establishing an effective mechanism for the freezing of financial accounts was discussed. Finally, a review of the regulation that prevents the extradition of nationals or foreigners likely to receive a sentence of more than 30 years was required, and the establishment of a data management system to have statistics showing the work done with regard to international cooperation. As for the various points requested, the country took the following actions, in summary:

- In accordance with the third follow-up report, a project was initiated to computerize the information of different Records, and it was reported that the automation of the notaries, would begin in 2011. In subsequent reports, it was reported that the project was moving ahead and the Autonomous Service of Registries and Notaries (SAREN) developed a System that has provided improvements in registry services and implementation of technology mechanisms that enable centralized control and monitoring activities. The National Institute of Land Transport, on the other hand, has a technology platform that immediately allows for the ownership of any vehicle in public or private use.
- With regard to the mechanism for the freezing of financial accounts, it was reported that the legislation provides that in the event that, within the framework of an investigation, the existence of property used in the Commission of the offence is determined, even if it is only founded on suspicion of criminal origin, they will be secured preventatively and confiscation of same will be ordered when there is a definitive firm conviction. Likewise, that through the SUDEBAN, there is a freezing mechanism, and even the Public Prosecutor's Office may apply directly to financial or banking institutions the securing and freezing of the accounts. In addition, the Ministry of National Power of the Interior and Justice, through the National Anti-drug Office (ONA its acronym in Spanish), created the National Administration and Disposal of Secured or Forfeited, Confiscated and Seized Assets (SNB) Service, which has statistical records of the actions effected. Here are some of the figures presented in terms of accounts (financial instruments) subject to blocking or freezing:

Number of Cases	Year of Measure	Amount of Accounts
1	2006	15
5	2008	187
1	2009	37
3	2010	26
3	2011	63
3	2012	22
Total: 16 cases		346

- In terms of the need to revise the regulations which makes it impossible, to extradite nationals or foreigners likely to receive a sentence of more than 30 years in prison, was explained in the context of other related Recommendations, that the impediment to extradite in cases where the requesting State exceeds the 30 year conviction, is given by fundamental principles in legal matters of the country; the Constitution provides that imprisonment sentences, shall not exceed that period. The authorities reported that a modification is not foreseen in the near future, in the next, however the evaluator's recommendation referred to the single possibility to consider reviewing this provision.
- Finally, with regards to the establishment of an effective system for the management of information on international cooperation, this point was addressed by the statistics that the National Financial Intelligence Unit (UNIF its acronym in Spanish) itself has. The Authorities indicated that responses to requests for information from other countries are given on average within a week. It was reported that for the first half of 2013, there were 28 requests related to Money Laundering and Terrorism Financing Offences, of which only 2 were passive, the others active. Additionally, there are 44 requests for information exchange.

Other actions:

12. The following paragraphs summarise the actions taken by Venezuela in relation to FATF Recommendations, other than the core and key ones. Attention is focussed on those rated PC, NC or LC on which the country has submitted relevant information (additional information can be found in the attached matrix).

Recommendation 2

13. Regarding compliance of this Recommendation, rated by the Evaluator as LC, the **MER** indicated, that despite the amount of research, sufficient statistics on sentences have not been provided to verify criminal or sanctioning effectiveness. This aspect was overcome, with the presentation of statistics from previous reports and on this occasion (see paragraphs relating to compliance with Recommendation 1). On the other hand, there was no information presented on convictions of Legal Persons. Taking into account this last factor, coupled with the lack of criminalization of certain offences as precedent for Money laundering (also discussed in the paragraphs related to Recommendation 1), compliance with this Recommendation, is outstanding. In spite of the foregoing, it should be noted that articles 31 and 32 of the LOCDOFT, refer to the administrative, civil and criminal liability of legal persons, for punishable acts related to organized crime and the financing of terrorism, by acts committed by them, their managers or representatives. Possible sanctions include the closure of the establishment concerned, and fines among other things.

Recommendation 11

14. At the time of Venezuela's Third Mutual Evaluation, this Recommendation was originally rated as LC, as the effectiveness of the obligation to monitor transactions was not able to be ascertained, of the different reporting entities. In this regard, the Authorities pointed out that according to the statistics presented, the reporting entities in effect comply, particularly with the reporting obligations, as a result of paying special attention to transactions that are complex, unusual or without apparent economic justification or legal appearance. Therefore, the deficiencies found in compliance with this Recommendation, were rectified and the level of compliance is equivalent to a C.

Recommendations 12, 16, y 24

15. The LOCDOFT defines the AML/CFT reporting entities, including all DNFBP categories as defined by the FATF in the Methodology glossary; it also includes the various measures relating to customer due diligence of client, PEPs, Record Keeping, among others, with which they must comply. The only matter outstanding was that the preventive measures that are not included in the LOCDOFT, be incorporated in the various regulations for the DNFBPs (except casinos and notaries and registrars who already have said regulations set out by their respective supervisory bodies), in order to overcome all the deficiencies identified in the **MER** regarding these Recommendations. These regulations are still outstanding, as such full compliance with these Recommendations, is also outstanding. (...) *"It is relevant to quote the following passage from the sixth follow up report: "(...) 47. According to the above it would be pending that the preventive measures that are not included in the LOCDOFT are incorporated in the different regulations for DNFBPs (except casinos and notaries and registries who already have such legislation by their respective supervisory and control bodies), in order to fully overcome the deficiencies identified in the MER on these Recommendations. (...) "*

Recommendation 15

16. The deficiencies noted for this Recommendation, rated as LC, are substantially corrected. The aforementioned, considering that the Examiner noted as the only deficiencies: that the legislation in the securities sector was less developed, and that it was not possible to prove the effectiveness of the measures in the securities sector, as no meeting was held with the private sector. In several previous follow-up reports, regulatory development for the securities sector is noted. The National Superintendence of Securities has the Regulation No. 110, issued in 2011, in terms of AML/CFT and based on the risk management approach, according to officials. It includes measures for the management and control of risks related to the offences of laundering of capital and the financing of terrorism. Additionally, the realization of several On-site Inspection Visits was reported, mainly to validate compliance with said regulations. During 2011, 76 visits were made, during 2012, 19 and 29 reviews of records or audits (off site). 31 Inspection visits were scheduled for the first half of 2013, which were 100% (in fact 32 visits were conducted).

Recommendation 17

17. Compliance with Recommendation 17, initially rated as LC, it can be said that the country has resolved the only outstanding deficiency. Through the LOCDOFT, a specific regime for the AML/CFT system was created. The law defines the crime of money-laundering (laundering according to Venezuelan law) and the financing of terrorism, establishing that in case of breach by the reporting entities, managers, or employees who because of recklessness, incompetence, negligence, encourage or contribute to the commission of money-laundering and financing of terrorism, without having taken part in the crime will be punished by imprisonment from three to six years. Additionally, in terms of the range of

administrative penalties for noncompliance with the specific AML / CFT regulations, in 2010 and 2011, a series of resolutions were issued (Resolution No. 119.10, Ruling No. 514, Order No. 110, Ruling No. 011), applicable to the Banking, Insurance, Securities sector, and on Casinos, Bingo Halls and Slot Machines. On the other hand, supervisory bodies of the various sectors, have in article 7, the power to apply administrative sanctions to the reporting entities that do not comply with AML/CFT regulations. The authorities reported that have been imposed administrative sanctions; revoked the operating license for three (3) Border Exchange Operators, fines have been imposed in the banking, insurance sector, and finally, that in the case of Bingos, Casinos and slot machines, most casinos and bingo halls, after reviewing its operational and legal functions, they have been closed (though for being allegedly involved in tax offenses).

Recommendation 25

18. As discussed in the section on compliance with Recommendation 15, and advances in the response to Recommendation 12, 16 and 24, above, this Recommendation (initially described as LC) has been largely addressed. In the MER, it was recommended to regulate Sector obligations of DNFBPs and ensure compliance in this regard. The country has made substantial progress, however, as was explained, specifically in the context of Recommendations 12, 16 and 24, are classified as DNFBPs activities, still to be regulated, and therefore full compliance with this recommendation is pending.

Recommendation 27

19. This Recommendation was originally rated as PC and has been raised to the level of compliance equivalent to LC. The main deficiency found during the Mutual Evaluation Process, was the need to improve the procedure and tools granted to the authorities or to law enforcement. In this regard, no specific progress on allocation of resources was reported, particularly to the Anti-Money Laundering Division, however, the authorities shared information regarding the research conducted, which included 115 cases of money laundering. Similarly it was reported the creation of various entities instrumental in the combat and prevention of money laundering and terrorist financing, among others, that the Bolivarian Intelligence Service, has a Directorate General for Research focused on these crimes. Authorities said they would subsequently provide additional data and statistics.

Recommendation 2.

20. See information provided for Recommendation 17.

Recommendations 30, 31 and 32

21. With regard to compliance with these Recommendations, rated as NC, LC and NC, respectively, the country has shown substantial progress, although full compliance remains outstanding. As noted, in the case of Recommendation 30, it was necessary that the country improve its ability to perform inspections and supervision of the reporting entities. Equally, it was necessary to allocate greater resources to carry out the work of the UNIF, together with the work of inspection of the reporting entities. In that regard, the UNIF informed (some data had already been referred to in previous follow up reports), that hired Inspection Coordination Officials, numbering to date forty two (42) persons in total, responsible for the different functions. The Insurance Sector, for its part, has the Prevention and Supervision of Money Laundering Directorate, with seventeen (17) officials, from different areas and the Stock Market Sector, has within its structure, a Prevention, Supervision and Control Office and Money Laundering and Financing of Terrorism Supervision Office, with seven (7) staff members. As for Registrars and Notaries, they also have a Prevention, Supervision and Control of Money Laundering Office, with five (5) officials, a number that is planned to gradually increase. In Bingos and Casinos Sector, operating

with a total of three (3) officers and in the case of Customs and Internal Revenue, it has thirteen (13) officers.

22. In accordance with the **MER**, Recommendation 31 was practically complied with, except for the fact that the legal mechanisms for cooperation, according to what was stated then, had not been applied properly and therefore the best way as to how these could be developed should be analysed. Authorities said subsequently additional information would be submitted.
23. Finally, regarding Recommendation 32, it was said that the country must generate comprehensive statistics in all organizations in the AML/CFT system, as the only deficiency. In particular, it was explained that there were only complete statistics, different from those of the UNIF; that the information on investigations, convictions, etc., was not complete and as it relates to international cooperation, there was little or no statistical information. According to information provided in previous reports and for this report, the generation of statistics has improved, substantially, so that it complies with this Recommendation, at a level equivalent to C.

Recommendation 37

24. There is practically full compliance with this Recommendation, considering Venezuela's fundamental principles and its particular regime, which it explains in the face of the deficiency: Venezuela cannot extradite nationals or foreigners when the sentence may exceed 30 years in prison. However, the country could review the possibility to modify the order. *See related paragraph for compliance with Recommendation 36.*

Special Recommendations VI, VII, VIII and IX

25. With regards to compliance with these recommendations, the situation has not changed since the previous report, as such full compliance with these recommendations, except for Special Recommendation VIII, is still pending. In the case of the Special Recommendations VI and VII, the Evaluator's recommendations refer to opportunities for improvement in the information presented in transfers and the threshold to identify the customer, in addition to not receiving remittance RTS. Special Recommendation VIII, requires the scheme, registration and management of non-profit organizations, which the evaluation team could not check at the time of the evaluation, but now have. Also, Special Recommendation IX, with the absence of a declaration system or other obligations contained in the Recommendation.
26. The authorities have reported progressive advances in various reports and for this report, with respect to Special Recommendation VIII, the authorities reported that the banking, securities, and insurance sectors consider foundations, associations and other non-profit organizations as high-risk customers, and take due diligence measures that correspond to that segment of customer.

IV. Conclusion

27. In accordance with the progress presented, the ongoing commitment of the Venezuelan Authorities to overcome the identified deficiencies in the **MER** can be appreciated. According to the information provided specifically in the context of the present report, the deficiencies identified in Essential Recommendation 36 y Special Recommendation V (which have been classified as LC), as well as Recommendations 11, 15, 17, 29, 32 and Special Recommendation VIII.). Similarly, advance continue to be made in Recommendations 12, 16, 24, and Special Recommendations VI, VII, and IX. In terms of effectiveness, Venezuela continues to show evidence of progress with respect to training, the number of

reports, complaints, sanctions and forfeitures, supervision, as well as the acquisition of human, technical and technological resources.

28. As a result of the above, it is recommended that Venezuela, continue to work on improving the different aspects required, towards the Fourth Round of Mutual Evaluations, and present a Technical Report on Compliance with the Core and Key Recommendations, in terms of what was stated in paragraphs 67 and 68 of the CFATF Mutual Evaluation Procedures, to make biennial reports, as formally requested of this Secretariat, last 30th of August 2013. This Report must be submitted at least, two (2) months before the Plenary, which will examine the possibility. The next follow-up report should be replaced by the mentioned Technical Report, and will be presented at the May 2014 Plenary.
29. Such report shall be submitted at least two (2) months prior to the Plenary, which will examine this possibility. The next progress report shall be replaced by the aforementioned Technical Report, and presented at the Plenary of May 2014.

CFATF Secretariat,
October 2013

VENEZUELA

Matrix of Progress. III Round of Mutual Evaluations

Including changes since the last progress report, in November 2011, are in **bold red**.

FATF 40 Rec.	Rating	Factors underlying rating	Recommended Actions	Actions Informed by Country
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>In all the Face to Face meetings held with the FATF International Cooperation Review Group (FATF ICRG), Venezuela submitted the necessary statistics that support the effectiveness of the existing legislation concerning the crime of money laundering. In addition, the current legal framework covers all categories of precedent crimes defined by the FATF. Moreover, this point was rectified with the new Organic Law against Organized Crime and the Financing of Terrorism of April 2012.</p> <p>The Public Prosecutor's Office provided updated statistics regarding convictions for the offense of money laundering, from July 2010 to 2012. See attached.</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>The prosecution provided updated statistics regarding convictions for the offense of money laundering, from July 2010 to 2012. See attached.</p>
3. Confiscation and provisional measures	PC	<ul style="list-style-type: none"> The lack of case law makes it impossible to verify the effectiveness of precautionary measures and confiscation 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. 	<ul style="list-style-type: none"> Train staff Improve tracing and detection of property to be confiscated. 	<p>The Ministry of Popular Power for the Interior and Justice, through the National Anti-drug Office (ONA its acronym in Spanish) created the National Management and Expropriation of Secured or Seized, Confiscated, and Forfeited Assets Service (SNB its acronym in Spanish). This service is not legal in nature and is dependent on the National Anti-drug Office; in order to ensure the efficient management, disposal and expropriation of assets assigned by the criminal courts of the country. The SNB is the Body responsible for the planning, organization, operation, management, disposal, liquidation, expropriation, custody, inspection, monitoring, procedures and control in and out of the country, on personal property and real estate, money, ships and aircrafts, motor vehicles, works of art and jewellery, livestock, assets and banking assets, shares and rights assigned by the Criminal Courts of the country, in accordance with the law governing drugs, without prejudice to other assets, rights and actions that are attributed by the authorities.</p> <p>The structure can be found below::</p>



It must be highlighted that this Service has allowed the Venezuelan State, to maintain updated statistics and figures related to seized, secured and forfeited goods as a result of the crime of money laundering. The figures are shown below;

INCAUTACIONES REALIZADAS POR EL SNB CLASIFICADAS POR TIPO DE BIEN AÑO 2000 - 2012		
TIPO	Nº BIENES	TOTAL MONTO APROXIMADO EN BsF
BIENES INMUEBLES	345	Bs. 1.026.367.627,00
BIENES MUEBLES	3932	Bs. 2.443.724.779,00
MONEDA NACIONAL	1272	Bs. 4.065.079 00
MONEDA EXTRANJERA	384	Bs. 39.875.565,50
SOCIEDADES	49	Bs. 437.146 368,00
TOTAL	5982	Bs. 3.981.211.448,50

Meanwhile the Public Prosecutor's Office, has an information system called "Comprehensive Tracking System of Money Laundering Crime Cases, Financing of

				<p>Terrorism and Other Financial and Economic Crimes", in which the cases reported by Representatives of the Prosecutor associated with this area are recorded, it consists of an application designed to have constant and permanent monitoring of the same by the Anti-Money Laundering, Financial and Economic Crimes and General against Organized Crime Directorates of the Public Prosecutor's Office, having considered the standards contained in the 40 FATF Recommendations, in order to generate statistics that reflect the internal legal proceedings relating to assets, with the seizure, forfeiture and confiscation measures. It was because of this that a specific line was established which provides the necessary and detailed information concerning the assets which are subject to precautionary and confiscation measures, product of definite conviction. This information includes data such as: type of assets, description, type of securing measures, date of same, person responsible during the process, final target, value (in Bs), quantity, physical location, this information is stored insofar as it becomes available according to each stage of the process, being currently in the area of statistics during the probing stage, which will allow that up to the month of December, the date scheduled for consolidation of the entire System, that the relevant adjustments be made to optimize the benefits of such a System.</p> <p>Additionally there is a module where the corresponding phases of the process will be recorded, segmented into "research", "intermediate" and "sentencing", which will allow one to know the procedural status in which a particular case is at.</p>
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 Secrecy 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 between residents and nationals, strict banking secrecy, lack of international treaties on the matter were introduced; likewise, reduced or inexistent taxes. Likewise, the Banking and Other Financial Institutions Superintendence issued Resolution 312.12 which prohibits reporting entities to carry out and maintain operations with banks or financial institution with a 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 of 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 of customers and verification of data submitted by them, as well as updating of this information. 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 	<ul style="list-style-type: none"> Improve prevention system in securities sector. Improve system for discovering beneficial owner for some legal persons Establish ML and FT prevention rules for PEPs, Correspondent Banking and remote banking 	<p>It is important to note that this Recommendation was reviewed by the FATF ICRG, during the onsite visit effected on 15th and 16th January 2013, no observations were issued with regard to this revision, we advise the following:</p> <p><u>Financial Sector</u></p> <p>In Resolution No.119-10 of 9th March 2010, Official Gazette No. 39,494 of the 24th August 2010, the Superintendency of Banks (SUDEBAN) adopted a risk based approach. The Resolution N° 119-10 dated 9th March, 2010, which sets out the "Rules for Management and Control of Risks related to ML/FT for Institutions regulated by the Superintendency of Banks of the Banking Sector".</p> <p>This Resolution contains aspects relating to Customer Due Diligence (CDD) policy, and in Article 34 it states that reporting entities must, in accordance with the at-risk nature of their financial dealings, implement their own internal procedures, measures and controls for adequate and ongoing application of the CDD Policy of Know Your Client.</p> <p>The CDD Policy must be applied in a variable manner in accordance with the sensitivity and level of ML/FT risk determined by each reporting entity in accordance</p>

		<p>identification and knowledge of the final or beneficial owner of:</p> <ul style="list-style-type: none"> - Trusts and usufructs - Legal persons with complex share structures • No risk-based approach (RBA) has been developed 		<p>with its own risk evaluation procedures, and taking account of circumstances and risk factors. A high risk level requires enhanced CDD, a moderate risk level enhanced CDD, and a low risk level standard CDD.</p> <p>In addition the reporting entities must implement appropriate measures and controls to reduce the potential ML/FT risk of those customers who have been classified as high risk. Such measures and controls may include:</p> <ol style="list-style-type: none"> a. Improved ML/FT risk awareness training for the staff of the reporting entities and of its customers. b. Increased monitoring of transactions. c. Raising level of continuous controls and frequency of review of the business relationship (monitoring). d. Raising know- your- customer levels through customer visits. e. Senior management level approval for opening of an account or a business relationship. <p>With regards to segmentation of customers, including enhanced due diligence for those types, activities, profiles or segments of greater risk, Resolution No.119–10 Article 8, states that the scope of application of internal policies, procedures, controls and mitigation measures that each reporting entity decides to set up in its overall ML/FT risk management system shall be subject to their ML/FT risk level, classified as High, Moderate and Low in all areas of business, taking into account the different ML/FT risk factors relating to their employees, customers, geographical areas, the distribution channels used, the products or services and size of the entity, and which will be mandatory and strict compliance.</p> <p><u>Trusts</u></p> <p>With regard to the operations of trusts, mandates, commissions and other trust-type operations, the Superintendency of Institutions in the Banking Sector authorises by means of the All-purpose Banks Act to carry out this type of operation, which are regulated in Articles 73, 74, 75, 76 of the Decree with Rank, Value and Force of the Partial Reform Act of the Institutions of the Banking Sector Act, published in the Bolivarian Republic of Venezuela Official Gazette No.39, 627 dated 2nd March 2011. Decree No.8, 079 – 01 of March 2011.</p> <p>In addition, Article 65 of Resolution No.119–10 requires integrated ML/FT risk management for trust operations. In this regard, reporting entities licensed as trust institutions must consider this type of product as high risk and ensure that there is adequate, precise and timely information on the trusts they manage, including information on the trustor, and the final beneficiary. They are also required to design mitigation measures suitable to this level of risk and the type of product involved.</p> <p><u>Stock Market</u></p> <p>In Bolivarian Republic of Venezuela's Official Gazette No.39691 of 8th June 2011 the stock market passed a Resolution setting out minimal continuous and permanent policies, rules and procedures to be adopted and implemented by the reporting entities to prevent the crime of money laundering and financing of terrorism. This Resolution is based on an integral risk management approach and its purpose is to prevent the above mentioned crimes, by means of measures to prevent criminals from using the reporting entities as a mechanism for commission of their offences. In that</p>
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				<p>appointment of Compliance Officer, Money Laundering Prevention and Control committee, Code of Ethics, good corporate governance, etc.</p> <p>In 2010 the National Superintendency of Securities carried out a total of one hundred and fifty seven (157) Inspection Visits and up to 15th August 2011 a total of seventy (70) visits, which represents 70.2% of the planned total of ninety six (96) inspection visits for 2011.</p> <p>It must be highlighted that the onsite visit includes, among the elements evaluated, the review of records to certify the proper implementation of the- know your investor policy (individual investor registration card), through a compliance matrix or check list that addresses these issues.</p> <p>The off-site supervision includes the review of records that are held in the National Securities Superintendence, in which the analyst reviews each document submitted by the reporting entity, in that way verifying the proper implementation of the- know your investor policy, in turn we rely on the external auditors’ reports where the observations on same can be verified.</p> <p style="text-align: center;">Inspection Visits</p> <table><tr><th>Year</th><th>On site</th><th>audits / files</th></tr><tr><td>2011</td><td>76</td><td>0</td></tr><tr><td>2012</td><td>19</td><td>29</td></tr></table> <p>It is important to note that failure to comply with some of the mandatory requirements in resolution No. 110-2011 by the investor, the reporting entity will not be able to link the investor, be it natural person or legal entity since failure to comply with the same results in administrative sanctions..</p> <p>The inspection visits have shown up shortcomings in compliance with the regulations on the part of reporting entities, including: structure of the Integrated Risk Management system, duties of the ML Prevention and Control committee, minimum required staff for the ML Prevention and Control Unit, design of the annual operational plan.</p> <p>Concerning the CFATF recommendation on the establishment of rules for PEPs, Correspondent Banking and remote banking for ML/FT prevention, see the progress reported by the Bolivarian Republic of Venezuela under Recommendations 6 and 7.</p>	Year	On site	audits / files	2011	76	0	2012	19	29
Year	On site	audits / files											
2011	76	0											
2012	19	29											
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 Laundering Operations Applicable to Entities Regulated by the Superintendency of Banks and Other Financial Institutions”, to adapt it to international standards.	<ul style="list-style-type: none">Establish ML and FT prevention rules for PEPs	<p>Organic Law against Organised Crime</p> <p>The new LOCDO Act at paragraph 19 of article 4 describes a Politically Exposed Person as a natural person who is or has been a senior political figure in a position of trust or similar position, or his closest family relations or his immediate circle of collaborators, and whose functions are those of an official or senior official of an executive, legislative, judicial or military body of a national or foreign government, elected or not., a high level member of a national or foreign political party or high level executive of a corporation, which belongs to a foreign government. Close family includes parents, siblings, spouses, children or in-laws of the politically exposed person. This category also includes any legal person, such as corporation, firm or other entity created by the said official for his benefit.</p>									

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7.	NC	No regulations have been developed for	• Establish ML and FT prevention rules for	With regard to the actions taken by the Superintendency of Banks (SUDEBAN),

Correspondent banking		<p>correspondent banking since the Superintendency of Banks is in the process of revising Resolution 185-01</p> <p>“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>	Correspondent Banking	<p>Resolution No.199-10, Official Gazette No.39,494 of 24th August 2010, set out measures for regulating correspondent banking with regard to ML/FT. Article 32 of the Resolution specifies the factors or categories which must be considered to be high risk, and these include the following high risk products and/or services: a) Private and corporate banking b) Correspondent banking and/or correspondent relations c) Wire transfers d) Safe deposit boxes e) Money exchange and money trading businesses f) Loans guaranteed by deposits in foreign banks g) Trusts and asset management services h) Payable through accounts i) Accounts of stock market traders, brokers or investment agents or persons acting on behalf of third parties.</p> <p>It also stipulates in Article 62 that regulated institutions having correspondent relationships, in addition to implementing due diligence procedures, must apply the following controls:</p> <p>a).- Gather sufficient information on a represented financial institution to enable full understanding of the nature of its business, in order to determine, on the basis of the collected information, the reputation of the institution and the quality of its supervision, including whether it has been the subject of investigation or intervention for ML/FT by the controlling authority..</p> <p>b).- Evaluate existing controls for ML/FT prevention, taking account of the fact that there are foreign financial institutions in other jurisdictions which are not subject to the same regulations applied in the Venezuelan banking system, and may therefore represent greater ML/FT risk.</p> <p>c).- Adopt a policy of upper level management approval for new correspondent relations.</p> <p>Additionally, regulated entities which provide correspondent services to foreign banks and use third parties to carry out know-your-customer due diligence (that is to say, collection of public information on the bank in order to understand the character of its business and determine its reputation, as well as evaluating its ML/FT controls and determining whether it requires upper management level controls on the establishment of correspondent relationships) must take into account that the responsibility for identifying and verifying the identify of the customer falls upon the regulated institution.</p> <p>Any financial institution that contracts third parties must obtain the information relating to the CDD elements that is collected.</p>
8. New technologies & non face-to-face business	NC	<ul style="list-style-type: none"> No regulations have been 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. 	<ul style="list-style-type: none"> Improve system for discovering beneficial owner for some legal persons. Establish ML and FT prevention rules for remote banking. 	<p>Resolution No.199-10 laid down measures to prevent ML/FT in internet banking. It specified that the regulated institutions must pay special attention to any ML/FT risk that may arise from the use of new or developing technologies which render verification of the identity of the customer difficult, and adopt measures to prevent their use for illegal purposes; for this purpose they must institute policies and procedures to address any specific risk associated with business relations or operations that do not entail the physical presence of the parties.</p> <p>They must also have monitoring systems to enable them to carry out ongoing due diligence over the business relationship and examine the transactions performed during this relationship, in order to ensure that these transactions are in keeping with the knowledge that the institution possesses about the customers, their businesses and their ML/FT risk profiles. These systems must be capable of detecting transactions performed electronically, and therefore must be alert to any anomaly appearing in the account. Warning signals may include the frequency of deposit of funds to the account or, in the case of automatic tellers, the number of cards associated with the account. Banks which use internet banking to perform transactions must have reliable and effective methods of checking the identity of</p>

				<p>customers when accounts are opened or operations performed on line, as well as guaranteeing the integrity, availability, confidentiality and non-deniability of the information. Regulated institutions must also impose other controls such as limits on the amounts transacted.</p> <p>Here it is important to stress that the initial Decree with Force of Law partially amending the Banking Act requires adoption of additional measures regarding new technologies and non face-to-face business, stipulating specifically that the Superintendency of Banks, on the binding authority of the Venezuelan Central Bank, must design prudential regulations governing the provision of banking services, computerization of processes, remote banking, mobile banking, non-bank correspondence, broadening of distribution channels and reduction of lags in the network of offices of the banking institutions.</p> <p>Banks may not lend nor offer through internet banking products or services other than those covered in the Act, or those authorised by the Superintendency of Banks.</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><u>Financial Sector</u></p> <p>Resolution Mo.119-10 sets out the measures to be adopted by regulated institutions to comply with international standards for use of third party intermediaries. They must use various methods for identification of and checking the data supplied by potential or new customers. For higher risk levels they must apply stricter or more detailed methods, which may include requesting additional information, contact with or visits to the customer, telephone communication, and independent verification through comparison of customer-supplied information with information from a credit or investigation agency or a public data base or other source. Institutions must also verify the quality of the information related to capture of data from the Customer Identification File and its subsequent updates, on the basis of principles of integrity, availability, confidentiality and non-deniability. Likewise, regulated institutions must include in their "ML/FT Risk Management Policy and Procedures Manual" their rules and procedures for checking data supplied by customers, in keeping with the risk level assigned to each type of customer. These procedures must include, at least:</p> <ol style="list-style-type: none"> General instructions for interview at the opening of an account Specification of cases in which further identity documents, such as membership cards in business or social organisations, driving permit, etc., must be requested. How to check names, age and other personal data by means of ID card or other identity documents. When telephone numbers, home addresses, workplace, etc. must be checked by telephone. Cases in which residential address or legal premises of a firm must be checked by means of water, electricity or fixed or cellular telephone receipts, telephone directories or telephone company information systems, visits to home or business premises, certification of place of residence issued by relevant civil authority, condominium management board or community council. When bank, business or personal references provided by the customer must be checked by telephone or other means. Cases requiring submission of Income Tax Declaration. <p>Regulated institutions must check the identity of the customer prior to or during the process of setting up a business relationship or undertaking transactions for occasional customers. In cases where it is essential not to interrupt the normal course of business, regulated institutions may complete the verification as soon as it may be reasonably feasible after the establishment of the relationship. Accounts of public or State agencies, State enterprises,</p>

				<p>foundations and associations of a public nature, and the payroll accounts of workers, both those belonging to the above State bodies and agencies and those of private enterprises, always provided that the data has been officially supplied by the respective employers, are exempt. In addition, accounts of retired persons opened by order of the competent State body which provides the pension, shall be exempted from the verification of the information.</p> <p>Financial institutions which delegate to intermediaries the responsibility for identification of customers and checking their identity, obtaining information on the purpose or nature of the business relationship, or to attract new business, must take adequate measures to ensure that copies of the identification data and other pertinent documentation are handed immediately to them by the third parties upon request.</p> <p>Article 124 of Resolution No.119-10 defines the term intermediary as the activity that brings together demanders and suppliers of financial assets. Intermediaries are often used to obtain customers, for private banking, insurance companies and stock market firms.</p> <p><u>Insurance sector</u> Providencia No. 514 of 18th February 2011, Official Gazette No.39,694 of 13th June 2011, containing the Rules for Prevention, Control and Prosecution of Money Laundering and Financing of Terrorism in the Insurance Business, stipulated that intermediaries must assume the responsibility to fully identify policyholders, beneficiaries or contracting parties, using necessary mechanisms that apply customer identification due diligence policies. Information for identification of the customer shall begin with that provided in the respective applications.</p> <p>Furthermore, insurance intermediaries shall not be permitted to sign the declaration of the origin of the funds and applications containing data and information relating to policyholders, or beneficiaries or contracting parties to prepaid medical care plans, nor the abovementioned instruments, and violation of this provision by insurance intermediaries shall be sanctioned in accordance with the Insurance Act.</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 give any assurance that this is the case. • • Threshold of \$10,000 for record-keeping on wire transfers. 	<ul style="list-style-type: none"> • Ensure compliance with record keeping in all sectors. 	<p>Organic Law against Organised Crime (LOCDO)</p> <p>The LOCDO Act sets out in article 10 that the reporting entities should keep, in physical and electronic form, for a period of at least five (05) years, documentation and records supporting operations and business relations of customers or users, as well as the identification documents required upon establishment of business relations with the institution. The stated period shall include:</p> <ol style="list-style-type: none"> 1. For documents relating to identification of customers or users (copy of official identification documents, such as passport, identification card, driving permit or similar items) from the day of conclusion of the relationship; 2. For those documents which support an operation, from the start of the operation 3. For suspicious transaction reports, from their submission; 4. For business relations, after having terminated the business relation <p>Non-compliance with these rules entails a fine by the regulatory body of the reporting entity of a fine of between three hundred (300) and five hundred (500) Tax Units (TUs)</p>

				<p><u>Commercial code</u> Article 142 of the Venezuelan Commercial Code, Extraordinary Official Gazette No. 475 of 21st December 1955, requires retention of business documents for a period of ten (10) years.</p> <p><u>Banking sector</u> Circular No. SIB-DSB-UNIF-07942 of 31st March 2011 ratifying Article 172 Paragraph 18 of the Decree with Force of Law partially amending the Banking Act, in concordance with Article 78 of Resolution No.199.10 of 9th March 2010, imposes on institutions regulated by the Superintendency of Banks the duty to retain records of operations and customer identification data, including transactions performed for amounts under ten thousand United States dollars (US\$ 10,000). In addition they are required to comply with customer due diligence (CDD) rules set out in the above mentioned Resolution No.199.10, in accordance with policies established by the institution on the basis of the customers' risk level.</p> <p>In addition, under Article 6 of the Decree with Force of Law partially amending the Banking Act, the Superintendency of Banks is the agency that regulates the banking sector.</p> <p>The Act defines prudential rules issued by the Superintendency as “<u>all mandatory directives and instructions of a technical accounting, legal and technological nature issued by general Resolutions and Circulars sent to the natural or legal persons under its supervision</u>”.</p> <p>Therefore all Resolutions and Circulars issued by this Regulatory Agency are strictly mandatory prudential regulations under the abovementioned Special Act. Thus the Circular issued by SUDEBAN on the basis of Article No.78 of Resolution No.119.10 is a Prudential Regulation, the purpose of which is to broaden the scope of application of the Resolution in question.</p> <p><u>Stock Market</u> Article 43 of the Regulations for Management and Control of Risks related to Money Laundering and Financing of Terrorism applicable to institutions supervised by the National Superintendency of Securities, Official Gazette No. 39,691 of 8th June 2011, stipulates that regulated institutions shall retain for five (05) years documents or records on the performance of business operations and relations with investors; as well as documents required for identification of investors performing such operations. The period in question shall run as follows: a).- for documents concerning identification of the investor, from the day on which the relationship is concluded. b).- for documents supporting an operation, from the execution of the operation c).- for suspicious transaction reports, from the moment of their submission.</p> <p>In none of these cases is a threshold specified.</p> <p><u>Insurance sector</u> Article 46 of the Regulations for Prevention, Control and Prosecution of Money Laundering and Financing of Terrorism in the Insurance Business, Official Gazette No. 39,694 of 13th June 2011, specifically stipulates that regulated institutions must retain for a period of at least five (05) years from the moment of conclusion of business relations with the customers, all documentation relating to such customer, contained in the customer file.</p>
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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>The sectors most likely to be used for the commission of the crime of money laundering and terrorist financing (banking, securities, insurance, registries and notaries and bingos and casinos) have effectively implemented anti-money laundering and anti-terrorism legislation, which can be evidenced through the CFATF statistics provided in due course.</p> <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 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</p>
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. 	<p><u>Casinos and Bingo Halls</u></p> <p>One of the measures put into effect by Venezuela was Providencia No.011, Official Gazette No.39,654 of 12th April 2011, containing regulations for Prevention, Control and Prosecution of Money Laundering and Financing of Terrorism in casinos and bingo halls.</p> <p>This purpose of this Providencia is to establish and unify policies, rules and procedures, designed on the basis of risk level, to be followed by casinos and bingo halls, as regulated entities, in order to avoid being used as instruments for money laundering and financing of terrorism.</p> <p>Businesses with licences to operate casinos, bingo halls and slot machines, and related firms, also fall under this Providencia; they are therefore required to put into effect an integrated money laundering and terrorist financing prevention and control system, comprising efficient and effective measures designed to avoid being used for ML/FT during their operations.</p> <p>Supervision of the Casinos, Bingo Halls and Slot Machine sector is the responsibility of the National Commission for Casinos, Bingo Halls and Slot Machines, part of the Ministry of Internal Relations and Justice.</p> <p>In 2011 the Directorate for Prevention, Control and Supervision of Money Laundering carried out a total of thirty-six (36) inspection visits to various licence-holders, detecting instances of non-compliance with existing rules. Please see annex with statistics.</p> <p><u>Registry and Notarial sector</u></p> <p>Among the measures put into effect by Venezuela is Resolution No.150, Official Gazette No.39,697 of 16th June 2011, containing rules for Prevention Control and Prosecution of</p>

				<p>Money Laundering and Financing or Terrorism applicable to Registry and Notarial Offices. It should be noted that to date the Directorate for Prevention, Control and Supervision of Money Laundering of the SAREN is working together with the ONA to adapt the law to the new FATF Recommendations approved in February 2012.</p> <p>The purpose of this resolution is to lay down continuous and permanent rules and procedures that must be implemented by the various Registry and Notarial Offices as regulated entities, in order to avoid legalisation or authentication by their offices of legal acts or agreements designed to launder the proceedings of illegal activities set out in the Organic Law against Organised Crime.</p> <p>Furthermore, Notarial and Registry Offices belonging to the Autonomous Service of Registration and Notarial Offices (SAREN) are required to comply with internal rules, procedures and mechanisms for Money Laundering Prevention and Control covered by the Resolution in question.</p> <p><u>Customs and Tax sector</u> At the present time the National Integrated Customs and Taxation Administration Service (SENIAT) is refining the draft of the Providencia containing Rules for Prevention, Control and Prosecution of Money Laundering and Financing of Terrorism in the customs sector to adapt it to the work of the latter agency, for submission to the Ministry of Planning and Finance for due approval and subsequent publication in the Official Gazette. It should be noted that at present the Directorate for Prevention, Control and Supervision of Money Laundering of the SENIAT is working together with the ONA to adapt the law to the new FATF Recommendations approved in February 2012.</p> <p><u>Other Sectors: Dealers in Precious Stones and Metals, Hospitality Services, Natural and Legal Persons engaged in Real Estate Activities.</u> At the present time the National Anti-Narcotics Office (ONA) is liaising with representatives of this sector with a view to the issue by the National Committee for Professional Conduct of Graduates in Collegial Management (CONAPROLAC), of a draft from the Inter-Professional Association Commission (Graduates in Management, Economists and Public Accountants) which will regulate operations of the <i>Comisario Mercantil</i> (Trade Commissioner) in the area of Money Laundering and Terrorist Financing Prevention and Control.</p> <p><u>Sector of Management Professionals, Economists and Accountants</u> At the present time the National Narcotics Office (ONA) is working with representatives of this sector to enable the National Committee for Professional Standards for Collegiate Management Graduates (CONAPROLAC) to issue a draft from the Inter-Association Commission (Collegiate Management Graduates, Economists and Public Accountants) to govern the operations of the <i>Comisario Mercantil</i> (Trade Commissioner) in AML/CFT matters.</p> <p>What was previously reported is now confirmed. Additionally relevant statistics are attached on the subject matter.</p>
13. Suspicious	NC	• - The law establishes an obligation to	• Eliminate from the Law the obligation to	Organic Law against Organised Crime (LOCOO).

transaction reporting	<p>inform the FIU jointly with another entity that has not been established, which could affect its implementation as the legislation remains unclear.</p> <ul style="list-style-type: none"> • - 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. 	<p>send STRs to the “decentralized agency” in addition to the UNIF. Although this organ does not exist, it could cause future problems.</p> <ul style="list-style-type: none"> • 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>The fact that this observation was rectified was confirmed by the publication in the Official Gazette No. 39.912 of April 30, 2012 of the Organized Law Against Organized Crime and the Financing of Terrorism by indicating that the reporting entities must pay particular attention to any transaction or group of transactions regardless of their amounts and nature, when it is suspected that the funds, money or assets come from or are linked, or they could be used to commit crimes of money laundering, terrorist act or financing of terrorism or any other crime of organized crime. They must also pay special attention to such activities even when they come from a lawful source.</p> <p>In the above cases the reporting entities shall expeditiously inform the National Financial Intelligence Unit through suspicious activity reports, The Unit will analyze them and if necessary will forward it to the Attorney General’s Office, so that this office may evaluate the relevance of the starting the appropriate criminal investigation.</p> <p>The Suspicious Activity Report is not a criminal complaint and does not require this manner of formalities and requirements in order to proceed, nor does it entail criminal, civil or administrative liability against the reporting entities and its employees, or signatories.</p> <p>Non-compliance of the obligation to report suspicious activity by the reporting entity, shall be punished by the supervisory body or entity, with a fine of between five hundred (500 T.U) and one thousand tax units (1,000 U.T.).</p> <p>The LOCDO confirms the requirement for regulated entities to report directly to the UNIF; so that duplication of the submission of SAR is thereby completely rectified. Moreover it will be required that suspicious activities related to financing terrorism are reported, even if the funds come from lawful activities. In addition, it is noted that the submission of the SARs must be done expeditiously.</p> <p><u>Financial sector</u> Resolution No.199.10, Official Gazette No.39,494 of 24th August 2010, stipulates that when reporting entities decide to report cases of suspected activities relating to ML/FT, the Compliance Officer must submit a corresponding “Suspicious Activity Report” (SAR) to the UNIF, both electronically and in writing, within a period of time not exceeding forty eight (48) hours after the ML/FT CPC determines the need for reporting the operation as suspicious. In order to effect this report, the reporting entity does not need to be certain that the activity is criminal, or that the resources concerned are proceeds of criminal activity. It is only necessary for the reporting entity to consider that the activities are suspicious, on the basis of their experience and the analysis they have carried out.</p> <p><u>Casinos, Bingo Halls and Slot Machine Sector</u> In the Casinos, Bingo Halls or Slot Machines sector, through the promulgation in the Official Gazette of the Bolivarian Republic of Venezuela No. 39654 on April 12, 2011, in which were published the Regulations for the Prevention, Supervision and Control of the Crime of Money Laundering and the Financing of Terrorism in the Casinos, Bingo Halls and Slot machines, by means of Providencia No. 011 dated April 06, 2011,</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><u>Organic Law Against Organised Crime (LOCDO)</u></p> <p>The LOCDO states expressly that a suspicious activity report is not a criminal complaint, and does not entail the procedures and requirements of a complaint, nor does it entail criminal, civil or administrative liability on the part of the regulated entity, its employees, or the signatory.</p> <p>It also indicates that non-compliance of the obligation to report suspicious activity by the reporting entity, shall be punished by the supervisory body or entity, with a fine of between five hundred (500 U.T.) and one thousand tax units (1,000 U.T.).</p> <p>Moreover it notes that reporting entities and their employees, shall not disclose to the customer, user, nor to any third party, that information has been reported to the National Financial Intelligence Unit or other competent authorities, neither that any suspicious transaction linked to this information is being reviewed. They may neither reveal that they have provided information to other competent authorities.</p> <p>Failure to comply with the above shall be punished by the supervisory body or entity of the reporting entity, with a fine of between one thousand (1,000 U.T.) and three thousand tax units (3,000 U.T.). In case of repeat the fine will be doubled.</p> <p><u>Financial sector</u></p> <p>Article 86 of Resolution No.119.10, Official Gazette No.39,494 of 24th August 2010, lays down specifically that a Suspicious Transaction Report (STR) is not a criminal denunciation and does not entail the formalities and requirements of this type of proceeding, nor does it entail criminal or civil liability on the part of the regulated institution and its employees, or for the person signing it. Customers may not invoke rules of confidentiality or secrecy in force to assert civil or criminal liability on the part of employees of the regulated institution for disclosure of any information, provided such information supports well-founded suspicion of criminal activities on the part of the competent authorities, even if the supposedly criminal act or irregular activity has not taken place.</p> <p>Casinos, Bingo Halls and Slot Machines</p> <p>The Rules for Prevention, Control and Prosecution of Money Laundering and Financing or</p>

				<p>Terrorism in Casinos, Bingo Halls and Slot Machines, published in Official Gazette No.39,654 of 12th April 2011, stipulates that reports of suspicious activities (STRs) must not be considered as criminal denunciations, nor do they entail the formalities or requirements of this type of proceeding, and that they therefore do not entail criminal or civil liability on the part of the regulated institutions or their employees responsible for signing and despatching the report.</p> <p><u>Registry and Notarial</u> Rules for Prevention, Control and Prosecution of Money Laundering and Financing of Terrorism applicable to Registry and Notarial Offices belonging to the Autonomous Registry and Notarial Service (SAREN), Official Gazette No.39,697 of 16th July 2007, expressly stipulates that reporting of suspicious activities shall not be considered as a criminal denunciation, and therefore entails no criminal, civil or administrative liability on the part of regulated institutions, or their employees responsible for signing and despatching the report. In addition, it stipulates that all officials or employees of the regulated institution must refrain from disclosing to the user or to third parties that the competent authorities have been informed of activities which may appear to be linked to money laundering and financing of terrorism.</p> <p><u>National Integrated Customs and Tax Administration Service (SENIAT)</u> The SENIAT Office for Prevention of Money Laundering has now been created, and as a result this agency is in the process of revising the draft Regulations for the sector in question. However, the representative of the Office has held meetings with the Financial Intelligence Unit in order to refine the procedures to be applied for submission of Suspicious Transaction Reports directly to the UNIF.</p> <p><u>Stock Market</u> The Rules for Management and Control of Risks related to Money Laundering and Financing of Terrorism for institutions regulated by the National Superintendency of Securities, Official Gazette No.39,691 of 8th June 2011, stipulated that employees of the regulated institution may not warn investors that verifications have been carried out or that authorities have been notified of operations and/or activities suspected of being linked to money laundering and financing of terrorism.</p> <p><u>Insurance Sector</u> The Regulation for Prevention, Control and Prosecution of Money Laundering and Financing of Terrorism in the insurance business, Official Gazette No.39,694 of 13th June 2011, specified that suspicious transaction reports must not be considered as criminal denunciations and do not entail the formalities and requirements of this type of this type of proceeding; rather than report of a crime an STR is an administrative notice arising out of analysis of operations, precepts based on experience, financial analysis of policyholders, members of pre-paid medical service plans, premium finance businesses or insurance co-operatives.</p> <p>It specifies in addition that employees of the regulated entities under the supervision of the Superintendency of Insurance may not warn policyholders, beneficiaries, members of pre-paid medical plans, insurance co-operatives, premium finance businesses, that investigations have taken place or that authorities have been notified that these investigations may suggest links to money laundering or financing of terrorism.</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>The National Securities Superintendence, has the Regulations No. 110 on anti-money laundering and anti-terrorism and based on the comprehensive risk management approach from 2011. This regulation was published in the Official Gazette of the Bolivarian Republic of Venezuela No. 39,691 dated June 08, 2011 and this establishes the Regulations relating to the Administration and Control of the Risks Related to the offences of money laundering and the financing of terrorism applicable to the Institutions Regulated by the National Securities Superintendence</p> <p>The approach outlined above is set out in Chapter II "Comprehensive Risk Management of Money Laundering and Financing of Terrorism".</p> <p>Additionally, it should be noted that the Superintendent carried out onsite inspection and off-site inspection visits of Reporting entities as set out in Article 2 of the Resolution, which are primarily intended to verify compliance with Regulations No. 110 which is evidenced in the following statistics, showing the correct implementation of said rules.</p> <p>It must be highlighted that the onsite visit includes, among the elements evaluated, the review of records to certify the proper implementation of the- know your investor policy (individual investor registration card), through a compliance matrix or check list that addresses these issues.</p> <p>The off-site supervision includes the review of records that are held in the National Securities Superintendence, in which the analyst reviews each document submitted by the reporting entity, in that way verifying the proper implementation of the- know your investor policy, in turn we rely on the external auditors' reports where the observations on same can be verified.</p> <p style="text-align: center;">Inspection Visits</p> <table><tr><th>Year</th><th>On site</th><th>audits / files</th></tr><tr><td>2011</td><td>76</td><td>0</td></tr><tr><td>2012</td><td>19</td><td>29</td></tr></table> <p>It is important to note that failure to comply with some of the mandatory requirements in resolution No. 110-2011 by the investor, the reporting entity will not be able to link the investor, be it natural person or legal entity since failure to comply with the same results in administrative sanctions.</p>	Year	On site	audits / files	2011	76	0	2012	19	29
Year	On site	audits / files											
2011	76	0											
2012	19	29											
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	<p>The fact is confirmed that within the Designated Non-Financial Businesses and Professions, the Sectors comprising of : Registrars and Notaries, Customs and Internal Taxes, Independent Professionals (Economists, Accountants and Administrators) and Bingos and Casinos; that there are anti-money laundering and counterterrorism regulations, additionally there are Supervisory Bodies or Entities that regulate the players in each sector; carrying out effective supervision and regulation through the implementation of onsite and off-site visits, with the aim of verifying strict compliance with the previously mentioned regulations.</p> <p>Supplement this response with the information given in response to recommendations 12, 13, 14, 15, 16, 24 and 25.</p>									

				<p><u>Casinos and Bingo Halls</u></p> <p>One of the measures put into effect by Venezuela was Providencia No.011, Official Gazette No.39,654 of 12th April 2011, containing regulations for Prevention, Control and Prosecution of Money Laundering and Financing of Terrorism in casinos and bingo halls.</p> <p>This purpose of this Providencia is to establish and unify policies, rules and procedures, designed on the basis of risk level, to be followed by casinos and bingo halls, as regulated entities, in order to avoid being used as instruments for money laundering and financing of terrorism.</p> <p>Businesses with licences to operate casinos, bingo halls and slot machines, and related firms, also fall under this Providencia; they are therefore required to put into effect an integrated money laundering and terrorist financing prevention and control system, comprising efficient and effective measures designed to avoid being used for ML/FT during their operations.</p> <p>Supervision of the Casinos, Bingo Halls and Slot Machine sector is the responsibility of the National Commission for Casinos, Bingo Halls and Slot Machines, part of the Ministry of Internal Relations and Justice.</p> <p>It is also important to stress that the regulated institutions are required to design and implement an integral system of prevention and control including appropriate and adequate measures to avoid being used in their operations as instruments for concealment, disguise, manipulation or investment or use in any manner of money that is the proceeds of criminal or illicit activities. This system must include actions for mitigating ML/FT risks as well as the risk of other crimes that may involve or tempt employees, clients, directors and shareholders of the regulated institution to contribute in any way to such crimes.</p> <p><u>Registry and Notarial</u></p> <p>Among measures put into effect by Venezuela is Resolution No.150 containing Rules for Prevention, Control and Prosecution of Money Laundering and Terrorist Financing for Registry and Notarial Offices, Official Gazette No.39,697 of 16th June 2011.</p> <p>The purpose of this Resolution is to lay down continuous and permanent rules and procedures for implementation by the various Registry and Notarial Offices, as regulated institutions, to prevent their offices being used for legalisation or authentication of legal acts or agreements intended for laundering of the proceeds of illegal activities described in the Organic Law against Organised Crime.</p> <p>In addition Notarial and Registry Offices belonging to the autonomous Registry and Notarial Service (SAREN) must comply with internal rules, procedures and mechanisms for Prevention and Control of Money Laundering laid down by the Resolution in question.</p> <p>It should be highlighted that the Independent Registries and Notarial Services (SAREN its acronym in Spanish) informs in its anti-money laundering and anti-terrorism regulations the establishment of the Comprehensive System of Prevention and Control made up of : a. the Minister of Popular Power for the Interior and Justice, b.-Director (a) General of the Independent Registries and Notarial Services (SAREN), c.-Director (a) from Prevention,</p>
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				<p>Supervision and Control of Money laundering of SAREN, d-Coordinator (a) of Prevention, e. -Coordinator (a) of Supervision and Control, f-Coordinators State, g.- Responsible for Compliance.</p> <p><u>Customs and Tax Sector</u> At the present time the National Integrated Customs and Taxation Administration Service (SENIAT) is refining the draft of the Providencia containing Rules for Prevention, Control and Prosecution of Money Laundering and Financing of Terrorism in the customs sector to adapt it to the work of the latter agency, for submission to the Ministry of Planning and Finance for due approval and subsequent publication in the Official Gazette.</p> <p><u>Other Sectors: Dealers in Precious Stones and Metals, Hospitality Services, Natural and Legal Persons engaged in Real Estate activities.</u></p> <p>At the present moment the National Anti-Narcotics Office (ONA) is liaising with representatives of these sectors to enable them to adapt to FATF Recommendations, and also develop ML/FT prevention and control regulations to govern all their activities.</p> <p><u>Sector of Management Professionals, Economists and Accountants</u></p> <p>At the present time the National Narcotics Office (ONA) is working with representatives of this sector to enable the National Committee for Professional Standards for Collegiate Management Graduates (CONAPROLAC) to issue a draft from the Inter-Association Commission (Collegiate Management Graduates, Economists and Public Accountants) to govern the operations of the <i>Comisario Mercantil</i> (Trade Commissioner) in AML/CFT matters.</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>With the new Organic Law Against Organized Crime and Financing of Terrorism, the sanctions for the crimes of money laundering and terrorist financing are totally set out, as indicated below:</p> <p>Article 35 Money Laundering Who by himself or through another person is the owner, possessor or holder of money, goods, funds, assets or profits, knowing that they come directly or indirectly from an unlawful activity, shall be punished or imprisoned for ten to fifteen years and a fine equivalent to the value of the money that was illegally obtained.</p> <p>The same penalty shall apply to anyone who by himself or through another person carries out the following activities:</p> <ol style="list-style-type: none"> 1. - The conversion, transfer or transmission by any means of assets, money, profits or surpluses for the purpose of concealing or disguising the illicit origin of same or assist any person involved in the commission of such offenses to evade the legal consequences of their actions. 2. - Concealment, cover-up or simulation of the nature, origin, location, disposition, destination, movement or ownership of or rights thereof. 3. - The acquisition, possession or use of proceeds of crime. 4. - The receipt, investment, processing, custody or management of property or money

				<p>derived from illegal activities.</p> <p>The capital, property or assets subject of the offense of money laundering shall be seized or confiscated.</p> <p>Article 36 Breach by reporting entities The managers or directors, employees of the reporting entities, who because of recklessness, incompetence, neglect, foster or help to commit the offense of money laundering and terrorist financing, without taking part in it, shall be punished by imprisonment of three to six years.</p> <p>In relation to terrorism financing offense please note:</p> <p>Article 52 Terrorism The individual terrorist or those associated with a terrorist organization, perform or attempt to perform one or more terrorist acts, shall be punished with imprisonment of twenty-five to thirty years.</p> <p>Article 53 Financing of terrorism Whoever provides, facilitates, protects, manages, collects or solicits funds by any means, directly or indirectly, for the purpose of same being used in its entirety or in part by an individual terrorist or a terrorist organization, or to commit one or several terrorist acts, shall be punished with imprisonment from fifteen to twenty-five years, even if the funds have not been actually used or the act or acts of terrorism have not been carried out.. The penalty indicated shall apply whether the funds are used by an individual terrorist or a terrorist organization operating in a foreign territory or irrespective of the country where the act or acts of terrorism is carried out. The offense of financing terrorism cannot be justified under any circumstances, by considerations of a political, philosophical, ideological, religious, racial or similar nature.</p> <p>Moreover all Supervisory Entities or Bodies listed in Article 7 of the Organic Law Against Crime and Terrorist Financing, have the authority to apply administrative sanctions to the reporting entities that do not comply with anti-money laundering and anti-terrorism regulations existing in the: Banking, Insurance, Securities, Registries and Notaries, Bingos and Casinos Sectors.</p>
18. Shell banks	C	•		
19. Other forms of reporting	C	•		
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>It is important to advise that there are sectors that are low risk within our Economic Financial System, to date there is a Plan for the monitoring of these sectors, the case being that the National Office Against Organized Crime and Terrorist Financing (ONDO its acronym in Spanish) and the National Anti-Drug Office (ONA its acronym in Spanish) have had technical working groups with the following actors:</p> <p>1. - People's Ministry of Petroleum and Mining, who will be responsible for overseeing AML/CFT as it relates to Dealers in Precious Metals and Stones.</p>

				<p>2. - Ministry of Light Industries and Commerce, who will be responsible for overseeing AML / CFT as it relates to auto dealers and distributors of (mobile) telephones.</p> <p>3. - People's Ministry of Housing, who will be responsible for overseeing AML / CFT as it relates to construction companies.</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><u>Organic Law against Organised Crime (LOCDO)</u></p> <p>The LOCDO amendment expressly requires regulated entities to pay particular attention to, and create internal prevention and control measures for, business dealings and operations of their customers or users, with natural or legal persons located in countries or territories whose legislation facilitates banking secrecy, record secrecy and business secrecy, or which do not apply, or insufficiently apply AML/CFT regulations similar to those in force in the Bolivarian Republic of Venezuela.</p> <p>Likewise for those situated in places where there is tax haven banking, or free zones, or whose geographic location is close illegal drug consumption, production or transit centres and other offences criminalized in this Act.</p> <p>The same attention must be paid to business dealings with areas or territories that are frequently mentioned in suspicious activities reports; those likely to be used, even without their knowledge or consent, as a transit point or bridge in the drug-trafficking routes of the national territory from drug-producing areas to international or regional drug-consuming areas.</p> <p>Whenever such transactions have no apparent lawful purpose, they must be subjected to meticulous scrutiny, and if in the judgment of the reporting entity they are classified as suspicious activity, said findings shall be submitted to the UNIF.</p> <p>Non-compliance with this rule shall be sanctioned with a fine of between three thousand (3,000) and five thousand (5,000) Tax Units (TU).</p> <p>The supervisory bodies will advise the reporting entities under their supervision of the countries, territories and areas in question.</p> <p>In addition, it has been noted that the reporting entities must ensure that the provisions relating to the prevention and control of money laundering and the financing of terrorism referred to in this Law, are applied to branches and subsidiaries located abroad.</p> <p>When the laws that are in force or those applicable overseas do not permit instrumentation and application of prevention and control measures, the respective branches and subsidiaries must inform the reporting entity's Head Office, in order to establish a computer system that will allow for the proper tracking of the movements of money, requiring the overseas branch offices and subsidiaries to apply the highest standards, as indicated above.</p> <p>Foreign representatives of Banks or Financiers must be subject to the provisions laid down in this Law.</p> <p><u>Financial Sector</u></p> <p>Resolution No.119.10, Official Gazette No.39,494 of 24th August 2010, established ML/FT risk management concerning relations with natural and legal persons situated in regions with strict legislation governing banking, registry or commercial secrecy. Therefore, risk prevention, control and mitigation rules and procedures for business relations and customer transactions with natural and legal persons situated in the regions, zones or territories whose legislation is strict regarding, banking, registry or commercial secrecy, or which do</p>

				<p>not apply anti-ML/FT regulations similar to those in Venezuela, must contain at least the following:</p> <ol style="list-style-type: none"> 1. All necessary procedures for correct identification of customers seeking the services of the institution for transfer of money or property to such zones or regions, by cable, wire or any other means, by demanding identification documents. 2. A requirement to record the name and address of the beneficiary of the transaction, as well as the account number in cases where this beneficiary is a customer of the bank receiving the transfer abroad. 3. Internal audit mechanisms for verifying compliance with controls and procedures on the part of staff, branches, agencies and offices. <p><u>Insurance sector</u> Providencia No.514 of 18th February 2011, Official Gazette No.39,694 of 13th June 2011, containing the Regulations for Prevention, Control and Prosecution of Money Laundering and Financing of Terrorism in the insurance business, laid down the requirement for regulated institutions to pay particular attention to business relations and transactions with natural or legal persons in countries which do not apply regulations similar to those laid down in the abovementioned Providencia. For this purpose the Superintendency of Insurance shall use the lists issued by international and national organisations of those territories or States with strict banking, registry and commercial secrecy, or which are characterised by a weak or nonexistent system of taxation for natural or legal persons engaged in banking, insurance or commercial activity in their jurisdiction.</p> <p><u>Stock Market</u> Resolution No.110 of 19th May 2011, Official Gazette No.39,691 of 8th June 2011, containing Regulations for Management and Control of Risks related to Money Laundering and Financing of Terrorism for institutions regulated by the National Superintendency of Securities, stipulated that regulated institutions must pay particular attention to and create internal procedures and rules for prevention, control and mitigation of risk, applied to business relations and transactions of their investors with natural and legal persons situated in regions, zones or territories with strict banking, registry or commercial secrecy legislation, or which do not apply anti-ML/FT regulations similar to those in force in Venezuela, or where such regulations are insufficient.</p> <p><u>Bingos and Casinos</u> Providencia No.011 of 6th April 2011, Official Gazette No.39,654 of 12th April 2011 containing Regulations for Prevention, Control and Prosecution of Money Laundering and Financing of Terrorism in Casinos, Bingo Halls and Slot Machines, stipulates that regulated institutions shall pay particular attention to business relations and transactions with natural or legal persons in countries which do not apply regulations similar to those set out in the Providencia in question. It also stipulated that the National Commission for Casinos, Bingo Halls and Slot Machines shall use for this purpose the lists issued by national or international organisations of those territories or States with strict banking or commercial registry laws, or which are characterised by limited or nonexistent taxation of natural or legal persons.</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 	<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>This recommendation was completely complied with through the publication in the Official Gazette No. 39.912 on April 30, 2012 of the Organic Law against Organized Crime and the Financing of Terrorism, since it instructs in its articles that the reporting entities shall pay special attention and they shall develop procedures and internal standards of prevention and</p>

		<p>no specific mention of any requirement to apply the highest standard, nor to enforce consistent CDD measures at the group level.</p> <ul style="list-style-type: none"> • 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. 		<p>control over the business relations and transactions of their customers or users with natural and legal persons located in countries or territories whose legislation facilitates Banking secrecy , record secrecy and business secrecy or who do not apply regulations against money laundering and the financing terrorism similar to those in force in the Bolivarian Republic of Venezuela or that same are insufficient.</p> <p>Likewise for those situated in places where there is tax haven banking, or free zones, or whose geographic location is close illegal drug consumption, production or transit centres and other offences criminalized in this Act.</p> <p>The same attention must be paid to business dealings with areas or territories that are frequently mentioned in suspicious activities reports; those likely to be used, even without their knowledge or consent, as a transit point or bridge in the drug-trafficking routes of the national territory from drug-producing areas to international or regional drug-consuming areas.</p> <p>Whenever such transactions have no apparent lawful purpose, they must be subjected to meticulous scrutiny, and if in the judgment of the reporting entity they are classified as suspicious activity, said findings shall be submitted to the UNIF.</p> <p>Non-compliance with this rule shall be sanctioned with a fine of between three thousand (3,000) and five thousand (5,000) Tax Units (TU).</p> <p>The supervisory bodies will advise the reporting entities under their supervision of the countries, territories and areas in question.</p> <p>In addition, it has been noted that the reporting entities must ensure that the provisions relating to the prevention and control of money laundering and the financing of terrorism referred to in this Law, are applied to branches and subsidiaries located abroad.</p> <p>When the laws that are in force or those applicable overseas do not permit instrumentation and application of prevention and control measures, the respective branches and subsidiaries must inform the reporting entity's Head Office, in order to establish a computer system that will allow for the proper tracking of the movements of money, requiring the overseas branch offices and subsidiaries to apply the highest standards, as indicated above.</p> <p>Foreign representatives of Banks or Financiers must be subject to the provisions laid down in this Law.</p> <p><u>Organic Law against Organised Crime (LOCDO)</u></p> <p>In the Reform of the LOCDO it is expressly stated that the reporting entities should ensure that the provisions of this Act relating to prevention and supervision of money laundering and terrorist financing, are applied to branches and subsidiaries located abroad. When the laws in force or applicable abroad do not allow instrumentation or application of control and prevention measures, the respective branches and subsidiaries shall notify the Head Office of the reporting entity, with a view to establishing a computer system that will enable adequate follow-up of movements of money, and the branches and subsidiaries abroad shall be required to apply the highest standard contemplated in this article. Representatives of foreign banks or other financial institutions shall be subject to the provisions of the LOCDO Reform.</p>
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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 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. 	<ul style="list-style-type: none"> Improve capability for inspections and controls in regulated entities. 	<p><u>Stock Market</u></p> <p>1. - The National Securities Superintendence has within its structure a Prevention, Oversight and Control of Money laundering and Financing of Terrorism Department. Said Department has a Compliance Officer, a Manager, a Lawyer who works as a Legal Support and four Inspection and Control Analysts.</p> <p>To date work is underway for the incorporation of two more Inspection and Control Analysts. With respect to Inspection Visits planned and carried out by the Prevention, Oversight and Control of money Laundering and financing of terrorism Department, for the year 2011, it was noted that a total of ninety-six (96) inspection visits were planned, of which, to the end of 31 December of 2011, a total of seventy-six (76) visits were carried out which represents seventy-nine point seventeen per cent (79.17%) of the total scheduled visits.</p>

				<p>With regard to those planned for the year 2012, there are fifty-two (52) inspection visits planned, in view of the reduction in the number of operators in the securities market, effecting a total of twelve (12) inspection visits, while for the end of the 1st half of 2013 a total of 31 visits were scheduled with one hundred percent (100.00%) of planned visits being executed.</p> <p>These inspections showed up various examples of non-compliance with money laundering prevention and control regulations, among which the following may be highlighted:</p> <ul style="list-style-type: none"> a.- Non-compliance with Article 9 with regard to the integrated ML/FT risk management system (10 examples of non-compliance). b.- Non-compliance with Article 15, regarding remit of the ML Prevention and Control Unit (8 instances). c.- Non-compliance with Article 17, concerning the minimal staff to be assigned to ML/FT Prevention and Control Unit (16 instances). d.- Non-compliance with Article 21, concerning the duty to design an annual anti-ML operational plan (9 instances). e.- Non-compliance with Article 32 regarding the keeping of individual records of investors (12 instances). <p><u>Insurance Sector</u></p> <p>The insurance Superintendency has as part of its structure an ML Prevention and Control Unit. This has a total staff of eleven, among them a Chief of Unit and six officers assigned to supervision and control of regulated institutions. It should be emphasised that the present time the Insurance Superintendency has submitted to the Minister for Planning and Finance a proposal to raise the Unit to the status of Directorate, to consist of three subunits: Analysis and Follow Up section, Inspection section and Prevention and Control section. For this purpose an increase in staff is being studied.</p> <p>Up to the end of 2010 the Superintendency of Insurance carried out a total thirty eight (38) inspection visits, thirty two (32) of which were to insurance businesses and six (6) to brokerage companies.</p> <p>At the end of 2011 the Superintendency of Insurance had carried out a total of fifty-one (51) inspection visits, of which twenty-four (24) were of Insurance Companies, twenty-two (22) of Brokerage Companies, four (04) of Brokerage and Reinsurance Firms and one (01) of a Reinsurance company. For 2012 the Superintendency of Insurance planned a total of fifty (50) Inspection Visits, executing a total of forty-nine (49) which represents ninety-eight per cent (98%).</p> <p>For 2013 one hundred and forty (140) inspection visits were planned, of which at the close of the 1st half of 2013 a total of fifty-one (51) visits have been executed representing thirty-six point forty two per cent (36,42%).</p> <p><u>Banking sector</u></p> <p>The National Financial Intelligence Unit (UNIF) has created an Inspection Section to verify compliance with Resolution No.119.10. In the first quarter of 2011 eight (8) officials joined this Section to bring the staff of the Section to fifteen (15).</p> <p>The Annual Operational Plan (POA) for 2010 called for thirty three (33) inspection visits, of which a total of twenty nine (29) were carried out, or a percentage of eighty eight</p>
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			<p>percent (88.0%). In addition, a total of thirty one (31) inspection visits were carried out which were not part of the POA for 2010. The UNIF therefore carried out sixty (60) inspection visits in the period, broken down as follows:</p> <ul style="list-style-type: none"> -All Purpose Banks (15) -Commercial Banks (6) -Development Banks (6) -Financial Rental Companies (1) -Bureaux de Change (2) -Frontier Money Exchange Operators (30) <p>Of the institutions inspected, three (3) Frontier Money Changers were sanctioned (revocation of operating licence) for carrying out financial operations for which they were not legally licensed, according to Official Gazette No.39,631 of 10th March 2011. Requests for opening of administrative enquiries were laid before the Legal Advisory Unit of SUDEBAN, which requested the Ministerio Público to open investigations for the presumed commission of money laundering, and the case ended with the revocation of licence and closure of the regulated institutions referred to.</p> <p>The twelve percent (12%) that were not carried out was the result of the State takeover of four banks which were initially included in the planning.</p> <p>Of the inspection visits carried out during the 2010 financial year, ninety five percent (95%) took place in the framework of application of Resolution No.119.10, which was published in Official Gazette No.39,388 of 17th March 2010. The inspection visits were mainly intended for verification of the implementation of the Integrated Risk Management System (SIAR), and of the measures put into effect by the regulated institutions to adapt themselves to the new judicial framework.</p> <p>One hundred and forty-two (142) inspection visits were planned as part of the compliance with the Annual Operational Plan (POA its acronym in Spanish) for 2011, of which one hundred and twenty-three (123) were carried out, giving an eighty-six point seven two percent (86.72%) completion rate. Over the period the FIU carried out inspection visits broken down as follows:</p> <ul style="list-style-type: none"> - All-purpose banks (16) - Commercial banks (03) - Development banks (02) - Savings and loan associations (01) - Bureaux de change (13) - Frontier money changers (38) - Representative offices (50) <p>All inspection visits in 2011 were carried out pursuant to Resolution No. 119/10, which was published in the Bolivarian Republic of Venezuela's Official Gazette No. 39,388 dated 17th March 2010. The main purpose of the Inspection visits was to verify the implementation of the Integrated Risk Management System (IRMS), as well as the measures taken by the Reporting Entities to adapt themselves to the new legal framework.</p> <p>One hundred and twenty (120) inspection visits were planned for 2012, with one hundred and twenty (120) being carried out which represents one hundred percent, broken down as follows:</p> <p>All purpose Banks (05) Development Banks (06) Bureaus de Change (12)</p>
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24. DNFBP - regulation, supervision and	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>The fact is confirmed that within the Designated Non-Financial Professions and Businesses, the Sectors comprising of: Registrars and Notaries, Customs and Internal Taxes, Independent Professionals (Economists, Accountants and Administrators) and</p>

monitoring				<p>Bingos and Casinos; there are Supervisory Bodies or Entities which regulate the players in each sector.</p> <p>In addition, since 2011 there have been anti-money laundering and counterterrorism regulations, which are duly published in the Official Gazettes of our country. In addition, compliance of same by the reporting entities is verified.</p> <p>Supplement this response with that as indicated in the response to recommendation 12, 13, 14, 15, 16 and 25.</p> <p>The Bolivarian Republic of Venezuela sees this point as complied with, until the next mutual evaluation is carried out.</p> <p><u>Organic Law against Organised Crime (LOCDO)</u></p> <p>In the Reform of the LOCDO the bodies and agencies responsible for prevention, control, supervision, and oversight in accordance with the cited Reform is clearly set out:</p> <p>a.- The Superintendency of Banks b.- The Superintendency of Insurance c.- The Central Bank of Venezuela. d.- The National Securities Superintendence e.- The Ministry of the Popular Power responsible for Home affairs and justice through its competent agencies f.- The National Integrated Customs and Tax Administration Service. g.- The Autonomous Registry and Notarial Service. h.- The Ministry of the Popular Power responsible for energy, petroleum and mines through its competent agencies i.- The Ministry of the Popular Power responsible for finance, through its competent agencies. j.- The National Commission for Casinos, Bingo Halls and Slot Machines. k.- The Ministry of the Popular power responsible for tourism. l.- The Ministry of the Popular power responsible for science and technology. m.- The Ministry of the Popular power responsible for industry. n.- The Ministry of the Popular power responsible for trade. o.- The National Electoral Council p.- Such others as may be designated by law or decree.</p> <p>the designated Non-Financial Professions sector has authorities to regulate and supervise it, as follows:</p> <p><u>Sector: Casinos, Bingo Halls and Slot Machines</u></p> <p>Providencia No.011 of 6th April 2011, Official Gazette No.39,654 of 12th April 2011, containing Regulations for Prevention, Control and Prosecution of Money Laundering and Financing of Terrorism in Casinos, Bingo Halls and Slot Machines set up the Directorate for Prevention, Control and Prosecution of Money Laundering, which is the technical operational organ of the National Commission for Casinos, Bingo Halls and Slot Machines, responsible for supervising the adequate implementation of the regulations established for preventing money laundering in authorised establishments engaging in the activities of casinos, bingo halls and slot machines. This Directorate will be headed by a Director to be appointed by the President of the National Casino, Bingo Halls and Slot Machines Commission, who has under him a team of officials whose job is to detect, prevent and control those operations which may be linked to money laundering and financing of terrorism.</p> <p><u>Registry and Notarial Sector</u></p> <p>The Registry and Notarial Offices belonging to the Autonomous Registry and Notarial Service (SAREN) published the Regulations for Prevention, Control and Prosecution of Money Laundering and Financing of Terrorism applicable to these Offices in Official</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>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 prevention of these crimes</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. • Vulnerability of the information held on computers not owned by the FIU. • Slight contribution of FIU to analysis and processing of inputs from 	<ul style="list-style-type: none"> • Improve structure • Enhance analysis and information in reports to Ministerio Publico. 	<p><u>National Financial Intelligence Unit (UNIF)</u></p> <p>The National Financial Intelligence Unit (UNIF) is the central body for reception, requests, analysis and dissemination of Suspicious Activities Reports (SARs), and is temporarily assigned as part of the Superintendency of Banks, it is a recognized and active member of the EGMONT Group, and it adapts itself to and complies with the Declaration of Objectives of the EGMONT Group and its Principles for the Exchange of Information among Financial Intelligence Units regarding money laundering cases. Its functions are defined in Article 163 of the Institutions of the Banking Sector Act, which stipulates that the</p>

		regulated entities to become expert forensic reports to law enforcement authorities.		<p>Superintendency of Banks shall have a National Financial Intelligence Unit, and sets out its functions. These functions are necessarily performed by whoever is appointed as Manager. Additionally the functions of the UNIF are also set out in articles 24 and 25 of the Organic Law against Organized Crime and the Financing of Terrorism.</p> <p>The Manager of the UNIF is therefore authorized to perform all the functions which are assigned by law to this Unit and his appointment evidences this, published in the Bolivarian Republic of Venezuela's Official Gazette No.39,423 dated 13th May 2010, Resolution No.191.10 30th April of the same year, makes this clear. In addition, the Manager reports only directly to the Office of the Superintendent for administrative purposes, and enjoys full operational independence for fulfillment of his normal functions, for which he develops his own Annual Operational Plan, where he plans and projects all the activities to be carried out during the financial year. This Plan is an integral part of the Annual Institutional Operational Plan of the Superintendency. Despite the above, the UNIF presented a functions and widening of the structure proposal to the legal Consultant for the Ministry of Popular Power for Finance, who in turn placed it before the Minister for consideration. It must be highlighted that the proposal presented by the UNIF includes the Decree of Assignment of the UNIF to the Ministry of Finance.</p> <p>It must be highlighted that the Organic law against Organized Crime and the Financing of Terrorism sets out within its temporary provisions that the Ministry of Finance be responsible for providing the necessary operational resources, as well as setting the standards for the organization and its functioning Notwithstanding, the UNIF budget for the year 2014 is contained in the Annual Operational Plan of the Institutions in the Banking Sector Superintendence. (SUDEBAN)</p> <p>2)-With regard to the observation concerning the vulnerability of the information stored on servers (computers) which are not the exclusive property of the UNIF, it must pointed out that the UNIF has a server, software and database for processing and storage of the data, and this server has the following security features:</p> <ul style="list-style-type: none"> a) RDBMS Database Manager. Data and metadata structure unique to the UNIF for management of its data.. b) IP address and single virtual local area network (VLAN) for the transport of data from and to the server. c) Virtualisation and independence of management of the operational system that supports the database manager. d) System parameters, configuration and user accounts unique to the management of the server. f) Rules for the firewall configured for the purpose of controlling network access and traffic both externally and internally, separating and protecting the UNIF server in a demilitarised zone (DMZ) g) The systems and applications used by the UNIF contain profiles and privileges assigned uniquely by that Unit. h) UNIF accesses its data from an exclusive virtual local area network (VLAN) <p>The dedicated server is one hundred percent operative, fully independent and is a private network accessible only to the UNIF staff. It meets the highest standards available in the Bolivarian Republic of Venezuela and is internationally certified. It has power backup and optimum environmental conditions. This ensures availability,</p>
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				<p>continuity and security of the services which the work of UNIF depends on.</p> <p>Additionally, with regards the Project for the Computerisation and Access to Sources of Information and Databases (SIF), which figures in Venezuela's Action Plan, it must be clear that it is not the property of the UNIF, but of the Superintendency of Banks.</p> <p>The purpose of the SIF is to provide SUDEBAN with an electronic system to enable it to obtain timely, secure and reliable information from financial institutions, through a single electronic transmission medium, with an aim of improving the supervision and regulation process of Banks and Other Financial Institutions System. The UNIF benefits from this tool in that it has access to the transmission records which the SIF holds. At present the Financial Institutions are transmitting information according to established parameters. It must be highlighted that once the UNIF is in operation the access to the SIF will continue. In 2012 the process of inclusion of Non-financial Institutions (such as Bureaux de Change) was effected. The transmission files corresponding to the UNIF to the present date are already available for consultation. Additionally, the development of new business models (Consultation Reports and Statistical Reports) with the aim of improving the offsite inspection process of the Reporting Entities governed by the Act, with a risk-based approach was carried out in 2012.</p> <p>3)- With regard to statistics on SARs received and cases forwarded to the competent authorities, and cooperation with the Public Prosecutor's Office in order to measure the usefulness of the information sent to the <i>Fiscalía</i>, and follow up on the number of SARs and reports which resulted in an investigation or in convictions: feedback has been increased between both bodies with the holding of monthly working meetings with representatives of the Public Prosecutor's Office and the following actions have been initiated:</p> <p>a).- The UNIF has submitted to the Ministerio Público the statistics corresponding to the Intelligence Reports sent to that body, classified by year and SARs associated to the Intelligence Report, all corresponding to the period between 2001 up to the first half of 2013.</p> <p>b).- The UNIF has appointed a permanent liaison officer to the Public Prosecutor's Office, responsible for reconciling statistics with that agency and reconciliation for the years 2009, 2010 and 2011 and the 1st half of 2013.</p> <p>In addition, the UNIF gave training to 40 Special Prosecutors, under the Public Prosecutor's Office, on money laundering and financing of terrorism offences, providing them with the tools related to the strategic approach to investigation of ML/FT offences; as well as investigative methods.</p> <p>The Public Prosecutor's Office informed the UNIF that it is collating the intelligence reports submitted by that body to determine the Suspicious Activities Reports (SARs) linked to convictions; by means of the creation of a Computerised System which will give statistics relating to criminal investigation, trials, convictions, etc., related to SARs. This information will be available once the Public Prosecutor's Office provides it.</p>
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				<p>laundering and the financing of terrorism.</p> <ol style="list-style-type: none"> 7. Coordinate with the National Office against Organized Crime and the Financing of Terrorism and the Supervisory Bodies or Entities, the necessary actions to promote the adequate supervision of the reporting entities and ensure compliance with the regulations of prevention and control which Supervisory Bodies and Entities in this field dictate. 8. Provide the necessary information to the National Office against Organized Crime, for the design of public policies in the field of its competence. 9. Others arising out of the present Law or other legal provisions and international conventions signed and ratified by the Bolivarian Republic of Venezuela. <p>Likewise, on various occasions we have informed that the comment as it relates to the vulnerability of the information by having a server (computer equipment) which is one hundred percent active (100.00%) and is completely independent and is on a private network with access only to personnel working in the UNIF has been rectified must be highlighted; with only the next review in the Mutual Evaluation Process being outstanding.</p> <p>In addition, regarding the comment related to the Bill for the Automation and Access to Sources of Information and Data Bases (SIF), please be advised that since the 01 August 2012 it has been operational; as such this point is totally rectified.</p> <p>In terms of statistics of the SARs received and cases referred to the competent authorities and cooperation with the Attorney General's Office in order to measure the usefulness of information that is sent to the Prosecutor's Office and to track the number of SAR and reports that resulted in an investigation or conviction; we confirm the fact that the process of reconciliation of figures for Suspicious Activities Reports submitted to the Attorney General's Office has ended.</p> <p>Greatly increasing the feedback between the two agencies with the holding of monthly working meetings with representatives of the Attorney General's Office. In that sense, this point has been rectified.</p> <p>It is important to note that this Recommendation was reviewed by the FATF ICRG during the onsite visit held on 15th and 16th January 2013, with no comment being issued on the matter.</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. • 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	C	<ul style="list-style-type: none"> • 		

authorities				
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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>With the entry into force of the Organic Law against Organized Crime and the Financing of Terrorism dated April 30, 2012, the obligation that reporting entities described in the aforementioned law to strictly comply with the provisions of the same is confirmed, as it relates to prevention and control of money-laundering offences and against the financing of terrorism and there are the penalties of an administrative nature, specifically in Title II "Of the Crimes and the Penalties", from Chapter I to Chapter IX.</p> <p>Additionally, with the new Organic Law Against Organized Crime and Financing of Terrorism, the sanctions for the crimes of money laundering and terrorist financing are clearly established, as indicated below:</p> <p>Article 35 Money Laundering Anyone who by themselves or through another person is the owner, possessor or holder of money, goods, funds, assets or profits, knowing that they come directly or indirectly from an unlawful activity, shall be punished or imprisoned for ten to fifteen years and a fine equivalent to the value of the money that was illegally obtained.</p> <p>The same penalty shall apply to anyone who by themselves or through another person does the following activities:</p> <ol style="list-style-type: none"> 1. - The conversion, transfer or transmission by any means of assets, money, profits or surpluses for the purpose of concealing or disguising the illicit origin of same or assist any person involved in the commission of such offenses to evade the legal consequences of their actions. 2. - Concealment, cover-up or simulation of the nature, origin, location, disposition, destination, movement or ownership of or rights thereof. 3. - The acquisition, possession or use of proceeds of crime. 4. - The receipt, investment, processing, custody or management of property or money derived from illegal activities. <p>The capital, property or assets subject of the offense of money laundering shall be seized or confiscated.</p> <p>Article 36 Breach by reporting entities The managers or directors, employees of the reporting entities, who because of recklessness, incompetence, neglect, foster or help to commit the offense of money laundering and terrorist financing, without taking part in it, shall be punished by imprisonment of three to six years.</p> <p>In relation to terrorism financing offense please note:</p> <p>Article 52 Terrorism The individual terrorist or those associated with a terrorist organization, perform or attempt to perform one or more terrorist acts, shall be punished with imprisonment of twenty-five to thirty years.</p> <p>Article 53</p>
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				<p>Financing of terrorism</p> <p>Whoever provides, facilitates, protects, manages, collects or solicits funds by any means, directly or indirectly, for the purpose of same being used in its entirety or in part by an individual terrorist or a terrorist organization, or to commit one or several terrorist acts, shall be punished with imprisonment from fifteen to twenty-five years, even if the funds have not been actually used or the act or acts of terrorism have not been carried out..</p> <p>The penalty indicated shall apply whether the funds are used by an individual terrorist or a terrorist organization operating in a foreign territory or irrespective of the country where the act or acts of terrorism is carried out.</p> <p>The offense of financing terrorism cannot be justified under any circumstances, by considerations of a political, philosophical, ideological, religious, racial or similar nature.</p> <p>Moreover all Supervisory Entities or Bodies listed in Article 7 of the Organic Law Against Crime and Terrorist Financing, have the authority to apply administrative sanctions to the reporting entities that do not comply with anti-money laundering and anti-terrorism regulations existing in the: Banking, Insurance, Securities, Registries and Notaries, Bingos and Casinos Sectors.</p> <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 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. See Article 123</p> <ul style="list-style-type: none"> • 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.
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<p>30. Resources, integrity and training</p>	<p>NC</p>	<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 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. 	<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 entities. 	<p>From 2008 to date, all sectors that are part of the Comprehensive System for the Prevention and Supervision of ML/FT of the Bolivarian Republic of Venezuela have increased their complement of Staff dedicated to the monitoring, control and supervision of the offences of money-laundering and against the financing of terrorism. A situation which has been reported on several occasions both to the FATF and to the CFATF.</p> <p>The case being that the UNIF added to date a total of more than fifteen (15) staff to the Inspection Division who are responsible for carrying out these activities. On the other hand there is technological infrastructure that allows them to perform the assigned activities.</p> <p>The Insurance Sector for its part has the Prevention and Control of ML Directorate, which is comprised of a total of seventeen (17) staff, divided into the following areas (Lawyers, Administrators, Public Accountants, Actuaries, and Insurance Technicians) and a Director (01).</p> <p>The Securities Sector, for its part, it is evident that the National Stock Exchange Superintendence has within its organization a Prevention, Monitoring and Control of ML/FT Office. Said Office has a Compliance Officer (01), one (01) Manager, one (01) Lawyer who works as a legal support and four (04) Inspection and Control Analysts. To date it is working on the addition of two (02) more Inspection and Control Analysts.</p> <p><u>In relation to the Registrars and Notaries Sector</u>, to date said sector has an organizational structure for the Prevention, Control and Supervision ML Directorate , it is as follows:</p> <p>a).- Coordination of Control and Supervision. b).- Coordination of Prevention c).- State Coordinators</p> <p>Currently there are seven (07) staff members, including the Director of Prevention, Control and Supervision of ML. However, the necessary steps for the addition of eighteen (18) officials are underway.</p> <p><u>For the Customs and Internal Taxes Sector</u> it has been noted that there is a Prevention and Control of ML Office, which is a Functional Unit directly attached to the Office of the Superintendent. Its mission is to monitor, plan, oversee, evaluate and punish in an efficient manner the operations and activities carried out by the Service units and the Regulated Entities in order to avoid them being used as instruments for laundering, in order to mitigate the risks associated with money-laundering and ensure the Nation's socioeconomic order.</p> <p>To date the Office of Prevention and Supervision of Money-laundering, has a complement of thirteen (13) support staff for the execution of its activities, including the Head of the Office, and they also have the Technological Platform of the SENIAT, in support for the execution of its functions, which efficiently satisfies the requests presented to date in that Office.</p> <p><u>Financial Sector</u></p> <p>During 2011 the UNIF added eight (8) staff members to the Inspection Division, which is responsible for on site and off site evaluation, control and follow up of the activities of the</p>
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				<p>regulated entities in the area of ML/FT prevention and control.</p> <p>In this regard the total staff of the Inspection Division of UNIF is now fifteen (15).</p> <p>In addition, the Inspection Division was provided with the physical infrastructure necessary to accommodate the new staff; and was also given the necessary technical equipment to fully carry out its inspection functions. This consisted in assignment of desktops to the fifteen staff members of the Inspection Division, and four portable computers for fieldwork.</p> <p>Likewise, an Annual Operational Plan was developed as well as an Annual Plan of Inspections to be carried out, which clearly indicates the regulated entities to be evaluated and the estimated dates for this, in order to improve control and facilitate the development statistics for measuring the effectiveness of the Unit's work.</p> <p>Inspection mechanisms necessary for the Unit's work were also designed and developed such as: internal control questionnaires, design of memoranda for findings, substantive testing by the use of computer programmes for weighting results, applicable to various areas of evaluation (Know your Client policy, Know your Employee policy, Manual of Procedures, etc). The inspection staff of UNIF has participated actively in various training activities organised by various bodies, as follows:</p> <ul style="list-style-type: none"> - Operational Risk - Professional Ethics - Risk Matrices (Panama-ACAMS) - Training course for CATF evaluators (Dominican Republic) <p>It should be emphasised that attendees then act as multipliers and transmit their knowledge to the remaining inspection staff.</p> <p><u>Insurance Sector</u></p> <p>The Insurance Superintendency has an ML/FT Prevention and Control Unit, which must be provided with the organisation, the duly trained multidisciplinary staff, with operational autonomy, as well as financial, material, technical and training resources to enable it to carry out its functions fully and efficiently and supervise compliance on the part of regulated entities with Resolution No.514 and other relevant regulations.</p> <p>It should be emphasised that the Ministry for Planning and Finance, on 22nd July 2011, approved a new structure for the Superintendency, and this raised the existing Unit to the status of Directorate.</p> <p>This ML Prevention and Control Directorate has three areas of responsibility as follows:</p> <ol style="list-style-type: none"> a).- Analysis and follow up b).- Inspection c).- Prevention and control <p>The ML Prevention and Control Directorate has a total staff of seventeen (17) distributed in the following areas (between Lawyers, Public Accountants, administrators, actuaries,</p>
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				<p>insurance technicians) and one (01) Director.</p> <p>The following training activities took place during 2011.</p> <p>1.- Montevideo, Uruguay from 6th to 10th June Mercosur attachment in ML/FT prevention and control for officials of financial supervisory bodies and financial intelligence units (02 officials).</p> <p>2.- VII International Anti Money Laundering and Anti Risk and Fraud International Conference 27th and 28th July (08 officials).</p> <p>3.- Advanced programme in ML Prevention and Auditing of Compliance. March to June 2011 IDAEP (06 officials)</p> <p>4.- Impact of New Regulations on Prevention and Control of Money Laundering and Financing of Terrorism in the Insurance Sector. July 2011. (03 officials)</p> <p><u>Stock Market</u></p> <p>The National Superintendency of Securities includes an ML/FT Prevention and Control Department. This Department has one (01) Compliance Officer, one (01) Manager, one (01) Legal Advisor and four (04) Inspection and Control Analysts. At the present time it is in the process of obtaining two (02) further Inspection and Control Analysts.</p> <p>For the exercise of its functions this Unit specifically relies on the Suspicious Activity Reports system, which is a “web enable” information system, that is to say a system of web access developed internally on free PHP/MySQL software dedicated exclusively to the storage of suspicious activities among institutions related to the SNV.</p> <p>Training activities carried out include:</p> <p>1.- “SPECIALISED TRAINING PROGRAMME FOR EXAMINERS OF THE CAPITAL MARKETS AND FOR REGULATED INSTITUTIONS OF THE INSURANCE SECTOR IN THE AREA OF PREVENTION AND CONTROL OF MONEY LAUNDERING AND FINANCING OF TERRORISM”</p> <p>2.- “BEST PRACTICES FOR MANAGEMENT OF MONEY LAUNDERING PREVENTION AND CONTROL UNITS IN THE VENEZUELAN FINANCIAL SYSTEM”.</p> <p>3.- “PREVENTION AND CONTROL OF MONEY LAUNDERING AND FINANCING OF TERRORSIM”.</p> <p><u>Registry and Notarial Sector</u></p> <p>The organisational structure of the Directorate for Prevention, Control and Prosecution of Money Laundering is as follows:</p> <p>a).- Coordination of Control and Prosecution</p> <p>b).- Coordination of Prevention</p> <p>c).- State Coordinators</p>
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				<p>At the present time it has a staff of five (05) including the Director of Prevention, Control and Prosecution of Money Laundering. Nevertheless, the necessary procedures are in place for the incorporation of eighteen (18) further officials.</p> <p>Staff have attended the following training activities:</p> <ol style="list-style-type: none"> 1.- "International Anti Money Laundering and Terrorist Financing Congress". 2.- "Workshop on basic aspects of ML/FT Prevention and Control and their Contribution to the UNIF" held in the National Anti Narcotics Office (ONA). 3.- "VII International Conference against Money Laundering, Risk and Fraud". <p>On Saturday 13th August 2011 the first training workshop in Prevention and Control of Money Laundering was held for the purpose of presenting the integrated money laundering prevention and control system of the Autonomous Registry and Notarial Service to the auditors and inspectors of Registry and Notarial Services and the confidential senior staff of the central autonomous service of SAREN for the purpose of sensitising staff to the subject and making known the policies and procedures to be applied by the Directorate.</p> <p>In addition, the ML Prevention and Control Directorate is planning for the current year seven (07) day workshops for training in Money Laundering Prevention and Control at the National Level with an expected attendance of 1000 officials including the Compliance Officers of every Registry and Notarial Office with their respective Registrars and Notaries. It is intended to distribute as support material a practical Schematic Guide, describing the characteristics of the crime of money laundering, warning signals and an analysis of the various legal instruments: Conventions, National Law and International Legislation. For 2012 the Annual Operational Project (POA) includes the holding of thirty six (36) day training workshops, for officials and employees of the integrated ML Prevention and Control system. At the same time the day workshops will be extended to include officials of the Registry and Notarial Service (SAREN) at central and regional levels. They will include various Registrars, Notaries and at the national level Compliance Officers.</p> <p>It is also planned to extend these day training workshops to Real Estate Advisors, Business Advisors, Concessionaires, as well as to Spokespersons of the Popular Power in the Struggle for Prevention, Control and Prosecution of Money Laundering.</p> <p><u>CUSTOMS AND INTERNAL REVENUE SECTOR</u></p> <p>SENIAT has an ML Prevention and Control Office, which is a functional unit reporting directly to the Office of the Superintendent. Its role is to supervise, plan, monitor, assess and sanction in an efficient manner the operations and activities carried out by the departments of the Service and the regulated institutions to prevent them being used as money laundering instruments, in order to mitigate money laundering risk and ensure socioeconomic order in the nation.</p> <p>At the present time the ML Prevention and Control Office has a staff of thirteen (13), including the Head of the Office, and it also has the Technical Platform of SENIAT to support its activities, and this efficiently meets the needs of the Office.</p> <p>The following training events were held:</p>
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				<p>1.- Advances in Money Laundering Prevention and Evaluation of Compliance (09 officials).</p> <p>2.- Money Laundering Prevention and Control course (11 officials).</p> <p>3.- Course of Physical and Electronic Control of Passengers under the Luggage Regulations (10 officials).</p> <p>4.- Most common Money Laundering Methods (10 officials).</p> <p>5.- VII International Conference against Money Laundering, Risk and Fraud (11 officials).</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 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. 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. 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 promptness. The possibility is also being studied of including in its structure a General Directorate Against Money Laundering. Likewise, it is necessary to highlight 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

				<p>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</p> <ul style="list-style-type: none"> • 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
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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 	<p>The fact that the statistics which support the efficiency of the Anti-Laundering and Anti-Terrorism System of the Bolivarian Republic of Venezuela is confirmed, and has been stated both to the CFATF as well as the FATF in 2011 and 2012, during the Face to Face Meetings held in Miami, USA.</p> <p>See ANNEX 1</p> <p>(Integration of police statistics refers to the integration of statistics between UNIF and the Ministerio Público): The Ministerio Público and the UNIF of SUDEBAN have worked towards unification of the figures for STRs coming from that institution and those received by the Ministerio Público intended for the opening of criminal investigations, in such a way as to present numbers in a coordinated fashion, enable greater control in the follow up to these reports and thus determine their destination and know for certain how many result in convictions and acquittals.</p> <p>From the various meetings held by the Money Laundering, Financial and Economic Crime Directorate of the Ministerio Público and the UNIF have come, among other issues, recommendations for improving production of STRs, including the necessity to provide information on the criteria of classification used in the reports, and indication of the source of the information contained in them, date of the last update and details of the facts motivating the reports; description of the verifications performed; the financial history and analysis of the banking movements of the subject of the report in each of the accounts, to enable, as far as possible from the flow of funds, appreciation of their origin and destination, as well as the presumed link to illegal activities; the reasons for which it was decided, during the financial intelligence process, to consider the activity as suspicious, and the development of a glossary of terms for the management of information contained in the Suspicious Activity Report, to facilitate the work of the representative of the Ministerio Público.</p> <p>It was also agreed to revise the information from UNIF received by the Ministerio Público, that is to say the annual history of STRs, working backwards from 2010, for the purpose of rendering the statistics more reliable. As an immediate result we can see that both Public Prosecutor's Office and the UNIF submit their joint figures, which shows that during 2001, the UNIF sent a total of sixty-one (61) Intelligence Reports to the Public Prosecutor's Office, twenty-four (24) of which are follow ups, giving rise to approximately thirty-six (36) new investigations.</p> <p>These extra reports consist of all those which do not correspond to new STRs but which are related to a previous year, and from which a criminal investigation by the Ministerio Público arose. This is definitely another success of the UNIF and the Ministerio Público in their efforts to achieve accurate merging of their figures, since it has been possible to define as extra reports those which, as stated above, are linked to a criminal prosecution already initiated on the basis of a previous STR and are therefore considered advances of the first STR, and thus adds to the information necessary to continue with the corresponding investigation.</p> <p>As stated more fully above, the Ministerio Público is at present in the final phase of developing a complete database system which is intended to include items relative to dates of investigation as well as convictions (when these occur) in ML/FT cases (should some crime of this type occur). Another of its features is one which outputs information on the property and money seized and confiscated in specific legal cases. It is also intended to</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><u>Registry and Notarial Sector</u></p> <p>The Project for Computerization and Modernization of the Offices and Registries of the Independent Registry and Notarial Service (SAREN its acronym in Spanish) is at present underway. This Project was created through ALBA Conventions and is at present being implemented by the General Directorate of SAREN. The same was conceived with the aim of helping to guarantee Legal Security of all Venezuelans.</p> <p>The aforementioned Computerization and Modernization Project includes among other aspects, the launch of the Registration System in 21 Main Registries, the launch of the Notarial System in 155 Notaries and 27 Public Registry Offices with notarial functions; as well as, the launch of the Financial Management System in the 203 Offices where the abovementioned systems will be implemented.</p> <p>Likewise, work is proceeding on the installation of a Centre for the binding of legal documents, the organizational transformation and the launch of the Statistical Solution in Central SAREN, remodeling of infrastructure and acquisition of office computer equipment and the installation of cable networks in selected offices.</p> <p>The main objectives of the Project are as follows:</p> <p>a).- Improve the services offered by the Registry and Notarial Offices, thereby achieving an optimum level of user satisfaction.</p> <p>b).- Standardize the Venezuelan Notarial and Registry Service</p> <p>c).- Reduce money laundering</p> <p>d).- Implement technological mechanisms which allow centralized control and follow up of the Registry and Notarial Services.</p> <p>To date a total of one hundred and ninety three (193) offices have been computerized, which is ninety five point seven percent (95.7%) of the total.</p> <p><u>Achievements of the Project</u></p> <p>1.- The pilot tests in the Main Registrar of the State of Miranda and in the Notaries 15 and 9 respectively has been culminated successfully, giving solution to the requests for change requested.</p> <p>2.- Training of officers of Main Registrars and Public Notaries of 17 offices of the Capital and Miranda has begun, to date a total of 175 officers have been trained at the Universidad Nacional Experimental de la Seguridad (National Experimental Security University)</p> <p>3.- Networks have been installed in a total of 48 offices at level 1 of the launch for Caracas, Miranda and Aragua.</p> <p><u>Progress of the Project</u></p> <p>1.- Electrical upgrading has been completed in the first 20 offices to be launched and a total of 9 offices are ready.</p> <p>2.- Training is about to begin for the fourth group of persons (15th-19th August) together with the respective logistical processes for successful conclusion of the activities set out in the National Experimental Security University.</p>
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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. 	<p>Regarding the existence of a Central Registry to encompass trusts set up by banks, it is up to the multipurpose banks to keep statistics of the Trusts set up, as well as data on their final beneficiaries. This information may be corroborated in the inspections carried out by this agency.</p> <ul style="list-style-type: none"> • Identification and knowledge of the beneficiary or real final holder of trusts; legal persons with complex shareholding structures. <p>With regard to trusts, mandates, commissions and other trust type operations, the Superintendency of Banks has authorised multipurpose banks to perform these operations, which are regulated in Article 73, 74, 75 and 76 of the Decree with Force of Law partially amending the Banking Act, published in Official Gazette No.39,627 of 2nd March 2011. Act No.8,079 of 1st March 2011. In addition, Article 65 of Resolution 119-10 requires ML/FT risk management in trust operations.</p> <p>The regulated institutions licensed as Trust Institutions must consider this type of product as high risk and ensure that there is adequate, precise and timely information available on the Trusts that they manage, including information on the Trustor and final beneficiaries. In addition, they must design means for mitigation in accordance with the risk level and the nature of the product.</p>
35. Conventions	C			
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 banking institutions the ensuring and freezing of accounts. • As such we have the Organic Law against Organized Crime 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 committed shall be auxiliary crime in accordance with</p>

				<p>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.</p> <p>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 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 networks mentioned in the Law</p> <p>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, <u>safekeeping custody to an official institution that needs it for compliance with its tasks.</u></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 than 30 years must be reviewed 	<p>In terms of extradition regulations provided in the Constitution of the Bolivarian Republic of Venezuela Articles 23, 69, 271 are applicable.</p> <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</p>

				<p>public heritage and other states and against human rights may be denied.</p> <p>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.</p> <p>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, 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</p>
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"> • See previous Recommendation and the new Resolutions: 122 and 158 of 2012. • One hundred and ninety three (193) registry offices have been computerised. In them rapid access can be had to information on natural and legal persons and property subject to transactions carried out in accordance with the provisions of the Public Register and Notarial Act. • The Anti Narcotics Squad of the National Guard maintains close relations with all the police and military attaches of the various embassies in our country, and provides them when necessary with information requested which may be to their interest and may be related to seizure of drugs and detention of foreign citizens. It also provides information on investigations being carried out by those governments on money laundering and financing of unlawful activities. • The Directorate of Criminal and Financial Investigations of the National Guard, in the course of ML/FT investigations, determines the ownership of property of natural and legal persons under investigation, accurately and in timely fashion, through the National Directorate of Registry and Notarial Services. • Even though it falls to the Ministerio Público to request sequestration of property, the CICPC in the course of investigations is able to effectively determine the ownership of property of the person or persons under investigation and/or related to a particular case. This information is handed over to the Ministerio Público. • Under Venezuelan law, when in the course of an investigation the existence of property used and/or obtained in the commission of the offence is determined, although this may be based solely on well-founded suspicion of its criminal origin, it shall be subject to provisional seizure and when there is a final conviction its confiscation shall be ordered. • Likewise, under SUDEBAN there is an effective mechanism for freezing of financial accounts and the Ministerio Público also, within its legal functions, may directly request financial or banking institutions to block or freeze accounts.

				<ul style="list-style-type: none"> Resolution 119-10 makes it clear that financial institutions must pay particular attention to operations and activities which show signs that the funds involved may be linked the financing of terrorism, and then to submit them to in depth analysis, and when the institution deems suitable, and the transaction is categorised as suspicious, it must send an STR to the UNIF. Blockage or preventive freezing of bank accounts, Article 21. In the course of a criminal investigation for any of the offences committed by organised crime, the <i>Fiscal</i> of the Ministerio may request from the judge in charge of the case authority for blocking or preventive freezing of the bank accounts belonging to any of the members of organisation under investigation, as well as the preventive closure of any premises, establishment, business, club, casino, nightclub, theatrical premises or industry linked to such organisation. Article 183 of the New Organic Law on Narcotics stipulates as follows: Sequestered, seized and confiscated property: “The judge in charge of the case, at the request of the Fiscal of the Ministerio Público, shall order the preventive sequestration of the moveable or immoveable property which may be employed in the commission of the crime under investigation in accordance with this Act, or concerning which there may exist evidence of their unlawful origin. Until the specialised confiscated property management service is established, the abovementioned property shall be placed at the disposal of the governing body for t safeguarding, custody, maintenance, conservation, management and use, and this body may assign them to the execution of its programmes and the programmes executed by public agencies and bodies engaged in the prevention and repression of the offences specified in this Act, or to public agencies and bodies engaged in programmes of prevention, treatment, rehabilitation and social reinsertion of the recipient. The owner of such property, when there are circumstances which indicate his lack of intention, shall be exempted from such measures and this shall be decided in the preliminary hearing”. It should once more be emphasised that the mechanisms included in the Act are fully effective, thanks to the existing linkage among the various agencies with competence in the area, with the result that all assets whose linkage to members of organised criminal groups has been verified, may be frozen without delay, thus guaranteeing that the already established mechanism for this purpose produces the necessary outcome and gives satisfactory results.
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 than 30 years must be reviewed 	<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. Nations may not be extradited; however they may be sent to trial at the request of the offended party or the Public Ministry. 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. We insist that in the application of this regulation response to fundamental principles in legal matters of the Republic such as those referred to under Recommendation 37.
40. Other forms of co-operation	C	<ul style="list-style-type: none"> 		

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>With the aim of correcting this observation, the Bolivarian Republic of Venezuela, established through the publication in the Official Gazette No 39.945 dated June 15, 2012, the Complementary Resolution No 122 of that same date, which describes a mechanism for the immediate freezing (without delay) in accordance with the requirements of the United Nations Security Council Resolution Nos. 1267 and 1373.</p> <p>On the other hand the Venezuelan State through the publication in the Official Gazette, of Resolution No. 158 dated August 15th, implemented countermeasures to regulate the instrumentation and application of Resolution No. 1373, approved by the United Nations Security Council (UN) in its session 4385a, held on the 28th September 2001 in relation to the persons listed and delisted by the National Office against Organized Crime and the Financing of Terrorism (ONDO its acronym in Spanish); as well as freezing or preventative blocking and unfreezing or unblocking, without delay, by the reporting entities of the funds and other financial assets or economic resources of persons who commit, or attempt to commit one or more terrorist act (s) or participate in them, or facilitating its commission; of entities owned or under the control, direct or indirect, of such persons, and of persons and entities acting on behalf of such persons and entities, or under their control, including funds obtained or derived from assets owned or controlled, directly or indirectly, of such persons and of persons and entities associated with them.</p> <p>It is important to note that this Recommendation was reviewed by the FATF ICRG, during the onsite Visit held on 15th and 16th January 2013, with no comment being issued on the matter.</p> <p>The Superintendency of Banks has effected eight (8) since 2008 and up to March 2010, Circulars aimed at the National Banking System, concerning requests for financial information from natural and/or legal persons linked to the Financing of Terrorism, pursuant to Resolutions 1267, 1373, 1455, 1483, 1526, 13224, 1333, 1390, 1617, 1624, and 1735 of the United Nations Security Council.</p> <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 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>4. Countries, jurisdictions and/or geographic areas which represent high risk. The geographic area risk provides useful information with respect to possible</p>
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SR.II Criminalize	PC	<ul style="list-style-type: none"> A few problems of definition which could cast doubts about the autonomy of 	<ul style="list-style-type: none"> Improve criminalization. Lack of records of cases of financing as 	<p><u>The Organic Law against Organised Crime (LOCD)</u></p>

terrorist financing	<p>the offense.</p> <ul style="list-style-type: none"> Although there are cases of terrorism, no cases of FT are known. No criminalization of the financing of individual terrorists. 	opposed to existing terrorism cases.	<p>The Organic Law against Organized Crime and the Financing of Terrorism, in article 53 criminalizes the offence of financing of terrorism in the following terms: "whosoever provides, facilitates, protects, manages, collects or seeks funds by any means, directly or indirectly, with the intention that these be used in part or whole by an individual terrorist or by a terrorist organization, or to commit one or more terrorist acts, will be penalized or punished with imprisonment from fifteen to twenty-five years, even though the funds have not been effectively used or the Act or acts of terrorism has not been consummated.</p> <p>The penalty stipulated shall apply regardless of whether the funds are used by an individual terrorist or by a terrorist organisation operating on foreign soil, and without regard to the country in which the terrorist act or acts may take place.</p> <p>The crime of Financing of Terrorism cannot be justified under any circumstances, be it political, philosophical, ideological, religious, racial discrimination or other like considerations.</p> <p>(1) Funds is thus defined by article 4.2 of the Organic Law against Organized Crime and the Financing of terrorism as: "assets of every kind, tangible or intangible, movable or immovable acquired in any form, including electronic or digital, which prove ownership or the participation of said assets, including among others: Bank credits, traveller's cheques, bank cheques, payment orders, stocks, bonds, bills of Exchange and credit letters regardless of the legality or illegality of their origin".</p> <p>Consequently, the abovementioned article covers the financing of terrorist acts, individual terrorist and terrorist organization, terms that are defined in the article 4 (1) (4.1, 4.17 and 4.22) of the LOCDOFT in line with the core criteria of the FATF Methodology. Likewise, the crime of the financing of terrorism is regarded as an independent offence. As such the deficiencies identified above are substantially corrected.</p> <p>¹ Article 4. For the purposes of the Law against Organized Crime and the Financing of Terrorism, is understood by</p> <p>1. Terrorist act: is that intentional act which, by its nature or its context, may seriously harm a country or an international organization, criminalized according to Venezuelan law, committed with the aim of seriously intimidating a population, unduly compel Governments, or an international organization to carry out an act or to refrain from doing so or seriously destabilize or destroy the fundamental political, constitutional, economic or social structures of a country or an international organization</p> <p>(...) 17.Terrorist organization: Group of three or more persons associated with the common purpose of carrying out, concurrently or alternatively, the design, preparation, organization, financing or the execution of one or more terrorist acts</p> <p>(...) 22. Individual terrorist: natural person who without belonging to an organization or terrorist group, designs, prepares, organizes, finances, and executes one or more terrorist act (s) (...)"</p>
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				It is important to note that this Recommendation was reviewed by the FATF ICRG, during the onsite Visit held on 15 th and 16 th January 2013, with no comment being issued on the matter
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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>With the aim of correcting this observation, the Bolivarian Republic of Venezuela, established through the publication in the Official Gazette No 39.945 dated June 15, 2012, the Complementary Resolution No 122 of that same date, which describes a mechanism for the immediate freezing (without delay) in accordance with the requirements of the United Nations Security Council Resolution Nos. 1267 and 1373. Same is appended to this matrix and to date is under review of another Resolution which was issued in order to regulate the instrumentation and application process of the Resolutions coming from the aforementioned Council in accordance with the Complementary Resolution, with regard specifically to persons listed or delisted or excluded, by the United Nations Security Council, or by the National Office against Organized Crime and the Financing of Terrorism (ONDO its acronym in Spanish)); as well as the freezing o preventative blocking, and unfreezing or unblocking, without delay, by the reporting entities of funds and other financial assets or economic resources of persons who commit, or attempt to commit, one or more terrorist act (s) or participate in or facilitate the commissioning of acts; entities owned or under the control, direct or indirect, of such persons and of persons and entities acting on behalf of such persons and entities, or under their orders, including funds obtained or derived from assets owned or under the control, direct or indirect, of such persons and of persons and associated entities.</p> <p>On the other hand the Venezuelan State through the publication in the Official Gazette, of Resolution No. 158 dated August 15th, implemented countermeasures to regulate the instrumentation and application of Resolution No. 1373, approved by the United Nations Security Council (UN) in its session 4385a, held on the 28th September 2001in relation to the persons listed and delisted by the National Office against Organized Crime and the Financing of Terrorism (ONDO its acronym in Spanish); as well as freezing or preventative blocking and unfreezing or unblocking, without delay, by the reporting entities of the funds and other financial assets or economic resources of persons who commit, or attempt to commit one or more terrorist act (s) or participate in them, or facilitating its commission; of entities owned or under the control, direct or indirect, of such persons, and of persons and entities acting on behalf of such persons and entities, or under their control, including funds obtained or derived from assets owned or controlled, directly or indirectly, of such persons and of persons and entities associated with them</p> <p>Consequently, according to the above indicated, Resolutions Nos: 122 and 158 set out the procedures for the implementation of Resolutions 1267 and 1373 of UNSC. Articles 4 and 3 from the Resolution Numbers: 122 and 158 respectively indicate that they are binding for the reporting entities defined by the Organic Law against Organized Crime and the Financing of Terrorism. Moreover Resolution No. 122 from article 7 describes the process for the implementation of Resolution No. 1267 of the UNSC. Thus, the National Office against Organized Crime and the Financing of Terrorism (ONDO its acronym in Spanish) is designated as the body responsible for distributing the lists in accordance with Resolution No. 1267 to the Supervisory bodies and entities, who in turn will distribute these lists to their respective reporting entities or indicate where they can access it. The reporting entities should review the list and if in case of coincidence,</p>
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				<p>after analysis, the reporting entity shall proceed to preemptively block the funds of persons indicated in the list and linked to the institution, and must notify the UNIF immediately, so that this body can undertake an intensive review and ratify such a measure. Once the measure is ratified, the UNIF shall immediately notify the governing body and the Public Prosecutor's Office.</p> <p>Moreover, Article 21 refers to cases of claim that may arise to be excluded from the list, these should be done through the Public Prosecutor's Office, who will send them to the Ministry of the Popular Power with competence in Foreign Affairs, in order for it to be channeled to the UNSC. While article 22 refers to the cases of exceptions to the blocking of funds, which must also be processed by the UNSC. Additionally, Resolution No. 158 from article 4 describes the process for the implementation of Resolution No. 1267 of the UNSC. Article 5 defines the criteria that the ONDO must have for the listing of natural or legal persons. Articles 6 to 8 refer to the testing procedure for listing. Once listing has been done, article 9 provides that the ONDO, shall immediately and without delay, send a communication to the supervisory bodies and entities, so that they can instruct their reporting entities, of the freezing or preventive blocking of funds and other assets of this person. Likewise, the procedures for listing and exceptions (articles 14-16), grounds for reconsideration (articles 19-24) and attention to overseas requests (article 25) are included.</p> <p>Finally, resolutions 122 and 158 provide for the possibility of imposing sanctions in the event of breach of the obligations contained in the aforementioned Resolutions.</p> <p>It is important to note that this Recommendation was reviewed by the FATF ICRG, during the onsite visit on the 15th and 16th January 2013, with no comments being issued.</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). 	<p><u>Organic Law against Organised Crime (LOCDO).</u></p> <p>The Organic Law against Organized Crime and the Financing of Terrorism states that the reporting entities must pay special attention to any transaction or group of transactions regardless of their amount and nature, when it is suspected that the funds, money or assets come from or are linked; or that they could be used to commit crimes of money laundering, a terrorist act or financing of terrorism or any other crime of organized crime. Likewise, they must also pay special attention to such activities even though they come from a legitimate source. In the cases stated above, the reporting entities should promptly inform, by means of a suspicious activity report, the National Financial Intelligence Unit, which will analyse them and if necessary, will forward them to the Public Prosecutor's Office, so that whether a corresponding criminal investigation should be initiated will be assessed.</p>

				<p>A suspicious activity report is not a criminal complaint, and does not require the formalities or requirements in order to proceed, nor does it entail criminal, civil or administrative liability on the part of the reporting entity, its employees, or signatories.</p> <p>Failure of a reporting entity to comply with the requirement of reporting SARs, will be sanctioned by the supervisory body or entity with an equivalent fine between five hundred (500) and one thousand (1000) Tax Units (TUs).</p> <p>It is important to note that this Recommendation was reviewed by the FATF ICRG, during the onsite visit on the 15th and 16th January 2013, with no comments being issued</p> <p><u>Financial Sector</u> The Resolution N° 119.10, published in the Official Gazette No. 39.494 dated August 24th, 2010, establishes that on the occasions that the reporting entities decide to report suspicious cases for activities related to ML/FT, the Compliance Officer should send the corresponding "Suspicious Activity Report" (SAR) to the UNIF, both electronically and as well as the written form, in a timeframe not exceeding forty-eight (48) hours after the CPC ML/FT determines the need to report the operation as suspicious. For the purposes of this report, the reporting entity is not required to be certain that it is criminal activity, or that resources come from this type of activity. It is only necessary that the reporting entity believes that they are suspicious activities, based on their experience and the analyses carried out.</p> <p><u>Sector: Casinos, Bingo Halls and Slot Machines</u> In the Sector for Casinos, Bingo Halls or Slot Machines, through the promulgation in the Official Gazette of the Bolivarian Republic of Venezuela No. 39654 of April 12th, 2011, in which the Regulations for the Prevention, Supervision and Control of the Crimes of money laundering and the Financing of Terrorism in the Casinos, Bingo Halls and Slot Machines, through the Providencia No. 011 dated April 06, 2011, that expressly set forth in its article 46 that the Reporting Entities must submit, within two (02) working days following the date on which the players carried out the operation considered suspicious, Suspicious Activity Reports with all the supporting documents directly to the National Financial Intelligence Unit (UNIF).</p> <p>Article 45 also noted that the reporting entities should not only report when they suspect that any operation is related to the offences of money laundering and financing of terrorism or that resources come from this type of criminal activity; so they must rely on their vast experience.</p> <p><u>Registry and Notarial</u> Through the Official Gazette of the Bolivarian Republic of Venezuela No. 39.697 dated July 16th, 2007 the Registrars and Notarial Offices attached to the Independent Registrars and Notaries Service (SAREN its acronym in Spanish) published the Regulations for the Prevention, Supervision and Control of the Money Laundering and the Financing of Terrorism Transactions, which are applicable to these Offices. To this regard which was expressly established in article 21 that there is no need to be certain that an operation is an activity related to crimes of organized crime or</p>
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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 	<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 UNIF has always had sufficient statistics on the cases received and sent, the EGMONT Group did a study in which it highlighted that the UNIF of Venezuela is among those who respond to all information requests in less than a week • With regards to this, the UNIF has implemented the following measures:

		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"> • 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>a) The statistics on requests received and sent has improved, for the exchange of information between FIUs, classifying them by types of offences, in 2009, there were a total of 2 applications relating to the financing of terrorism and 72 linked to money laundering, additionally in 2010 classifying the applications according to the underlying offence to the crime of money laundering was added. In the year 2011, the UNIF received 66 applications, during 2012 a total of 61 applications and for the 1st half of 2013 a total of 44 applications.</p> <p>b) All requests were attended, with an average response of 1 to 7 days.</p> <ul style="list-style-type: none"> • All the standards mentioned in Recommendations 36 and 38, on our part are perfectly applicable to the offence of Financing of Terrorism • In terms of the status of requests for mutual assistance, there is a record of the active, passive requests and if they have been completed or not, this record will be annexed to the present report. • In terms of the status of requests for Mutual Assistance in Criminal Matters, active and passive, there is a record of these, as well as of its proper implementation. To this effect, attached is statistical data of the active and passive Requests for the latter half of 2010 and January 2011. <p>Venezuela has as a legal parameter, not to grant the extradition of persons who will be sentenced to more than 30 years of imprisonment in the requesting State, as was referred in the sections relating to Recommendations 37 and 39.</p>
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>This observation is remedied pursuant to article 13 of the Organic Law against Organized Crime and Against the Financing of Terrorism, published in the Official Gazette No. 39.912 of 30 April 2012, which establishes that the reporting entities must pay particular attention to any transaction or group of transactions regardless of the amount and nature, when it is suspected that funds, capital or assets come from or are linked to, or could be used to commit crimes of money laundering, terrorist acts or the financing of terrorism or any other organized crime. They must also pay special attention to such activities even when they come from a legitimate source.</p> <p>In the above cases the reporting entities shall expeditiously inform, by means of a suspicious activity report , the National Financial Intelligence Unit which will analyse it and if necessary, will forward to the Attorney General's Office, so that this office may determine whether to begin the corresponding criminal investigation.</p> <p>The suspicious activity report is not a criminal complaint and does not require the formalities and requirements of this mode of procedure, or entails criminal, civil or administrative liability against the reporting entities and its employees, or signatories.</p> <p>Non-compliance with the obligation to report suspicious activity by the reporting entity, shall be punished by the supervisory body or entity, with a fine of between five hundred (500 U.T.) and one thousand tax units (1,000 U.T.)</p> <p>In this regard, the operations referred to in article 78 of resolution N° 119.10 apply regardless of the country, for the clients of the national banking system and is required to have a savings or current account in a financial institution for any operation in foreign</p>

				<p>currency.</p> <p>In the same vein, the bank knows adequately the account number associated with the operation and same is subject to CDD procedures.</p> <p>In this regard, segmentation of operations by country was taken into account in the rules for the purpose of requiring additional special measures to strengthen the risk management policies imposed by this Body.</p> <p>In relation to the family remittances, at the time of the current exchange rate regime in the Bolivarian Republic of Venezuela, they are regulated by the Foreign Exchange Administration Commission (CADIVI) and both the requirements and formalities for clearance are determined by this agency.</p> <p>On 5 February 2003, in Official Gazette no. 37,625 a decree creating an Exchange Agreement was published whereby the National Executive imposed exchange control that remains in force today. Decree no. 2032 in the same issue of the Gazette created the Currency Management Commission (CADIVI its acronym in Spanish) to coordinate, administer, control and establish the requirements for granting approved foreign currency to the various economic actors. To operate in the currency market banks, other financial institutions, bureaux de change and other exchange operators are required to comply with the Exchange Agreement.</p> <p>Operations of money remitters are restricted by the Exchange Agreement in force since 5 February 2003 in the Bolivarian Republic of Venezuela. Additionally, these money remitters are not authorised to operate independently, since their activities were incorporated into the formal system through agreements with Commercial banks and Bureaux de Change.</p> <p>Resolution 119-10 requires regulated entities to keep, for a period of ten (10) years, documentation and records supporting operations and business relations of customers with the Institution, as well as the identification documents required for the identification of customers that they would have done or that they would have presented to the Reporting Entity. The time period established will include: 1).for documents relating to the identification of customers from the day of conclusion of the relationship; 2.) For those documents supporting an operation, from the realization of the operation; and 3.) For Activity Reports, from remittance.</p> <p>Resolution 119-10 embodies aspects of customer identification concerning wire transfers and foreign currency operations, namely: The Reporting Entities must demand the identification card of the natural or legal person who perform the currency exchange operations in any amount, taking note in the relevant register of the customer's identification data, the amounts and type of currency transferred and date of the operation. When the sums transferred exceed of two thousand US dollars (US\$2,000.00) or the equivalent in other currencies, they must keep a copy of the identification document if the customer is an occasional one.</p> <p>The Bureaux de Change and Border Money Changers must open the relevant "Customer File" and "Customer Identification card" for their regular customers.</p>
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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>It is in fact confirmed that all wire transfers made from the Bolivarian Republic of Venezuela towards other jurisdictions, that the identity of the originator is clearly made as it is a mandatory requirement to have a savings or current account in a financial institution for any transaction in a foreign currency, as such it is not the observation that there is no information on the payer is not accepted. Moreover all documentation that supports the effecting of the transaction is reviewed both by the reporting entity where the natural or legal person has the account, as well as by the Commission for the Administration of Foreign Exchange (CADIVI its acronym in Spanish) due to the exchange rate regime in our country since 2002.</p> <p>Likewise, the comment that no procedures have been developed, to be approved by entities, based on the risk to identify and treat the wire transfers that are not accompanied by complete originator information, is not accepted either due to the fact that if there is identification of the mentioned actor, moreso since the Resolution that regulates all the operations in foreign currency (wire transfers) carried out by the authorized reporting entities, No. 119.10 is drafted under the principles of the Integrated Risk Management; must apply due diligence procedures; as well as special, additional measures to strengthen risk management policies.</p>

			<p>With regards to the thresholds, again we inform that by way of Circular No. SIB - DSB - UNIF - 07942 dated March 31, 2011 this observation was remedied as the Reporting Entity must retain, according to the provisions of Resolution N° 119.10 the records of the transactions and customer identification data, including transactions for amounts less than the ten thousand United States of America dollars (US \$ 10,000.00). They must also comply with customer due diligence requirements laid down in Resolution No. 1189.10, in accordance with the policies established by the Reporting entity depending on the level of risk of the customer.</p> <p><u>Financial Sector</u></p> <p>In this regard, operations mentioned in article 78 of Resolution No. 119.10 apply regardless of the country, to customers of the National Banking System, and is an indispensable requirement to have a savings or current account in a financial institution in order to carry out any transaction in a foreign currency.</p> <p>In the same vein, the bank knows adequately the account number associated with the operation and same is subject to CDD procedures.</p> <p>In this regard, segmentation of operations by country was embodied in the rules for the purpose of requiring additional special measures to strengthen the risk management policies imposed by this Body.</p> <p>Under the exchange regime in force in Venezuela, Family Remittances are regulated by the Currency Management Commission (CADIVI its acronym in Spanish), and both the requirements and the procedures for authorisation are determined by this Body.</p> <p>On the 05th February 2003 in the Official Gazette No. 37. 625 the Foreign Exchange Agreement Decree was published, through which the National Executive imposes a n exchange control which continues to be in effect to date. The Foreign Exchange Management Commission (CADIVI its acronym in Spanish) was created according to Decree No. 2032 in the same Official Gazette, where this agency will coordinate, manage, supervise and will establish the requirements for granting authorized currency to the various economic agents. The banks and other financial institutions, the bureaux de change and other Exchange operators to operate in the foreign exchange market are subject to compliance with the Foreign Exchange Agreement.</p> <p>Operations effected by money remitters are restricted by virtue of the Foreign Exchange Agreement in force since 5th February 2003. Additionally, these Money Remitters are not authorised to operate independently, since their activities were incorporated into the formal system through agreements with Commercial Banks and Bureaux de Change.</p> <p>Resolution No. 119-10, sets out that the Reporting Entities will keep for ten (10) years, documents or appropriate records evidencing the realization of operations and the business relationship of customers with the Institution; as well as the documents required for the identification of customers that they would have done or that they would have presented to them about said business relationship with the reporting entity. The stated period will include: 1) for documents concerning the identification of customers, from the day that the relationship ends, 2) for those documents evidencing an operation, starting from the date of execution, and 3) for the Activity Reports, starting from the day that these are sent.</p>
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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. 	<p>In December 2010 the Bolivarian Republic of Venezuela's National Assembly passed a Law to regulate the Activities of Non-governmental Organisations, among which are sources of finance..</p> <p>In addition, in the new LOCDO foundations, civil and other non-profit organisations are considered Reporting Entities, as such they must establish ML/FT prevention and control procedures, as stipulated in the cited Amendment.</p> <p>Additionally, it is important to note that our country through the Registry and Notaries Services (SAREN its acronym in Spanish) and the Integrated National Customs and Tax Administration Services (SENIAT its acronym in Spanish) maintains supervision of these</p>

				<p>players.</p> <p>The draft reform of the Organic Law Against Organized Crime will incorporate the FATF supervisory measures.</p>
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. 	<p>On April 05, 2011, in the Official Gazette, N° 39.649 was published, whereby the National Integrated Customs and Tax Management Service (SENIAT its acronym in Spanish) created the Office for Prevention and Supervision of Money laundering. Which will have powers to administratively sanction the reporting entities in case of violating the anti-money laundering and anti-terrorism regulations.</p> <p>To date, the Office of Prevention and Supervision of Money Laundering of the SENIAT is developing anti money laundering and counterterrorism regulations taking into account the new FATF 40 Recommendations.</p> <p>We can also advise that Suspicious Activity Reports (SAR) have already been directly made to the National Financial Intelligence Unit (UNIF).</p> <p>In August 2010 the National Customs and Tax Management Service issued instructions to Main Customs posts and sub-posts, in Circular SNAT/INA/2020-000830, issued by the Superintendent of National Customs and Taxes, which extended the requirement for use of “<i>Customs Baggage Registration and Declaration Form 82</i>” to all persons entering the country at ports and airports used by international shipping and airline services, both public and private. Since 2010 a total of 2,913,996 copies have been distributed to land and sea customs posts.</p> <ol style="list-style-type: none"> At the Customs sub-post at Simón Bolívar International Airport Passenger Terminal, three (03) forms showing sums in excess of US\$10,000.00 have been presented. With the aim of following up and supervising the instructions given, the Managers of the Main Customs posts and sub posts were asked for monthly reports. For better and more efficient border supervision of passengers, cargo and currency in the context of the process of innovation and modernisation of the customs service, Form 82 was redesigned to enable capture of the data by scanner using Character Recognition Technology (ICR/OCR) which enables the information to be obtained by means of internal dictionaries including this high resolution feature. <p>This form will enable the scanners that are currently available at the stations to capture the information and record it in a Management System that will be able to determine: a. Frequency of trips by the passenger, b. Type of merchandise imported on sworn declaration by passenger: c. help to determine the risk variables and therefore the actions of the customs service at the national level.</p> <p>This system is hoped to be developed by the second half of 2011, considering that the form can be distributed nationwide. It should be noted that the scanners are immediately available for nationwide distribution, thereby ensuring the effective implementation of the Project for Computerisation of the Customs Baggage Registration and Declaration Form 82”.</p> <p>The National Customs and Tax Administration has added to the registration of air border declaration, the declaration at land and sea borders.</p>

