



United States Department of State Bureau for International Narcotics and Law Enforcement Affairs

International Narcotics Control Strategy Report

Volume 2: Money Laundering

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Definitions

419 Fraud Scheme: An advanced fee fraud scheme, known as “419 fraud” in reference to the fraud section in Nigeria’s criminal code. This specific type of scam is generally referred to as the Nigerian scam because of its prevalence in the country. Such schemes typically involve promising the victim a significant share of a large sum of money in return for a small up-front payment, which the fraudster claims to require in order to cover the cost of documentation, transfers, etc. Frequently, the sum is said to be lottery proceeds or personal/family funds being moved out of a country by a victim of an oppressive government, although many types of scenarios have been used. This scheme is perpetrated globally through email, fax, or mail.

Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT): Collective term used to describe the overall legal, procedural, and enforcement regime countries must implement to fight the threats of money laundering and terrorism financing.

Bearer Share: A bearer share is an equity security that is solely owned by whoever holds the physical stock certificate. The company that issues the bearer shares does not register the owner of the stock nor does it track transfers of ownership. The company issues dividends to bearer shareholders when a physical coupon is presented.

Black Market Peso Exchange (BMPE): One of the most pernicious money laundering schemes in the Western Hemisphere. It is also one of the largest, processing billions of dollars’ worth of drug proceeds a year via TBML, “smurfing,” cash smuggling, and other schemes. BMPE-like methodologies are also found outside the Western Hemisphere. There are variations on the schemes involved, but generally drug traffickers repatriate and exchange illicit profits obtained in the United States without moving funds across borders. In a simple BMPE scheme, a money launderer collaborates with a merchant operating in Colombia or Mexico to provide him, at a discounted rate, U.S. dollars in the United States. These funds, usually drug proceeds, are used to purchase merchandise in the United States for export to the merchant. In return, the merchant who imports the goods provides the money launderer with local-denominated funds (pesos) in Colombia or Mexico. The broker takes a cut and passes along the remainder to the responsible drug cartel.

Bulk Cash Smuggling: Bulk cash refers to the large amounts of currency notes criminals accumulate as a result of various types of criminal activity. Smuggling, in the context of bulk cash, refers to criminals' subsequent attempts to physically transport the money from one country to another.

Cross-border Currency Reporting: Per Financial Action Task Force (FATF) Recommendations, countries should establish a currency declaration system that applies to all incoming and outgoing physical transportation of cash and other negotiable monetary instruments.

Counter-valuation: Often employed in settling debts between hawaladars or traders. One of the parties over or undervalues a commodity or trade item such as gold, thereby transferring value to another party and/or offsetting debt owed.

Currency Transaction Report (CTR): Financial institutions in some jurisdictions are required to file a CTR whenever they process a currency transaction exceeding a certain amount. In the United States, for example, the reporting threshold is \$10,000. The amount varies per jurisdiction. These reports include important identifying information about accountholders and the transactions. The reports are generally transmitted to the country's financial intelligence unit (FIU).

Customer Due Diligence/Know Your Customer (CDD/KYC): The first step financial institutions must take to detect, deter, and prevent money laundering and terrorism financing, namely, maintaining adequate knowledge and data about customers and their financial activities.

Egmont Group of FIUs: The international standard-setter for FIUs. The organization was created with the goal of serving as a center to overcome the obstacles preventing cross-border information sharing between FIUs.

Financial Action Task Force (FATF): FATF was created by the G7 leaders in 1989 in order to address increased alarm about money laundering's threat to the international financial system. This intergovernmental policymaking body was given the mandate of examining money laundering techniques and trends, setting international standards for combating money laundering and terrorist financing, and overseeing reviews of compliance with the standards.

FATF-Style Regional Body (FSRB): These bodies, which are modeled on FATF and are granted certain rights by that organization, serve as regional centers for matters related to AML/CFT. Their primary purpose is to promote a member jurisdiction's implementation of comprehensive AML/CFT regimes and advance implementation of the FATF Recommendations.

Financial Intelligence Unit (FIU): In many countries, a central national agency responsible for receiving, requesting, analyzing, and/or disseminating disclosures of financial information to the competent authorities, primarily concerning suspected proceeds of crime and potential financing of terrorism. An FIU's mandate is established by national legislation or regulation. The Financial Crimes Enforcement Network (FinCEN) is the U.S. FIU.

Free Trade Zone (FTZ): A special commercial and/or industrial area where foreign and domestic merchandise may be brought in without being subject to the payment of usual customs duties, taxes, and/or fees. Merchandise, including raw materials, components, and finished goods, may be stored, sold, exhibited, repacked, assembled, sorted, or otherwise manipulated prior to re-export or entry into the area of the country covered by customs. Duties are imposed on the merchandise (or items manufactured from the merchandise) only when the goods pass from the zone into an area of the country subject to customs. FTZs may also be called special economic zones, free ports, duty-free zones, or bonded warehouses.

Funnel Account: An individual or business account in one geographic area that receives multiple cash deposits, often in amounts below the cash reporting threshold, and from which the funds are withdrawn in a different geographic area with little time elapsing between the deposits and withdrawals.

Gaming: Gaming refers to a wide range of legal gaming/gambling activities, including various games of chance and gambling forms ranging from casino and card room gaming, lotteries, online gaming, and race and sports wagering to charitable gaming, such as raffles, bingo, and other low technology games. The large volume and rapid pace of transactions (often in cash) and their characteristic "element of luck/chance" wins/losses make gaming vulnerable to money laundering. Gaming in the context of the INCSR includes both

physically present, onsite gaming/gambling, such as casinos; tourism-oriented junket operations; and online/virtual operations or offshore gambling/gaming operations.

Hawala: A centuries-old broker system based on trust, found throughout the world but most closely linked to the Middle East and South Asia. It allows customers and brokers (called hawaladars) to transfer money or value without physically moving it, often in areas of the world where banks and other formal institutions have little or no presence. It is used by many different cultures, but under different names; “hawala” is used often as a catchall term for such systems in discussions of terrorism financing and related issues.

Hawaladar: A broker in a hawala or hawala-type network.

Hundi: See Hawala.

International Business Company (IBC): Firms registered in an offshore jurisdiction by a non-resident that are precluded from doing business with residents in the jurisdiction. Offshore entities may facilitate hiding behind proxies and complicated business structures. IBCs are frequently used in the “layering” stage of money laundering.

Integration: The last stage of the money laundering process. The laundered money is introduced into the economy through methods that make it appear to be normal business activity, to include real estate purchases, investing in the stock market, and buying automobiles, gold, and other high-value items.

Kimberly Process (KP): The Kimberly Process was initiated by the UN to keep “conflict” or “blood” diamonds out of international commerce, thereby drying up the funds that sometimes fuel armed conflicts in Africa’s diamond producing regions.

Layering: This is the second stage of the money laundering process. The purpose of this stage is to make it more difficult for law enforcement to detect or follow the trail of illegal proceeds. Methods include converting cash into monetary instruments, wire transferring money between bank accounts, etc.

Legal Person: A company or other legally established entity that has legal rights and is subject to obligations. In the FATF Recommendations, a legal person refers to a partnership, corporation, association, or other established entity that can conduct business or own property, as opposed to a human being (also referred to as a natural person).

Mirror Transactions: The nearly simultaneous purchase and sale of the same number of financial instruments in different currencies.

Mutual Evaluation (ME): All FATF and FSRB members have committed to undergoing periodic multilateral monitoring and peer review to assess their compliance with FATF Recommendations. Mutual evaluations are one of the FATF's/FSRB's primary instruments for determining the effectiveness of a country's AML/CFT regime.

Mutual Evaluation Report (MER): At the end of the FATF/FSRB mutual evaluation process, the assessment team issues a report that describes the country's AML/CFT regime and rates its effectiveness and compliance with the FATF Recommendations.

Mobile Payments or M-Payments: An umbrella term that generally refers to the growing use of cell phones to credit, send, receive, and transfer money and virtual value.

Natural Person: In jurisprudence, a natural person is a real human being, as opposed to a legal person (see above). In many cases, fundamental human rights are implicitly granted only to natural persons.

Offshore Financial Center: Usually a low-tax jurisdiction that provides financial and investment services to non-resident companies and individuals. Generally, companies doing business in offshore centers are prohibited from having clients or customers who are resident in the jurisdiction. Such centers may have strong secrecy provisions or minimal identification requirements.

Over-invoicing: When money launderers and those involved with value transfer, trade-fraud, and illicit finance misrepresent goods or services on an invoice by indicating they cost more than they are actually worth. This allows one party in the transaction to transfer money to the other under the guise of legitimate trade.

Politically Exposed Person (PEP): A term describing someone who has been entrusted with a prominent public function or an individual who is closely related to such a person. This includes the heads of international organizations.

Placement: This is the first stage of the money laundering process. Illicit money is disguised or misrepresented then placed into circulation through, *inter alia*, financial institutions, casinos, shops, and other businesses, both local and abroad. A variety of

methods can be used for this purpose, including currency smuggling, bank transactions, currency exchanges, securities purchases, structuring transactions, and blending illicit with licit funds.

Professional Money Laundering Organization: Individuals, networks, and organizations that are involved in laundering on behalf of third parties for a fee or commission. Professional money launderers usually do not participate in the predicate, proceeds-generating criminal activity.

Shell Company: An incorporated company with no significant operations, established for the sole purpose of holding or transferring funds, often for money laundering purposes. As the name implies, shell companies have only a name, address, and bank accounts; clever money launderers often attempt to make them look more like real businesses by maintaining fake financial records and other elements. Shell companies are often incorporated as IBCs.

Smurfing/Structuring: A money laundering technique that involves splitting a large bank deposit into smaller deposits to evade financial transparency reporting requirements.

Stablecoin: A cryptocurrency whose price is designed to be pegged to a reference asset. The reference asset may be fiat money, exchange-traded commodities, or a cryptocurrency.

Suspicious Transaction Report/Suspicious Activity Report (STR/SAR): If a financial institution suspects or has reasonable grounds to suspect that the funds involved in a given transaction derive from criminal or terrorist activity, it is obligated to file a report with its national FIU containing key information about the transaction. In the United States, SAR is the most common term for such a report, though STR is used in most other jurisdictions.

Tipping Off: The disclosure of the reporting of suspicious or unusual activity to an individual who is the subject of such a report or to a third party. The FATF Recommendations call for such an action to be criminalized.

Trade-Based Money Laundering (TBML): The process of disguising the proceeds of crime and moving value via trade transactions in an attempt to legitimize their illicit origin.

Trade Transparency Unit (TTU): TTUs examine trade between countries by comparing, for example, the export records from Country A and the corresponding import records from

Country B. Allowing for some recognized variables, the data should match. Any wide discrepancies could be indicative of trade fraud (including TBML), corruption, or the back door to underground remittance systems and informal value transfer systems, such as hawala.

Under-invoicing: When money launderers and those involved with value transfer, trade fraud, and illicit finance misrepresent goods or services on an invoice by indicating they cost less than they are actually worth. This allows the traders to settle debts between each other in the form of goods or services.

Unexplained Wealth Order (UWO): A type of court order to compel someone to reveal the sources of their unexplained wealth. UWOs require the owner of an asset to explain how he or she was able to afford that asset. Persons who fail to provide a response may have assets seized or may be subject to other sanctions.

Virtual Asset Service Provider: Any natural or legal person whose business involves providing a platform used to buy, sell, exchange, or otherwise interact with the virtual asset market on behalf of a third party; who provides safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets; or who participates in and provides financial services related to an issuer's offer and/or sale of a virtual asset.

Virtual Currency: Virtual currency is an internet-based form of currency or medium of exchange, distinct from physical currencies or forms of value such as banknotes, coins, and gold. It is electronically created and stored. Some forms are encrypted. They allow for instantaneous transactions and borderless transfer of ownership. Virtual currencies generally can be purchased, traded, and exchanged among user groups and can be used to buy physical goods and services, but can also be limited or restricted to certain online communities, such as a given social network or internet game. Virtual currencies are purchased directly or indirectly with genuine money at a given exchange rate and can generally be remotely redeemed for genuine monetary credit or cash. According to the U.S. Department of Treasury, virtual currency operates like traditional currency but does not have all the same attributes, i.e., it does not have legal tender status. Virtual currency is sometimes referred to as cryptocurrency.

Legislative Basis and Methodology for the INCSR

The 2025 volume on Money Laundering is a legislatively mandated section of the annual International Narcotics Control Strategy Report (INCSR), in accordance with section 489 of the Foreign Assistance Act of 1961, as amended (the “FAA,” 22 U.S.C. § 2291). This 2025 report is based upon the contributions of numerous U.S. government agencies, alongside those of the State Department, which drafts the report. Specifically, the White House Office of National Drug Control Policy; Department of the Treasury’s Office of Terrorist Financing and Financial Crimes, Financial Crimes Enforcement Network, Internal Revenue Service, Office of the Comptroller of the Currency, and Office of Technical Assistance; Department of Homeland Security’s Immigration and Customs Enforcement and Customs and Border Protection; Department of Justice’s Money Laundering and Asset Recovery Section, Office of International Affairs, Drug Enforcement Administration, Federal Bureau of Investigation, and Office for Overseas Prosecutorial Development, Assistance, and Training. The independent Board of Governors of the Federal Reserve System also provides information on training and technical assistance.

The FAA requires the Department of State to produce a report on the extent to which each country or entity that received assistance under chapter 8 of Part I of the FAA in the past two fiscal years has “met the goals and objectives of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances” (FAA § 489(a)(1)(A)). This information is principally covered under INCSR Volume I.

In addition to identifying countries in relation to illicit narcotics, the INCSR is mandated to identify “major money laundering countries” (FAA §489(a)(3)(C)). The INCSR is required to report findings on each country’s adoption of laws and regulations to prevent narcotics-related money laundering (FAA §489(a)(7)(C)). This volume is the section of the INCSR that reports on narcotics-related money laundering and efforts to address it.

The statute defines a “major money laundering country” as one “whose financial institutions engage in currency transactions involving significant amounts of proceeds from international narcotics trafficking” (FAA § 481(e)(7)). The determination is derived from the list of countries included in INCSR Volume I (which focuses on narcotics) and other countries

proposed by U.S. government experts based on indicia of significant drug-related money laundering activities. Given money laundering activity trends, the activities of nonfinancial businesses and professions or other value transfer systems, i.e., not just those of financial institutions, are given due consideration.

Inclusion in Volume II is not an indication that a jurisdiction is not making strong efforts to combat money laundering or that it has not fully met relevant international standards. The INCSR is not a “blacklist” of jurisdictions, nor are there sanctions associated with it. The U.S. Department of State regularly reaches out to counterparts to request updates on money laundering and AML efforts, and it welcomes any relevant information.

The following countries/jurisdictions have been identified this year:

Major Money Laundering Jurisdictions in 2024:

- Afghanistan
- Albania
- Algeria
- Antigua and Barbuda
- Argentina
- Aruba
- Bahamas
- Barbados
- Belgium
- Belize
- Bolivia
- Brazil
- British Virgin Islands
- Burma
- Cabo Verde
- Cambodia
- Canada
- Cayman Islands
- China
- Colombia
- Costa Rica
- Curaçao
- Cyprus
- Dominica
- Dominican Republic
- Ecuador
- El Salvador
- Germany
- Ghana
- Guatemala
- Guinea-Bissau
- Guyana
- Haiti
- Honduras
- Hong Kong
- India
- Indonesia
- Iran
- Iraq
- Italy
- Jamaica
- Kazakhstan
- Kenya
- Kyrgyzstan
- Laos
- Liberia
- Macau
- Malaysia
- Mexico
- Mozambique
- Netherlands
- Nicaragua
- Nigeria
- Pakistan
- Panama
- Paraguay
- Peru

-
- Philippines
 - Saint Kitts and Nevis
 - Saint Lucia
 - Saint Vincent and the Grenadines
 - Senegal
 - Sint Maarten
 - South Africa
 - Spain
 - Suriname
 - Syria
 - Tajikistan
 - Taiwan
 - Tanzania
 - Thailand
 - Trinidad and Tobago
 - Türkiye
 - Turkmenistan
 - Ukraine
 - United Arab Emirates
 - United Kingdom
 - United States
 - Uzbekistan
 - Venezuela
 - Vietnam.

Overview

Money laundering undermines the rule of law, political stability, democracy, free markets, and economic prosperity. Increasingly sophisticated criminal organizations, drug traffickers, terrorists, and other illicit actors continue to exploit gaps in global anti-money laundering/combating the financing of terrorism/counterproliferation financing (AML/CFT/CPF) frameworks and countermeasures.

Effective AML/CFT/CPF regimes consistent with international standards and the ability to meet evolving challenges are vital to the maintenance of solvent, secure, and reliable financial, commercial, and trade systems. The United States, a founding member of the Financial Action Task Force (FATF), has worked within that organization and with FATF-style regional bodies to press all jurisdictions to meet international AML standards, including FATF's effectiveness measures. The United States also supports, through technical assistance and other engagement, the development and implementation of robust national-level AML/CFT/CPF regimes in jurisdictions around the world.

This report focuses on the exposure to narcotics-related money laundering threats in various jurisdictions and highlights the United States' provision of AML-related technical assistance in 2024. It reviews the AML legal and institutional frameworks of jurisdictions, highlighting significant steps taken to improve their AML regimes, address vulnerabilities, and enhance international cooperation.

Corruption remains a significant enabler of money laundering. Although the potential for corruption exists in all countries, weak political will, ineffective institutions, or deficient AML infrastructure heighten the risk it will occur. While legislative and institutional reforms provide an important foundation to combat corruption and money laundering, robust and consistent enforcement is also key.

In 2024, some countries made legislative reforms and practical efforts to combat corruption, while others regressed, creating potential for legitimizing ill-gotten gains. Belgium, Belize, South Africa, and Uzbekistan closed loopholes and increased transparency via legislative amendments and procedural changes. Saint Kitts and Nevis acceded to the United Nations Convention against Corruption (UNCAC), and the Kingdom of the Netherlands extended the UNCAC to Curaçao. Albania, El Salvador, Guyana, Liberia, and Ukraine pursued

corruption investigations and prosecutions against current and/or former officials. Alternatively, corruption remained rampant in Honduras, Iran, and Venezuela. Some members of Guinea-Bissau's military and law enforcement are believed to be complicit in drug trafficking, and Peruvian political figures, judges, and legislators were implicated in money laundering. In October 2024, the Supreme Court in Honduras declared constitutional the 2022 amnesty law that pardoned officials who served in the former administration and who had been convicted of public corruption.

This report emphasizes the importance of transparency in beneficial ownership to combat money laundering. Shell companies, often created in offshore centers with secrecy requirements or in jurisdictions with low or no requirements to provide information on the ultimate beneficial owner, are used by criminals of all types, including drug traffickers, organized criminal organizations, state actors, and corrupt officials, to launder money and evade sanctions. "Off-the-shelf" international business companies (IBCs), which can be purchased via the internet or incorporated within 48 hours, effectively provide anonymity to true beneficial owners. In 2024, Canada established a federal beneficial ownership registry, and Antigua and Barbuda, Argentina, Cayman Islands, Mozambique, and Tanzania enacted legislative reforms or instituted policy or procedural changes to address this issue.

The growth of the illicit use of digital currencies and virtual assets combined with a lack of supervisory oversight and control pose new risks for money laundering that require regulatory and law enforcement responses. Algeria, The Bahamas, Republic of Cyprus, Ecuador, Ghana, Türkiye, and Uzbekistan enacted legislative changes or issued regulatory guidance to address the laundering risks associated with virtual assets. Several countries focused on virtual assets services providers (VASPs), which pose challenges on the policy, legal, and enforcement levels. Argentina, El Salvador, Peru, and Taiwan all added VASPs to their AML reporting regimes.

Although new technologies are gaining popularity, money launderers continue to use offshore centers, free trade zones, and designated nonfinancial businesses and professions (DNFBPs), including gambling enterprises, to launder illicit funds. These sectors can offer convenience and anonymity. Jurisdictions continue to improve and enhance their legislation and practices to better supervise these sectors. Bolivia and Canada expanded coverage of DNFBPs; Curaçao, Macau, and Peru tightened controls on their gambling

sectors; and El Salvador and Türkiye issued implementation or operational guidance for DNFBPs.

The report underscores the continued global vulnerability to money laundering and highlights the significant efforts by many jurisdictions to tackle this issue. The United States looks forward to continuing work with international partners to further this important agenda, promote compliance with international standards, and strengthen the ability of law enforcement globally to prevent and combat money laundering.

Training Activities

Throughout 2024, the United States used both in-person and remote training activities to further its efforts to strengthen the capacity of our partners in the fight against money laundering. U.S. agencies provided instruction directly or through other agencies or implementing partners, unilaterally or in collaboration with foreign counterparts, and with either a bilateral recipient or in multijurisdictional training exercises or activities. U.S. law enforcement and regulatory agencies and other implementing partner organizations continued to share best practices and provide training, mentoring, legislative advice, and other technical assistance on money laundering deterrence and countermeasures, financial investigations, and related issues to their counterparts around the globe. These programs are designed to meet U.S. anti-money laundering/combating the financing of terrorism/counterproliferation financing (AML/CFT/CPF) strategies and objectives in each country or region, build the capacity of our partners, and provide the necessary tools to recognize, prevent, investigate, and prosecute money laundering, corruption, financial crimes, terrorist and proliferation financing, and related criminal activity. The following is a representative, but not necessarily exhaustive, overview of the capacity-building activities undertaken or supported by each sponsoring agency.

Board of Governors of the Federal Reserve System (FRB)

The FRB conducts a Bank Secrecy Act (BSA) and Office of Foreign Asset Control compliance program review as part of its regular safety and soundness examination. These examinations are an important component in the United States' efforts to detect and deter money laundering and terrorist financing. Internationally, during 2024, the FRB delivered in-person training events focused on, among other topics, supervisory best practices, with a focus on financial institution supervision/regulation to include policy challenges and supervisory approaches on AML/BSA, supervisory and regulatory technology, cyber issues, and digital assets.

During 2024, the topic of AML/BSA examination best practices was covered during a portion of a seminar on risk management and internal controls that was hosted by the FRB in Washington, D.C. for the benefit of 30 bank supervisors from various foreign supervisory agencies from developing nations. Among the countries and jurisdictions that participated in the FRB training in 2024 were The Bahamas, Botswana, Curaçao, Ghana, Hong Kong, Japan, Jordan, Lebanon, Mongolia, Nigeria, Philippines, Sierra Leone, Switzerland, Taiwan, Zambia, and Zimbabwe.

Department of Homeland Security

Customs and Border Protection (CBP)

CBP provides a wide array of short-term and long-term technical training and assistance to host nations' customs and border security agencies. Based on CBP's expertise as the front-line border security agency for the United States, these programs are designed to build the capacity of foreign law enforcement agencies to implement more effective customs operations, border policing, and immigration inspections. In 2024, the Office of International Affairs, International Technical Assistance Division, with funding provided by the Department of State's Bureau of International Narcotics and Law Enforcement Affairs, conducted a bulk cash smuggling (BCS) training program in Uruguay alongside Homeland Security Investigations. The BCS training includes classroom instruction and practical exercise training focused on the techniques and methods used to identify and interdict bulk currency smuggling activities. The workshop is designed to increase each participant's knowledge of money laundering, including what it is, why it exists, and who engages in it. The broad objective is to promote coordination between the host country and the United States in targeting and investigating organized criminal elements who are involved in the international smuggling of currency.

Immigration and Customs Enforcement Homeland Security Investigations (ICE HSI)

During 2024, U.S. Immigration and Customs Enforcement's Homeland Security Investigations (HSI) provided critical training and technical assistance to foreign law enforcement partners. HSI, in partnership with the International Law Enforcement Academies (ILEA), hosted two virtual currency workshops in 2024. The first was held at the ILEA Regional Training Center in Accra, Ghana, and the second at the ILEA Location in Budapest, Hungary.

In North America, HSI, in conjunction with the Departments of Justice (DOJ) and State (DOS), provided multiple training iterations on AML, virtual currency, the darknet, and

financial investigative techniques to Mexican law enforcement, prosecutors and judges. In the Caribbean, at the request of the UN, HSI facilitated two training iterations for law enforcement and financial sector participants from Grenada, Dominica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Antigua and Barbuda, and Barbados. In the Dominican Republic, HSI provided money laundering training for the newly formed Dominican Money Laundering Task Force.

In Central and South America, HSI provided training on cybercrime, financial, and dark web investigations to federal police agencies from Panama, Honduras, Guatemala, El Salvador, Ecuador, Argentina, and Paraguay; while in Colombia, HSI provided a course on money laundering practices and operations of transnational criminal organizations for police, customs officials and prosecutors.

In Asia, HSI facilitated a financial crimes investigations course, funded by the DOS, for Cambodian National Police and Customs officials; while in China, HSI, DOJ, and the U.S. Patent and Trademark Office provided training on intellectual property rights and trade-based money laundering for Mongolian Customs. In South Korea, HSI facilitated basic and advanced cryptocurrency investigations training for law enforcement and military partners. In Hong Kong, HSI facilitated in-person and web-based training conducted in conjunction with a nongovernmental AML group; additionally, in Vietnam, HSI conducted customs interdiction training for Customs. Working with Maldivian partners, HSI hosted a regional dialogue on combating illicit financing, money laundering, and cryptocurrency for participants from the Maldives, Nepal, and Sri Lanka. HSI, hosted by the Australian Federal Police, provided financial crime training to participants from Palau, Micronesia, Kiribati, and the Marshall Islands.

In Africa, HSI, alongside CBP, the FBI, and DOJ, supported the International Organization for Migration at the first international meeting of the African Judges Dialogue Forum involving judges and prosecutors from Morocco, Mauritania, Mozambique, Senegal, Côte d'Ivoire, Togo, and the Republic of Central Africa. This included training on irregular migration, human trafficking/smuggling, child exploitation, trafficking in counterfeit goods, darknet weapons smuggling, counterproliferation, and evidence sharing. HSI also hosted Moroccan magistrates, prosecutors, and investigators for a conference that provided training on conducting cryptocurrency investigations.

In Europe, HSI provided cyber and financial training for partners from Vatican State, Italy, and Malta, while also hosting cryptocurrency and counterterrorism workshops for police partners in North Macedonia and Greece.

Department of Justice

Drug Enforcement Administration (DEA)

The Drug Enforcement Administration (DEA), Office of Domestic Operations, Financial Investigations Section (ODF) coordinates DEA's efforts across domestic and foreign offices relative to financial investigations of transnational criminal organizations. ODF works in conjunction with DEA field offices, foreign counterparts, and the interagency community to provide guidance and support on financial investigations and offers a variety of investigative tools and oversight on DEA's undercover financial investigations. ODF serves as a liaison with the international law enforcement community to further cooperation between countries and strengthen investigative efforts, to include prosecution of money launderers, the seizure of assets, and denial of revenue. For instance, in 2024, ODF representatives hosted a Five Eyes Law Enforcement Group money laundering conference in the United States, during which time ODF briefed Five Eyes counterparts (American, Australian, Canadian, Dutch, New Zealand, and English law enforcement personnel) on DEA's effort to combat money laundering, which resulted in continued cooperation between DEA and the respective Five Eyes counterparts. ODF regularly briefs and educates U. S. government officials and diplomats, foreign government officials, and military and law enforcement counterparts regarding the latest trends in money laundering, narcoterrorism financing, international banking, offshore corporations, international wire transfer of funds, and financial investigative tools and techniques. ODF also conducts training for DEA field offices, both domestic and foreign, as well as for foreign counterparts to share strategic ideas and promote effective techniques in financial investigations. DEA also hosted the International Drug Enforcement Conference in Greece, in which DEA provided money laundering training focusing on global money laundering trends with Asia Pacific Division partners, to include but not limited to: Thailand, China, Australia, New Zealand, South Korea, Taiwan, Cambodia, Indonesia, Philippines, Vietnam, Malaysia, Burma, and Japan.

Federal Bureau of Investigation (FBI)

The FBI provides training and/or technical assistance to national law enforcement personnel globally. Training and technical assistance programs enhance host country law enforcement's capacity to investigate and prosecute narcotics-related money laundering crimes. The FBI has provided workshops introducing high-level money laundering techniques used by criminal and terrorist organizations. The training includes topics such as a foundational understanding of drug trafficking investigative and analytical techniques and tactics, money laundering and public corruption, and terrorism financing crimes and their relationship to drug trafficking. In 2024, the FBI provided financial crime and money laundering training and outreach to Colombia, Cyprus, El Salvador, Ghana, Greece, Jordan, Kenya, Kosovo, Latvia, Mauritius, Mexico, Monaco, Nepal, Panama, and United Arab Emirates. In addition, the FBI participated in formal collaboration meetings with the European Union Agency for Law Enforcement Cooperation (EUROPOL), Five Eyes Law Enforcement Group, United Nations Office on Drugs and Crime, International Law Enforcement Academy, and the Panama Anti-Money Laundering Task Force.

Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT)

In 2024, with funding from the Department of State's Bureau of International Narcotics and Law Enforcement Affairs, OPDAT provided expert AML and related assistance throughout the world consistent with international standards and in furtherance of U.S. national security.

For example, OPDAT supported several high-profile anti-corruption prosecutions:

In El Salvador, in June, OPDAT-mentored prosecutors secured the money laundering conviction of former president Mauricio Funes Cartagena for steering a public-works contract to a Guatemalan company. OPDAT provided substantial assistance in this case, including setting up an informal Salvadoran-Guatemalan working group, which resulted in the transfer of important evidence from Guatemala to El Salvador.

In Kosovo, using OPDAT-taught skills and mentoring, a prosecutor filed an indictment against 45 defendants, including Office of Foreign Assets Control (OFAC)-sanctioned Milan Radojic, the deputy leader of the main Kosovo Serb party.

In Malta, OPDAT-mentored prosecutors froze more than \$625 million (€600 million) and charged a former prime minister, former deputy prime minister, current deputy leader of the Labor Party, and 47 others with corruption and money laundering, among other crimes, in connection with a government contract to manage public hospitals.

OPDAT has also helped foreign counterparts join important international bodies and provided capacity building programs and technical assistance:

In June 2024, with Bangladesh's support, Maldives joined the Egmont Group of Financial Intelligence Units (FIUs). OPDAT supported the efforts and collaboration between Bangladesh's and Maldives' FIUs to secure Maldives' Egmont membership. The collaboration among OPDAT and Bangladeshi and Maldivian counterparts demonstrates OPDAT's success in developing regional leaders and its significant ability to create a regional network of partners.

OPDAT facilitated the development of a South Asia Regional Anti-Corruption Working Group that meets virtually on a periodic basis for ongoing networking, collaboration, and training. The Working Group met on January 11, April 26, and September 4, 2024, to strengthen cross-border collaboration in the region and with the United States.

Finally, OPDAT manages a Global Anti-Corruption Rapid Response Fund (RRF) to deploy experts – both prosecutors and law enforcement officials – on temporary international assignments to help foreign partners investigate, prosecute, and adjudicate corruption and related offenses, and to recover assets. OPDAT expanded the RRF to assist justice systems in seven countries – Cyprus, Dominican Republic, Moldova, Mongolia, Senegal, Seychelles, and Zambia – facing urgent corruption challenges.

Department of State

The Department of State (DOS) Bureau of International Narcotics and Law Enforcement Affairs (INL) works to counter crime, illegal drugs, and instability abroad. Through its international technical assistance and training programs, in coordination with other DOS bureaus, U.S. government agencies, and multilateral organizations, INL addresses a broad range of law enforcement and criminal justice areas, including developing strong AML/CFT/CPF regimes around the world.

INL and its partners design programs and provide AML training and technical assistance to countries that demonstrate the political will to develop viable AML regimes. The strategic objective is to impede the activities of transnational criminal organizations and drug trafficking networks by disrupting their financial resources. INL funds many of the regional training and technical assistance programs offered by U.S. law enforcement agencies, including those provided at the INL-managed International Law Enforcement Academies.

Examples of INL-sponsored programs include:

Armenia: In September 2024, INL with East-West Management Institute (EWMI) organized a roundtable and workshop on "Investigating, Prosecuting, and Adjudicating Money Laundering Cases." The event gathered 29 participants from various Armenian justice and financial agencies. The workshop aimed to enhance the participants' knowledge of strategies for investigating and prosecuting money laundering cases. Other AML activities under the EWMI program included a needs assessment on money laundering developed with input from key stakeholders and the development of two new AML training courses and techniques for investigating and prosecuting corruption cases. These activities are part of broader efforts to strengthen Armenia's capacity to investigate and prosecute money laundering and related financial crimes.

Mauritius: From September 23–27, 2024, participants from five partner agencies in Mauritius attended a weeklong workshop titled "Investigating and Prosecuting Complex Financial Crimes." The training brought in DOJ and FBI subject matter experts covering topics such as financial investigation basics, corruption basics, forensic accounting, interviewing, social media/open-source exploitation, and prosecuting complex corruption/financial crimes. Following the training, the FBI spent an additional three days

with investigators discussing best practices and being briefed on five of the most significant cases for each agency. Due to the success of the training format, INL's East Africa Transnational Organized Crime Program (EATOC) will look to replicate the training in other countries.

South Africa: INL's EATOC and the Bureau of International Security and Nonproliferation/Export Control and Related Border Security (ISN/EXBS) co-hosted an illicit finance workshop September 23-26 in Johannesburg, South Africa, convening representatives from nine Eastern and Southern African nations. U.S. government and international organization experts shared insights into transnational criminal organization (TCO) fundraising and money laundering techniques, investigative strategies, and prosecutorial approaches. Moreover, the workshop explored the potential of TCO targeting technology and emphasized the critical importance of enhanced regional cooperation to effectively address this transnational challenge.

The Bahamas: The United States supported the country's financial intelligence unit (FIU), the Royal Bahamas Police Force Financial Crimes Investigations Branch, and the office of the Director of Public Prosecutions with case-based mentoring, advanced investigative training, and professional certification courses.

Belize: The United States supported the FIU through a full-time, onsite technical advisor and equipment to provide advice and capacity building tools to conduct AML investigations.

Caribbean Basin Security Initiative (CBSI): The United States supported a cooperative agreement with the National Center for State Courts (NCSC) with a primary objective to counter illicit finance. It supported networks to disrupt transnational and complex crime in CBSI countries at a national and regional level. Activities included financial crimes legislation assessments, forensic accounting fellowships and training, task force support, case mentoring, and a specially developed live-exercise training during which participants took part in mock financial crimes investigations. INL's CBSI-funded technical assistance, in partnership with NCSC, increased the use of counter-financial crime measures in the Caribbean, and assisted in the recovery of over \$40 million in 2024.

Colombia: The Attorney General's Office received support from U.S. law enforcement agencies to develop a protocol for investigating financial crimes involving virtual assets but has yet to finalize and publish the guidelines.

El Salvador: The United States provided the FIU and Attorney General's Office dedicated technical advisors and capacity building activities to improve AML and cryptocurrency protocols, regulations, and investigations.

Guatemala: Through specialized training and technical assistance, INL worked to improve Guatemala's National Civil Police's ability to disrupt illicit markets, remove financial assets and incentives, and impose penalties for financial crimes. INL trained and equipped offices of the money laundering criminal investigation unit in Guatemala to strengthen their ability to collect evidence and prepare reports for criminal proceedings. INL developed and delivered AML and technical trainings to help this unit analyze social networks and markets patterns and identify criminal organizations.

Mexico: Through specialized training and technical assistance, INL worked to improve Mexico's ability to disrupt illicit markets, remove financial assets and incentives, and impose penalties for financial crimes, including in partnership with U.S. law enforcement. INL trained AML officials in Mexico to pursue an internationally recognized professional certification. INL also developed basic AML courses for the purpose of combating organized crime and provided comprehensive training and certification assistance on cryptocurrency investigations. Additionally, INL supported Mexican officials' participation in international workshops, study tours, and conferences on financial crimes.

Panama: INL supports the FBI-mentored AML/anti-corruption task force (AML/AC TF) to enhance Panama's capacity to combat financial crimes. For example, in August 2024, INL Panama and FBI supported 41 members of the AML/AC TF at the FBI academy in Quantico, Virginia. Participants included prosecutors, investigators, analysts, and forensic accountants with trainings on money laundering typologies, AML policies, financial analysis, investigative analysis reports, mutual legal assistance in criminal matters requests, virtual currencies, planning operations, indoor and outdoor tactical training, interviewing, and interrogation techniques. This training marked the first time the FBI trained a task force of this size through a complete two-week course.

Peru: INL improved Peru's capacity to prevent, investigate, and prosecute financial crimes, including complex crimes linked to money laundering, through specialized technical assistance, training, exchange programs for entry- and mid-level officers, and

donations. INL also reinforced the capabilities of key stakeholders in the judiciary and specialized prosecutors' offices to better identify and seize illicit assets.

Suriname: The United States funded a custom-made data repository, analysis framework, and software to enhance the reporting and analysis of suspicious transactions from reporting entities. The United States also provided the FIU upgraded computer equipment, office furniture, and an alarm system.

Department of the Treasury

Financial Crimes Enforcement Network (FinCEN)

FinCEN is the United States' financial intelligence unit (FIU), administrator of the Bank Secrecy Act, and primary regulator of AML/CFT rules. FinCEN conducts bilateral and multilateral training and assistance with foreign counterpart FIUs and various domestic and international agencies and departments. This work includes, but is not limited to, multilateral information sharing projects focused on specific topics of interest among jurisdictions; analyst exchange programs and training; and programs that enhance analytic capabilities and strengthen operational collaboration to identify, track, and develop actionable operational intelligence.

Counter Illicit Finance Teams (CIFT) training: FinCEN entered into an interagency agreement with the Department of the State's Bureau of International Narcotics and Law Enforcement Affairs to host regionally focused CIFT training events. The goal of CIFT events is to build participating countries' capacity to combat money laundering and support the establishment of stable judicial and law enforcement institutions in partner nations to combat transnational organized crime, drug cartels, and other predicate financial crimes. CIFT training is designed to provide capacity building, case studies, and targeted training to personnel from participating governments' FIUs, law enforcement agencies, regulatory bodies, and prosecutors. In March 2024, FinCEN hosted a CIFT event in Bogota, Colombia with participants from Colombia. In September 2024, FinCEN hosted a CIFT event in Gaborone, Botswana, with trainees from Algeria, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Namibia, and South Africa.

Foreign Financial Liaison Training: In 2024, FinCEN deployed two foreign financial liaisons (FFLs), one in Amman, Jordan, and the other in Mexico City, Mexico. FFLs, established by the Anti-Money Laundering Act of 2020, are FinCEN personnel who are stationed overseas in advance of FinCEN's mission. Both FFLs conducted trainings for local audiences in 2024.

Trainings for Foreign FIUs: FinCEN routinely trains foreign FIUs. In 2024, FinCEN provided training to several FIUs, including those from Germany, Poland, Lithuania,

Ukraine, and at least 18 jurisdictions from Europe, South America, and the Caribbean at the annual Financial Action Task Force in Latin America (GAFILAT) and Egmont Centre of FIU Excellence and Learning (ECOFEL) Virtual Assets Operation Taskforce Workshop. These trainings covered the basics of AML/CFT as well as more advanced topics such as virtual currency and virtual asset service providers.

Internal Revenue Service, Criminal Investigations (IRS-CI)

IRS-CI provides training and technical assistance to international law enforcement officers in detecting and investigating financial crimes involving tax evasion, money laundering, terrorist financing, and public corruption. With funding provided by the U.S. Department of State (DOS), U.S. Department of Justice (DOJ), and other sources, IRS-CI delivers training through agency and multiagency technical assistance programs.

In 2024, the IRS-CI International Training Team (ITT) supported the DOS Bureau of International Narcotics and Law Enforcement Affairs (INL) International Law Enforcement Academy (ILEA) program through the delivery in-person trainings at ILEA Bangkok, Thailand; ILEA Budapest, Hungary; ILEA Gaborone, Botswana; ILEA San Salvador, El Salvador; and the West Africa Regional Training Center in Accra, Ghana.

In addition to the training provided in support of the ILEA program, the ITT delivered bilateral in-person training events for foreign partners in Belmopan, Belize; Bogota, Colombia; Budva, Montenegro; Buenos Aires, Argentina; Guadalajara, Mexico; Kathmandu, Nepal; La Romana, Dominican Republic; Micronesia/Marshall Islands; Nairobi, Kenya; Sarajevo, Bosnia; Skopje, North Macedonia; and Tirana, Albania. These bilateral training events were delivered in partnership with various agencies from DOS, DOJ, and the U.S. Department of Defense (DOD).

In total, the ITT taught 38 courses with participants from 59 countries. The delivery of international training generated 1,139 contacts with foreign officials. The individuals hold a variety of positions within many government agencies, including financial intelligence units, tax/revenue authorities, national police units, attorney general's offices, and ministries of justice. In addition to working with these foreign officials, the ITT also partnered with numerous U.S. entities for the delivery of international training to include the Federal Bureau of Investigation; Homeland Security Investigations; Drug Enforcement

Administration; INL; the DOJ Office of Overseas Prosecutorial Development Assistance and International Criminal Investigative Training Assistance; and the DOD Joint Interagency Task Force West.

The IRS-CI Cyber and Forensic Services delivered 10 cyber and crypto-related trainings to 20 foreign agencies in 2024. IRS-CI Cyber and Forensic Services delivered bilateral in-person training events for foreign partners in Seychelles, Australia, Mexico, and Colombia. A total of 411 participants attended. In addition, the virtual Cyber Academy had 725 user sign-ups and 4,479 course completions. The Cyber Academy provided over 2,900 hours of on-demand course content and 387 cryptocurrency fundamentals certifications.

Office of the Comptroller of the Currency (OCC)

The OCC is a subagency of the U.S. Department of Treasury that charters, regulates, and supervises all national banks and federal savings associations in the United States. The OCC's mission is to ensure these institutions operate in a safe and sound manner and comply with all laws and regulations, including the Bank Secrecy Act, as well as consumer protection laws and implementing regulations. The OCC sponsored several initiatives to provide AML/CFT training to foreign banking supervisors, including its annual AML/CFT School. This school is designed specifically for foreign banking supervisors with the intent to increase their knowledge of money laundering and terrorism financing typologies and improve their ability to examine and enforce compliance with national laws. In 2024, the OCC delivered three AML/CFT schools. The first school was delivered virtually and attended by foreign supervisors from Argentina, Brazil, British Virgin Islands, Colombia, Costa Rica, Curaçao, Dominican Republic, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Paraguay, Peru, Trinidad & Tobago, and Uruguay. The second virtual school was in response to a request from Treasury's Office of Technical Assistance. Attendees for the school were from the Central Bank of Bahrain. The third school was delivered in-person and attended by foreign supervisors from Austria, Hong Kong, Netherlands, Panama, Philippines, Saudi Arabia, South Korea, South Africa, Suriname, Taiwan, Uganda, and Zambia. Additionally, OCC officials met with representatives from foreign law enforcement authorities, financial intelligence units, and AML/CFT supervisory agencies to discuss, among other things, the development of international standards, the

U.S. or foreign jurisdiction's AML/CFT regime, the agencies' risk-based approach to AML/CFT supervision, examination techniques and procedures, and enforcement actions.

Office of Technical Assistance (OTA)

OTA provides technical assistance to promote compliance with international standards and best practices, including those used to establish effective AML/CFT/CPF regimes. This holistic approach allows OTA to partner with policy, regulatory, supervisory, analytical, and law enforcement counterparts tasked with ensuring a safe, sound, and transparent financial system and targeting criminals and their networks, including their illicit proceeds.

Economies that have well-functioning AML/CFT/CPF regimes are safer, more stable, and better able to protect the integrity and stability of their financial systems, enhance their national security, contribute to global efforts fostering financial integrity and economic stability, and attract foreign capital, among other economic benefits.

OTA provides holistic AML/CFT/CPF regime assistance across four pillars: interagency coordination and governance; prevention; financial intelligence Unit (FIU); and enforcement. Regulatory and supervisory authorities are largely responsible for preventative efforts, while law enforcement is largely responsible for enforcement. At the center of this ecosystem sits the FIU, which plays a key role in the flow of information through an AML/CFT/CPF regime. The backdrop to this ecosystem is the mechanism by which government preventative and enforcement stakeholders coordinate and cooperate. OTA provides technical assistance across all four pillars, pursuing a whole-of-regime approach that is essential for creating a strong, resilient, effective AML/CFT/CPF framework.

OTA works side-by-side with counterparts through mentoring and on-the-job training, which is accomplished through co-location at a relevant government agency within the host country. OTA engagements are based on express requests from foreign government counterparts. An OTA engagement, tailored to the individual jurisdiction, may involve placement of a resident advisor and/or intermittent advisors under the coordination of a project manager.

In 2024, following these principles and methods, OTA delivered technical assistance to Cabo Verde, Cameroon, Colombia, Dominican Republic, Ecuador, Latvia, Mongolia, Palau, and Zambia.

Comparative Table Key

The comparative table following the Glossary of Terms below identifies the broad range of actions, effective as of December 31, 2024, that jurisdictions have, or have not, taken to combat drug money laundering. This reference table provides a comparison of elements that include legislative activity and other identifying characteristics that can have a relationship to a jurisdiction's money laundering vulnerability. **For those questions relating to legislative or regulatory issues, "Y" is meant to indicate legislation has been enacted to address the captioned items. It does not imply full compliance with international standards.**

Glossary of Terms

Criminalized Drug Money Laundering: The jurisdiction has enacted laws criminalizing the offense of money laundering related to illicit proceeds generated by the drug trade.

Know-Your-Customer Provisions: By law or regulation, the government requires banks and/or other covered entities to adopt and implement Know-Your-Customer/Customer Due Diligence (KYC/CDD) programs for their customers or clientele.

Report Suspicious Transactions: By law or regulation, banks and/or other covered entities are required to report suspicious or unusual transactions (STRs) to designated authorities.

Maintain Records over Time: By law or regulation, banks and other covered entities are required to keep records, especially of large or unusual transactions, for a specified period of time, e.g., five years.

Cross-Border Transportation of Currency: By law or regulation, the jurisdiction has established a declaration or disclosure system for persons transiting the jurisdiction's borders, either inbound or outbound, and carrying currency or monetary instruments above a specified threshold.

Beneficial Ownership Data Collection and Retention Provisions: By law or regulation, competent authorities and/or banks and other covered entities are required to collect and retain beneficial ownership information.

International Law Enforcement Cooperation: No known legal impediments to international cooperation exist in current law. Jurisdiction cooperates with authorized investigations involving or initiated by third party jurisdictions, including sharing of records or other financial data, upon request.

System for Identifying and Forfeiting Assets: The jurisdiction has established a legally authorized system for the tracing, freezing, seizure, and forfeiture of assets identified as relating to or generated by drug money laundering activities.

Arrangements for Asset Sharing: By law, regulation, or bilateral agreement, the jurisdiction permits sharing of seized assets with foreign jurisdictions that assisted in the conduct of the underlying investigation. No known legal impediments to sharing assets with other jurisdictions exist in current law.

Information Exchange Agreements with Non-U.S. Governments: The country/jurisdiction is a member of the Egmont Group of FIUs and/or has in place treaties, MOUs, or other agreements with other governments to share information related to drug-related money laundering.

States Party to 1988 UN Drug Convention: State party to the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

States Party to the UN Convention against Transnational Organized Crime: State party to the United Nations Convention against Transnational Organized Crime (UNTOC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

States Party to the UN Convention against Corruption: State party to the United Nations Convention against Corruption (UNCAC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

Financial Institutions Transact in Proceeds from International Drug Trafficking that Significantly Affects the U.S.: The jurisdiction's financial institutions engage in currency transactions involving international narcotics trafficking proceeds that include significant amounts of U.S. currency; currency derived from illegal drug sales in the United States; or illegal drug sales that otherwise significantly affect the United States.

Country Comparative Table

Download [2025 INCSR Volume 2 Comparative Table Only](#).

* “Y” is meant to indicate that legislation has been enacted to address the captioned items. It does not imply full compliance with international standards. Please see the individual country reports for information on any deficiencies in the adopted laws/regulations.

Table 1: Comparative Table

Govt/Jurisdiction	Criminalized Drug Money Laundering	Know-Your-Customer Provisions	Report Suspicious Transactions (YVN)	Maintain Records Over Time	Cross-Border Transportation of Currency	Beneficial Ownership Data Collection & Retention Provisions	Intl Law Enforcement Cooperation	System for Identifying/ Forfeiting Assets	Arrangements for Asset Sharing	Information exchange agreements with non-U.S. govts	States Party to 1988 UN Drug Convention	States Party to UNTOC	States Party to UNCAC	Financial Institutions transact in proceeds from international drug trafficking that significantly affects the U.S.
Afghanistan ¹	Y	Y	Y	Y	Y	N	N	Y	N	N	Y	Y	Y	Y
Albania	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Algeria	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Antigua and Barbuda	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Argentina	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Aruba ²	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N
The Bahamas	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Barbados	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Belgium	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Belize	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Bolivia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Brazil	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Govt/Jurisdiction	Criminalized Drug Money Laundering	Know-Your-Customer Provisions	Report Suspicious Transactions (YVN)	Maintain Records Over Time	Cross-Border Transportation of Currency	Beneficial Ownership Data Collection & Retention Provisions	Intl Law Enforcement Cooperation	System for Identifying/ Forfeiting Assets	Arrangements for Asset Sharing	Information exchange agreements with non-U.S. govts	States Party to 1988 UN Drug Convention	States Party to UNTOC	States Party to UNCAC	Financial Institutions transact in proceeds from international drug trafficking that significantly affects the U.S.
British Virgin Islands ³	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Burma	Y	Y	Y	Y	Y	N	N	Y	N	Y	Y	Y	Y	N
Cabo Verde	Y	Y	Y	Y	Y	N	Y	Y	N	Y	Y	Y	Y	N
Cambodia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Canada	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Cayman Islands ³	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
China	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	N
Colombia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Costa Rica	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y
Curaçao ²	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Cyprus	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Area administered by Turkish Cypriots	Y	Y	Y	Y	Y	Y	N	Y	N	N/A	N/A	N/A	N/A	N
Dominica	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Dominican Republic	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Ecuador	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
El Salvador	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Germany	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Ghana	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Guatemala	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y

Govt/Jurisdiction	Criminalized Drug Money Laundering	Know-Your-Customer Provisions	Report Suspicious Transactions (YVN)	Maintain Records Over Time	Cross-Border Transportation of Currency	Beneficial Ownership Data Collection & Retention Provisions	Intl Law Enforcement Cooperation	System for Identifying/ Forfeiting Assets	Arrangements for Asset Sharing	Information exchange agreements with non-U.S. govts	States Party to 1988 UN Drug Convention	States Party to UNTOC	States Party to UNCAC	Financial Institutions transact in proceeds from international drug trafficking that significantly affects the U.S.
Guinea-Bissau	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Guyana	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Haiti	Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y	Y
Honduras	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Hong Kong ⁴	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
India	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Indonesia	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Iran	Y	Y	Y	Y	Y	N	N	Y	N	Y	Y	N	Y	N
Iraq	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Italy	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Jamaica	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Kazakhstan	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Kenya	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Kyrgyzstan	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Laos	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y
Liberia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Macau ⁴	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Malaysia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Mexico	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mozambique	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Netherlands	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N

Govt/Jurisdiction	Criminalized Drug Money Laundering	Know-Your-Customer Provisions	Report Suspicious Transactions (YVN)	Maintain Records Over Time	Cross-Border Transportation of Currency	Beneficial Ownership Data Collection & Retention Provisions	Intl Law Enforcement Cooperation	System for Identifying/ Forfeiting Assets	Arrangements for Asset Sharing	Information exchange agreements with non-U.S. govts	States Party to 1988 UN Drug Convention	States Party to UNTOC	States Party to UNCAC	Financial Institutions transact in proceeds from international drug trafficking that significantly affects the U.S.
Nicaragua	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Nigeria	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Pakistan	Y	Y	Y	Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y
Panama	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Paraguay	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Peru	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Philippines	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Saint Kitts and Nevis	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Saint Lucia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Saint Vincent and the Grenadines	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N
Senegal	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Sint Maarten ²	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
South Africa	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Spain	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Suriname	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Syria	Y	N/A	Y	N/A	Y	N/A	N/A	Y	N/A	N/A	Y	Y	Y	Y
Taiwan	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N	N	Y
Tajikistan	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Tanzania	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Thailand	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N

Govt/Jurisdiction	Criminalized Drug Money Laundering	Know-Your-Customer Provisions	Report Suspicious Transactions (YVN)	Maintain Records Over Time	Cross-Border Transportation of Currency	Beneficial Ownership Data Collection & Retention Provisions	Intl Law Enforcement Cooperation	System for Identifying/ Forfeiting Assets	Arrangements for Asset Sharing	Information exchange agreements with non-U.S. govts	States Party to 1988 UN Drug Convention	States Party to UNTOC	States Party to UNCAC	Financial Institutions transact in proceeds from international drug trafficking that significantly affects the U.S.
Trinidad and Tobago	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Türkiye	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Turkmenistan	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Ukraine	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
United Arab Emirates	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
United Kingdom	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Uzbekistan	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N
Venezuela	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y
Vietnam	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N

Table Footnotes:

1. Laws and regulations were adopted before the Taliban’s rise to power. Enforcement of these laws under the Taliban is unknown.
2. The Netherlands extended its application of the 1988 UN Drug Convention to Aruba, Curaçao, and Sint Maarten; the UN Convention against Transnational Organized Crime to Aruba and Curaçao; and the UN Convention against Corruption to Curaçao and Sint Maarten.
3. The UK extended its application of the 1988 UN Drug Convention, the UN Convention against Corruption, and the UN Convention against Transnational Organized Crime to British Virgin Islands and Cayman Islands.

4. The People's Republic of China extended the 1988 UN Drug Convention, the UN Convention against Transnational Organized Crime, and the UN Convention against Corruption to the special administrative regions of Hong Kong and Macau.

Countries and Jurisdictions

Afghanistan

Overview

Since the Taliban takeover in 2021, the economic situation in Afghanistan has reached an unsteady equilibrium. The August 2024 announcement of the so-called Law on the Promotion of Virtue and Prevention of Vice (or “morality directive”) has further entrenched the Taliban’s repressive social policies in ways that deter investment and inhibit the technical assistance that Afghanistan’s public institutions would need to restore compliance with international anti-money laundering/combating the financing of terrorism (AML/CFT) standards. Foreign banks continue to reject financial transactions with Da Afghanistan Bank (DAB), Afghanistan’s central bank, and private sector commercial banks, largely to avoid reputational risk by association with the Taliban’s harsh policies. While DAB has taken initial steps to improve transparency and address key vulnerabilities – including increased regulation of hawalas – the core structural deficiencies remain unchanged.

Vulnerabilities and Money Laundering Methodologies

Sources of illicit finance in Afghanistan include drug trafficking, arms trafficking, human smuggling, illegal mining, and customs evasion, as well as corruption and bribery of so-called officials. However, the informal, cash-based nature of most economic activity in Afghanistan and the narrowness of the tax base means that most illicit income remains virtually indistinguishable from licit income. The World Bank estimates only 10 percent of adults have bank accounts, with most Afghans relying instead on hawala networks for financial and other business services. Transactions outside of the formal banking system, irregular cash transactions, and transfers through hawaladars remain central to Afghanistan’s money laundering problems.

The reduction of poppy cultivation following the Taliban’s April 2022 drugs ban has not yet translated to a substantial decline in overall revenue from the drug trade, as elevated opium prices and the selling-off of stockpiles – along with the trafficking of methamphetamines and other synthetic drugs – have sustained the flow of drugs from Afghanistan.

Afghanistan does not host any free trade zones, although Uzbekistan opened one along the border in Termez in August 2024. Special economic zones in the United Arab Emirates also remain critical to Afghanistan's overall business and financial infrastructure due to their relative security, predictability, and favorable tax regimes. Money laundering via customs evasion is predominantly due to Afghanistan's porous borders, corruption, and low capacity of law enforcement officers.

The regulation of virtual currencies remains largely unchanged, with no reports of renewed emphasis on digital currencies since the Taliban announced a ban in August 2022. Afghan individuals and businesses still actively use virtual currencies for cross border payments.

The Taliban's August 2024 morality directive included prohibitions against gambling. As there was no notable gaming industry in Afghanistan, this measure will not meaningfully reduce the vulnerability to money laundering.

Afghanistan does not offer citizenship through investment.

Taliban representatives have reportedly begun to pressure business owners and other individuals to donate money to their personal madrassa construction projects. This subtle form of corruption could be used to facilitate the laundering of illicit proceeds.

There are no credible reports of Taliban efforts to enforce U.S. or international sanctions on restricted individuals or entities.

Key Anti-Money Laundering (AML) Laws and Regulations

The existing Afghan AML law predates the Taliban takeover and has significant provisions criminalizing money laundering, requiring customer due diligence and suspicious activity reporting, and granting DAB asset seizure and forfeiture authorities. There are no indications the Taliban are effectively implementing this law. However, DAB has enforced existing regulations on the need for licensing and minimum capital requirements. DAB also introduced new requirements for money service providers (including hawalas) in October 2024.

Afghanistan is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body, but was moved to inactive membership

status in 2022. See [Afghanistan's most recent mutual evaluation report](#) for more information. Note: this report predates the Taliban takeover of Afghanistan and does not describe Taliban-controlled Afghanistan.

AML Legal, Policy, and Regulatory Deficiencies

The pre-August 2021 Afghan government established the Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA), Afghanistan's financial intelligence unit (FIU). On June 16, 2022, the Egmont Group of FIUs expelled FinTRACA for failure to meet the Egmont Group Charter and its principles for information exchange. FinTRACA still exists as a unit within the DAB.

Enforcement/Implementation Issues and Comments

DAB's independence and ability to implement its own regulations in line with international best practices is likely nonexistent and remains a point of concern. Taliban interference – including constraints on the use of monetary fines as an enforcement tool on noncompliant financial institutions – undermines DAB's ability to supervise and enforce Afghanistan's AML/CFT regime. DAB and FinTRACA have also struggled to replicate the specialized education and training staff received before August 2021.

In 2024, DAB and FinTRACA resumed publication of financial reports on their websites, a practice which had been interrupted since July 2021. DAB also claims to have worked with hawaladars to strengthen their reporting capability and has begun to enforce new regulations designed to reduce money laundering through that sector.

Albania

Overview

Albania continues to make progress in improving its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. Albania investigates and prosecutes high-level corruption. The new State Ministry of Public Administration and Anticorruption released a strategy to improve integrity in vulnerable sectors and prevent corruption in public administration. The Police Oversight Agency expanded investigations and arrests of police for misconduct, including corruption. Nevertheless, challenges remain in strengthening enforcement and deterring corruption.

Corruption, organized crime, gaps in its legal and regulatory framework, and obstacles to interagency communication make Albania vulnerable to money laundering. Albanian criminal organizations collaborate with counterparts in Europe and South America, and narcotics trafficking and organized crime are major sources of laundered funds.

Despite insufficient training and technology and lack of interagency cooperation, joint investigative teams with international partners are dismantling transnational organized crime groups. Judicial reforms supported by international donors have improved Albania's AML/CFT regime, but government and institutions need to fully implement reforms to avoid backsliding on the rule of law.

Vulnerabilities and Money Laundering Methodologies

Most money laundering in Albania is linked to drug and human trafficking, government contract fraud, tax evasion, and smuggling. Albania's largely cash-based economy, weak border controls, and weak customs enforcement facilitate a black market for smuggled goods. Remittances and investments from abroad sometimes obfuscate fund sources. Criminals launder proceeds through real estate purchases, construction projects, virtual assets, and business development.

On February 15, 2024, the parliament legalized sports betting, overturning the 2018 prohibition. The new law, which took effect on March 27, 2024, legalizes sports betting only in an online setting and will grant 10 licenses to established companies. The new law

raises concerns that poor oversight may allow organized crime to infiltrate this activity. Gaming in casinos is supervised by the Gambling Supervisory Agency.

Key Anti-Money Laundering (AML) Laws and Regulations

Albania has comprehensive customer due diligence (CDD) and suspicious transaction reporting (STR) requirements. In July 2024, authorities adopted an AML/CFT strategy through 2030.

Public officials are prohibited from keeping substantial cash outside the banking system. They must disclose assets annually and declare preferential financial treatment and beneficial ownership of assets. Companies must register beneficial owners and bank accounts.

The Special Prosecution Structure Against Corruption and Organized Crime (SPAK) has asset seizure and confiscation authority. Law enforcement agencies use an anti-mafia confiscation law to seize assets associated with drug trafficking and corruption. In May 2024, the minister of interior announced the establishment of the Asset Recovery Office. This office will prioritize tracking and seizing assets and funds from criminal activities.

Albania and the United States do not have a bilateral mutual legal assistance treaty, although they cooperate based on multilateral conventions and on comity and reciprocity. A bilateral extradition treaty is in place.

The Albanian Financial Intelligence Agency is a member of the Egmont Group of Financial Intelligence Units. Albania is a member of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL), a Financial Action Task Force-style regional body. See [Albania's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The anti-corruption strategy calls for whistleblower protections and better legal frameworks to tackle corruption, lobbying, and financing of political parties.

Albanian authorities continue to improve their effectiveness at utilizing asset seizure and exchanging information internationally, but they need to strengthen AML/CFT capacity and develop systematic financial investigations and analysis.

Judges and prosecutors continue to be vetted for unexplained wealth. The government in December 2024 concluded an internationally monitored process to vet judges and prosecutors and dismissed those with unexplained wealth or ties to organized crime, though appeals continued. Since 2016, 44 percent of the judges and prosecutors reviewed were approved to continue in office. The law requires other independent justice institutions to conduct periodic reviews for unexplained wealth.

Albania's CDD and STR provisions are not fully enforced. Interagency and public/private processes to review and improve the quality of STRs remain in development. Inspections for money services businesses, notaries, and government tender wards are not robust. Challenges remain in proliferation sanctions, virtual currency, trusts, and regulation of nonbanks.

Enforcement/Implementation Issues and Comments

Albania has taken positive steps; however, the government still needs to increase money laundering investigations and prosecutions to counter corruption, organized crime, and drug trafficking; improve interagency cooperation; and fully integrate SPAK into AML/CFT efforts.

SPAK increased the number and complexity of money laundering investigations and confiscations and conducted parallel financial and asset investigations when it suspected illicit assets; however, prosecutions remain low. In 2023, SPAK seized assets worth \$43 million and, in 2024, continued arrests and confiscation of assets of high-level former officials. In September 2024, SPAK charged former prime minister and "Department of State, Foreign Operations, and Related Programs Appropriations Act, 2021" 7031(c) designee Sali Berisha with corruption for official actions that benefited his family's interests. SPAK also charged his son-in-law with corruption and money laundering. SPAK seized real estate, bank accounts, and the son-in-law's share of companies tied to the corruption.

In November 2024, SPAK and the Albanian police worked with Europol and Italian authorities to arrest 29 suspects in a drug trafficking network led by two Albanian brothers and seized criminal assets and drugs worth \$74 million.

Albania should enforce existing laws, follow regulatory guidelines, conduct effective oversight, improve law enforcement cooperation, and expand the capacity of police and prosecutors to focus on corruption, money laundering, and complex economic crimes. Albania should fully implement the 2016 and 2017 criminal code reforms.

Algeria

Overview

Money laundering through Algeria's financial system is thought to be limited by stringent oversight and a banking sector dominated by state-owned banks. The restricted convertibility of the Algerian dinar enables the Bank of Algeria (BOA) to monitor Algerian banks' international financial operations. Algeria's financial system is highly bureaucratic and provides for numerous checks on money transfers. The continued prevalence of paper-based systems deters money launderers, who generally prefer using more sophisticated means to conduct financial transactions. However, the cash-based informal economy, estimated at 40 percent of GDP, is vulnerable to abuse, and the real estate market is particularly vulnerable. Public corruption and potential terrorist financing remain concerns.

In October 2024, Algeria made a high-level political commitment with the Financial Action Task Force (FATF) to address noted anti-money laundering/combating the financing of terrorism (AML/CFT) deficiencies. Among the items Algeria needs to address are improving risk-based supervision, especially for higher risk sectors; developing an effective framework for customer and beneficial ownership information; enhancing its suspicious transaction reporting regime; establishing an effective framework for targeted financial sanctions for terrorism financing; and implementing a risk-based approach to oversight of nonprofit organizations.

Algeria is generally making progress in addressing recommendations and issued a new AML law in 2024.

Vulnerabilities and Money Laundering Methodologies

The primary sources of laundered funds include trafficking, particularly of drugs, arms, humans, and stolen vehicles; bulk cash, migrant, and cigarette smuggling; theft; extortion; and embezzlement. Public corruption and terrorist financing remain concerns. In addition, Algeria's porous borders allow smuggling to flourish.

Money laundering occurs primarily outside the formal financial system through tax evasion, real estate transactions, and trade-based money laundering. Authorities have identified customs fraud, offshore tax havens, and trade-based money laundering as areas of increased concern. Algeria's extensive informal economy and nearly exclusive use of cash heighten the risk of financial crimes outside the formal system.

Key Anti-Money Laundering (AML) Laws and Regulations

The following laws apply to money laundering in Algeria: Executive Decree 06-05 addresses suspicious transaction reporting; Executive Decree 13-157 concerns the organization and functioning of the Finance Ministry's Financial Intelligence Processing Unit (CTRF); Executive Decree 15-153 fixes thresholds for payments that must be made through the banking and financial systems; and Law 16-02 establishes rules for applying the penal code to AML/CFT. AML provisions impose data collection and due diligence requirements on financial institutions processing wire transfers, with stricter requirements for cooperation with law enforcement for transfers over \$1,000. Algerians must use the formal banking system for all payments for purchases exceeding approximately \$44,200 for real estate and \$8,800 for goods and services. Noncompliance can result in sanctions for money laundering or terrorist financing.

Algerian Law 23-01 prohibits associations from receiving donations or grants from persons or organizations involved in terrorism-related activities, although the penal code's broad scope of terrorist offenses makes it susceptible to abuses.

In July 2024, the BOA issued Regulation 24-03, a new regulation to combat money laundering, terrorist financing, and counterproliferation financing. Targeting risks associated with new technologies, the regulation will be implemented by financial institutions and requires the adoption of due diligence measures to prevent opening accounts, establishing business relationships, or executing transactions without confirming the identity of the customer and the beneficial owner. It specifies procedures for reporting suspicious transactions, monitoring electronic transfers, seizing/freezing funds and property, and interrupting operations related to virtual assets. Regulation 24-03 requires Algerian banks to obtain and maintain identifying information on the originator and beneficiary of cross-border wire transfers.

The United States and Algeria have a bilateral mutual legal assistance treaty though not a bilateral extradition treaty. Additionally, Algeria is a party to several multilateral law enforcement conventions that also permit mutual legal assistance with the United States.

CTRF is a member of the Egmont Group of Financial Intelligence Units, and Algeria is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF). See [Algeria's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Algeria has developed an effective counterterrorism strategy and is working to implement an equally effective AML/CFT strategy.

Foreign politically exposed persons (PEPs) are subject to enhanced due diligence requirements, although the definition of PEP does not extend to family members or close associates.

Insurance entities and designated nonfinancial businesses and professions (DNFBPs) are not supervised for AML/CFT purposes. DNFBPs perform some customer due diligence procedures yet generally lack the sufficient knowledge of PEPs or high-risk countries to apply mechanisms for identifying beneficial owners and completing enhanced due diligence measures.

There are no formal mechanisms to identify informal activities, including but not limited to unregistered or unlicensed money remitters, currency exchangers, and virtual asset service providers.

Enforcement/Implementation Issues and Comments

Since May 2023, Algeria has made progress on many of the recommended actions made by international experts, including by more effectively pursuing money laundering investigations and prosecutions. The CTRF analyzes suspicious transaction reports, compiles and disseminates AML-related information, and performs quantitative and qualitative self-analysis. The CTRF recognizes the need to improve information exchange with other government agencies and has drafted a law to provide a framework for

coordination with law enforcement, the justice sector, the Ministry of Foreign Affairs, and customs.

Antigua and Barbuda

Overview

Antigua and Barbuda, a Caribbean nation with a significant offshore financial sector, plays a key role in regional and international finance. Its status as a financial services hub brings ongoing risks and challenges, particularly related to curbing money laundering. Antigua and Barbuda's economic reliance on tourism, international banking, and digital financial services expose the jurisdiction to illicit finance risks, including tax evasion, fraud, and, potentially, terrorist financing. In response, the government undertook efforts to update its anti-money laundering/combating the financing of terrorism (AML/CFT) frameworks to maintain alignment with global AML/CFT standards.

Vulnerabilities and Money Laundering Methodologies

International experts consider Antigua and Barbuda a potential money laundering center due to vulnerabilities associated with its financial sector, primarily related to offshore banking activities, investment schemes, and a thriving real estate market that can sometimes obscure the true ownership of assets. In addition, the country's growing online gambling industry and international financial transactions increase exposure and risk to illicit financial activities. These factors make Antigua and Barbuda vulnerable to illicit finance and underscore the need for stringent AML protocols. Front operations, wire transfers, and money mules are the main money laundering methods.

As of 2023, regulated entities in the financial sector included four commercial banks, nine international banks, 19 insurance companies (including eight offshore), five offshore money remitters, 24 company service providers, four internet gaming entities, three casinos, 32 citizenship by investment (CBI) program agents, and an unknown number of international business companies (IBCs). Legislation also allows the establishment of international trusts, international foundations, and international limited liability companies within the offshore sector. Bearer shares are permitted for IBCs. The resident agent must maintain a register of the total number of such shares issued and the names of the beneficial owners. Antigua and Barbuda has one small free trade and processing zone.

Antigua and Barbuda has an established online gaming sector. Gaming companies are licensed and are subject to AML/CFT customer due diligence (CDD) and reporting requirements.

The CBI program grants citizenship after criminal background checks to persons making an economic contribution. Nationals of Iran, Iraq, North Korea, Yemen, Somalia, and Sudan are ineligible to apply. Antigua and Barbuda states it suspended CBI applications from Russia and Belarus as of February 2022. The prime ministers of Dominica, Antigua and Barbuda, Grenada, and Saint Kitts and Nevis entered into an arrangement in March 2024 to facilitate a joint approach on strengthening their CBI programs. The arrangement includes a minimum \$200,000 investment, information sharing, common regulation, and common standards for agents.

Key Anti-Money Laundering (AML) Laws and Regulations

In recent years, Antigua and Barbuda strengthened its AML framework, most notably through amendments to the “Money Laundering (Prevention) Act” in 2024. Changes to this law include clearer CDD requirements, heightened reporting obligations, and a renewed emphasis on transparency for nonprofits and beneficial ownership structures.

Antigua and Barbuda’s commitment to addressing financial crime is further evidenced by its adoption of measures to address beneficial ownership transparency. These measures intend to reduce opportunities for anonymity in financial transactions, thereby deterring the misuse of Antigua and Barbuda’s financial system for illicit purposes. While Antigua and Barbuda has gradually improved reporting standards for financial institutions and established more stringent regulatory oversight, it still requires ongoing monitoring to assess the full impact of these changes and ensure that they achieve the desired level of regulatory rigor.

The country has a mutual legal assistance treaty (MLAT) with the United States.

The financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Antigua and Barbuda is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Antigua and Barbuda's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Despite significant legislative improvements, Antigua and Barbuda continues to face regulatory challenges that have drawn international attention.

One of the key deficiencies within Antigua and Barbuda's AML framework is the need for enhanced monitoring and oversight of nonprofits. Although recent legislative updates extend AML/CFT obligations to cover nonprofit organizations, effective enforcement of these measures remains essential. Furthermore, the country's application of a risk-based approach across its financial sector requires more consistency. Variations in enforcement across different financial services create gaps that criminals can exploit, weakening the overall effectiveness of the AML/CFT regime.

Enforcement/Implementation Issues and Comments

In 2023, authorities brought money laundering charges against four persons related to the laundering of over \$10 million derived from drug trafficking. Courts approved cash detention orders for approximately \$25,000 in 2023.

Opposition parties and local stakeholders voice concerns about the potential economic impact of AML regulations, particularly the burden they may impose on smaller financial institutions.

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Argentina

Overview

Argentina's money laundering/terrorist financing (ML/TF) vulnerabilities stem from contraband, narcotics trafficking, public corruption, and tax evasion and are exacerbated by weak oversight in financial services, real estate, and gaming. A cash-heavy economy and large informal sector also contribute to Argentina's exposure to ML/TF activity. The Tri-Border Area (TBA) with Brazil and Paraguay is susceptible to trade-based money laundering (TBML), counterfeiting, and smuggling, with suspected links to Hizballah.

Despite these challenges, Argentina made progress in 2024 through legislative reforms such as creating a centralized registry of beneficial owners, enhanced due diligence, and digital asset regulations. Still, resource-constrained financial intelligence unit (FIU) supervision, judicial delays, and minimal oversight limit enforcement, leading to low conviction rates. Continued focus on regulatory oversight, interagency coordination, and judicial efficiency is critical to strengthen Argentina's anti-money laundering/combating the financing of terrorism (AML/CFT) framework and curb illicit financial activities.

Vulnerabilities and Money Laundering Methodologies

Key sources of illicit funds include contraband, narcotics trafficking, public corruption, tax evasion, and counterfeit goods. Weak regulatory oversight in sectors like financial services, real estate, and gaming increases susceptibility to ML/TF. The cash-heavy economy and informal sector further facilitate money laundering.

The TBA with Brazil and Paraguay is a hotspot for TBML, counterfeiting, drug trafficking, and smuggling, with suspected ties to Hizballah. Argentina's 10 free trade zones and a special customs area in Tierra del Fuego province lack sufficient controls to prevent bulk cash and contraband smuggling. Authorities have identified numerous TBML schemes.

High taxes and capital controls incentivize moving wealth abroad, contributing to informal exchange market activity and increased cash and virtual currency use. Drug traffickers and money launderers exploit this situation.

Gaming operators are covered under Argentina's AML/CFT regulation. FIU Resolution 194/2023 further implements the adoption of a risk-based approach and expands the regulatory scope to include new gaming modalities, including online and other forms of remote gaming.

Key Anti-Money Laundering (AML) Laws and Regulations

Argentina has robust customer due diligence and suspicious transaction reporting regulations, with enhanced due diligence for politically exposed persons (PEPs).

In early 2024, the Argentine Congress reformed the AML/CFT framework, creating a centralized registry of beneficial owners, raising penalties for money laundering, and requiring virtual asset service providers (VASPs), like cryptocurrency exchanges, to follow AML/CFT rules. The FIU implemented a risk-based approach for the remittance and cash transport sectors.

Lawyers are now legally required to comply with specific regulatory obligations for property transactions and asset management. Covered entities must submit criminal background checks and PEP declarations, and deregistration requires supporting documentation. The FIU redefined "suspicious operations" to expedite the filing of suspicious transaction reports, and a government decree bolstered asset-freezing measures linked to terrorism, aligning with international standards.

New digital asset regulations introduced in early 2024 target transparency and security, requiring registered exchanges and risk-based preventive measures for VASPs, including managing blockchain and peer-to-peer transfers.

Argentina and the United States have mutual legal assistance and customs agreements, with Argentine Customs using a trade transparency unit to combat TBML via shared data analysis.

The FIU is a member of the Egmont Group of FIUs, and Argentina is a member of the Financial Action Task Force (FATF) and the FATF of Latin America (GAFILAT), an FATF-style regional body. See [Argentina's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Challenges persist in the effective implementation of AML measures. Many designated nonfinancial businesses and professions (DNFBPs) lack sectoral regulators, and FIU resources are insufficient for comprehensive oversight. Political challenges and limited institutional independence, combined with a slow judicial process, lead to few AML/CFT-related convictions.

Enforcement/Implementation Issues and Comments

Argentina has improved its AML/CFT framework over the last several years, but AML/CFT enforcement remains limited in terms of convictions, asset forfeiture, and regulatory action. The justice system faces delays, political influence, and limited expertise in financial crimes. The FIU plays a significant role and functions as DNFBP supervisor and a prosecution party. The Ministry of Justice is working to implement an accusatorial justice system nationwide, expected to improve investigations and prosecutions of organized crime and AML/CFT.

The Public Prosecutor's Office reported 25 ML convictions at the federal level in 2023 and 13 from January-August 2024. Most were related to drug trafficking and violations of the foreign exchange criminal code.

In May 2024, the FIUs of Argentina, Brazil, and Paraguay signed a joint declaration of commitment toward international cooperation to enhance the fight against terrorism and organized crime. The collaboration strengthens the exchange of financial intelligence and deepens regional coordination to improve capacity in the region to effectively counter terrorist financing.

Aruba

Overview

Aruba is not considered a regional financial center; however, due to its location between North and South America, the island country is vulnerable to transshipments of drugs, gold, and currency from South America to the United States and Europe, and vice versa. Aruba is an autonomous country within the Kingdom of the Netherlands (the Kingdom). The Kingdom retains responsibility for foreign policy and defense, including negotiating and concluding international agreements. The four Kingdom countries and the United States maintain a law enforcement memorandum of understanding (MOU) for joint training activities and information sharing. The Dutch legal system is effective in the detection and prosecution of money laundering suspects.

Vulnerabilities and Money Laundering Methodologies

Aruba's location makes it ideal for bulk cash and gold smuggling. Money laundering, primarily involving proceeds from illegal narcotics and gold trafficked by transnational criminal organizations, occurs through gold transfers, real estate purchases, and international tax shelters. Real estate firms and tax trust companies must conduct customer due diligence (CDD) and report to the Financial Intelligence Unit of Aruba (FIU). There is no significant market for smuggled goods on the island.

Local authorities suspect some Venezuelan investors in real estate and legal entities are using illicit funds. In a few cases, the predicate offense has been committed in other jurisdictions. Aruban law enforcement agencies are also investigating illegal underground banking, money laundering, and suspicious cash transfers by local Chinese business owners.

The Free Zone Aruba NV deters illegal activities in its free trade zones (FTZs) by reviewing and controlling all companies with free zone status. Financial services, banks, and insurance companies are prohibited from operating in the FTZs. Casinos and online gaming on the island are allowed, but they are subject to CDD provisions and FIU reporting requirements.

Key Anti-Money Laundering (AML) Laws and Regulations

Aruba has significantly strengthened its anti-money laundering/combating the financing of terrorism (AML/CFT) regime.

The Central Bank of Aruba (CBA) serves as the country's AML/CFT supervisor for the financial sector. CBA's oversight covers financial and designated nonfinancial service providers.

For CDD and financial reporting purposes, auditors and reporting agencies are required to consult and cross check sanction lists containing individuals, entities, and persons subject to freezing measures.

Government officials can now share confidential information with the FIU to facilitate investigations into potential money laundering/terrorist financing activities. The FIU now has authority to suspend suspicious transactions, allowing for immediate action to prevent financial crimes. A new ordinance mandates a thorough screening process for cabinet appointees to assess their potential money laundering/terrorist financing risk exposure

Aruba has banned gold trading/imports from Venezuela. The rise of virtual assets prompted Aruba to implement provisions in its national AML/CFT/counterproliferation financing regime to mitigate potential criminal activity by including virtual asset service providers in the AML/CFT state regulations.

The State Ordinance for the Prevention and Combating of Money Laundering and Terrorist Financing sets rules regarding CDD and the reporting of unusual transactions. Reporting entities are obligated to complete an unusual transaction report (UTR) for unusual transactions, a broader reporting requirement than suspicious transaction reporting.

Kingdom authorities may extend international agreements to which it is a party to autonomous countries within the Kingdom if the autonomous countries agree. In accordance with relevant international agreements entered into by the Kingdom, each of the autonomous countries may be accorded its own status within international or regional organizations, subject to the organization's agreement. The autonomous countries may conclude, within parameters, MOUs in areas where they have autonomy. The Kingdom extended to Aruba the application of the 1988 United Nations (UN) Drug Convention in

1999 and the UN Convention against Transnational Organized Crime in 2007. The Agreement Regarding Mutual Cooperation in the Tracing, Freezing, Seizure, and Forfeiture of the Proceeds and Instrumentalities of Crime and the Sharing of Forfeited Assets between the United States and the Kingdom, was extended to Aruba. The 1981 mutual legal assistance treaty between the Kingdom and the United States applies to Aruba and is regularly used by U.S. and Aruban law enforcement agencies.

The 2004 U.S.-Netherlands Mutual Legal Assistance Agreement, incorporating specific U.S.- EU provisions, was not extended to Aruba.

Aruba's FIU is a member of the Egmont Group of FIUs, and Aruba is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Aruba's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The Kingdom has not yet extended the application of the UN Convention against Corruption to Aruba.

UTR reports are not required to contain complete identification data for a legal person unless the FIU requests additional information. Aruba's casino and real estate sectors are still vulnerable to money laundering threats.

Enforcement/Implementation Issues and Comments

In 2024, a specialized law enforcement unit was established to combat transnational crime; the Public Prosecutor's Office issued stricter guidelines for monitoring transnational cash transport to border control and customs authorities; and authorities successfully seized illicit cash and gold, leading to arrests and convictions with significant penalties.

The four FIUs within the Kingdom use a secure network (FCInet) with highly effective privacy-enabled data matching capabilities. The FIU has extended these tools to other countries, including the United States.

The Bahamas

Overview

Situated just 50 miles off the eastern coast of the United States, The Bahamas is a natural transshipment point for illicit drugs and a financial hub, connecting Latin America and the Caribbean to the United States. Its archipelago of 700 islands makes it vulnerable to firearms trafficking, drug trafficking, and migrant smuggling.

As an international financial center, The Bahamas has a \$400 billion financial services sector that dwarfs the country's Gross Domestic Product (GDP), which totaled \$14.34 billion in 2023. The Bahamas' financial sector is partially composed of multi-generational wealth that includes private banking, family trusts, and fund management. The Bahamas' luxury real estate market, gaming industry, and virtual assets are also significant components of a diverse economy.

While The Bahamas makes efforts to improve its money laundering/terrorist financing enforcement capabilities, its investigations often do not result in prosecutions or convictions. Improved interinstitutional coordination and strong political will are necessary to defend its financial institutions from criminal intrusions.

Vulnerabilities and Money Laundering Methodologies

The Bahamas suffers from domestic fraud schemes and transnational criminal activities. A limited number of asset seizures and financial prosecutions have resulted in a vulnerable banking system, gaming industry, virtual currencies, and luxury real estate market.

The law allows international business companies (IBCs) to be established in approximately 48 hours; as of November 2022, there were 12,747 IBCs. Money laundering occurs regularly in private banking, and the government focuses oversight laws on this sector.

The gaming industry of The Bahamas consists of three casinos and seven gaming houses accounting for almost \$415 million in gross receipts from January to September 2024. They contributed \$49 million in gaming taxes to the government. The Bahamas Gaming Board is the regulatory body overseeing the gaming industry.

In October 2020, The Bahamas was the first country to launch a central bank-backed virtual currency, the Sand Dollar. As of September 30, 2024, The Bahamas has 23 firms offering digital assets, four digital token exchanges, and one digital asset business and token exchange licensed under the Digital Assets and Registered Exchanges Act, 2024 (DARE) and regulated by the Securities Commission of The Bahamas, which has broad authority to access records and request information for investigations. Sixteen wallet service providers and nine firms providing custody of digital assets were also licensed under the Financial and Corporate Services Providers Act, 2020.

The real estate and construction sectors are also susceptible to money laundering. In 2023, real estate contributed \$2 billion, or 16 percent, to the GDP, while construction contributed \$634 million.

The Grand Bahama Port Authority, a private entity, administers the country's free trade zone, which serves primarily as a manufacturing and international transshipment hub.

Key Anti-Money Laundering (AML) Laws and Regulations

The Central Bank of The Bahamas (CBB) regulates banks and trust companies, which are subject to the anti-money laundering/combating the financing of terrorism/counterproliferation financing regime. The regime is composed of the "Proceeds of Crime Act, 2018" (POCA), "Anti-Terrorism Act, 2018," "Financial Transaction Reporting Act," and related regulations, including customer due diligence requirements. Investigators and prosecutors routinely use POCA, but do not adequately use POCA to seize and forfeit assets.

In 2024, the CBB commissioned an external vendor to perform an independent review of the sanctions screening solutions utilized by supervised financial institutions (SFIs). The results showed a 90 percent effectiveness rate for client screening and a 93 percent rate for transaction screening. These findings indicate that SFIs are capable of accurately identifying entries on sanctions lists such as those from the United Nations Security Council and the U.S. Office of Foreign Assets Control, among others.

The DARE Act expands the controls and requirements surrounding digital asset activities.

The Bahamas' Financial Intelligence Unit (FIU) is a member of the Egmont Group of FIUs. The Bahamas is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [The Bahamas' most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The lack of convictions and asset forfeiture make The Bahamas a low-risk base of operations for many sophisticated fraudsters, including corrupt actors. Despite extensive training and improved investigative and prosecutorial abilities, Bahamian law enforcement and prosecutors are hesitant to investigate and prosecute complex financial crimes and seize real property and assets derived from illicit activities. When authorities pursue cases, an accepted “culture of adjournments” delays adjudications for years.

Enforcement/Implementation Issues and Comments

The Bahamas lacks strong interinstitutional coordination and political will to successfully adjudicate complex financial crimes.

In 2024, authorities imposed almost \$220 million in administrative penalties, which remain under negotiation for settlement. Law enforcement confiscated over \$2 million in assets and restrained \$1 million in suspected illegal cash proceeds. The Royal Bahamian Police Force Financial Crimes Investigative Branch reported a 20 percent increase in the number of cases/prosecutions in 2024 with 34 individuals charged and six convicted.

The government approved a national cybersecurity strategy in 2024. The Bahamas began drafting new cybercrime legislation; however, currently the only Bahamian law that addresses cybercrime directly is the “Computer Misuse Act 2003.”

Barbados

Overview

Barbados faces moderate exposure to money laundering linked to domestic drug trafficking, fraud, tax evasion, and corruption, with limited ties to international drug-related financial crimes. Its national risk assessment (NRA) identifies primary vulnerabilities within the financial sector, including corporate service providers, foreign currency banks, and legal services. The country continues to reduce money laundering risks through proactive mitigation measures.

In 2020, Barbados committed to a national action plan with the Financial Action Task Force (FATF) to mitigate money laundering and terrorist financing more effectively. In 2024, the FATF determined Barbados has substantially completed its plan.

Vulnerabilities and Money Laundering Methodologies

The country's geographic position in the Caribbean and proximity to drug-producing regions in South America make it susceptible to the transshipment of narcotics, which generates substantial illicit proceeds. The predominance of cash transactions in certain sectors, like real estate, tourism, and retail, adds to the risks, as cash-based economies are challenging to monitor and control for illicit activity.

Barbados has an active offshore financial services sector but does not have a free trade zone or an economic citizenship program. Barbados law does not permit international business companies.

The Financial Services Commission (FSC) is responsible for the licensing and supervision of credit unions and nonbank financial institutions. The Central Bank of Barbados regulates commercial and international banks. There are 16 "foreign currency-earning banks" (formerly international banks) and four trusts and finance and merchant banks as of November 2024. As of November 2024, FSC oversees 26 credit unions, and as of March 31, 2024, 287 insurers and 41 mutual funds. As of October 2023, the FSC supervised 226 securities sector entities and individuals. As of 2023, the International Business Unit (IBU) of the Ministry of International Business and Industry oversaw 548 trusts and 120 trust and

corporate service providers (TCSPs). Barbados assesses the inherent money laundering risk ratings for international banks and TCSPs, along with designated nonfinancial businesses and professions (DNFBPs), such as lawyers, as high.

There are no casinos in Barbados; however, there are horse racing and slot machine parlors and lotteries. The Betting and Gaming Committee oversees this sector.

Key AML Laws and Regulations

Barbados strengthened its anti-money laundering/combating the financing of terrorism (AML/CFT) framework in recent years. The country's regulatory system aligns with international standards and includes recordkeeping requirements, reporting of suspicious transactions, and enhanced due diligence measures for foreign and domestic politically exposed persons.

The "Proceeds and Instrumentalities of Crime Act of 2019" is Barbados' main enforcement mechanism, enabling law enforcement to issue restraint and disclosure orders in domestic and international money laundering investigations.

In 2024, Parliament passed the "Criminal Justice (Plea Negotiations and Agreements) Bill, 2024," which allows plea bargaining, thereby facilitating streamlined prosecutorial processes and flexibility.

Barbados has a mutual legal assistance treaty with the United States. It actively engages in international information sharing through mutual legal assistance treaties. Bilateral agreements with the United States and Canada, alongside the "Mutual Assistance in Criminal Matters Act," provide Barbados with a framework for legal support in cross-border criminal investigations.

The financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Barbados is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Barbados's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Barbados faces challenges in monitoring and investigating complex offshore corporate structures often exploited for illicit financial activities. The use of these structures complicates the tracking of beneficial ownership information, a challenge which requires ongoing regulatory and legislative adjustments to enhance transparency.

Although enforcement capabilities have improved, law enforcement agencies still face resource constraints, limiting their capacity to investigate and prosecute sophisticated money laundering schemes effectively. Enhancing staffing, technology, and training remains critical to strengthening the investigative response.

As a regional financial hub, Barbados experiences challenges in monitoring cross-border currency flows, which criminals can exploit for money laundering activities. Strengthening controls on cross-border financial transactions and improving interagency data sharing would aid in detecting and addressing risks associated with international cash movements.

Enforcement/Implementation Issues and Comments

The government emphasizes training and capacity-building to adapt to financial crime trends. Partnerships with local, regional, and international experts equip law enforcement with modern investigative techniques. Strategic initiatives like the “Financial Crimes Investigation Unit Management of Investigations Plan” and the “follow the money” initiative further support investigations, focusing on efficient resource use.

The Anti-Money Laundering Authority (AMLA), which is chaired by the attorney general, has a compliance unit with supervisory responsibility for certain DNFBPs. The AMLA and the IBU have delegated supervisory functions for the sectors they oversee to the FSC, which could burden the FSC’s ability to carry out its own supervisory responsibilities.

In 2024, enforcement actions included forfeiture, cash detention, listed assets orders, and the application of unexplained wealth orders. Additionally, the Department of Public Prosecutions and three new criminal courts within the Supreme Court have enhanced prosecutorial efficiency. Barbados recorded three money laundering prosecutions and five convictions in 2024, primarily addressing domestic money laundering linked to drug trafficking and fraud.

Despite the progress made in addressing deficiencies in the AML/CFT system, Barbados needs to work toward achieving full compliance with international AML/CFT standards and enhancing cross-agency coordination to bolster its response to complex financial crimes.

Belgium

Overview

Belgium's central location in Europe and strong logistics networks drive the Belgian economy and have fostered the development of a globally integrated banking industry. Belgium's Port of Antwerp-Bruges is the second-busiest maritime port in Europe, and with this large volume of legitimate trade inevitably comes the trade in illicit goods. Belgian customs authorities seized a record 116 metric tons of cocaine in 2023 at the Port of Antwerp-Bruges, which has become a major gateway for drugs entering Europe.

According to Belgium's Financial Information Processing Unit (CTIF), most cases relating to trafficking in narcotics were referred to the judicial authorities as organized crime cases because they utilize professional money laundering networks and are closely linked with other predicate offenses such as corruption and fraud. CTIF reported an increase in the number and complexity of professional money laundering networks located in Belgium. As money laundering techniques have become more sophisticated, Belgian financial authorities have increased engagement with the public sector and law enforcement agencies to share trends and typologies.

Vulnerabilities and Money Laundering Methodologies

Belgian authorities report growing evidence that laundered funds are the proceeds of fraud tied to labor, tax, and social welfare; serious fiscal fraud; and organized crime.

A majority of drug trafficking proceeds in Belgium are funneled through professional laundering networks, often run by individuals unconnected to the underlying crimes, making detection especially difficult. Professional money launderers employ complex schemes involving shell companies, straw men, and mules, often utilizing high-risk sectors like construction, industrial cleaning, catering, transport, import-export, and the car trade. Money launderers tailor services to client needs using techniques like trade-based money laundering and cross-border transactions, obscuring the illicit origins of funds before investing in cash, luxury goods, or real estate.

About 1,500 diamond firms are headquartered in Antwerp – one of the largest concentrations in the world – accounting for roughly 2 percent of Belgian GDP. Diamond sector companies continue to report difficulties in obtaining banking services from Belgian banks due to the risk profile of the business, potentially reducing transparency and forcing transactions through unregulated channels. Considering the size and vulnerability of the diamond trade, the number of suspicious transaction reports (STRs) from diamond dealers remains low; in 2023, CTIF received only two STRs.

Gaming is legal in Belgium and is highly regulated, with the total number of licensed casinos capped at nine. Despite stringent regulations – including a ban on online gambling advertising, a raised minimum gambling age of 21, and a weekly deposit limit of \$214 (€200) – online gaming continues to experience steady growth. Belgium has 175 gaming rooms (i.e., slot machine arcades); among these, 48 also operate online platforms.

Key Anti-Money Laundering (AML) Laws and Regulations

Belgium has comprehensive customer due diligence rules, enhanced due diligence for domestic politically exposed persons, and STR requirements. The Royal Decree of February 8, 2022, introduces a new legal framework for the supervision of providers of exchange services between virtual and fiat currencies and custodian wallet providers. Virtual asset service providers are subject to all anti-money laundering (AML) laws and regulations, including customer due diligence requirements, and must register with the Belgian Financial Services and Markets Authority.

Belgium implemented the Fifth European AML Directive into national law in 2020 and included additional covered entities (Royal Belgian Football Association, football brokers and clubs).

Belgium enacted a new law in January 2024 aimed at combating money laundering and corruption. The legislation is intended to provide a stronger legal framework to counteract the infiltration of criminal organizations into the legal economy and political structures. The new law limits cash payments to \$3,185 (€3,000) and prohibits cash payments for high-value items such as precious metals, precious stones, jewelry made with precious metals or stones, and art and antiques.

It also broadens the definition of money laundering to include both serious and simple tax fraud, extending beyond complex schemes to encompass ordinary cases like undeclared foreign accounts. As a result, banks now face additional reporting obligations and can be prosecuted for money laundering linked to any form of tax fraud, removing their previous immunity for simpler offenses.

CTIF is a member of the Egmont Group of Financial Intelligence Units. Belgium is a member of the Financial Action Task Force. See [Belgium's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Due to the significant levels of cocaine entering Belgium, law enforcement resources are often diverted away from investigating money laundering. The Port of Antwerp-Bruges's large size and the difficulty in effectively analyzing the contents of freight and cargo that move through the port each year may help facilitate the movement of illicit goods and funds.

Belgium does not have effective legislation to allow for civil non-conviction-based forfeiture.

Enforcement/Implementation Issues and Comments

Belgium's financial authorities launched a consultation platform in 2021 to enhance public-private information sharing on AML trends and risks. This partnership has continued to improve communication and best practice exchanges, strengthening money laundering detection and prevention efforts. CTIF has further increased its outreach and AML and terrorism finance training to service providers, including payment service providers employing new technologies, resulting in an increase in both the quality and quantity of STR reports. CTIF noted a 47 percent increase in STRs in 2023 from 53,923 in 2022 to 79,211.

Belize

Overview

Organized crime, including drug and human trafficking; fraud, especially related to land sales; and tax evasion remain the primary drivers of money laundering and financial crimes in Belize. Belize has developed a robust anti-money laundering (AML) legal framework to combat these financial crimes, although additional strengthening of enforcement is necessary.

The 2023 “Civil Asset Recovery and Unexplained Wealth Act” (CARUWA) strengthens Belize’s investigative and enforcement capacity, providing for civil recovery of illegally obtained assets or unexplained wealth even without conviction for a predicate crime. Belize has also joined the Crypto-Asset Reporting Framework to foster cryptocurrency tax compliance. Challenges persist in investigating and prosecuting ML cases, particularly in high-risk areas like free trade zones and real estate sales. To address this, Belize is increasing law enforcement training, expanding civil asset recovery efforts, and enforcing stricter penalties for financial crimes.

The Financial Intelligence Unit Belize (FIU-B), under the Ministry of Finance, plays a pivotal role in conducting investigations and ensuring compliance across critical sectors such as banking, gaming, and insurance. Reactivating the FIU-B-led Financial Crime Working Group, an interagency mechanism that includes Customs, Immigration, and the Police Department, among others, would improve law enforcement coordination to investigate and prosecute financial crimes.

Vulnerabilities and Money Laundering Methodologies

In Belize, criminal proceeds are typically funneled through real estate sales, construction, and cash-based businesses. Nefarious actors exploit the country’s porous borders and two operational free trade zones to facilitate trade-based money laundering and smuggling of illicit goods, often reportedly in collusion with security forces.

The Financial Services Commission (FSC), a statutory authority established in Belize to regulate and supervise nonbank financial services, oversees compliance for local and

offshore entities and manages an online registry. As of October 2024, it reports 2,553 international registered trusts and 75 active foundations. It also supervises 94 registered agents. Of the approximately 175,000 registered international business companies (IBCs), the Belize Companies and Corporate Affairs Registry (BCCAR) listed 21,508 as active as of October 2024. BCCAR states 100 percent of these companies have submitted their beneficial ownership information to it.

The Trusts (Amendment) Act 2023” mandates greater transparency for trusts, requiring annual beneficial ownership reports to be submitted to the FSC, with enforcement actions underway for noncompliance.

Belize has 10 registered casinos (including one online) with an estimated annual revenue of \$30 million (60.5 million Belizean dollars). The FIU-B oversees AML compliance in the gaming sector, while the Gaming Control Board acts as the regulator.

Key Anti-Money Laundering (AML) Laws and Regulations

Belize is updating its national money laundering/terrorist financing (ML/TF) risk assessment. Belize reinforced its AML framework through several key legislative amendments and reforms from 2021 to 2023. These reforms improve beneficial ownership transparency and enhance financial investigations and intelligence sharing. The amendments also require financial institutions and nonfinancial businesses to conduct customer due diligence, submit suspicious transaction reports (STRs), and provide staff training, with enhanced measures for politically exposed persons.

The FSC implemented the Securities Industry Act and introduced new compliance regulations. The 2021 “Electronic Transaction Act” addresses crimes involving electronic money transfers. The FSC restricts virtual asset activities. In 2024, the FSC suspended the largest virtual assets service provider’s license and issued cease-and-desist orders to six other entities.

The Office of the Supervisor of Insurance and Private Pensions conducts AML training and monitors compliance in those sectors using a risk-based approach.

The United States and Belize have a mutual legal assistance treaty for criminal matters.

FIU-B is a member of the Egmont Group of FIUs, and Belize is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Belize's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

While Belize has established a strong legal framework to criminalize and investigate money laundering, there are still gaps in investigating and prosecuting cases. Recent reforms, including the CARUWA, enable the FIU to seize assets without a criminal conviction. The FIU-B is in the process of operationalizing a civil asset recovery unit.

Enforcement/Implementation Issues and Comments

The FIU has enhanced its investigative capacity by doubling its number of investigators. Penalties for money laundering have increased, and there is political backing for AML efforts, reflected in an increase to FIU-B's budget for fiscal year 2023/2024 (April 1, 2023-March 31, 2024). FIU-B oversaw 11 investigations in 2024; however, only two of those 11 cases led to prosecution during the year. One of these cases completed its preliminary inquiry and is awaiting indictment. In the other case, the defendant pleaded guilty to theft and money laundering; sentencing is pending with an asset forfeiture request. Five complex cases remain under investigation but have not yet been submitted to prosecutors for formal indictment.

From January to October 2024, the independent legal professional, accounting, payment service provider, and real estate sales sectors made only one STR submission each.

The Belize Customs Department established an intelligence unit in 2023 that collaborates with international law enforcement to address smuggling of goods. FIU-B works closely with law enforcement and INTERPOL in improving response times to AML-related inquiries.

In 2024, to support anti-corruption efforts, the Belize Tax Services fully implemented the Integrated Revenue Information Service, an online platform for tax payments, thereby, facilitating tax audits and the tracking of tax reports and payments. Additionally, the Central Bank of Belize has introduced guidelines to ensure consistent and transparent enforcement of AML sanctions across all regulated sectors.

Bolivia

Overview

Bolivia is a relatively isolated country with limited commercial activity, but it remains vulnerable to money laundering. Criminal proceeds laundered in Bolivia are derived from smuggled goods, gold, corruption, and drug trafficking. In recent years Bolivia has enacted several laws and regulations to fight money laundering. Bolivia would benefit from continued implementation of its laws and regulations to identify criminal activity and carry out investigations, criminal prosecutions, and convictions.

Vulnerabilities and Money Laundering Methodologies

Major sources of illicit funds include cocaine trafficking, contraband, corruption, illegal gold mining, environmental crimes, human trafficking, migrant smuggling, tax crimes, and informal currency exchanges. Bolivia's porous borders with neighboring countries facilitate these activities.

Bolivia lifted its ban on virtual asset trading in June 2024, though it has not implemented any regulation in the sector.

Argentina, Chile, and Peru are the primary entry points for illicit products, which are then sold domestically or informally re-exported. Private sector leaders estimate contraband amounts to over \$3.3 billion, equivalent to 7.5 percent of GDP in 2023.

Informal gold mining has grown exponentially, with gold becoming the top exported item in 2022 and 2023 (\$2.5 billion, or 5 percent of GDP in 2023). As of August 2024, however, gold exports have plummeted. This sharp decline is likely due to the government's May 2023 requirement Bolivian gold miners sell gold to the central bank at the now-depreciated formal exchange rate rather than Bolivia's more profitable black-market rate. The gold trade is also linked to illegal mining operations throughout the Amazon basin.

Although informal, unregistered currency exchanges are illegal, many still operate, and the sector has expanded since the emergence of a parallel exchange rate in April 2023. The

Bolivian government ignores informal commercial markets seen throughout the country. Money laundering and contraband networks typically overlap.

Bolivia has 13 free trade zones (FTZs) for commercial and industrial use. Lack of regulatory oversight of these FTZs increases money laundering vulnerabilities. A few legal casinos run card games, roulette, slots, and bingo.

Bearer shares are allowed in Bolivia.

Bolivia continues to foster strong diplomatic ties with several countries subject to U.S. sanctions, including Cuba, Iran, Nicaragua, Russia, and Venezuela. Bolivia's state-owned airline has weekly direct flights to Cuba and Venezuela.

Key Anti-Money Laundering (AML) Laws and Regulations

All financial institutions must report transactions above \$3,000 (\$10,000 for banks) to the Financial Investigative Unit, Bolivia's financial intelligence unit (FIU). Bolivia has customer due diligence regulations, procedures for suspicious transaction reports (STR), and due diligence for politically exposed persons (PEPs). Financial intermediaries must enter STRs into their internal systems, regardless of the transaction amount or whether the transaction is a deposit or a withdrawal.

FIU Resolution 78/2023 amends Resolution 25/2023 to remove the limitation of only "large taxpayer" designated nonfinancial businesses and professions (DNFBPs) being subject to reporting requirements. FIU Resolution 29/2024, dated June 28, 2024, designates dealers in precious metals and stones as reporting entities. Now all DNFBPs, including casinos, are considered reporting entities.

Bolivia does not have a mutual legal assistance treaty with the United States; however, assistance is possible through multilateral conventions to which both countries are signatories. In 2017, the two countries entered into a customs mutual assistance agreement that expands cooperation and information sharing and provides for the sharing of forfeited assets. Under that agreement, Bolivia has a memorandum of understanding with the U.S. trade transparency unit to exchange trade data for the purpose of better identifying trade-based money laundering. The Bolivian government has cooperated with

U.S. law enforcement in some instances; however, overall, law enforcement cooperation between the two countries is limited.

The FIU is a member of the Egmont Group of FIUs, and Bolivia is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body. See [Bolivia's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Bolivia's criminal code lacks provision for criminal liability for legal entities for terrorist financing.

The government has not implemented regulations covering virtual asset service providers.

Enforcement/Implementation Issues and Comments

Institutional vulnerabilities in Bolivia include a low capacity to detect, investigate, and prosecute money laundering crimes. While the level of interagency coordination has improved, increased coordination will improve Bolivia's oversight and enforcement of money laundering crimes. Enforcement of AML and combating the financing of terrorism provisions has been scant.

Although banks actively enforce AML regulations, compliance elsewhere is lacking. The FIU is weakened by its lack of operational independence and autonomy. The FIU is highly politicized, and reportedly, historically has been used to investigate people as an intimidation tactic. Its lack of independence has broadly impeded implementation of AML laws and regulations, especially with PEPs.

The judicial system has widespread problems with corruption and political interference and lacks autonomy from the executive branch. The lack of well-trained prosecutors and police has led to ineffective criminal investigations. The frequent turnover of trained police officers impedes capacity building efforts. The new attorney general, elected in October 2024, has the opportunity to more effectively manage the specialized money laundering/terrorism financing prosecutor's office. Bolivian criminal courts can request information from banks for investigative purposes with a warrant.

No published data is available on prosecutions related to money laundering. According to data from the Criminal Process Management Processing System, in 2023, 93 cases for crimes related to corruption and money laundering were fully adjudicated, resulting in 67 convictions and 26 acquittals.

Brazil

Overview

Brazil has the second largest economy in the Western Hemisphere and the largest banking sector in South America. Brazil is a major drug transit country and one of the world's largest drug consumers. Transnational criminal organizations operate throughout Brazil and launder proceeds from trafficking operations and smuggling. A multi-billion-dollar contraband trade occurs along Brazil's international borders, especially in the Tri-Border Area (TBA), where Brazil shares borders with Paraguay and Argentina. Some illicit networks in the TBA provide support to Hizballah, a U.S. Department of State-designated Foreign Terrorist Organization and a U.S. Department of the Treasury Specially Designated Global Terrorist.

Organized crime, including public corruption, is law enforcement's money laundering priority, followed by narcotics and weapons trafficking. Treasury's Office of Foreign Asset Control (OFAC) designated the Brazil-based Primeiro Comando da Capital (PCC) as a transnational criminal organization in 2021. The PCC, Brazil's largest criminal organization, now has a presence in countries throughout the Western Hemisphere and exerts control over some of the most profitable trafficking routes in the world.

The National Strategy to Combat Corruption and Money Laundering is Brazil's primary institutional coordination mechanism for addressing corruption and money laundering. It brings together approximately 90 public entities from the federal, state, and municipal levels to develop public policies to combat these issues.

Vulnerabilities and Money Laundering Methodologies

Public corruption, migrant smuggling, environmental crimes, and trafficking of drugs, weapons, and counterfeit goods are the primary sources of illicit funds. Money laundering methods include the use of banks, real estate, phantom accounts and foreign tax havens, online gambling, cryptocurrencies, informal financial networks, and the sale of cars, cattle, racehorses, artwork, and other luxury goods. In large urban centers, laundering techniques often involve foreign bank accounts, shell companies, trade-based money laundering, and financial assets; while in rural areas, promissory notes and factoring operations are more

common. Drug trafficking organizations also are linked to black market money exchange operators.

Some high-priced goods in the TBA are purchased in U.S. dollars, and cross-border bulk cash smuggling is a concern. Large sums of U.S. dollars generated from licit and suspected illicit commercial activity are physically transported from Paraguay into Brazil. From there, the money may make its way to banking centers in the United States.

Brazil's Manaus Free Trade Zone is composed of five free trade areas. Brazil also has several export processing zones.

In 2014, Operation Carwash uncovered a complex web of corruption, bribery, money laundering, illegal campaign contributions, and tax evasion spanning the Americas and perpetrated by, among other entities, prominent private multinational Brazilian firms. The investigations led to arrests and convictions of government officials, employees at parastatals, and executives at major private construction firms throughout the region. While only a handful of those arrested served time in prison, many were sentenced based on cooperation provided to law enforcement. Later, courts overturned the convictions or lifted fines of many of the individuals, including some who pled guilty, due to, among other things, alleged judicial overreach. In September 2023, a Brazilian Supreme Court judge appointed by convicted former President Lula ruled all evidence obtained through cooperation under Odebrecht's 2017 plea agreement with prosecutors, including evidence procured from other countries through mutual legal assistance requests, was "unusable in any jurisdiction." Courts in other jurisdictions have been presented with this ruling. While U.S. and Peruvian courts have rejected the ruling, it is unknown what will happen to pending cases in courts in other jurisdictions. This investigation was once viewed as a sea change in Latin America, promising to root out systemic corruption undermining the rule of law.

Key Anti-Money Laundering (AML) Laws and Regulations

Brazil's anti-money laundering/combating the financing of terrorism (AML/CFT) legal framework includes asset freezing and forfeiture provisions, corporate ownership disclosure, and comprehensive customer due diligence and suspicious transaction reporting regulations. In 2022, Brazilian lawmakers approved legislation to strengthen oversight of virtual assets.

Brazil and the United States have a customs mutual assistance agreement and an MLA treaty. Brazil regularly exchanges trade and financial records with the United States and other jurisdictions.

Brazil's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Brazil is a member of the Financial Action Task Force (FATF) and the FATF of Latin America (GAFILAT), a FATF-style regional body. See [Brazil's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Money laundering cases face lengthy appeals delays. Convictions sometimes occur decades after the initial charges. Brazil's interagency task forces are not fully utilized, leading to some operational inefficiencies and gaps in information exchange among law enforcement agencies. While authorities typically temporarily seize criminal assets, insufficient evidence frequently prevents their final confiscation.

Legal entities cannot be criminally charged under Brazil's money laundering statute. They can face fines and suspension of operations for violation of reporting requirements, and managers can face criminal sanctions.

Enforcement/Implementation Issues and Comments

Brazil made significant strides in strengthening its legal framework, building capacity to investigate and prosecute financial crimes through specialized police units and courts, and fostering interagency cooperation and civil society input on prospective reforms. At the same time, Brazil lacks a central database that would improve sharing of information to identify money laundering techniques. Judicial delays often lead to cases expiring before judgment due to strict statutes of limitations. Judges acting on strong political biases issue rulings with widespread domestic and intended international significance, which goes unaddressed.

British Virgin Islands

Overview

The British Virgin Islands (BVI) is a British Overseas Territory with an economy dependent on tourism and financial services. The BVI is a sophisticated financial center offering accounting, banking, and legal services, captive insurance, company incorporations, mutual funds administration, trust formation, and shipping registration. As of June 2024, the commercial banking sector had assets valued at approximately \$3.4 billion. BVI has committed to complying with Organization for Economic Cooperation and Development and European Union (EU) rules on financial transparency and regulation. It has adopted global standards for automatic exchange between jurisdictions of taxpayer financial account information.

Potential misuse of BVI corporate vehicles remains a concern, but the government has put in place frameworks to guard against such abuse. Criminal proceeds laundered in the BVI derive primarily from domestic criminal activity and narcotics trafficking. The BVI has a favorable corporate tax rate and no wealth, capital gains, or estate taxes.

Vulnerabilities and Money Laundering Methodologies

Significant money laundering risks include exploitation of financial services and a share structure that does not require a statement of authorized capital. The BVI is a favored destination for incorporating new companies, which can be established quickly with low formation fees. Multiple reports indicate a substantial percentage of BVI's offshore business comes from Asia.

Financial services account for over half of government revenues. The BVI's Financial Services Commission's (FSC) statistical bulletin for the second quarter of 2024 notes there are 358,592 companies. Of these, 1,118 are private trust companies. There are seven commercially licensed banks, 846 active mutual funds, and 379 registered closed-ended funds referred to as private investment funds.

The BVI's proximity to the U.S. Virgin Islands and use of the U.S. dollar as its currency pose additional risk factors for money laundering. The BVI, like other jurisdictions in the

Eastern Caribbean, is a major target for drug traffickers, who use the area as a gateway to the United States. BVI authorities work with regional and U.S. law enforcement agencies to mitigate these threats.

In April 2022, the U.S. Drug Enforcement Administration arrested BVI Premier Andrew Fahie on charges of money laundering and drug trafficking relating to the Sinaloa cartel. On August 6, 2024, the United States sentenced former Premier Fahie to 135 months in prison for conspiring to import cocaine into the United States.

Key Anti-Money Laundering (AML) Laws and Regulations

Money laundering is criminalized, as are all domestic money laundering predicate offenses, consistent with international standards. BVI's "Drug Trafficking Offenses Act" provides for limited non-conviction-based asset forfeiture.

The FSC is the sole supervisory authority responsible for the licensing and supervision of financial institutions. The Financial Investigation Agency (FIA) is the supervisory authority responsible for ensuring AML/combating the financing of terrorism (AML/CFT) compliance of designated nonfinancial businesses or professions. Customer due diligence (CDD) and suspicious transaction reporting requirements cover banks, money service and financing businesses, insurance companies, investment businesses, insolvency practitioners, trust and company service providers, attorneys, notaries public, accountants, auditors, yacht and auto dealers, real estate agents, dealers in precious stones and metals, dealers in other high-value goods, and nonprofit organizations.

The BVI applies enhanced due diligence procedures to politically exposed persons. Part III of the Anti-Money Laundering and Terrorist Financing Code of Practice 2008 outlines the CDD procedures that licensees should follow to ensure proper verification of clients.

In 2024, the government published its National AML-CFT Strategy 2024-2026, which builds upon objectives and actions outlined in its National AML-CFT Strategy 2021-2023.

The United States can obtain legal assistance from the BVI through the United Kingdom (UK) mutual legal assistant treaty and regularly does so.

The FIA is a member of the Egmont Group of Financial Intelligence Units. The BVI is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See the [BVI's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

International experts have criticized the BVI's AML supervision, particularly of the company formation sector, and its sanctions regime, though there have been recent improvements. From January-June 2024, the FSC Enforcement Division levied four administrative penalties/fines and issued 15 warning letters.

Enforcement/Implementation Issues and Comments

The UK is responsible for the BVI's international affairs, save those matters that may be delegated under the Virgin Islands Constitution Order 2007. The UK arranged for the extension to the BVI of the 1988 United Nations (UN) Drug Convention in 1995, the UN Convention against Corruption in 2006, and the UN Convention against Transnational Organized Crime in 2012.

Beneficial ownership information must be shared with UK law enforcement and other agencies within 24 hours of a request (or one hour in urgent cases). The BVI established a register that provides authorized BVI authorities direct and immediate beneficial ownership information; this registry is not publicly available. The BVI committed to introducing a publicly accessible register of the beneficial ownership of companies registered in its jurisdiction but suspended these efforts on December 8, 2023, in light of EU privacy and data protections.

In 2021, BVI amended several laws to empower the FIA to explore whether certain drug trafficking offenses also involve money laundering, and to allow law enforcement to more broadly investigate money laundering and terrorist financing.

Burma

Overview

In 2024, Burma made limited progress to improve its anti-money laundering/combating the financing of terrorism (AML/CFT) regulatory framework and enforcement. Burma remains susceptible to money laundering given its sizeable illicit economy, a fragile banking sector, low public confidence in institutions, and since the 2021 military coup, a regime that has shown little political will for AML/CFT reforms.

Burma is designated as a jurisdiction of “primary money laundering concern” under Section 311 of the USA PATRIOT Act. Since 2016, the U.S. Department of the Treasury has provided limited exceptive relief to U.S. financial institutions that wish to provide correspondent banking services to Burmese banks; to date, Treasury is unaware of any U.S. financial institution availing itself of this provision.

In October 2022, the Financial Action Task Force (FATF) designated Burma as a High-Risk Jurisdiction. In October 2024, FATF issued a statement urging Burma to fully implement the FATF action plan to address deficiencies in Burma’s AML/CFT system by February 2025 to avoid facing countermeasures.

The government’s Central Body on Anti-Money Laundering (AMLCB) convened its first interagency coordination meeting in August 2024. The AMLCB approved a four year (2024-2028) national strategy, announced amendments to the Anti-Money Laundering Act, and enacted the Custody and Disposal of Exhibits Law, providing a legal framework for managing evidence related to financial crimes.

Vulnerabilities and Money Laundering Methodologies

The military regime’s inability to exercise meaningful control in many of Burma’s border regions due to ongoing armed conflict exacerbates money laundering vulnerabilities due to the proliferation of casinos, informal remittance networks, and drug trafficking in those areas. Burma is also susceptible to money laundering due to its predominantly cash-based economy. The banking system suffers from an absence of effective regulation by the Central Bank of Myanmar (CBM). The regime fuels uncertainty by having the CBM

promulgate rapidly evolving regulations as the regime aims to control foreign exchange outflows. Burma's economy generates billions of dollars annually from illicit sectors, including those involving gemstones, timber, and narcotics. This black-market revenue exacerbates corruption and sustains internal armed conflicts.

Online scam centers and casinos in Burma are increasingly targeting victims globally, including in the United States. The scam centers and casinos operate largely in Burmese regions outside regime control, and there is limited available information on the scale of these criminal enterprises.

Key Anti-Money Laundering (AML) Laws and Regulations

The national AML/CFT strategy aims to combat money laundering and terrorist financing activities and address risks within Burma's financial system.

The Ministry for Home Affairs (MHA), which chairs the AMLCB, highlighted the need to enact and amend AML/CFT legislation. In August 2024, the regime amended the Counter-Terrorism Law to include provisions aimed at combating weapons of mass destruction proliferation and financing. In October 2024, the regime began drafting the Custody and Disposal of Exhibits Law to prevent misappropriation of assets seized in investigations.

The financial intelligence unit (FIU) and the Bureau of Special Investigations (BSI), under the MHA, collaborate with the Union Attorney General's Office to develop necessary AML/CFT regulations and guidelines.

Burma does not have a bilateral mutual legal assistance treaty with the United States.

Burma is a member of the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body. See [Burma's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Key AML/CFT weaknesses highlighted by international experts include limited compliance obligations for financial institutions and designated nonfinancial businesses and professions (DNFBPs), including casinos; inadequate suspicious transaction report (STR) reporting; and inconsistent enforcement and oversight of DNFBPs. Other deficiencies include a lack of

transparency in beneficial ownership requirements and insufficient CBM oversight of hundi services' AML compliance. Hundi, an informal international cash transfer network often used for remittances, is officially illegal in Burma.

In June 2024, regime media reported that the Federation of Myanmar Gold Entrepreneurs Association failed to submit STRs and currency transaction reports to the FIU, raising concerns about the gold sector's compliance with AML/CFT regulations.

Burma's civilian government enacted a gaming law in 2019 requiring casinos to register as companies, but there has been no implementation of those regulations.

The FIU is not a member of the Egmont Group of FIUs.

Enforcement/Implementation Issues and Comments

The AMLCB serves as the primary organization coordinating interagency efforts on the AML/CFT strategy. Within the MHA, the Anti-Financial Crime Division (AFCD) of the police force and the BSI are tasked with investigating money laundering, terrorist financing, and other financial crimes. Both BSI and AFCD have the authority to investigate, prosecute, identify, freeze, and seize criminal proceeds. BSI is also responsible for providing AML training to appropriate government and private sector entities.

The governor of the CBM heads the Working Group on AML/CFT, which works closely with the AMLCB to improve coordination with government departments that issue relevant financial system rules and guidelines. The working group holds monthly coordination meetings to review action plan progress, activities of AML/CFT bodies, and reporting of high-risk money laundering and terrorist financing sectors.

Overall, Burma's technical capacity to enforce AML/CFT regulations effectively remains limited, with significant gaps in oversight and prosecution of informal and often illegal money transfer networks. There is also a lack of sufficient AML/CFT training. During the military coup, the technocratic leadership (including experts in AML/CFT at the FIU and the finance ministry) were removed from their positions. Experts and civilian officials have been sidelined since the junta seized control, undermining the country's AML/CFT adherence.

Cabo Verde

Overview

As a small archipelago nation located at the crossroads of Africa, the Caribbean, South America, and Europe, Cabo Verde serves as a key refueling station in transatlantic shipments into Europe from South America.

Cabo Verde has made significant progress in addressing money laundering/terrorist financing vulnerabilities, but challenges remain. The country has seen increased narcotics trafficking due to its strategic location. The interministerial anti-money laundering/combating the financing of terrorism (AML/CFT) commission approved a national AML/CFT strategy in 2023. Despite these efforts and several legal reforms, challenges persist in implementing recommendations made by international experts, particularly in improving the capabilities and capacity of Cabo Verde's financial intelligence unit (FIU).

Vulnerabilities and Money Laundering Methodologies

Cabo Verde's geographic location exposes it to several money laundering vulnerabilities. The country completed its national risk assessment in November 2017, identifying key money laundering/terrorist financing risks in the tourism and real estate sectors, which are currently undergoing a new risk evaluation. Additional risks relate to drug trafficking and border security due to Cabo Verde's limited capacity to patrol its extensive maritime territory. Narcotics reportedly transit through Cabo Verde via sea vessels, including yachts, and arrive by commercial air for domestic consumption.

Public corruption is limited and does not appear to contribute to money laundering. The economy, particularly the informal sector, is cash intensive, making transactions difficult to track.

Special economic zones in Cabo Verde have not attracted significant foreign investment. The government permits casino gaming and sports betting in five zones and runs a national lottery. Online gaming regulations adopted in 2015, 2019, and 2020 remain on hold. The Red Cross has a license to operate lottery games online, with proceeds supporting humanitarian efforts. An agreement with Macau Legend Development (MLD) for a 10-year

exclusive online gambling license in 2015 was not granted and, in November 2024, the government announced that all assets built or ceded to MLD would revert to state ownership.

Key Anti-Money Laundering (AML) Laws and Regulations

Cabo Verde strengthened its AML legal framework, initially established in 2009 and updated in 2016. In April 2023, it adopted its “National Strategy to Prevent and Combat Money Laundering, Terrorist Financing, and the Financing of the Proliferation of Weapons of Mass Destruction.” Following recommendations made by international experts, it enacted a law regulating virtual assets and digital banks in June 2023.

Despite having regulations for suspicious transaction reports, compliance remains inconsistent.

The United States and Cabo Verde do not have bilateral mutual legal assistance or extradition treaties. However, Cabo Verde is party to several multilateral law enforcement conventions containing legal cooperation provisions, which enable international information sharing regarding money laundering.

The FIU is a member of the Egmont Group of FIUs, and Cabo Verde is a member of the Inter Governmental Action Group against Money Laundering in West Africa (GIABA), a FATF-style regional body. See [Cabo Verde's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Financial institutions must conduct due diligence for high-risk transactions, including those involving politically exposed persons. However, many banks and other designated nonfinancial businesses and professions (DNFBPs) are unaware of their obligation to comply with targeted financial sanctions, transactional reporting requirements, and other basic compliance requirements, causing a skewed picture of AML/CFT risks. Cabo Verde does not require the collection and maintenance of beneficial ownership information, resulting in a lack of transparency about corporate ownership.

The cross-border currency declaration process is inconsistent and inefficient due to a lack of training. The FIU cannot provide the necessary training due to a personnel shortage and lacks a system to track and analyze the splitting of amounts carried by third parties.

Enforcement/Implementation Issues and Comments

Funding by international donors has increased the government's capacity to combat money laundering. However, the FIU must improve its efficiency and effectiveness. Authorities highlight the need to strengthen specialized human resources and provide adequate technical and logistical resources. The FIU reports it is currently in the process of hiring more analytical staff, having successfully hired four analysts, and plans to hire additional personnel in early 2025. Proposals to enhance information sharing with the Public Prosecutor's Office and investigators are pending. Meetings are ongoing to resolve these concerns. Despite these challenges, the FIU processed 33 cases confirming suspicions of money laundering in 2023.

The FIU's framework to allow for information sharing is based on FIU's decree law 9/2012 and money laundering law 38/VII/2009, amended by law 120/VIII/2016. Information sharing challenges remain, mainly due to lack of human resources, which severely limits the FIU's ability to investigate potential financial crimes.

U.S. Customs and Border Patrol formed the Border Intelligence Group (BIG), a joint interagency unit of Customs, Judicial Police, and National Police. BIG is working hand in hand with the FIU to establish an FIU liaison position within BIG. This position would give the FIU increased visibility on activities requiring financial investigative support.

Cambodia

Overview

Due to its geographic location, the Kingdom of Cambodia plays a key role in the regional transit and manufacturing of drugs and money laundering activities. The number of special economic zones (SEZs) in the Mekong region (Cambodia, Burma, Vietnam, Laos, Thailand) has grown rapidly. While the establishment of SEZs intends to improve economic growth, limited regulations, oversight, and law enforcement presence at SEZs make them attractive to criminal networks. The United Nations Office on Drugs and Crime (UNODC) estimates the illicit proceeds of trafficking in the region are in the hundreds of billions of dollars. Criminal networks take advantage of weak inspection procedures and recordkeeping systems, and the lack of coordination among SEZs, customs, and law enforcement authorities. Illegal funds are disguised using trade-based money laundering schemes that can be difficult to detect.

Information indicates drug trafficking continues to increase in the thriving SEZ criminal environment. Two reports, UNODC (2022) “Transnational Organized Crime, Casino and Money Laundering in Southeast Asia: A Threat Analysis” and U. S. Institute of Peace (2020) “Myanmar Casino Cities: The Role of China and Transnational Criminal Networks,” support the widely adopted theories.

Vulnerabilities and Money Laundering Methodologies

Cambodia continues to be a money laundering hub in the region. Cambodia is increasingly becoming a major transshipment point as well as a large-scale production center for methamphetamine, heroin, and designer drugs. Proceeds from drug trafficking are increasingly entering the Cambodian economy, especially through casinos owned by People’s Republic of China (PRC) firms and other illicit businesses. Transnational criminal organizations operating in Cambodia are involved in the complex, multi-faceted fraud schemes known as “pig butchering,” which entails human trafficking, cyber-enabled fraud, and money laundering operations in Southeast Asia. These criminal enterprises target victims globally, including in the United States. Numerous investigations by U.S. federal law enforcement agencies indicate PRC-linked organized crime entities operating in Cambodia

and elsewhere are involved in criminal activities to include trafficking in persons, forced labor, money laundering, illicit tobacco smuggling, counterfeit transshipment, and online- and cyber-enabled scams.

In 2020, Cambodia officially banned online gambling. The ban primarily targeted online gambling operators running unlicensed casinos and betting websites within Cambodia. The government subsequently conducted crackdowns to enforce the law. While online gambling remains officially outlawed in Cambodia, there are indications illegal gambling persists, bypassing government regulations. The official ban created a mass exodus of PRC investment. Several of the Sihanoukville SEZ developers have refocused their efforts in Burma, raising concerns about new vectors for cross-border crime, money laundering, and trafficking.

Land-based casinos remain legal in Cambodia, but only in designated areas. Cambodian casinos continue to engage in large-scale money laundering activities, facilitating cyber fraud that affects and costs victims in the United States and abroad billions of dollars.

Cambodia has 54 designated SEZs where businesses and trade regulations differ from those that apply to the rest of the country. Rapid economic growth in the Mekong subregion has coincided with a significant rise in drug, human, and wildlife trafficking, as well as associated money laundering. Factories operating in Cambodia's Sihanoukville SEZ have been tied to transshipment of goods to the United States in attempts to avoid duties. Between 2017-2020, Sihanoukville grew from a small coastal town to a city with over 100 casinos operating online betting that brought increased crime – violence, child labor, illicit trade. Despite the 2020 official ban on online betting, reports suggest illegal online gambling still exists.

Key Anti-Money Laundering (AML) Laws and Regulations

Cambodia's money laundering legal framework was last updated in 2022, with the adoption of the Law on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT Law). A draft AML law, still in the legislative process, was approved by the Council of Ministers of Cambodia and identifies banking, finance, construction, real estate, and casinos as high-risk sectors for money laundering in Cambodia.

Cambodia does not have a bilateral mutual legal assistance treaty with the United States.

The Cambodia Financial Intelligence Unit (CAFIU) is a member of the Egmont Group of FIUs. Cambodia is a member of the Asia-Pacific Group on Money Laundering (APG), a Financial Action Task Force (FATF)-style regional body. See [Cambodia's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Cambodian authorities have recently observed that virtual currencies have been propagated, circulated, bought, sold, traded, and involved in completed transactions in Cambodia. Such activities are illegal without obtaining licenses from competent authorities.

Enforcement/Implementation Issues and Comments

In 2023, Cambodia substantially completed its FATF action plan aimed at addressing its AML/CFT deficiencies. International experts recommend Cambodia continue its efforts to understand the risks associated with and mitigate money laundering/terrorism financing threats and vulnerabilities in the casino and real estate sectors; to freeze, seize, and confiscate proceeds of crime; and to successfully investigate and prosecute offenders who launder funds through casinos.

U.S. federal law enforcement agencies support the Cambodian National Police Anti-Drug Department's counternarcotics and AML efforts. The Cambodian government lacks effectively trained officials to implement its AML/CFT Law.

Many prosecutions are politically motivated and do not typically involve attempts at asset forfeiture.

U.S. law enforcement established a task force with the Cambodian National Police and General Department of Immigration to create a discreet, local law enforcement unit to support U.S. law enforcement interests on various issues including crimes against children, narcotics, money laundering, transnational crime, and the hunt for international fugitives. Task force officers are a vetted, trusted group of motivated officers.

Canada

Overview

Money laundering in Canada involves proceeds from illegal drug trafficking, fraud, arms trafficking, corruption, counterfeiting, piracy, and tobacco smuggling, among others. Foreign-generated proceeds of crime are laundered in Canada, and professional, third-party money laundering is a key concern. Transnational organized crime (TOC) groups are key threat actors.

Canada has made progress in addressing anti-money laundering/combating the financing of terrorism (AML/CFT) deficiencies. To improve transparency, Canada established a federal beneficial ownership registry in 2024. Canada is working toward strengthening customer due diligence (CDD) and information sharing with legislation, additional budget allocations, and strengthened interagency cooperation.

Vulnerabilities and Money Laundering Methodologies

Criminals launder money via several sectors, including money services businesses, casinos, real estate, offshore corporations, banks, and sophisticated trade-based money laundering schemes. Illicit proceeds sometimes are laundered to and through U.S. financial institutions and businesses in the trade and transport sectors.

Illicit drugs represent the largest criminal market in Canada. TOC groups are the most sophisticated actors. Canada's Criminal Intelligence Service estimated in 2021 that between \$36 billion and \$91 billion is laundered annually in Canada. Law enforcement efforts to target a particular money laundering practice generally result in a shift in TOC methodology. Canada's law enforcement agencies cite a shift toward the use of virtual currencies.

Canadian provinces have the legal authority to manage gaming. Several provinces permit in-person and online casinos and table games.

Key Anti-Money Laundering (AML) Laws and Regulations

Canada's two main laws addressing money laundering and terrorist financing are the criminal code and the "Proceeds of Crime (Money Laundering) and Terrorist Financing Act" (PCMLTFA). Canada broadened the scope of the PCMLTFA in 2023 and 2024 to include additional financial services businesses, including factoring companies, check-cashing companies, leasing companies, title insurers, and cash withdrawal service providers for independently operated automated teller machines. The legislation now requires real estate representatives to identify unrepresented and third parties in real estate transactions. In January 2024, Canada launched a publicly accessible and searchable registry of beneficial ownership for federally regulated companies in sectors including banking, transportation, and telecommunications. Quebec established a provincial registry in 2023, and British Columbia (BC) plans to launch one in 2025, but the federal government must still reach agreements with the remaining eight provinces. BC also passed legislative changes requiring people to explain how they acquired their assets, if suspected of unlawful activity. In 2024, the Canadian government committed \$21.5 million over five years to the Canada Border Services Agency to implement its new authorities under PCMLTFA.

The PCMLTFA requires parliamentary committee review of the law every five years. To support the review, the government published an AML/CFT regime strategy for 2023 to 2026.

Covered entities are required to establish and implement risk-based CDD measures. This includes verifying the identity of customers and obtaining beneficial ownership information. The PCMLTFA requires banks and credit unions; life insurance companies, brokers, and agents; securities dealers; casinos; real estate brokers and agents; agents of the Crown (certain government agencies); accountants and accountancy firms; precious metals and stones dealers; and BC notaries to file suspicious transaction reports.

Canada cooperates on AML/CFT matters with the United States and other governments through mechanisms such as the North American Drug Dialogue.

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is a member of the Egmont Group of Financial Intelligence Units. Canada is a member of the Financial Action Task Force (FATF) and the Asia/Pacific Group on Money Laundering

(APG), a FATF-style regional body. See [Canada's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Deficiencies include gaps in CDD responsibilities for nonfinancial businesses and professions, a lack of beneficial ownership transparency for trusts and similar legal mechanisms, and the absence of AML regulations for attorneys.

Information sharing constraints constitute another AML deficiency for Canada. The “Personal Information Protection and Electronic Documents Act” and other regulations hinder information sharing among financial institutions, law enforcement, and FINTRAC, as banks can be subject to large monetary fines for unauthorized data sharing resulting from AML cooperation. However, Canada passed legislative changes in 2024 to improve financial intelligence information sharing under the PCMLTFA and permit FINTRAC to share financial intelligence with provincial/territorial civil forfeiture offices and immigration authorities.

Enforcement/Implementation Issues and Comments

Information sharing and investigatory capacity deficiencies continue to limit AML enforcement. The Canadian government continues to take steps to improve these deficiencies. In 2024, Canada amended its criminal code to grant courts more expansive warrant authorities in AML/CFT cases. Canada also authorized general warrants for criminal investigators in the Canada Revenue Agency. Canada amended its criminal money laundering offense to address challenges with prosecuting third-party money launderers. In 2024, Canada committed \$1.2 million over two years to finalize the design and authorities for the new Canada Financial Crimes Agency, first announced in 2022, to lead AML enforcement.

In 2024, FINTRAC assessed the largest fine in its history, \$9,185,000, against a large bank for violating AML laws, including failing to monitor business relationships, apply enhanced due diligence, and file STRs when appropriate.

Cayman Islands

Overview

The Cayman Islands, a United Kingdom (UK) overseas territory, is a major international financial center. With over 121,000 incorporated and registered companies, the Cayman Islands has become a leading hedge fund jurisdiction, the fourth largest foreign holder of U.S. Treasury securities, the 16th largest holder of international banking assets, and 14th largest holder of international banking liabilities.

As of the third quarter of 2024, there are 84 licensed banks and 134 trust company licenses, 142 licenses for company management and corporate service providers (CM/CSPs), 720 insurance companies, and five money services providers, according to the Cayman Islands Monetary Authority. There are also 1,462 licensed/registered security investment businesses, 12,963 licensed/registered mutual funds, 17,104 registered private funds, 70 mutual fund administrators, and 17 virtual asset service providers (VASPs). New company registrations increased 23 percent from 7,538 (January to September) in 2023 to 9,022 in 2024.

The Cayman Islands has an established anti-money laundering/combating the financing of terrorism/counterproliferation financing (AML/CFT/CPF) regime.

Vulnerabilities and Money Laundering Methodologies

The Cayman Islands' 2021 national risk assessment (NRA) is an update to its 2015 NRA. The NRA, released by the Anti-Money Laundering Unit (AMLU) in March 2022, evaluates the money laundering (ML), terrorist financing (TF), and proliferation financing (PF) risks the jurisdiction faces.

The key findings of the 2021 NRA indicate the Cayman Islands' primary threat is from ML based on predicate crimes committed overseas, notably fraud, corruption, and tax evasion. Banks, securities businesses, and investment funds face the primary exposure to ML activity. Areas of high inherent risk include exempt companies, exempted limited partnerships, and trusts. At the domestic level, drug-related crimes, unlawful gaming,

fraud/theft, and corruption pose the most threats. The threat of terrorism and terrorist financing were assessed as medium-low.

Cayman Enterprise City, a special economic zone, was established in 2011 for knowledge-based industries.

Key Anti-Money Laundering (AML) Laws and Regulations

The Cayman Islands has a strong AML/CFT legal and institutional framework and relevant competent authorities have adequate powers and procedures.

Customer due diligence and suspicious transaction reporting requirements cover all types of financial institutions and designated nonfinancial businesses and professions. The names of company directors and subscribers, the registered office, yearend share capital, and nature of business of companies are publicly available. Shell banks, anonymous accounts, and the use of bearer shares are prohibited.

The “Beneficial Ownership (Transparency) Act, 2023” consolidates and amends the beneficial ownership framework in line with evolving international standards for transparency. It was passed in parliament on November 23, 2023, and went into effect on July 31, 2024.

The “Proceeds of Crime (Amendment) Act” includes VASPs under AML/CFT regulations. The “Virtual Asset (Service Providers) Act” appoints the Cayman Islands Monetary Authority (CIMA) as AML/CFT supervisor of VASPs. The AML regulations require CM/CSPs to collect and maintain beneficial ownership information. The ROC stores this information in a centralized platform, which facilitates instantaneous access for law enforcement and competent authorities. The government committed to the introduction of a publicly accessible register of company beneficial ownership.

Legislative refinements in 2021 and 2022 strengthen CIMA’s powers to issue administrative fines for AML/CFT breaches, among other improvements. Further amendments to the regulatory acts were made as a consequence of the “Beneficial Ownership (Transparency) Act, 2023.”

Cayman Islands' "Mutual Legal Assistance (United States of America) Act" (2015 Revision) gives legal effect to the mutual legal assistance treaty between the United States and the UK concerning the Cayman Islands.

The Financial Reporting Authority (FRA), the country's financial intelligence unit (FIU), is a member of the Egmont Group of FIUs, and the Cayman Islands is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Cayman Islands' most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

While significant improvements have been made to the AML/CFT/CFP regime in recent years, more work is needed to more fully mitigate the NRA's identified risks. The updated National AML/CFT/CFP Strategy 2022-2025, published by the Cayman Islands' Anti-Money Laundering Steering Group (AMLSG), highlights important areas for further development.

Enforcement/Implementation Issues and Comments

The UK is constitutionally responsible for the Cayman Islands' international relations. The UK arranged for the 1988 United Nations (UN) Drug Convention and the UN Convention against Transnational Organized Crime to be extended to the Cayman Islands in 1995 and 2012, respectively. The UN Convention against Corruption was extended to the Cayman Islands in 2020.

The Royal Cayman Islands Police is an Associate Member of the International Anti-Corruption Coordination Centre. The AMLSG, chaired by the attorney general, is the body responsible for AML policy. The Inter-Agency Coordination Committee, chaired by the head of the AMLU, is responsible for implementing policies of the AMLSG.

Supervisors have increased the number of onsite inspections in line with sectoral ML/TF/PF risk. Administrative fines for noncompliance with the AML/CFT regulations have been imposed. In 2022, the latest year for which data is available, CIMA imposed two administrative penalties totaling approximately \$455,000 for AML/CFT breaches.

The Cayman Islands strengthened international cooperation by increasing training and resources for prosecutors, the Bureau of Financial Investigations (CIBFI), Customs and Border Control, the Registrar of Companies (ROC), and the FRA.

As of November 1, 2024, the CIBFI had 33 ongoing ML investigations and no TF investigations. There were also eight ML cases before the Grand Court for prosecutions, four of which are complex.

China, People's Republic of

Overview

The People's Republic of China (PRC) is a global hub for money laundering (ML). The sophistication and reach of criminal networks outpace enforcement capabilities. PRC authorities rarely share newly detected ML methods with international partners nor take sufficient action to interdict or counter these methods. The PRC has taken limited regulatory action against a handful of sanctioned PRC-based entities and individuals.

The National People's Congress released draft text to revise the Anti-Money Laundering (AML) Law in April 2024 and reviewed it in September 2024. Industry and legal officials express concern the revisions will hinder bank collaboration on fraudulent transactions due to tighter information security regulations, including prohibitions against PRC financial institutions providing customer identity information and transaction details without reporting to PRC authorities.

Under the auspices of the U.S.-China Counternarcotics Working Group, a mechanism to coordinate bilateral efforts to counter the global manufacturing and trafficking of illicit synthetic drugs, senior U.S. officials regularly discuss narcotics-related AML efforts with their People's Bank of China (PBOC) and Ministry of Public Security (MPS) counterparts.

Serious implementation shortcomings persist. PRC AML efforts lack transparency, particularly in the context of international cooperation. The PRC should broaden its ML investigation and prosecution efforts and cooperate with international law enforcement investigations regarding domestic Chinese underground financial systems, virtual currencies, shell companies, and trade-based money laundering (TBML). The PRC should also provide guidance to PRC financial institutions on illicit finance risks associated with the global drug trade and penalizing companies laundering drug trafficking proceeds through virtual assets transactions.

Vulnerabilities and Money Laundering Methodologies

Corruption is a major factor in ML. Illegal drug production and trafficking, human trafficking, smuggling, intellectual property theft, crimes against property, tax evasion, and illicit

financial activity linked to North Korea are also primary sources of laundered funds. Criminal proceeds are laundered via bulk cash smuggling; TBML; shell companies; high-value asset purchases; investments; gaming; and exploitation of formal, informal, and third-party payment systems. Criminal gangs also exploit virtual currencies.

The PRC bans services related to virtual currency transactions and prohibits new virtual currency mining projects within the country. The PRC continues to pilot the PBOC-backed e-CNY Digital Currency Electronic Payment.

The PRC's multiple free trade zones, special economic zones, state-level areas, and other designated zones all offer different platforms for global financial activity. Mainland China's economy is linked closely to Hong Kong, a global financial center vulnerable as a transit point for foreign illicit proceeds, particularly from mainland China.

Underground bankers use internet platforms to recruit people – often PRC students abroad – to allow their bank accounts to be used for laundering. A June 2024 indictment charged Los Angeles-based associates of the Sinaloa cartel with conspiring with ML groups linked to Chinese underground banking to launder drug trafficking proceeds. The PRC and Mexico made arrests in the case as part of coordinated action with the U.S.

According to U.S. law enforcement, PRC-based money launderers exploit the U.S. credit card system to move significant amounts of criminal proceeds on behalf of transnational criminal organizations. The repatriation of illicit funds is obscured by the PRC-based launderers and largely falls outside U.S. regulatory jurisdiction.

Key AML Laws and Regulations

The PRC's AML law is currently undergoing revision. Updates ostensibly address risks posed by terrorist financing, digital and virtual currencies, and online game currencies. The PRC has customer due diligence (CDD) and suspicious transaction reporting (STR) requirements and enhanced due diligence procedures for foreign, but not domestic, politically exposed persons (PEPs).

The United States and the PRC are parties to the Agreement on Mutual Legal Assistance in Criminal Matters. PRC law allows asset sharing. U.S. law enforcement notes the PRC has not cooperated sufficiently on financial investigations and does not provide adequate

responses to relevant information requests. Furthermore, the PRC is unable to enforce U.S. court orders or judgments obtained through non-conviction-based forfeiture actions against PRC-based assets.

The PRC is a member of the Financial Action Task Force (FATF) and two FATF-style regional bodies, the Asia/Pacific Group on Money Laundering (APG) and the Eurasian Group (EAG). See [the PRC's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The absence of coverage of domestic PEPs is particularly important as corruption is a major source of laundered funds, and state-owned enterprises play a dominant role in the economy.

Designated nonfinancial businesses and professions (DNFBPs) are not supervised or subject to specific CDD requirements, and STR reporting is virtually nonexistent. The PRC's lack of coverage of DNFBPs is particularly concerning given the massive size of China's real estate and precious metals sectors.

The government should address the rights of bona fide third parties and the availability of substitute assets in seizure/confiscation actions.

The PRC's financial intelligence unit (FIU) is not a member of the Egmont Group of FIUs and often lacks capacity or political will to effectively share financial intelligence.

Enforcement/Implementation Issues and Comments

ML investigations are often not a priority and frequently do not supplement investigations of predicate offenses. The PRC largely ignores money launderers if they did not actively participate in predicate crimes in China. Consequently, the PRC has few stand-alone ML convictions. The PRC should broaden its focus to go beyond active participants in predicate crimes.

The PBOC, the MPS, and provincial law enforcement share responsibility for countering and investigating ML. The PRC should strive to use AML tools more effectively and transparently. The PRC should seek to enhance coordination among its financial regulators

and law enforcement bodies, as well as with international partners. The PRC should address structural shortcomings relating to domestic PEPs, DNFBPs, and STR criteria.

Colombia

Overview

Colombia has a rigorous money laundering detection regime. Still, not all anti-money laundering/combating the financing of terrorism (AML/CFT) compliance systems are aligned with risk-based best practices, creating significant gaps in the supervision of designated nonfinancial businesses and professions (DNFBPs). According to the national risk assessment conducted by Colombia's Financial Analysis and Information Unit (UIAF), public corruption, narco-trafficking, environmental crimes, and trade-based money laundering (TBML) pose the highest money laundering threats.

Vulnerabilities and Money Laundering Methodologies

Illicit proceeds are laundered primarily through bulk cash smuggling, TBML, and cryptocurrency transactions. TBML methods include invoice manipulation, customs fraud, and cross-border counterfeit goods and contraband smuggling. Illegal gold mining and trading are used to both launder illicit revenue and generate additional illicit proceeds. According to Colombian officials, corrupt customs authorities facilitate evasion of the customs process. Most goods brought to Colombia via TBML are sold in informal black-market venues, known as San Andresitos. These venues receive little supervision and enforcement.

Criminal organizations launder illicit proceeds through formal and informal financial schemes, such as money brokers, real estate investments, structured wire transfers, and abuse of remittance networks. Although criminal organizations continue to use these traditional laundering methods, U.S. law enforcement assesses a significant portion of the laundering activity has moved into cryptocurrency and through foreign banking systems. Colombian institutions have a limited understanding of virtual financial operations, but Colombian law enforcement reports criminal groups are increasingly using digital currencies. They report a rising tendency to utilize software development, cellphone applications, and other online hi-tech service industry companies as fronts to move illicit profits via cryptocurrencies from one country to another.

The more than 100 free trade zones in Colombia are generally well-regulated for AML/CFT purposes.

Key Anti-Money Laundering (AML) Laws and Regulations

The UIAF is the national AML/CFT coordinator. Colombia has customer due diligence (CDD), currency transaction report, and suspicious transaction report regulations. Colombia is working with donor countries on numerous projects to strengthen the country's AML/CFT regulatory system.

Colombia has not yet passed legislation to regulate virtual assets. Colombia's central bank leads a virtual asset working group to assess regulatory and oversight needs for all affected industries. The UIAF has included Colombian virtual assets service providers as reporting entities since 2021. The Attorney General's Office received donor support to develop a protocol for investigating financial crimes involving virtual assets but has yet to finalize and publish the guidelines.

Colombia and the United States do not have a bilateral mutual legal assistance treaty. Assistance is possible through various multilateral conventions to which both countries are signatories.

Colombia is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body. See [Colombia's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The UIAF is a member of the Egmont Group of Financial Intelligence Units. However, the Egmont Group suspended UIAF's access to the Egmont Secure Web in September 2024, following President Gustavo Petro's unauthorized public disclosure of another country's financial intelligence report. The suspension restricts the UIAF from exchanging sensitive financial information with other Egmont members via the group's secure platform while Egmont conducts a formal investigation.

Colombia's attempts to pass legislation to include environmental crime as a money laundering predicate offense have been unsuccessful. Further, Colombia's legislative

framework prohibits law enforcement from having direct access to UIAF's reports, slowing an already overburdened judicial process. The government adopted the "2021-2026 AML Public Policy Plan" and added an illicit finance chapter to the "2022-2025 Criminal Policy Plan" to address this concern.

In 2021, Colombia updated the CDD guidelines for politically exposed persons (PEPs) to include foreign PEPs. Reporting entities face significant challenges effectively identifying PEPs.

The monitoring and sanctions regime is effective in the financial sector, but DNFBPs generally have a lower level of awareness of AML/CFT regulations. Regulators of DNFBPs are relatively under-resourced and pose a challenge to effective AML/CFT compliance monitoring. Colombia should improve oversight in all reporting sectors.

Enforcement/Implementation Issues and Comments

The Colombian Special Assets Entity, responsible for managing non-conviction-based asset forfeiture and disposing of forfeited assets, has struggled to manage its large inventory of over 24,000 real property assets that cause a significant financial burden. The lack of asset forfeiture judges and reliance on only one appellate court add to the gridlock, causing asset forfeiture proceedings to take more than 20 years.

There is limited information sharing among Colombian institutions. The Colombian government could benefit from interagency groups working together to combine resources and improve information and intelligence sharing to increase prosecutions, judicial processes, and convictions. It should also establish a consolidated asset forfeiture database.

Colombian and U.S. authorities cooperate closely on money laundering and asset forfeiture investigations, but law enforcement and prosecutors need more resources and specialized training to effectively investigate and prosecute complex financial crimes.

President Petro's administration has committed, through capacity-building initiatives and legislative proposals, to improve and strengthen the country's structures against money laundering, terrorism, and proliferation financing.

Costa Rica

Overview

Organized crime and narcotics trafficking remain the primary drivers of money laundering and financial crimes in Costa Rica. Costa Rica is not a regional or offshore financial center.

The General Superintendency of Financial Entities (SUGEF) and the Financial Intelligence Unit (FIU) housed in the Costa Rican Drug Institute (ICD), lead implementation of anti-money laundering (AML) activities in Costa Rica. Costa Rica reports it is committed to implementing international recommendations and has engaged in limited activities to address money laundering violations through sanctions or judicial action.

Vulnerabilities and Money Laundering Methodologies

Narcotics trafficking continues to be a major source of laundered assets in Costa Rica. The country remains among the top first-stop transshipment points for U.S. and European-bound South American cocaine. Industries, including construction, real estate, vehicle sales, money exchange, and hotels, remain vulnerable to money laundering.

Legalized gaming and sportsbook enterprises have large operations in Costa Rica and raise significant money laundering concerns. Illegal gold mining and gold trafficking, most notably from the “Crucitas” region in northern Costa Rica, likewise pose significant risk, as do other forms of natural resource crimes, such as wildlife and timber trafficking and illegal fishing. Airports and border crossings continue to be transit points for illicit money flows. Costa Rican authorities seized \$1.2 million in undeclared currency between January and October 2024 through collaboration with U.S. Customs and Border Protection’s Joint Security Program at Juan Santa Maria International Airport.

Key Anti-Money Laundering (AML) Laws and Regulations

Costa Rica employs customer due diligence guidelines, reporting rules, suspicious transaction report (STR) provisions, and risk-based supervision requirements that cover both traditional financial institutions and designated nonfinancial businesses and

professions (DNFBP). The SUGEF has increased DNFBP tracking – registering 5,261 entities in 2023 – and is denying financial services to noncompliant entities. Virtual asset operators are not automatically classified as DNFBPs, though a draft law pending legislative approval (Bill 23.415, “Crypto Asset Markets”) would place them under SUGEF’s supervision.

A fiscal fraud law (Law 9416) provides for disclosure of beneficial owners, and the Beneficial Owner Registry has been in place since 2022.

Legislation to strengthen penalties for money laundering crimes (Bill 22.552) is still pending discussion and approval by the Plenary of the Legislative Assembly. The bill would increase prison sentences for money laundering convictions and remove the requirement the main charge be a “major crime,” i.e., one with penalties of four or more years imprisonment.

The FIU is a member of the Egmont Group of FIUs. Costa Rica is a member of the Financial Action Task Force of Latin America (GAFILAT), a FATF-style regional body. See [Costa Rica's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Costa Rica does not have a stand-alone asset forfeiture law. However, the government uses a non-criminal administrative action, known as “emergent capital,” to seize assets representing an increase in the net worth of any individual where there is no demonstrated “apparent legitimate source” that justifies the increase.

From January to September 2024, the Attorney General’s Office (AGO) evaluated 51 potential emergent asset forfeiture cases, and as of October 2024 prosecutors were engaged in 164 proceedings. Additionally, 95 emergent asset forfeiture cases received rulings in 2024, with 12 resulting in convictions. Of these convictions, four cases were dismissed, while eight allowed the Costa Rican authorities to recover \$83.8 million.

The Costa Rican Constitutional Court ruled on October 8, 2024, that the proposed reform to the Law Against Organized Crime (Law 8754), which introduces an asset forfeiture mechanism, is broadly constitutional. Despite this ruling, resistance among some legislators is preventing the reform legislation from moving forward.

Costa Rica does not regulate virtual currencies, and the increased popularity of virtual currencies represents an additional AML enforcement challenge for Costa Rican authorities.

Enforcement/Implementation Issues and Comments

The FIU received 524 STRs involving over \$384 million between January and October 2024, of which 102 were elevated to the AGO for investigation. As of October 15, 2024, early warnings and preventive actions resulted in \$7,466,611 in assets being frozen.

Curaçao

Overview

Curaçao is a regional financial center and a transshipment location for drugs and gold from South America. Money laundering occurs through money mules, private foundations, cash intensive businesses serving as front companies, online gambling, brick and mortar casinos, the sale of luxury goods, real estate, unlicensed money lending and remitting, wire transfers, private capital investment funds, and trade-based money laundering.

Curaçao is an autonomous country within the Kingdom of the Netherlands (Kingdom). The Kingdom retain responsibility for foreign policy and defense, including negotiating and concluding international agreements. There is a law enforcement memorandum of understanding (MOU) between the four Kingdom countries and the United States. Law enforcement in Curaçao is effective in detecting money laundering suspects, and the legal system is effective in the prosecution of money laundering cases.

Vulnerabilities and Money Laundering Methodologies

Law enforcement officials and investigative journalists believe transnational criminal organizations are drawn to Curaçao for the wide availability of U.S. dollars, offshore banking and incorporation systems, private capital investment funds, free trade zones (FTZs), a large shipping container terminal, online gaming servers, and resorts/casinos to launder their illegal proceeds.

Due to its geographic proximity and history of economic ties, Curaçao is at risk of being used by criminal organizations and tax evaders in Venezuela to launder money. In 2019, Curaçao ended its offshore tax regime. However, alternate tax regimes remain, depending on company activities, which could still be exploited for money laundering.

Although Curacao has a population of just 150,000, the island hosts 49 independent banks subdivided into local retail operations, foreign bank subsidiaries, foreign bank branches, credit unions, savings banks, consolidated international banks, and nonconsolidated international banks.

Curaçao is home to one of the largest online gaming licensors in the world. Virtual currency may be used in online gaming following passage of a new law in December 2024. The Curaçao Gaming Control Board (GCB) oversees anti-money laundering/combating the financing of terrorism (AML/CFT) activity for the shore-based gambling outlets but not the online gaming industry.

Curaçao launched a new online gaming licensing process in 2023. All operators had to reapply for licenses by March 31, 2024, after an extension on the previous November 2023 deadline. In August 2024, the GCB granted 107 licenses to online casinos. The “National Ordinance for Games of Chance,” which introduces new licensing requirements, stricter compliance measures, and enhanced oversight, came into effect in December 2024.

Curinde N.V., a majority state-owned company, supervises Curaçao's two FTZs. Warehousing; repair and maintenance; and repacking, relabeling, or assembly of imported goods are permissible activities within the FTZs.

Key Anti-Money Laundering (AML) Laws and Regulations

Kingdom authorities may extend the applicability of international money laundering agreements to autonomous countries if local leadership agrees. The Kingdom extended to Curaçao (as a successor to the Netherlands Antilles) the 1988 United Nations (UN) Drug Convention and the UN Convention against Transnational Organized Crime. On June 13, 2024, the Kingdom extended the UN Convention against Corruption to Curaçao.

In accordance with relevant international agreements entered into by the Kingdom, each autonomous country can be assigned a status of its own within international or regional organizations, subject to the organization's agreement. The autonomous countries may conclude, within parameters, MOUs in areas in which they have autonomy.

The “National Ordinance on Reporting of Unusual Transactions” and “National Ordinance on Identification when Rendering Services” establish AML/CFT requirements. Covered service providers are required to comply with customer due diligence and unusual transaction reporting (UTR) requirements. As of December 31, 2023, three money transfer companies were added under the supervision of the Central Bank of Curaçao and Sint Maarten (CBCS).

In May 2024, CBCS, GCB, and the financial intelligence unit (FIU) furthered their AML/CFT/counterproliferation financing (CPF) commitment by entering into a multilateral memorandum of understanding.

The CBCS regularly issues AML/CFT/CPF guidelines for companies operating from Curaçao that deal with virtual assets, payment services, and electronic money. The legislation has been amended to meet AML/CFT international standards.

The 1981 mutual legal assistance agreement (MLAA) between the Kingdom and the United States and the 1992 Agreement Regarding Mutual Cooperation in the Tracing, Freezing, Seizure, and Forfeiture of the Proceeds and Instrumentalities of Crime and the Sharing of Forfeited Assets both apply to Curaçao; however, the 2004 U.S.-Netherlands MLAA, incorporating specific U.S.-European Union provisions, was not extended to Curaçao. Additionally, Curaçao has a tax information exchange agreement with the United States.

Curaçao's FIU is a member of the Egmont Group of FIUs, and Curaçao is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Curaçao's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

A 2023 national risk assessment (NRA) identifies the online gaming sector as one of the highest-risk sectors in Curaçao, along with banking, money transfer agencies, and the e-trade zone.

The draft AML/CFT/CPF regulation has not been approved, thereby missing the deadline of December 18, 2023. However, Curaçao's AML/CFT/CPF strategy and action plan addresses the NRA findings.

Enforcement/Implementation Issues and Comments

Curaçao utilizes UTRs, a broader reporting mechanism than suspicious transaction reports. Reporting entities file UTRs with the FIU.

The FIU seeks to extend its secure network, FCInet, to additional partners.

The Action Center Undermining Curaçao (ACOC) – comprising law enforcement, prosecutors, border patrol, customs, and the FIU – combats organized crime, including money laundering, using a broad set of government instruments, administrative tools, and criminal enforcement.

Cyprus

Overview

The island of Cyprus's financial system remains vulnerable to illicit finance, especially the proceeds of foreign corruption and narcotics trafficking. The Republic of Cyprus (ROC) is the only internationally recognized government on the island. Since 1974, the northern one-third of Cyprus has been administered by Turkish Cypriots (TCs) with the support of Türkiye. The north proclaimed itself the "Turkish Republic of Northern Cyprus" ("TRNC") in 1983, but only Türkiye recognizes it. European Union (EU) law, otherwise known as "acquis communautaire," is suspended in the area administered by the TCs. A Buffer Zone patrolled by UN peacekeeping forces separates the two sides. The ROC and the TC-administered area are discussed separately in each topic heading below.

The ROC continues to upgrade its anti-money laundering/combating the financing of terrorism (AML/CFT) legal framework. A regional financial and corporate services center, the ROC had a significant number of nonresident businesses, estimated to be 45 percent of all registered companies. The number of registered companies (resident and nonresident) fell to 198,863 at the end of December 2023, compared to 203,545 in 2021, largely due to the delisting of many companies that were not compliant with ROC Law. More are under review for delisting. Oversight of trust and company service providers, real estate, and other nonfinancial sector activities continues to need improvement.

Public access to its three ultimate beneficial owner (UBO) registries (companies, trusts and similar legal arrangements, and nonprofit organizations) remains suspended in accordance with a 2022 EU judicial decision; however, competent authorities and covered entities continue to have access to these UBO registers.

The area administered by TCs lacks adequate AML/CFT legal and institutional frameworks. In December 2023, TCs adopted "legislation" expanding the scope of existing AML requirements in the area administered by TCs and adding new ones. Because only Türkiye recognizes the "TRNC," it is dependent on Turkish authorities and Turkish financial institutions for AML/CFT enforcement. TC authorities have taken steps to address some major deficiencies, although "laws" are outdated or not sufficiently enforced to effectively deter money laundering. These "laws" are not evaluated by a FATF-style regional body

under the global methodology. The casino sector and the emergence of unregulated cryptocurrency exchanges remain significant concerns.

Vulnerabilities and Money Laundering Methodologies

The ROC's primary sources of illicit proceeds are fraud, foreign corruption, tax evasion, narcotics trafficking, and tobacco smuggling. Additionally, proceeds generated by cybercrime continued to increase.

The traditional banking sector remains at risk of exploitation, particularly by inadvertently handling proceeds of illicit activity laundered abroad. The presence of several thousand nonresident businesses and offshore entities exacerbates the risk of the ROC's misuse as a gateway into other EU financial institutions, although introduction of the UBO registries was an important step in addressing this concern.

The Cyprus Gaming and Casino Supervision Commission (CGC) supervises the ROC's land-based casinos. Hong Kong-based Melco International, the only licensed casino operator in the ROC, opened its large integrated casino resort, the "City of Dreams," in 2023 and continues to operate four smaller satellite casinos. The CGC regularly publishes important AML/CFT news and best practice documents for gaming operators. Online casino gaming remains unlawful, while sports betting (offline and online) is supervised by the National Betting Authority.

Enhanced due diligence and changes in risk appetite in the traditional banking sector may have driven an increasing volume of financial services activity elsewhere, including virtual banking, virtual assets, and virtual currency. Virtual asset services providers (VASPs) must formally register with the Cyprus Securities and Exchange Commission (CySEC), which provides supervisory oversight through a comprehensive regulatory framework for virtual asset and cryptocurrency trading platforms. The Central Bank of Cyprus (CBC) discourages the traditional banking sector from owning or facilitating transactions in virtual currencies. In October 2023, the ROC amended its AML/CFT law to require VASPs to register with (and be supervised by) CySEC. In December 2024, the EU "Markets in Crypto Assets Regulation" became effective, providing a comprehensive conduct of business framework, and hopefully, further limiting AML/CFT risks from cryptocurrencies.

The ROC terminated its citizenship by investment (CBI) program in 2020 amid allegations of corruption. Investigations related to the CBI are ongoing and have led to prosecutions and/or revocations of citizenship.

In the area administered by TCs, money laundering vulnerabilities are concentrated in the casino, real estate, car dealer, and financial services sectors, including unregulated virtual currency exchanges. Currency exchange houses remain of concern given the prevalence and use of the Turkish lira, the British pound, the euro, and the U.S. dollar in the area administered by TCs. There are 34 registered and active casinos in the area administered by TCs as of December 2024.

The “central bank” prohibits the traditional banking sector from owning or facilitating transactions in virtual currencies, however; an increasing number of storefront traders facilitate trade in virtual currencies. The “central bank” regulates offshore banks, widely suspected of being associated with money laundering activity.

The area administered by TCs has one free port and zone in Famagusta, regulated by the “Free-Ports and Free Zones Law.” Permitted activities include manufacturing and production; storage, assembly, repair, and export of goods; building and repair of ships; and banking and insurance services. The traditional banking sector is not permitted to engage in business or transactions located in the free port and zone.

There are reports of the smuggling of people, illegal drugs, tobacco, alcohol, and foodstuffs across the UN-administered Buffer Zone into the ROC and of human smugglers operating in the waters north of the island. Additionally, intellectual property rights violations are common, and pirated items are freely available for sale in the area administered by TCs.

Key Anti-Money Laundering (AML) Laws and Regulations

The ROC’s AML/CFT law contains provisions allowing for the enforcement of foreign court orders, including foreign non-conviction-based confiscation orders. ROC authorities maintain close cooperation with foreign authorities, including U.S. agencies. ROC legislation covers both foreign and domestic politically exposed persons.

The United States and the ROC have a bilateral mutual legal assistance treaty.

The Unit for Combating Money Laundering (MOKAS), the ROC's financial intelligence unit (FIU), is a member of the Egmont Group of FIUs. The ROC is a member of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL), a Financial Action Task Force (FATF)-style regional body (FSRB). See the [ROC's most recent mutual evaluation report](#) for more information.

In the area administered by TCs, the 2008 "AML Law" requires entities to determine the identities of parties to a transaction, including taking reasonable steps to determine the beneficial owner. This information is not publicly available.

In December 2023, TCs adopted "legislation" entitled "Prevention of money laundering, combating the financing of terrorism, and the financing of the proliferation of weapons of mass destruction" to expand the scope of existing AML requirements and add new provisions.

Financial institutions and designated nonfinancial businesses and professions are required to submit suspicious transaction reports (STRs) to the "FIU." The "FIU" forwards STRs to the "Anti-Money Laundering Committee," which evaluates the STRs and determines whether to refer suspicious cases to the "police" or the "attorney general's office" ("AGO") for further investigation.

The area administered by TCs does not have a records exchange mechanism with the United States.

AML Legal, Policy, and Regulatory Deficiencies

The ROC's national risk assessment identifies areas for improvement, including more effective implementation of AML/CFT laws and regulations, enhanced awareness and capacity building in all sectors, and specialized training for prosecutors, investigators, and the judiciary.

International experts also identified numerous areas for improvement, particularly in oversight of trust and company service providers, real estate, and other nonfinancial sector activities.

The Attorney General and police have limited resources to investigate offshore illicit activity with a ROC nexus, which remains a concern given the significant number of registered shell companies. However, credit institutions in the ROC have deregistered a sizeable number (42,728) of shell companies since 2018.

The area administered by TCs lacks an adequate AML/CFT legal and institutional framework as well as sufficient expertise among members of enforcement, regulatory, and financial “institutions.” The “criminal code” and other “legislation” needs to be updated to facilitate prosecutions of money laundering.

The “FIU” is not a member of the Egmont Group of FIUs. The area administered by TCs is not a member of any FSRB and is not subject to AML/CFT mutual evaluations.

Enforcement/Implementation Issues and Comments

ROC AML/CFT monitoring and enforcement mechanisms remain fragmented and under-resourced. The level of investigation and enforcement vary considerably by supervisory authority and supervised activity. Many business sectors rely on the formal banking sector for due diligence on customers and origin of funds. The CBC and CySEC have robust AML/CFT supervisory tools and publicly disclose administrative enforcement actions. The Cyprus Bar Association discloses administrative enforcement actions but without naming the individuals or firms involved due to privacy concerns. MOKAS has some enforcement powers, such as the power to obtain court orders freezing assets in domestic criminal cases or following mutual legal assistance requests.

The ROC police maintain AML/CFT enforcement data electronically. In 2023, the prosecution of money laundering offenses led to the indictment of 21 people, and the conviction of 46 people and one company, while in 2022, 34 persons were convicted in 20 money laundering cases. Between January-October 2024, there was a significant increase in asset seizures in domestic investigations, amounting to \$7.35 million (€7 million). In previous years the maximum amount seized was \$840,000 (€800,000).

STRs filed with MOKAS in 2023 increased by 26 percent compared to 2022. Major reporters remain banking institutions, investment companies, and foreign reporting entities, such as fintech companies; the addition of electronic payment institutions also contributed to the increase in STRs.

In the area administered by TCs, although the banking sector is sufficiently regulated, other important areas of financial activity, including currency exchanges and virtual currency trading, are not. The ongoing shortage of law enforcement resources and expertise leaves the casino sector poorly regulated and vulnerable to money laundering operations.

The TC banking sector depends on Turkish banks for international transactions and engagement. The “FIU” has no institutional linkages with FIUs outside of Türkiye.

Between January-October 2024, the “FIU” participated in 123 “AGO” criminal investigations related to money laundering. The “FIU” reports only one of these cases was finalized.

Dominica

Overview

The Commonwealth of Dominica, located between the French territories of Martinique to the south and Guadeloupe to the north, faces significant challenges in combating drug trafficking and financial crimes. The financial sector, while relatively small, is vulnerable as criminals use various money laundering methodologies to integrate illicit proceeds into the local economy.

Dominica is not a financial center or a hub for international banking, and it has no free trade zones. The Financial Services Unit (FSU) supervises the offshore financial sector, including 27 offshore banks, 10 money services businesses (MSBs), and 16 insurance companies. Authorities have granted virtual asset provider (VASP) licenses to three offshore banks. Dominica does not permit international business companies.

Dominica's citizenship by investment program (CBI) comprises 30 per cent of GDP and plays a pivotal role in the country's economy. Authorities have strengthened due diligence measures related to CBI to meet international standards. In 2024, Dominica revoked the citizenship of 68 individuals, citing fraud or misrepresentation during the application process.

Vulnerabilities and Money Laundering Methodologies

Narcotics and firearms trafficking, as well as fraud, are the major sources of illicit funds. Dominica's geography, offshore financial sector, and drug trafficking networks create money laundering vulnerabilities. Criminals launder illicit proceeds through legitimate businesses, including bars, restaurants, retail stores, and car rental companies. Criminals often use MSBs to funnel cash into the economy, masking illicit funds through payments for goods and services. Small-scale businesses provide a means to merge illegal earnings with legitimate income, making it difficult for authorities to detect suspicious transactions.

Dominica's CBI provides much-needed revenue for development and infrastructure projects. An application for economic citizenship must be made through a government-approved local agent, accompanied by a fee for due diligence purposes. The government

has a CBI unit to manage the screening and application process. The prime ministers of Dominica, Antigua and Barbuda, Grenada, and Saint Kitts and Nevis entered into an agreement in March 2024 to facilitate a joint approach on strengthening their CBI programs. The agreement includes a minimum \$200,000 investment, information sharing, common regulation, and common standards for agents.

The “Companies Act” permits nominee shareholders and allows “external companies” to keep bearer shares on their registers; however, no bearer shares have been registered.

Dominica faces both money laundering risks and terrorist financing risks. In recent years, the FSU and the Financial Intelligence Unit Dominica (FIU-D) have enhanced monitoring efforts, including asset recovery initiatives and increased scrutiny of VASPs. The addition of VASPs as regulated entities ensures compliance with evolving global standards.

Key AML Laws and Regulations

Dominica developed a comprehensive AML/combating the financing of terrorism (CFT) legal framework, with key laws and regulations to combat money laundering and related financial crimes. The “Money Laundering Prevention Act” sets out the legal framework for identifying, investigating, and prosecuting money laundering.

The “Proceeds of Crime Act” (POCA) provides mechanisms for the seizure, detention, and forfeiture of criminal proceeds. “Statutory Rules and Orders No. 9 of 2018” strengthens the “Magistrate’s Code of Procedure,” facilitating the forfeiture of cash under the POCA.

Dominica has a mutual legal assistance treaty with the United States.

The financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Dominica is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Dominica's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

While Dominica continues to make significant strides in addressing AML/CFT risks, several technical compliance deficiencies persist. Gaps remain in the application of targeted financial sanctions related to terrorist and proliferation financing, and oversight of nonprofit

organizations (NPOs) and designated nonfinancial businesses and professions (DNFBPs) needs further strengthening. Additionally, Dominica must enhance transparency on beneficial ownership of legal persons.

Dominica continues to monitor and assess risks, including cross-border financial flows. The country is making ongoing efforts to close these gaps through enhanced risk assessments and policy reforms.

Enforcement/Implementation Issues and Comments

Dominica's National Anti-Money Laundering Advisory Committee provides strategic oversight and coordination across regulatory and enforcement bodies. The Eastern Caribbean Central Bank supervises domestic commercial banks, ensuring compliance with AML/CFT standards.

The FSU is the primary AML/CFT supervisor for DNFBPs and VASPs. A lack of human and financial resources within the FSU and law enforcement has hampered their ability to effectively conduct their respective AML/CFT roles and responsibilities.

The FIU-D works closely with the Regional Security System's Asset Recovery Unit (RSS-ARU) to intercept illicit funds and seize criminal proceeds. In 2024, the FIU-D forfeited \$358,500. The FIU and RSS-ARU are working on the "Depreciating Assets Sale Order" bill to ensure seized assets retain value during legal proceedings.

Authorities are currently prosecuting two money laundering cases, involving \$221,200. In a recent case, Dominica secured a money laundering conviction resulting in the confiscation of \$38,500.

Dominica's participation in international information-sharing networks underscores its commitment to cross-border cooperation in tackling financial crimes. Dominica continues to make noteworthy progress in its fight against money laundering and financial crimes. While the country addressed many of the deficiencies identified by international experts, efforts continue to strengthen targeted financial sanctions and regulatory oversight of DNFBPs and NPOs. To meet its goals of compliance with international AML/CFT standards and mitigating emerging risks from new technologies, Dominica plans to focus on interagency coordination and policy reforms.

Dominican Republic

Overview

The Dominican Republic (DR) has the Caribbean's largest economy and serves as a crucial transshipment point for illegal drugs bound for the United States and Europe, making it vulnerable to financial crimes. The DR's susceptibility to money laundering is heightened by corruption, international drug trafficking organizations, a substantial informal economy, and inadequate financial oversight. Historically, DR financial institutions have been suspected of aiding the movement of illicit funds obtained through corruption and drug trafficking. Recent improvements in supervision have bolstered compliance, though deficiencies remain.

Since taking office in August 2020, President Abinader has shown a strong commitment to enhancing anti-money laundering/combating the financing of terrorism (AML/CFT) measures. Key law enforcement leaders have supported this focus. The Dominican Financial Analysis Unit (UAF), the DR's financial intelligence unit (FIU), has made positive technical progress in analysis, transparency, and regulatory enforcement.

Vulnerabilities and Money Laundering Methodologies

The primary sources of illicit proceeds of crime in the DR are the illegal trafficking of licit goods, human trafficking, drug trafficking, tax evasion, public corruption, and financial fraud. The main methods for transferring illicit funds, primarily from the United States to the DR, are mirror transactions, couriers smuggling bulk cash, and wire transfer remittances. Criminal organizations use currency exchange houses, money remittance services, real estate, vehicles, and the construction sector to launder these funds.

The use of cryptocurrency is on the rise as a method for moving illicit funds. Cryptocurrency transactions in the DR amount to approximately \$6.8 billion annually, yet they are neither legally recognized nor regulated, posing a significant money laundering risk. A general lack of reporting and reliable data hinders better enforcement.

The Casino and Gambling Department of the Ministry of Finance supervises casinos, games of chance, and lotteries. The DR has approximately 72 casinos, 3,778 lottery

outlets, and 372 sports betting parlors. Online gaming is legal. There is no known evidence to indicate the DR gaming sector is being used to launder funds.

Over 750 companies, primarily manufacturing firms, are located in the DR's 84 free trade zones. These companies are exempt from most national and municipal taxes, so long as the products they produce are exported. The National Council of Export Free Trade Zones regulates and promotes development of the zones and is composed of representatives from the public and private sectors.

Currently, supervisory bodies do not regularly impose AML administrative sanctions on financial nonbanking institutions (FNBI). FNBI are a significant money laundering vulnerability due to their large number, approximately 44,000 entities, and the limited resources available to the supervising authority.

Key AML Laws and Regulations

The primary legislation for AML/CFT in the DR is Law 155-17. The DR adheres to international AML standards with its comprehensive customer due diligence and suspicious transaction report regulations.

Since 2023, the government has adopted a new civil asset forfeiture law and a seized and forfeited assets law. These laws have the potential to be used to combat corruption and money laundering. The seized and forfeited assets law established a specialized agency to manage forfeited assets with improved controls for greater accountability and transparency. This law also facilitates the sale of forfeited assets, with the proceeds returning to the government.

Although the United States and the DR do not have a bilateral mutual legal assistance treaty, they utilize multilateral law enforcement conventions to exchange information for judicial proceedings on a case-by-case basis. The DR's Criminal Procedure Code permits the sharing and requesting of information with foreign entities concerning money laundering prevention, intelligence, and prosecution.

The UAF is a member of the Egmont Group of FIUs. Additionally, the DR is part of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body. See the [DR's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The DR's efforts to fight money laundering are hindered by limited resources, insufficient interagency collaboration, and the absence of an effective monitoring system. The regulatory bodies have limited ability to address suspicious transactions of government officials due to a lack of tracking and reporting of politically exposed persons. The launch of the interagency Anti-Money Laundering Task Force in 2023 is a significant step in combating financial crimes. However, interagency mistrust and a lack of resources have hampered the task force's effectiveness.

Enforcement/Implementation Issues and Comments

While the UAF provided 464 technical assistance reports and 55 spontaneous reports to authorities, there is no available reporting on whether the UAF's reports have been utilized in prosecutions by the Attorney General's Office (AGO). Similarly, agencies do not keep adequate records regarding predicate crimes, making it difficult to gauge the effectiveness of the AML regime.

The DR faces significant challenges in implementing and funding the civil asset forfeiture and administration of seized and forfeited assets laws. These challenges include resourcing, aligning, and training relevant government agencies to carry out their new functions. Additionally, there is a need to develop internal management and administration systems that enable the AGO, law enforcement, and other government agencies to manage and generate statistics electronically, which are crucial for assessing money laundering activities in the DR.

Ecuador

Overview

Ecuador is a transit hub for illicit drugs. Transnational criminal organizations from Mexico and the Balkans operate in the country. Ecuador's largely cash-based, informal, dollarized economy featuring high income inequality increases its vulnerability to criminal activity.

President Daniel Noboa and a new legislative body took office in November 2023 for a shortened 18-month term. Political clashes under the previous government impacted proposed government actions to strengthen Ecuador's anti-money laundering/combating the financing of terrorism (AML/CFT) regime.

In October 2024, the State Department designated former president Rafael Correa and former vice president Jorge Glas for significant corruption under Section 7031(c) of the "Department of State, Foreign Operations, and Related Programs Appropriations Act."

Ecuador ranks third in the world for cocaine seizures. Legislators estimate up to \$3.5 billion is laundered annually in Ecuador. Despite reported increases in asset seizures in recent years, Ecuador generally averages only one successful ML prosecution per year.

Amid these challenges, the government, in particular Ecuador's Financial and Economic Analysis Unit (UAFE), its financial intelligence unit (FIU), remains open to international cooperation to help address shared security concerns.

Vulnerabilities and Money Laundering Methodologies

Narcotrafficking is the primary source of laundered funds, along with tax evasion, smuggling, vehicle theft, cybercrime, and the permeability of the banking and financial cooperatives system. Public corruption, mainly related to the construction and security sectors, and a weak legal framework enable a culture of impunity. Illegal mining and logging, cattle rustling, and human trafficking are additional sources of illicit proceeds.

Common ML methodologies include trafficking of illegally mined gold, online sports betting, informal lending, and the use of shell and front companies.

Competent authorities possess few tools to analyze virtual assets. In 2022, after a report identified it as an opaque system used for ML, the Central Bank of Ecuador (BCE) recommended the finance ministry eliminate the Unified System of Regional Payments, a virtual currency used to facilitate payments with Venezuela. As of November 2024, the finance ministry had not acted on the recommendation.

The informal economy in Ecuador lends itself to cash-based transactions that remain outside supervisory authority.

Key Anti-Money Laundering (AML) Laws and Regulations

June 2024 legislative reforms of Ecuador's AML/CFT law will go into effect in July 2025. The reforms give the legislature authority to appoint the director of UAFE from a list of candidates provided by the president; currently, the president makes the appointment. The reforms also mandate enhanced customer due diligence measures for high-risk customers and transactions, the establishment of a central beneficial ownership registry, whistleblower protection, and the creation of a national AML/CFT coordination council. The reforms cover virtual asset service providers and encourage the use of technology to enhance AML/CFT measures.

Ecuador's Monetary Policy and Regulation Board updated regulations related to Ecuador's 2022 Fintech Law in September 2024. The update categorizes payment methods as physical or electronic, all supervised by the BCE. Only BCE-authorized entities can operate electronic wallets. The update also introduces "regulatory testing environments" for fintech companies to test new business models under temporary BCE supervision. The Superintendency of Banks does not license fintech providers but tracks and regulates those that provide financial services.

In 2024, the national assembly reformed the 2021 civil asset forfeiture law and published general regulations. The new law allows civil asset forfeiture in organized crime cases without a prior criminal conviction. Through November 2024, the Attorney General's Office (AGO) initiated two civil asset forfeiture actions, which are pending trial.

In April 2024, Ecuador's Constitutional Court issued a ruling prohibiting the use of a constitutional guarantee that allowed defendants to appeal a criminal asset seizure order and to request the return of seized assets during the criminal trial.

UAFE is a member of the Egmont Group of FIUs. Ecuador is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body. See [Ecuador's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Ecuador faces weak ML and asset forfeiture laws, a lack of norms in interpreting AML laws, and a weak risk-based supervisory approach.

Currently, UAFE can only share its data with the national intelligence agency and prosecutors rather than directly with law enforcement.

Enforcement/Implementation Issues and Comments

Low staffing levels of prosecutors and police financial investigators, limited AML/CFT training and technological resources, insufficient parallel financial investigations, interagency coordination limitations, a lack of formal mechanisms to prioritize ML cases, and the lack of centralized asset databases hinder Ecuador's ability to address complex ML cases.

The AGO's specialized AML unit filed charges in 11 cases and obtained three convictions from January through October 2024. Five charges initiated in 2023 resulted in two convictions so far.

A U.S. federal court convicted former Ecuadorian comptroller general Carlos Ramon Polit in April 2024 for his role in an international bribery and ML scheme run through Florida. Polit was sentenced to prison and ordered to forfeit \$16.5 million.

Prosecutors must inform suspects they are under criminal investigation within seven days. Prosecutors must initiate a ML investigation within 30 days of receiving information and complete the investigation in two years. Judges expect to see evidence linking ML to another crime and often lack the experience to analyze ML evidence. Prosecutors often focus on ML prosecutions associated with drug trafficking and corruption crimes.

With donor assistance, UAFE completed risk studies of ML associated with tax evasion, virtual currency transactions, environmental crimes, and terrorist financing (focused on nonprofit organizations).

El Salvador

Overview

Organized crime and narcotics trafficking remain the primary drivers of money laundering and financial crimes in El Salvador. El Salvador is not a regional or offshore financial center.

El Salvador made progress modernizing anti-money laundering/countering financing of terrorism (AML/CFT) efforts in 2024. Lack of regulatory authority, however, continues to make El Salvador vulnerable to money laundering.

Vulnerabilities and Money Laundering Methodologies

The dollarized, cash-based economy and a regional agreement that permits the free movement of citizens of Central America make El Salvador attractive for money launderers. Illicit funds are mainly produced by organized crime, including cybercrime, fraud, drug and human trafficking, migrant smuggling, contraband, and corruption.

Money laundering occurs through front companies, bulk cash smuggling, remittances, virtual assets, trade-based money laundering, and smurfing operations using structured deposits. As of October 2024, there are 17 free trade zones with 291 companies operating in El Salvador in textiles, clothing, distribution centers, call centers, business process outsourcing, agribusiness, agriculture, electronics, and metallurgy. El Salvador launched a cryptocurrency investment for citizenship program in December 2023 for up to 1,000 high-net-worth individuals per year who “invest” at least \$999,001 in either bitcoin or the tether stablecoin. The Migration Authority administers and oversees the program. The website for the citizenship program states applicants will undergo expedited vetting, including screening for AML compliance.

The Central America 4-Border Control Agreement among El Salvador, Guatemala, Honduras, and Nicaragua allows free movement of citizens, which may facilitate cross-border migrant smuggling, contraband, and cash.

Key Anti-Money Laundering (AML) Laws and Regulations

In January 2024, El Salvador amended its “Special Law Against Acts of Terrorism” to define how to designate terrorists, giving legal authority to impose financial sanctions against terrorists consistent with United Nations Security Council resolutions.

El Salvador reformed the “Digital Assets Issuance Law” in October 2024 to give the National Commission of Digital Assets (NCDA) AML/CFT supervision authority for all virtual assets service providers (VASPs). Under the reforms, the NCDA will conduct all AML/CFT supervision of VASPs, including bitcoin service providers (previously, the Superintendent of the Financial System supervised bitcoin service providers).

In 2024, El Salvador’s financial intelligence unit (FIU) published guidance for the private sector on money laundering red flags and how to develop AML compliance programs, and separately a cryptocurrency investigation guide for prosecutors. The Supreme Court’s AML unit published a money laundering prevention manual to improve financial reporting compliance by attorneys and notaries in January 2024.

The FIU, the Attorney General’s (AG) office, and regulators created a framework supervision agreement at the end of 2023, significantly improving cooperation. Much work remains to operationalize financial intelligence and leads. El Salvador requires obligated entities to conduct customer due diligence and enhanced due diligence for politically exposed persons; to collect, retain, and disclose beneficial ownership information; and to submit suspicious transaction reports (STRs).

El Salvador is a signatory of the Inter-American Convention on Mutual Assistance in Criminal Matters allowing evidence exchange with the United States.

El Salvador is a member of the Egmont Group of FIUs and the Financial Action Task Force of Latin America (GAFILAT), a FATF-style regional body. See [El Salvador's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The current AML/CFT law and regulatory framework provide insufficient legal authority to supervise and sanction most high-risk sectors, including financial cooperatives, nonbank

financial institutions, and designated non-financial businesses and professions, such as real estate agents and professional services. Regulators lack enforcement authority, and there are no criminal sanctions for legal entities.

A 2021 FIU-issued AML directive, and amendments in 2023, addressed some issues. However, El Salvador recognizes the need for comprehensive AML legal reform. A December 2023 executive branch draft AML law was expected to supersede current law and accompany the above-mentioned reforms, but the legislative assembly has yet to vote on the measure.

In January 2024, El Salvador reformed its Criminal Procedure Code, clarifying extradition and mutual legal assistance procedures to strengthen international cooperation. However, particularly regarding extradition, the amendments do not clarify or strengthen international cooperation. Many sections are internally inconsistent while others lack appropriate definitions, leading to significant hurdles.

Enforcement/Implementation Issues and Comments

El Salvador's FIU remained understaffed but increased personnel in 2024 to 40. The FIU received 933 STRs from January to June 2024, a 35-percent increase compared to the first half of 2023. The FIU drafts intelligence reports, provides consultative sessions supporting criminal investigations, and proactively trains the private sector. The FIU is strengthening its internal system to filter and prioritize intelligence reports.

El Salvador's AG has a Special Investigations Unit and the separate Specialized AML Unit that prosecuted 24 money laundering cases between January and September 2024 and convicted defendants in 14 cases. In 2024, the AG mandated parallel financial investigations for all cases involving potential assets. Significant milestones include: the AG filed a civil asset forfeiture suit in February 2024 against former President Alfredo Cristiani Burkard (1989-1994) for \$9 million in assets; the AG charged 31 individuals in April and May 2024 for a \$35 million fraud, including eight directors of the COSAVI financial cooperative; the Asset Forfeiture Court, in June 2024, entered a final order of forfeiture seizing \$4.75 million in assets linked to former Minister of Defense David Munguía Payés; and in June 2024 former President Mauricio Funes (2009-2014) was sentenced in absentia to eight years in prison for money laundering.

Germany

Overview

Germany is the European Union's (EU) largest economy and financial center. Although not a major drug producing country, Germany continues to be a consumer and major transit hub for narcotics. Many indicators suggest Germany's large economy, advanced financial institutions, and strong international linkages make it susceptible to money laundering and terrorist financing. Although German authorities understand these risks well, coordination among the 16 federal states remains a challenge. Germany has made significant reforms in the past five years to strengthen its anti-money laundering/combating the financing of terrorism (AML/CFT) authorities, but better resource allocation and prioritization at the operational level are necessary.

The application of non-conviction-based asset confiscation laws has been effective, but proactive investigation and prosecution of money laundering could be enhanced. Despite a solid regulatory framework, greater support for the over 300 supervisors of the nonfinancial sector appears necessary for a consistent risk-based approach.

Over the past year the Bundestag has deliberated on a law to establish the Federal Office to Combat Financial Crime (FOCFC), although the timeline and future of this legislation remains unclear. This agency is designed to consolidate Germany's AML/CFT and sanctions enforcement authorities and improve interagency coordination on these efforts.

Vulnerabilities and Money Laundering Methodologies

Germany's primary money laundering/terrorist financing (ML/TF) risks stem from its substantial, cash-driven economy and global interconnectedness. These include cross-border ML/TF threats (including foreign predicate offenses), cash-based laundering, abuse of the real estate sector, misuse of legal entities and arrangements, emerging risks (such as virtual assets), and various sources of terrorist financing.

The ongoing digitalization of financial services has led regulators to focus more on FinTech firms, cryptocurrencies, and virtual asset providers, all of which pose emerging money laundering risks.

Key Anti-Money Laundering (AML) Laws and Regulations

Germany's primary AML legislation is the "Money Laundering Act." Germany's Criminal Code criminalizes money laundering. The Financial Crimes Prevention Act would establish the FOFCF, which would lead German federal government efforts to counter all facets of illicit finance and include a new money laundering investigative center to investigate complex cross-border cases.

Germany has a multi-agency approach to supervising AML compliance. As the primary regulator of financial institutions, the Federal Financial Supervisory Authority (FFSA) supervises AML compliance, conducts audits, and issues noncompliance penalties. Other supervisory bodies include state-level authorities, which oversee nonfinancial businesses and the legal and real estate sectors.

The United States and Germany have a mutual legal assistance treaty.

The Central Office for Financial Transaction Investigations, the German financial intelligence unit (FIU), is a member of the Egmont Group of FIUs. Germany is a member of the Financial Action Task Force. See [Germany's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Germany has taken steps to register bearer shares and share warrants, but nominee shareholders are permitted.

Beneficial ownership registry information may not always be up-to-date. Additionally, there is no systematic obligation to verify the accuracy of the information. Although registry information is available immediately to the FIU and FFSA, it is not available as quickly to police and prosecutors.

Despite a solid legal framework, critics argue Germany's law enforcement struggles with effective prosecutions. Money laundering conviction rates appear low relative to the size of the economy and the number of financial transactions and suspicious activity reports (SARs). Germany does not maintain national statistics on key parts of the AML/CFT system such as ML/TF investigations and prosecutions.

Enforcement/Implementation Issues and Comments

It is unclear whether Germany's political commitment to investigating and prosecuting money laundering is fully reflected in operational outcomes. Germany's law enforcement efforts against money laundering are coordinated across several agencies, including the Federal Criminal Police Office, state police, and customs authorities. They work alongside the FIU and FFSA to investigate money laundering offenses. Germany also works closely with European institutions, including Europol and Eurojust, to combat cross-border money laundering.

Although the FIU faced significant criticism for delays in processing SARs and receiving a high volume of SAR filings of limited utility, recent reforms have sought to increase capacity and effectiveness. Cooperation with authorities and partners reduced SAR volume and improved quality. The number of SARs received in 2023 declined for the first time since 2008 to 322,590, a 4 percent decrease from 2022, with about 97 percent coming from the financial sector. The FIU prioritized reviewing its reports to identify potential evasion of EU sanctions on Russia.

In 2023, there were at least 202 convictions and 692 penalty orders, though these figures likely underreport the total number of cases due to data methodologies. Germany's historically narrow definition of money laundering limited the scope of prosecutable cases, but 2021 reforms expanded the legal definition to include all serious criminal offenses, making it easier to pursue money laundering charges.

Germany continues to strengthen its AML regime. The "Law to Strengthen the Risk-Based Approach of FIU," which came into effect in November 2023, establishes legal foundations for the FIU to fulfill its statutory duties, even amid a high volume of SARs. These amendments to the "Money Laundering Act" provide the basis for effective workflows and clarify the legal framework for the FIU's responsibilities through a risk-based approach. In 2023, the FIU began implementing technological improvements, enhancing its risk-based analysis processes. The FIU's new "Sharks" unit will help the FIU identify and address money laundering networks.

Ghana

Overview

Ghana has significant money laundering risks due to corruption, illegal mining, narcotics trafficking, and encroaching violence from neighboring countries. Ghana continues to strengthen its anti-money laundering/combating the financing of terrorism (AML/CFT) laws, and its government continues to enhance implementation of its AML/CFT regime across sectors and institutions. Ghana must allocate more funding to execute its relevant asset forfeiture laws and regulations and sanction entities that fail to file suspicious transaction reports (STRs) and currency transaction reports, as required by Ghanaian law.

Vulnerabilities and Money Laundering Methodologies

Situated along the major international drug trafficking route between Latin America and Europe, Ghana serves as a hub for narcotics trafficking in cocaine and heroin, as well as diversion of pharmaceuticals.

Ghana's cash-dominant economy and porous borders make it a prime location for bulk cash smuggling. Due to monitoring improvements at its border transit points, illicit digital currency has partially replaced cash smuggling. Romance scams, advanced fee fraud, theft, tax evasion, bribery, and drug trafficking are the foundations of money laundering crimes. Ghana experiences organized crime, arms trafficking, human trafficking, migrant smuggling, currency counterfeiting, product piracy, environmental crime, and forgery.

The designated nonfinancial business and professions (DNFBP) sector is at high risk for illegal mining, unregulated sports betting and virtual asset service providers, fraudulent and structured real estate transactions, and lack of regulatory oversight for nonprofit organizations (NPOs).

Ghana has four designated free trade zones (FTZs). Only one FTZ, Tema, is fully functional and continues to be vulnerable to financial crime.

Key Anti-Money Laundering (AML) Laws and Regulations

The “Anti-Money Laundering Act, 2020” consolidates previous laws and better defines the structure and powers of the Financial Intelligence Center (FIC). The act defines the scope of unlawful activities and oversight of accountable institutions and provides for strict money laundering sanctions. In August 2024, the Bank of Ghana released draft guidelines on digital assets, including cryptocurrencies, after reviewing their growing use and engaging stakeholders. These guidelines aim to outline proposed regulations and gather public feedback, supporting the central bank’s commitment to fostering financial inclusion and stability.

The Gaming Commission of Ghana (GCG) regulates the operations of Ghana’s fast-growing gaming and betting industry. Physical and online casinos, sports betting companies, and other venues offering games of chance continue to present further avenues for laundering. The GCG improved its AML/CFT monitoring and supervision through staff capacity-building and onsite inspections, resulting in an increase in suspicious activity report filings.

Ghana and the United States have a bilateral extradition treaty but not a mutual legal assistance treaty. Evidence can be exchanged through multilateral conventions with provisions for cooperation in criminal matters, and assistance can also be provided on a reciprocal basis through letters of request.

The FIC is a member of the Egmont Group of Financial Intelligence Units. Ghana is a member of the Inter Governmental Action Group Against Money Laundering in West Africa (GIABA), a Financial Action Task Force-style regional body. See [Ghana's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The lack of AML/CFT enforcement and ineffective adherence to customer due diligence (CDD) requirements make Ghanaian DNFBPs vulnerable to money laundering. Recent inspections of banks, market operators, and insurance companies required to identify high-risk clients underscore the lack of compliance with, and enforcement of, AML/CFT regulations. While enhanced due diligence measures for politically exposed persons are

mandated, applications are often inconsistent and lack rigor, allowing high-risk persons, including senior politicians and their associates, to evade scrutiny. This increases the risks of corruption and money laundering.

Ghana does not supervise virtual assets or NPO finances for AML/CFT purposes.

Enforcement/Implementation Issues and Comments

Ghana continues to implement a single national identity card for all financial transactions. Digital and physical cards continue to be issued; however, the roll out is far from complete. Challenges in CDD have been partly addressed by streamlining access to verification help services online and by phone. FIC has offered several specialized AML/CFT trainings for national and private banks.

Guatemala

Overview

Guatemala's geographic position, porous borders, and entrenched corruption makes it a key transit route for narcotics and illicit cash, creating challenges for the government in combating money laundering and narcotics trafficking-related financial crimes. President Arevalo took office in January 2024. The Public Ministry (MP), under U.S.-sanctioned Attorney General Maria Consuelo Porras, continues to stall or dismiss corruption investigations. Legislation introduced in 2020 to modernize Guatemala's anti-money laundering/combating the financing of terrorism (AML/CFT) law has meanwhile remained stagnant in congressional committee review.

Vulnerabilities and Money Laundering Methodologies

Guatemala remains strategically important for criminal organizations involved in drug trafficking, trafficking in persons, and money laundering. Criminal actors launder profits through real estate, construction, trade-based money laundering, purchases of cryptocurrency, shell companies, mining, and ranching. In the ranching sector, oversight remains weak due to the prevalence of non-taxed cash transactions and limited local banking services in remote regions. Criminal organizations exploit legal gaps in deposit regulations and reporting requirements, and banks report difficulties regulating transactions and deposits made in locations far from allegedly legitimate business activity.

The Central America Four Border Control Agreement (CA-4) among El Salvador, Guatemala, Honduras, and Nicaragua permits the free movement of citizens across shared borders, which may facilitate cross-border migrant smuggling, contraband, and bulk cash smuggling. However, wire transfers of foreign currency into Guatemala are limited to \$3,000 per person per month.

Key Anti-Money Laundering (AML) Laws and Regulations

The Guatemalan Law against Money Laundering or Other Assets (LAML) regulates all aspects of money laundering prevention and enforcement laws and requires the reporting of suspicious and unusual financial activities. However, the LAML does not apply to numerous

entities in the financial, commercial, and service sectors that are vulnerable to money laundering activity.

Guatemala and the United States do not have a mutual legal assistance treaty (MLAT), but both are party to multilateral agreements that contain obligations related to international cooperation and information sharing.

Guatemala's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs, and Guatemala is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body. See [Guatemala's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

International experts have offered detailed recommendations to bring Guatemala's AML/CFT regime up to global standards. There remain significant technical compliance and effectiveness deficiencies in Guatemala's AML/CFT systems, including dated AML legislation that inadequately addresses gaps in identifying ownership of entities involved in suspicious transactions and inadequate regulation of certain designated non-financial businesses and professions (DNFBPs) at high risk for misuse by money launderers. These DNFBPs include casinos and cryptocurrency service providers that are required to comply with reporting requirements and risk mitigation protocols.

Legislative inaction has prevented meaningful progress, and an AML/CFT modernization law introduced in November 2020 remains under review by congressional trade and finance committees, with no clear prospects to advance. The "Law for the Prevention and Suppression of Money Laundering or Other Assets and the Financing of Terrorism" (Bill 5820), proposed by Guatemala's Special Verification Supervisor (IVE), is meant to address deficiencies by expanding the professions and activities required to comply with reporting requirements and enforcing risk mitigation.

Enforcement/Implementation Issues and Comments

Guatemala continued to struggle to enforce its AML and asset forfeiture laws in 2024. For example, IVE analyzes suspicious activity reports to identify likely money laundering activity

and submits 150-200 reports each year to the MP for further investigation, of which only 5 percent to 10 percent result in additional investigation. Additionally, IVE is required to submit all reports to the MP through its Money Laundering Prosecutor's Office, creating a bottleneck that slows the process of referral to the appropriate section for review and prosecution.

Guatemala's customs authority has successfully implemented a digital customs declaration form for all passengers transiting the La Aurora International Airport, which is a nascent but developing data resource to provide information on frequent movements of cash just below the \$10,000 declarable value.

Guinea-Bissau

Overview

Guinea-Bissau remains vulnerable to money laundering (ML) due to limited institutional capacity, low funding and operational capacity within law enforcement and the judiciary, porous international borders, weak regulatory oversight over the financial sector, and the presence of transnational criminal actors. Guinea-Bissau has adopted a comprehensive anti-money laundering/combating the financing of terrorism (AML/CFT) regulatory framework; however, implementation is inconsistent due to funding constraints, a lack of training on the investigation and prosecution of complex financial crimes, and occasional efforts by political actors to interfere in the judicial process. Transnational organized criminal (TOC) groups are established in Guinea-Bissau, and some members of the country's military and law enforcement are believed to be complicit in drug trafficking. The preference of most consumer businesses to operate in cash, along with a large number of unregistered business entities, provides conditions that may increase ML activity both domestically and across Guinea-Bissau's international borders.

Vulnerabilities and Money Laundering Methodologies

Guinea-Bissau faces the threat of ML from illicitly earned profits originating both domestically and internationally. Illicit funds may flow into the country from abroad, while the country's banks may also be used to further launder money out of the country or as an international transit point for wire transfers.

Corruption, embezzlement, and maladministration are known vulnerabilities within Guinea-Bissau's government. Members of the military and law enforcement are believed to be complicit in drug trafficking. Tax fraud and tax evasion are known to exist, but the government lacks adequate means to reliably gauge their extent. TOC groups operate in Guinea-Bissau and take advantage of the country's porous international borders and weak internal security controls to transit narcotics and other contraband. Guinea-Bissau's long, largely unpopulated coastline, together with an offshore archipelago of 88 sparsely inhabited islands, provide attractive landing spots for shipments of contraband arriving from abroad via air or sea.

Osvaldo Vieira International Airport, the country's sole international airport, lacks sufficient technological equipment and resources to adequately scan passengers, baggage, and cargo transiting the airport. At the sea container port of Bissau, vessels routinely enter and leave the country without inspection, limiting government efforts to interdict shipments of narcotics and other contraband. Some members of the customs service are believed to accept bribes to allow passengers and articles to pass through border posts without inspection.

Guinea-Bissau's economy is largely cash-based, with only a few large businesses in the hospitality and consumer goods sectors accepting credit cards or payment via bank transfer. According to World Economics' 2024 Quarterly Informal Economy Survey, Guinea-Bissau's informal economy accounts for 35.7 percent of GDP. Many businesses are not officially registered, do not regularly audit their finances, do not file taxes, and may not keep funds in a traditional bank. These businesses present a heightened risk for ML to either avoid taxation or obscure illicit commerce. The United Nations Office on Drugs and Crime noticed an increase in 2024 of Bissau-Guineans purchasing high-end real estate outside of the country and placing them in the names of family members.

Key Anti-Money Laundering (AML) Laws and Regulations

AML/CFT law number 3/2018 is Guinea-Bissau's primary legislation setting out AML/CFT obligations for reporting entities within the country.

There is a mechanism for international exchange of records through the Ministry of Foreign Affairs, but the process is slow, and there is no efficient tracking or accounting of mutual legal assistance.

Guinea-Bissau is a member of the Inter Governmental Action Group Against Money Laundering (GIABA), a Financial Action Task Force-style regional body. See [Guinea-Bissau's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Guinea-Bissau has a generally sound legal framework for preventing ML, although improvements in some areas are necessary. Specifically, Guinea-Bissau's nonbank

financial institutions and designated nonfinancial businesses and professions only weakly implement AML measures. Confiscation of goods in the absence of a criminal conviction is not permitted.

The Center for Formalization of Enterprises, part of the Ministry of Economy, maintains a publicly accessible database of legal persons and registered entities. However, the inconsistent use of fines to enforce registration compliance compromises the thoroughness and accuracy of information in the database. The database lists companies that are no longer operational but have never been delisted, creating the potential for misuse.

Guinea-Bissau's financial intelligence unit (FIU) is not a member of the Egmont Group of FIUs.

Enforcement/Implementation Issues and Comments

In practice, criminal investigative and prosecutorial authorities do not prioritize ML investigations. According to international experts, investigations and prosecutions tend to focus on money laundering predicate offenses, resulting in few investigations and prosecutions of money laundering itself. Furthermore, Guinea-Bissau's criminal investigative and prosecutorial agencies have a low level of expertise in financial investigations and lack the resources to deal with complex ML cases.

Guinea-Bissau's relatively high level of risk for ML does not translate into a high number of investigations, prosecutions, or convictions of ML cases. Insufficient funding for public institutions across the government, political instability leading to frequently changing policy priorities, institutional weakness, and a lack of longstanding ties between law enforcement and international counterparts reduce Guinea-Bissau's ability to prevent and root out ML within its borders.

Seizure of illicit proceeds is relatively rare, likely due to limited capacity of authorities in forensic auditing and financial investigations.

Guyana

Overview

Money laundering poses significant challenges to Guyana and continues to affect the nation's economy and governance. Often linked to corruption and organized crime, money laundering in Guyana has grown into a systemic issue involving both public officials and private citizens.

Guyana's location within South America, the presence of drug trafficking routes, and its cash-dependent economy also make it susceptible to illicit money flows. The country's anti-money laundering (AML) infrastructure, while improving, continues to face challenges due to limited technological resources, weak oversight, and a lack of transparency in public procurement processes.

In June 2024, the United States sanctioned one of Guyana's largest gold exporting companies along with a high-ranking government official for engaging in bribery and manipulating gold export records to evade \$50 million in taxes from 2019 to 2023.

Vulnerabilities and Money Laundering Methodologies

Guyana's vulnerabilities stem from the relatively small financial sector and limited regulatory resources that make it challenging to enforce stringent AML measures effectively.

Guyana's most recent anti-money laundering/combating the financing of terrorism (AML/CFT) national risk assessment (NRA) was finalized in July 2021, and Guyanese officials rated Guyana's money laundering risk as medium high. Experts assess that dealers in precious minerals and traders licensed to export are highly vulnerable to money laundering; used car dealers, banking and building societies, and money transfer agencies are also identified as vulnerable.

Gold smuggling in Guyana often facilitates money laundering, as criminals use illegal gold sales to disguise illicit funds, bypassing regulations. In the mining sector, money laundering methods include large cash deposits using forged agreements of sale for nonexistent precious minerals as well as cross-border transport of concealed precious metals to avoid payment of the relevant taxes and duties. In July 2024, Guyana's Special Organized Crime

Unit (SOCU) charged four persons with money laundering for attempting to smuggle approximately 240 ounces of virtually pure gold (valued at over \$560,000) disguised as silver-plated jewelry without having the necessary permits. The prosecution is ongoing.

Over the last two years, authorities significantly reduced the structuring and flipping by users of money and value transfer services (MVTs). However, a high level of structuring at commercial banks continues and is linked to trade-based money laundering (TBML) and tax evasion. High numbers of suspected cash couriers and repeated transactions below reporting thresholds are other ways criminals launder illicit funds.

The Guyana Gaming Authority regulates and supervises all gaming activities. Guyana does not have free trade zones, virtual currency platforms, or economic citizenship programs.

Key Anti-Money Laundering (AML) Laws and Regulations

Guyana's AML/CFT legal framework includes the following laws: "Anti-Money Laundering and Countering the Financing of Terrorism Act;" "Real Estate Agents and Brokers Act 13 of 2023;" "Criminal Law Procedure Act;" "Guyana Compliance Commission Act;" "State Assets Recovery Act;" "Protected Disclosures Act 2018;" "National Payments Systems Act 2018;" "Guyana Gold Board Act 1981;" and the "Integrity Commission Act 1997."

The United States and Guyana do not have a bilateral mutual legal assistance treaty. There is a records exchange mechanism in place with the United States and other governments.

The Financial Intelligence Unit (FIU) Guyana became a member of the Egmont Group of FIUs in February 2024. Guyana is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Guyana's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Covered legal entities and arrangements are required to identify their beneficial owners (BO) and submit the information to their respective registrars. There is no timeline by which covered entities have to identify or submit their BO information, nor is there an obligation on BOs to inform the entity when these individuals become beneficial owners. Further,

covered entities are not required to periodically verify the BO information is accurate and up to date.

The “Electronic Communications and Transactions Act,” passed on August 3, 2023, establishes standardized provisions for secure electronic communications and transactions. Guyana, however, remains a predominantly cash-based society, and so it is difficult to assess the effectiveness of the legislation.

Enforcement/Implementation Issues and Comments

The major agencies involved in anti-drug and AML efforts are the Guyana Police Force, Guyana Revenue Authority, Customs Anti-Narcotics Unit, SOCU, Bank of Guyana, and the FIU.

In July 2024, SOCU opened an investigation into a deputy commissioner of police for financial impropriety. Investigations revealed the commissioner held over \$17,400 (3.8 million Guyanese dollars (GYD)) in assets – including nearly \$11,000 (2.4 million GYD) held in several accounts in his and family members’ names, and \$6,400 (1.4 million GYD) in properties and other physical assets. As of November 2024, he was charged with 231 offenses, including charges of money laundering.

SOCU reported 13 active money laundering cases that were before the courts as of November 2024. Just one conviction has been secured thus far. Many interlocutors consider the underpaid and under-resourced Guyana Police Force the weak link in Guyana’s AML enforcement program. For example, most SOCU investigators are former patrol officers who receive very little training specific to financial crimes.

For these reasons, the vast majority of money laundering cases go unprosecuted. To strengthen its AML regime, Guyana should fully implement existing laws, including pursuing asset forfeiture in full compliance with the law, and stricter oversight and transparency in high-risk sectors like gold export and public procurement. Investing in training for local law enforcement and financial regulators would also build the AML/CFT capacity of these authorities.

Haiti

Overview

The Haitian government's anti-money laundering/combating the financing of terrorism (AML/CFT) efforts face significant hurdles due to political instability, pervasive gang violence, and a largely nonfunctional judicial system. Regional drug trafficking and money laundering networks exploit Haitian couriers, particularly via maritime routes, with trafficking and associated money laundering often linked to activities in the United States.

In the face of these challenges, the Central Financial Intelligence Unit (UCREF) has aligned its structure and operations to address criminal practices. Authorities state they are using technological tools to combat crime, including artificial intelligence for investigations. This increases UCREF's ability to monitor and analyze emerging trends, counter and address risks to the financial system, and bolster national and regional security. Authorities recognize the threat of new channels for money laundering/terrorist financing as digital assets increasingly enable anonymity in sophisticated laundering and fraud schemes, particularly those involving organized groups.

Vulnerabilities and Money Laundering Methodologies

Haitian gangs and corrupt political and private sector actors engage in drug trafficking and other criminal activity. Between December 2022 and September 2023, UCREF received 258 suspicious transaction reports (STRs). Most filed suspicious transaction reports STRs came from the money transfer sector (230), followed by the banking sector (23). The concentration of money transfer sector STRs indicates this area's heightened exposure to money laundering and potential terrorist financing activities. Sixty-seven percent of Haiti's bank deposits are in foreign currency.

Money laundering operations frequently involve large sums of U.S. currency held in offshore banks or within Haiti by nonfinancial entities. A notable portion of property seizures by the Haitian government relates to significant drug traffickers prosecuted in the United States. The proceeds from other criminal activities - corruption, counterfeiting, ransom-based kidnappings, and tax evasion - contribute to Haiti's money laundering concerns.

As of May 2024, Haiti had issued licenses to seven operational free trade zones (FTZs). The Free Zones National Council, a public-private enterprise, licenses and regulates FTZs. AML laws and regulations apply to companies operating in FTZs. Entities operating in these zones have exemptions from certain taxes. In October 2024, a new general code was adopted; it revises and reduces some of these exemptions.

The Ministry of Economy and Finance (MEF) oversees the Haitian State Lottery and, reportedly, 157 licensed casinos. All licensed casinos are subject to AML requirements. There are still a high number of unlicensed casinos operating throughout the country. The MEF does not sufficiently monitor all the gaming entities, increasing Haiti's vulnerability to money laundering operations. Online gaming is illegal.

Key Anti-Money Laundering (AML) Laws and Regulations

The UCREF Directorate of Coordination led efforts to update national legal standards and collaborated with other experts to revise the AML law (decree of April 30, 2023) and the UCREF's organic law in November 2023.

In 2020, the government adopted a new criminal code and criminal procedure code in order to improve corruption and money laundering prosecutions.

Haiti is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Haiti's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Haiti's legal, judicial, and prosecutorial frameworks currently possess critical weaknesses that expose the country to high levels of corruption and money laundering. Despite existing international narcotics control agreements and ongoing collaboration with the United States on drug-related cases, significant regulatory and enforcement gaps continue to undermine Haiti's AML/CFT initiatives. Haiti's inability to address these deficiencies has created vulnerabilities to money laundering activity and economic and social instability.

Haiti should establish a program to identify and report the cross-border movement of currency and financial instruments.

The complex relationship between Haiti and the Dominican Republic further complicates collaboration on AML and drug-related issues. Haiti lacks bilateral agreements with other regional partners that could strengthen Haiti's AML/CFT enforcement abilities.

UCREF is not a member of the Egmont Group of Financial Intelligence Units.

Enforcement/Implementation Issues and Comments

On September 1, 2023, UCREF signed a memorandum of understanding with the Directorate General of Taxes. This MOU expands UCREF's financial oversight scope and strengthens its cooperation with national tax authorities.

In September 2024, the Anti-Corruption Unit (ULCC) delivered seven meticulously compiled investigation reports to the courts. These reports exposed severe offenses, from the misappropriation of public funds and illicit enrichment to money laundering and abuse of office.

ULCC has submitted 94 cases to the justice system since 2004. However, justice has largely remained elusive, with only one conviction achieved to date. The ULCC has lodged complaints against 12 former Haitian diplomats for failing to declare their assets as legally required.

Based on the ULCC's findings, the justice system must take a strong stand against corruption to protect public funds for national development rather than allowing them to benefit a select few.

Honduras

Overview

Money laundering and financial crimes are deeply rooted in transnational organized crime (TOC) in Honduras, with narcotics trafficking the predominant predicate offense. Honduras is in the middle of TOC routes. Corruption, extortion, human trafficking, and migrant smuggling are also underlying drivers of money laundering. The National Banking and Insurance Commission (CNBS) is responsible for supervising Honduras's anti-money laundering/combating the financing of terrorism/counterproliferation financing (AML/CFT/CPF) regime and implementing the 2019 "National Strategy for the Prevention and Combat of Money Laundering, Terrorism Financing, and the Proliferation of Weapons of Mass Destruction (2019 AML/CFT/CPF Strategy)."

Under the Unit Responsible for the Monitoring, Prevention, and Registration of Money Laundering and Terrorism Financing within the CNBS, the receipt of suspicious activity reports from designated nonfinancial businesses and professions (DNFBPs) has improved, but general oversight and compliance are still lacking. The lack of law enforcement and judicial capacity to understand and investigate complex financial crimes creates a favorable climate for money laundering.

In February 2024, after months of negotiations between political parties, the attorney general and deputy attorney general were lawfully elected.

Vulnerabilities and Money Laundering Methodologies

Money laundering in Honduras derives from domestic and international criminal activity. Criminal actors are increasingly involved in extortion, human trafficking, and migrant smuggling, fueling domestic corruption and related criminal activities. Corruption and TOC links in the private and public sectors are widespread and expanding, with the proceeds of corruption also subject to laundering. Illicit proceeds pass through the financial system and DNFBPs.

The Central America 4-Border Control Agreement among El Salvador, Guatemala, Honduras, and Nicaragua allows free movement of citizens, which may facilitate cross-border migrant smuggling, contraband, and bulk cash smuggling.

Key Anti-Money Laundering (AML) Laws and Regulations

Honduras's 2019 AML/CFT/CPF Strategy needs updating, particularly to address new money laundering typologies and trends. The government is working on an update to the National Money Laundering Risk Assessment. Honduras has sufficient customer due diligence and suspicious transaction reporting regulations. A beneficial ownership law is awaiting congressional approval.

The United States and Honduras do not have a mutual legal assistance treaty. However, Honduras has used multilateral conventions to obtain records and information and request foreign enforcement of Honduran court orders to restrain property. Honduras has non-conviction-based forfeiture, allowing it to cooperate more broadly with other states on asset recovery and sharing.

Honduras's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Honduras is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF-style regional body. See [Honduras's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Honduras's last money laundering assessment dates to 2014, which was the basis for the 2019 national AML/CFT/CPF strategy.

Due to inadequate information sharing between the Public Ministry and the FIU, the financial system resorted to "de-risking" as a default policy. The 2023 repeal of the 2021 penal code amendments allows prosecutors to request financial information without a subpoena and restores the unjustified wealth rule and corruption-related crimes as predicate offenses. Due to the temporary validity of the 2021 amendment, many money laundering cases prosecuted under the unjustified wealth rule were dismissed.

The government began the process to establish the International Commission Against Corruption and Impunity in Honduras (CICIH) in 2022. Negotiations with the United Nations (UN) on CICIH continue. In October 2024, the Supreme Court declared constitutional the 2022 amnesty law that pardoned officials who served in the administration of former President Mel Zelaya and who had been convicted of public corruption. The repeal of this law is considered a “required reform” for the installation of the UN commission.

The government is using the country’s international reserves to finance expenditures. This poses a risk because the central bank has limited supervision from the CNBS. Between December 2023 and July 2024, the balance of the monetary reserves of the Central Bank of Honduras had fallen by \$623.7 million dollars.

The Superintendence of Commercial Companies, created to supervise businesses, remains inactive. Bearer shares are legal, and Honduras does not have a beneficial ownership information registry.

Enforcement/Implementation Issues and Comments

The CNBS has effective local AML supervision but lacks terrorism financing guidelines. The National Supervisory Council of Cooperatives, as an AML/CFT supervisory body, has yet to enforce guidelines to strengthen suspicious activity reporting to the FIU. The DNFBP sector lacks effective supervision.

Although Honduras has virtual currency ATMs, it lacks regulations for virtual asset service providers. This absence of regulatory frameworks presents challenges in adapting the judicial processes to effectively identify, seize, and forfeit virtual assets, leaving significant gaps and hindering the country’s ability to address emerging threats in the digital financial landscape.

In the AML law reforms, the Wealth Intelligence Unit (WIU) was created under the Ministry of Security with a mandate to focus on real estate and other physical assets. Honduran law enforcement and intelligence units must request wealth intelligence reports from the WIU. Coordination between law enforcement and the WIU has increased. Law enforcement officials, prosecutors, and judges need illicit financing training.

Honduras established an official committee for the implementation of the UN Convention Against Corruption review mechanism recommendations in October 2024, which include criminalization and law enforcement actions for laundering proceeds of crime and mechanisms for asset recovery.

In August 2024, Honduras and the United States signed an agreement to return to Honduras over one million dollars recovered by the U.S. Department of Justice in a high-profile government corruption case.

Hong Kong

Overview

Hong Kong, a Special Administrative Region of the People's Republic of China, is an international financial and trading hub with sophisticated financial and telecommunication infrastructure and a free trade system. However, it is also exposed to money laundering risks related to financial fraud, drug trafficking, smuggling, and tax evasion. Specifically, Hong Kong's proximity and interconnectedness with mainland China and its role facilitating mainland capital flows create vulnerabilities. Hong Kong has a comprehensive regime to combat money laundering and terrorism financing and attaches great importance to the perception it continues to meet international standards.

Vulnerabilities and Money Laundering Methodologies

Hong Kong's low tax rates and simplified tax policy – combined with its sophisticated banking system; ease of starting a business, including shell companies; free port status; and lack of currency controls – present vulnerabilities for money laundering. Shell companies can be exploited to launder money, facilitate illicit trade, and gain access to the international financial system.

According to the 2022 national risk assessment, the primary sources of laundered funds are fraud, financial crimes, drug trafficking, illegal gaming, and goods smuggling. Groups involved in money laundering range from local criminal organizations to sophisticated international syndicates. Nefarious actors commonly utilize bank accounts using stolen or manipulated identities to conduct fraud. Criminals have also attempted to exploit technological advances in online payment services to transfer illicit funds. Most smuggling cases involve transferring goods across the mainland China-Hong Kong border, seeking to take advantage of Hong Kong's tariff-free trade. Additionally, containers transshipped via Hong Kong's port are not required to pass through customs, which only conducts inspections on transshipped containers if they have intelligence connecting the container to illicit trade.

The only legal gaming activities are a local lottery and sports betting, all under the direction of the Hong Kong Jockey Club, a nonprofit entity that collaborates with law enforcement to disrupt illegal gaming.

The Hong Kong Monetary Authority (HKMA) granted eight digital banking licenses in 2019. Digital banks allow for customer onboarding via mobile phones and lack a retail branch network, potentially increasing the risk of abuse by bad actors.

Key Anti-Money Laundering (AML) Laws and Regulations

Hong Kong's Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (AMLO) includes provisions for customer due diligence (CDD) and suspicious transaction reports (STRs). STRs must be filed with the Joint Financial Intelligence Unit (JFIU), which is jointly run by the Hong Kong Police Force and Hong Kong Customs and Excise Department (HKCED). Approximately 97,000 STRs were filed in 2023. Designated nonfinancial businesses and professions (DNFBPs), such as legal and accounting professionals, are held to CDD and recordkeeping requirements. Companies incorporated in Hong Kong must maintain beneficial ownership information.

Hong Kong's financial regulators enforce sector-specific guidelines for maintaining compliance with AMLO. AMLO also designates the self-regulatory organizations for certified public accountants, estate agents, and lawyers to oversee compliance of DNFBPs with CDD and recordkeeping requirements within their sectors.

In December 2022, the government amended the AMLO to require businesspersons engaging in precious metals and stones transactions over \$15,380 to register with HKCED. The amended AMLO and related guidance also require virtual asset trading platforms (VATPs) to apply for a license to legally offer services and regularly submit audited accounts and financial information. The Securities and Futures Commission maintains an online list of VATPs that are licensed or have submitted applications. Hong Kong has made progress toward addressing compliance deficiencies related to precious metals, stones, and virtual assets.

JFIU is a member of the Egmont Group of FIUs. Hong Kong is a member of the Financial Action Task Force (FATF) and the Asia/Pacific Group on Money Laundering (APG), a

FATF-style regional body. See [Hong Kong's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

With respect to cross-border trade and finance flows, Hong Kong regulatory authorities should strengthen cooperation with external jurisdictions in cases involving predicate offenses, such as tax evasion or corruption, that do not originate in Hong Kong.

Self-regulatory bodies, particularly those overseeing DNFBPs, should strengthen their understanding of AML risk, develop a risk-based approach, and enhance supervision and enforcement.

Enforcement/Implementation Issues and Comments

The 1988 United Nations (UN) Drug Convention was extended to Hong Kong in 1997. In 2006 both the UN Convention against Corruption and the UN Convention against Transnational Organized Crime were extended to Hong Kong.

In 2023, 208 people were convicted of money laundering, a low number compared to those investigated, possibly because authorities have other administrative remedies to address concerns. For example, in 2023, the HKMA and Insurance Authority imposed fines on two banks and a local branch of a foreign insurance company for AMLO violations.

The following bilateral agreements with the United States have been suspended since August 2020: Surrender of Fugitive Offenders Agreement, Transfer of Sentenced Persons Agreement, Reciprocal Tax Exemptions on Income Derived from the International Operation of Ships Agreement, and Agreement on Mutual Legal Assistance in Criminal Matters.

India

Overview

The Indian government prioritized combating illicit financial activities, but international experts consider its money laundering investigation and prosecution efforts only moderately successful. India faces challenges like informal financing networks, complex corporate structures, and enforcement limitations. Efforts to formalize and digitize the financial system aim to reduce corruption and increase the tax base.

Vulnerabilities and Money Laundering Methodologies

Sources of illicit funds include tax avoidance, fraud (including cyber), corruption, narcotics trafficking, human trafficking, and illegal trade. Money laundering methods evolve with technology, exploiting various channels. Common techniques include mixing criminal proceeds with lawful assets, routing funds through employees' accounts, and complex legal structures. Illicit funds are laundered through real estate, precious metals, charities, election campaigns, cultural antiquities, and tuition for private and higher education. Trade-based money laundering is emerging as an additional laundering method.

As of April 2024, 280 of India's formally approved 423 special economic zones (SEZs) are operational. Employing around three million people and generating approximately \$161.34 billion in exports, with service exports making up around 60 percent of this total. India has licensed nine offshore banking units (OBUs) to operate in the SEZs. OBUs have defined physical boundaries and functional limits, are prohibited from engaging in cash transactions, can only lend to the SEZ wholesale commercial sector, and are subject to the same anti-money laundering (AML) regulations as the domestic sector. Customs officers control access to the SEZs.

Key Anti-Money Laundering (AML) Laws and Regulations

The "Prevention of Money Laundering Act" (PMLA) of 2002 remains the comprehensive legislation criminalizing money laundering and providing a legal basis for tracing and seizing illegal money. It is supported by rules from the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI), creating a broad framework for prosecuting

money laundering. The Enforcement Directorate (ED) in the Ministry of Finance is the primary enforcing authority. Since 2018, the “Real Estate Regulatory Authority Act” and the amended “Benami Transactions (Prohibition) Act” promote transparency in the real estate sector. India has comprehensive customer due diligence (CDD) and suspicious transaction reporting (STR) requirements. The PMLA imposes certain responsibilities on legal professionals, including the maintenance of records of transactions that require disclosure to the financial intelligence unit (FIU) monthly and maintaining appropriate CDD information to be submitted on a monthly basis to a central registry.

In February 2024, India’s Supreme Court scrapped the electoral bonds system, which allowed unlimited and anonymous donations to political parties, calling it unconstitutional and prone to misuse for money laundering. In August 2024, SEBI issued updated AML/combating the financing of terrorism (CFT) guidelines for securities market intermediaries, mandating adherence to client account opening procedures, record maintenance, and transaction reporting, and extending to branches and subsidiaries abroad. RBI introduced “The Internal Risk Assessment Guidance for Money Laundering/Terrorist Financing” in October 2024, emphasizing the use of internal and external information sources for periodic risk assessments.

India remains a major user of virtual currencies and virtual currency services. Efforts to restrict usage include a 30 percent capital gains tax, a one percent deducted-at-source tax, and mandatory registration of virtual asset service providers with the Indian FIU for AML compliance. Draft virtual currency legislation has been prepared but not yet adopted.

India’s FIU is a member of the Egmont Group of FIUs. India is a member of the Financial Action Task Force (FATF) and two FATF-style regional bodies, the Asia/Pacific Group on Money Laundering (APG) and the Eurasian Group (EAG). See [India's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

India has CDD and STR requirements and enhanced due diligence procedures for foreign, but not domestic, politically exposed persons (PEPs).

India’s current safe harbor provision protects principal officers and compliance officers of institutions that file STRs in good faith but does not protect all employees. The Government

of India prioritizes crimes of tax evasion and counterfeit currency, while CFT and AML are lower priorities.

Enforcement/Implementation Issues and Comments

India's AML/CFT regime is largely in compliance with international standards.

Law enforcement professionals remain concerned about effective implementation of the PMLA and enforcement, including criminal prosecutions. Opposition political parties allege the Bhartiya Janata Party-led National Democratic Alliance uses the PMLA as a political weapon and targets politicians by issuing summons under the PMLA. However, India's Supreme Court curtailed the ED's wide writ under PMLA and stringent bail conditions. The court now requires the ED to provide defendants with all relevant case documents, particularly those relied on to arrest without exception. It also relaxed conditions for granting bail.

India's institutional challenges limit its response to mutual legal assistance requests. U.S. investigators had limited success in coordinating the seizure of illicit proceeds with Indian counterparts. Lack of follow-through and timely investigative information exchanges has hindered comprehensive action.

India should address recognized shortcomings in money laundering criminalization, ensure compliance with AML regulations, expand the definition of PEPs to include domestic PEPs, extend safe harbor provisions to all bank employees, and use data analytics to detect trade anomalies indicating customs fraud and trade-based money laundering.

Indonesia

Overview

Indonesia remains vulnerable to money laundering due to gaps in financial system regulation, a cash-based economy, weak rule of law, and inconsistent, uncoordinated law enforcement. Risks stem from corruption, tax avoidance, drug trafficking, terrorist financing, wildlife trafficking, fraud, online gambling, and embezzlement. Criminal proceeds are laundered through banks, capital markets, industry, real estate, and digital assets, and are sent offshore for later repatriation.

Indonesia is making progress to counter vulnerabilities. Authorities have recently issued regulations taking a risk-based approach. Areas for improvement include law enforcement analytical training, raising judicial authorities' awareness of relevant offenses, increasing technical capacity to conduct financial investigations, detection of digital money laundering, education for financial services sector personnel, and utilization of the latest technology to strengthen anti-money laundering (AML) efforts. To conduct meaningful asset tracing, investigators and prosecutors need better access to complete banking records, which is hindered by bank secrecy law.

Vulnerabilities and Money Laundering Methodologies

Indonesia is vulnerable to the smuggling of illicit goods, controlled commodities, and bulk cash. This vulnerability is exacerbated by extensive and poorly controlled coastlines, lax law enforcement, poor customs infrastructure, and endemic corruption. Proceeds from illicit activities are easily moved offshore and repatriated for commercial and personal use. Free Trade Zones (FTZs) and economic citizenship programs are not especially vulnerable to money laundering. Information sharing between Malaysia and Indonesia on illicit cargo transiting the FTZs within the Strait of Malacca should be improved.

Indonesia has bolstered cooperation regionally to disrupt terrorist networks. Terrorist financing methods are shifting toward sympathetic sponsors, legitimate business ventures, domestic social media, nongovernmental organizations, nonprofit organizations, digital assets, drug sales proceeds, and crowdfunding. Authorities aim to contain emerging

threats from digital/crypto assets, online gambling transactions, and peer-to-peer lending, which are difficult to track.

Key AML Laws and Regulations

Indonesia has comprehensive customer due diligence (CDD) and suspicious transaction report (STR) regulations. Government Regulation No. 61/2021 broadens the list of entities required to file STRs to include fintech companies. Politically exposed persons are subject to enhanced due diligence. Presidential Regulation 13/2018 and Ministry of Law and Human Rights Regulation 21/2019 call for the disclosure of beneficial owners. Information sharing with U.S. officials in narcotics investigations is allowed under Indonesian law.

In June 2021, the Constitutional Court issued a broader interpretation of “Anti-Money Laundering Law No. 8/2010 article 74,” which states all civil servants authorized to investigate crimes are empowered to conduct parallel money laundering investigations. This opens the door for an increase in investigations of money laundering related to environmental crimes such as illegal logging. However, the Indonesian Financial Transaction Reports and Analysis Center (PPATK) reports that actionable data related to such cases remains scarce. In January 2023, “Criminal Code Law No. 1/2023” was issued, lowering both the maximum length of imprisonment and maximum fine for money laundering cases. The law will take effect in January 2026.

Indonesia’s Financial Services Authority (FSA) issued regulation No. 8/2023 on AML implementation and prevention of terrorism/proliferation financing, which requires financial services providers to block funds without delay, impose sanctions for violations, and mitigate the evasion of sanctions.

As Indonesia’s financial intelligence unit (FIU), PPATK drafted an asset forfeiture bill that aims to optimize asset recovery and restrict large cash transactions. The bill remains under review.

PPATK is a member of the Egmont Group of FIUs. Indonesia is a member of the Financial Action Task Force (FATF) and the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body. See [Indonesia's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The primary factors hindering Indonesia's fight against narcotics-related money laundering relate to the bank secrecy law; lack of coordination between investigating bodies; corruption; a lack of law enforcement personnel analytical training; lack of bank compliance with CDD and STR regulations; lax regulatory oversight; an uneven distribution of capability to track and trace virtual assets; and insufficient training on money laundering detection and reporting. More effective information sharing with international law enforcement, and amongst the Indonesian governmental investigating agencies, is needed to make Indonesia a more effective partner in international AML/CFT efforts.

Indonesia passed Law Number 4 of 2023 "Financial Sector Development and Reinforcement" (P2SK Law) in January 2023. The P2SK Law requires financial institutions to implement stronger AML/CFT programs and gives the FSA greater authority to investigate financial crimes. However, the FSA still needs to write implementing rules for much of the law to take effect, including for sharing bank records with foreign authorities investigating money laundering and related crimes.

Enforcement/Implementation Issues and Comments

In 2021, Indonesia conducted national money laundering and terrorist financing/WMD proliferation finance risk assessments. Since then, the government has taken steps to implement applicable agreements and conventions and to comply fully with international AML/CFT recommendations. Combating narcotics abuse and narcotics-related crime is a priority for the Prabowo administration, and Indonesia recognizes the need for international cooperation. In 2023, Indonesia formed an AML task force to analyze a large number of suspicious transactions.

PPATK publishes a monthly report summarizing STR activity. In August 2024, the dominant alleged crime was corruption (30.3 percent), followed by gambling (13.1 percent), tax evasion (12.1 percent), hoaxes (9.01 percent), narcotics (8.1 percent), fraud (8.1 percent), and terrorism financing (6.1 percent).

From January through August 2024, Indonesian courts processed 68 money laundering/terrorist financing-related cases, mostly linked to fraud, narcotics, and corruption. For the full calendar year of 2023, that figure was 96.

Iran

Overview

Iran's economy is heavily influenced by an extensive underground sector, driven by government mismanagement, sanctions, and the pervasive presence of the Islamic Revolutionary Guard Corps (IRGC). The IRGC's influence extends to various economic activities, including smuggling, money laundering (ML), and exploiting currency exchange controls. Corruption is widespread among Iran's ruling and religious elite, government ministries, and state-controlled enterprises. Trade-based ML is also a significant issue.

Iran is designated as a state sponsor of terrorism. The IRGC is a designated foreign terrorist organization and specially designated global terrorist. In 2011, the U.S. government identified Iran as a jurisdiction of primary ML concern under Section 311 of the USA PATRIOT Act, and in 2019, issued a final rule generally prohibiting U.S. dollar correspondent or pass through accounts for Iranian financial institutions.

In May 2024, the U.S. Financial Crimes Enforcement Network issued an advisory on the IRGC's methods for raising and moving funds to support terrorist organizations like Hamas, Hizballah, and Ansarallah (commonly referred to as the Houthis). U.S. financial institutions are urged to remain vigilant against suspicious activities related to Iran-backed terrorist groups.

As of October 2024, Iran remains on the Financial Action Task Force (FATF) list of "high-risk jurisdictions" due to its failure to address deficiencies in its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. Since 2020, the FATF has called on all member states and urged all jurisdictions to impose full countermeasures against Iran.

Vulnerabilities and Money Laundering Methodologies

Iran's economy is burdened by illicit activities driven by the IRGC's influence, including smuggling, systemic corruption, and uneven taxation. The IRGC controls significant portions of the domestic economy and sponsors non-state armed groups. The IRGC

markets over half of Iran's oil sales through illicit transactions, often using U.S. dollars that must be repatriated or spent through illicit means due to sanctions.

The supreme leader controls the National Development Fund of Iran, which is often raided for working capital. Parastatal charitable trusts allocate state resources in opaque ways. These factors, combined with rent-seeking behavior and economic desperation, create fertile ground for ML and sanctions evasion.

Iran's proximity to Afghanistan, the world's largest opium producer, and its porous borders make it a crucial transit point for drug trafficking. The IRGC's involvement in black market activities contributes to the flow of illicit funds. Political instability and the need to circumvent sanctions further complicate efforts to control ML.

Iran's financial system is sophisticated enough to be exploited by money launderers. The government's foreign exchange schemes create secondary markets for cheaper foreign currency, and financial intermediaries exploit overseas transactions for corrupt regime insiders. A weak AML/CFT framework exacerbates these vulnerabilities.

Key Anti-Money Laundering (AML) Laws and Regulations

Iran's primary AML legislation is the "Anti-Money Laundering Act of 2008," (AMLA) complemented by a 2010 bylaw. These laws criminalize ML and establish a financial intelligence unit (FIU) for compliance and enforcement. Iran has customer due diligence and suspicious transaction reporting (STR) requirements for financial institutions and certain nonfinancial businesses and has enhanced due diligence measures for politically exposed persons (PEPs).

Despite these regulations, concerns remain about the volume and quality of STR and currency transaction report filings. In 2024, Iran passed the "Central Bank of Iran Act" (CBI Act), which establishes the CBI as the prudential supervisor for the financial sector. However, the new CBI Act lacks necessary references to other AML/CFT supervision provisions and does not cross reference the AML and CFT Acts. It remains unclear how the CBI Act's provisions extend to the existing AML/CFT acts and bylaws.

The United States does not have bilateral extradition or mutual legal assistance treaties with Iran. There is no information sharing agreement with the United States; however, Iran has cooperated with other jurisdictions on ML matters.

AML Legal, Policy, and Regulatory Deficiencies

Iran's AML regime faces critical deficiencies. The incomplete coverage of legal persons and PEPs undermines the identification and monitoring of illicit activities. The AML framework lacks robust mechanisms for collecting and retaining beneficial ownership information, facilitating anonymity for financial criminals. Iran's FATF high-risk jurisdiction status highlights these strategic deficiencies, including inadequate enforcement of preventive measures and insufficient penalties for ML offenses.

Political will and constitutional impediments pose substantial barriers to effective AML enforcement. Hardliners view international financial integration and transparency as Western appeasement, impeding reform. Limited resources and expertise within regulatory bodies further hinder AML implementation.

Iran is not party to the United Nations' Convention on Transnational Organized Crime.

Iran's FIU is not a member of the Egmont Group of FIUs. Iran is not a member of the FATF or a FATF-style regional body (FSRB) but is an observer to the Eurasian Group (EAG), a FSRB.

Enforcement/Implementation Issues and Comments

Iran's enforcement of AML measures faces significant challenges. Inconsistent recordkeeping and frequent organizational changes complicate enforcement efforts. While Iran has introduced initiatives like the FIU and reporting requirements, these measures have not fully addressed systemic deficiencies. The FIU lacks resources and expertise, and political interference impedes its operations.

Iran's cooperation with foreign governments and international organizations is limited. Legal and practical barriers hinder record exchange for narcotics investigations, and Iran has been reluctant to fully cooperate with international partners. Sanctions and multiple diplomatic efforts have not led to significant improvements in Iran's AML enforcement.

Data on ML-related prosecutions and convictions is scarce, reflecting challenges in detecting and prosecuting ML cases. The lack of transparency and reliable data hampers assessments of Iran's AML regime effectiveness. Available reports suggest low prosecution and conviction rates, indicating enforcement framework inefficacy. Regime insiders benefit most from the opaque and ineffective legal system.

Iraq

Overview

Iraq's continued reliance on cash and slow progress modernizing its underdeveloped financial sector leave the jurisdiction vulnerable to money laundering, terrorist financing, and other illicit financial activity, but ongoing reforms show early signs of progress. Iraq's 2015 anti-money laundering/combating the financing of terrorism (AML/CFT) law provides a firm legal basis for regulatory and enforcement actions, but implementation is often insufficient and weak. Iraq has hundreds of registered and licensed financial institutions, most of which are currency exchange houses. Hundreds of additional unregistered, unregulated currency exchanges provide access to cash and informal hawala services for regional financial networks. The banking sector made measured progress in 2024 to increase compliance in line with international standards, and government reforms have resulted in a marginal increase in bank access and digital payments.

Vulnerabilities and Money Laundering Methodologies

The Iraqi financial sector is susceptible to money laundering and terrorist financing activities that benefit sanctioned actors and entities, corrupt politicians, Iran-aligned militia groups (IAMGs), and criminals involved in illicit activity such as narcotics trafficking. This is due to endemic corruption; an immature banking sector; widespread use of unregulated, informal currency exchanges; hawala networks; and proximity to high-risk jurisdictions. Illicit drug trafficking and consumption is steadily increasing in Iraq; Iraq is no longer merely a transit country. Further, due to involvement of transnational organized crime syndicates and IAMGs, there is little political will among law enforcement to capture the significant drug proceeds generated by such trafficking.

Smuggling of licit and illicit goods is pervasive; movement of payment and proceeds in bulk cash and prepaid cards is common. Corruption is prevalent at all government levels and is widely regarded as one of the greatest challenges facing Iraq. Trade-based money laundering is a significant problem in Iraq and is linked to hawalas and informal financial systems.

According to the manager of Iraq's Free Trade Zone Authority (FTZA), Iraq has three FTZs: Kohr al-Zubair Free Trade Zone in Basrah, Falafel Free Trade Zone in Ninewa, and Al-Qayim Free Trade Zone in Anbar. Under the FTZA Law, goods imported or exported from the FTZs are generally exempt from all taxes and duties, unless the goods are to be imported for use in Iraq. Additionally, capital, profits, and investment income from projects in the FTZs are exempt from taxes and fees throughout the life of the project.

Key Anti-Money Laundering (AML) Laws and Regulations

In 2023, the government regulated U.S. dollar cash transactions to increase local use of Iraqi dinar. Iraq passed an AML/CFT law with comprehensive regulatory and enforcement authorities in October 2015. The law's implementation was a substantial step towards more effective enforcement and establishing regulatory authority, but regulatory and enforcement capacity are uneven and subject to political constraints. Money laundering and terrorist financing are both predicate offenses, with terrorist financing carrying up to life imprisonment.

The Kurdistan Regional Government (KRG) abides by Iraq's AML/CFT law and coordinates with Iraq's federal government to regulate the Iraqi Kurdistan Region's (IKR) financial sector. The Central Bank of Iraq's (CBI) Erbil branch reports positive efforts to further improve coordination with the federal government, although regulators sometimes struggle to exert control over the hundreds of unregistered currency exchanges in the IKR. The KRG has a sophisticated electronic customs system, but there is a discrepancy in the implementation of customs procedures with the federal government.

Iraq's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Iraq is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a FATF-style regional body. See [Iraq's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

A lack of technological and human capital and political will is a major hindrance to Iraq's AML efforts. The lack of cooperation between the intelligence agencies, FIU, CBI, civil authorities, and judiciary, while improving, is an obstacle to effective enforcement actions.

In practice, despite codified customer due diligence (CDD) requirements, banks still operate with vague due diligence policies and are lax in applying CBI-mandated regulations. Banks selectively comply with the requirement to file suspicious transaction reports (STRs) with the FIU, but a weak institutional culture of compliance and the lack of robust penalties for noncompliance by banks and other entities with reporting responsibilities mean the volume and quality of STR reporting is low. Nonbank financial institutions rarely comply with STR reporting requirements, and all financial institutions frequently do not file reports on activity that meets reporting thresholds.

Enforcement/Implementation Issues and Comments

Investigations into financial gains from political corruption are seriously hampered by interference from the government, influential businesspersons, bankers, and other influential actors.

The 2015 AML/CFT law establishes an interagency sanctions committee, chaired by CBI, tasked with meting out financial penalties and taking action such as license revocation; but it rarely issues meaningful decisions and is incapable of acting on cases involving political corruption.

The CBI has taken steps to deter money laundering, including by publishing a list of financial institutions prohibited from accessing U.S. currency services after large scale diversion and fraud was uncovered prompting the U.S. Federal Reserve to ban banks from the dollar auction. CBI is also increasing its investigative activities and cooperation with Iraqi security services, such as the Ministry of Interior (MOI). CBI cooperates with MOI and the judiciary to arrest and prosecute smugglers of currency, including cards, but sentences are often meager fines. The CBI lacks adequate personnel and technical capacity to fully monitor financial entities and routinely encounters difficulty engaging various parts of the government during its investigations.

Italy

Overview

Italy is the third-largest economy in the European Union (EU) and eighth largest in the world. Italy has a sophisticated anti-money laundering/combating the financing of terrorism (AML/CFT) regime with well-developed legal, regulatory, and operational frameworks in line with international standards.

However, agile and complex organized criminal enterprises and a flourishing black-market economy continue to pose significant risks to the financial system. According to the Italian National Statistics Institute report updated in October 2024, the black market accounted for 10.2 percent of GDP, or approximately \$219.1 billion (€201.6 billion), an increase of 9.6 percent over the previous year. Tax crimes account for roughly 75 percent of all proceeds-generating crime in Italy.

Financial institutions in Italy have a good understanding of money laundering threats, and larger banks are strongest in their mitigation efforts. However, the nonfinancial sector is not as regulated and remains less attuned to money laundering risks. Italian law enforcement agencies effectively execute complex financial investigations.

Vulnerabilities and Money Laundering Methodologies

Drug trafficking continues to be a primary source of income for Italy's organized crime groups, which exploit Italy's strategic location on busy maritime routes to facilitate links with criminal organizations around the globe. Primary among these organized crime groups is the 'Ndrangheta, which is responsible for up to an estimated 60 percent of the cocaine entering Europe. Other major sources of laundered money are proceeds from the smuggling and sale of counterfeit goods, extortion, and waste trafficking. Law enforcement investigations have identified an increasing use of trade-based money laundering schemes and cryptocurrencies to disguise illicit proceeds and payments through legitimate trade transactions.

Italian authorities have highlighted the growing role of covert People's

Republic of China (PRC)-linked money brokers in concealing cross-border payments. An October 2024 sting operation by Italian and European Public Prosecutor's Office (EPPO) authorities in Ancona dismantled a PRC-linked criminal organization involved in international tax fraud and money laundering. The raid followed an EPPO investigation of a complex scheme involving ghost companies importing goods from the PRC with a turnover of at least \$540 million, evading value added tax and customs duties and laundering illicit profits through a network of shell companies and false invoices across multiple European countries. A separate March 2023 indictment in Florence of 13 people for illegal financial and banking activity allegedly involved a clandestine "bank" transferring funds to the PRC.

Key Anti-Money Laundering (AML) Laws and Regulations

Italy's legislative framework is in line with international AML/CFT standards. The Ministry of Economy and Finance (MEF) leads the national risk assessment (NRA) effort and the Financial Security Committee, which establishes policy regarding financial transactions and AML/CFT efforts. An updated AML/CFT NRA was adopted in November 2024. The Bank of Italy continues to issue guidance on customer due diligence measures to support banks and financial intermediaries. Italy's centralized registry of accounts and deposits, managed by the Italian Revenue Agency, contains information about business relationships held by persons in the Italian financial system.

In response to the evolving challenges of money laundering, the Italian government enacted Legislative Decree No. 125/2019, which clarifies virtual currency treatment under AML/CFT statutes, broadens the scope of covered entities, and further strengthens the provisions on international cooperation. A January 2023 MEF decree requires virtual currency firms to register with the Agents and Mediators Organization, a supervisory body for financial agents, payment services, and credit brokers operating in the country.

Italy has a mutual legal assistance treaty with the United States.

The Italian financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Italy is a member of the Financial Action Task Force (FATF). See [Italy's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The MEF encourages regulatory authorities for each of the designated nonfinancial businesses and professions (DNFBPs) to conduct seminars, workshops, and other forms of outreach to encourage more suspicious transaction reports (STRs) from DNFBPs. The number of STRs received by the FIU from DNFBPs in 2023 increased 23.6 percent from the previous year to 23,879.

Enforcement/Implementation Issues and Comments

The Italian FIU is the national body for collecting and analyzing STRs, which are disseminated to specialized law enforcement agencies (Guardia di Finanza and the Anti-Mafia Investigative Directorate). In May 2023, the FIU issued new red flag indicators to support STRs obligations, developed in cooperation with law enforcement and supervisory authorities. The FIU intensively cooperates with the judicial authority, and specific forms of exchanges have been developed with the National Anti-Mafia and Counter-Terrorism Directorate. Italian authorities have demonstrated strong, continuous policy cooperation and coordination informed by the NRA.

Italian law enforcement agencies have been successful in undertaking complex financial investigations and prosecutions and have confiscated large amounts of criminal proceeds. Additionally, confiscation of assets and proceeds is a fully integrated policy objective as a strategic action to counter money laundering offenses. In 2023, Italian authorities seized assets valued at upwards of \$2.28 billion (€2.1 billion) for suspected money laundering, tax fraud, and drug trafficking.

Jamaica

Overview

Money laundering in Jamaica is largely perpetrated by organized criminal groups, some with links to powerful Jamaicans and influential persons in the real estate and motor vehicle markets. In 2024, financial crimes included lottery scamming, corruption, counterfeit goods, small arms trafficking, and cybercrime.

The Government of Jamaica increasingly enforces the asset forfeiture provisions of the “Proceeds of Crime Act” (POCA), and convictions and forfeitures have steadily increased. However, challenges in prosecuting and achieving convictions in financial crime cases persist due to limited resources for law enforcement, prosecutors, and the judiciary. Financial crimes are often plea bargained, or prosecutors focus on predicate offenses to secure convictions.

In February 2020, Jamaica made a high-level political commitment to the Financial Action Task Force (FATF) to strengthen its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. Jamaica successfully completed its action plan in 2024.

Vulnerabilities and Money Laundering Methodologies

Political and public corruption and other criminal activities generate and facilitate illicit funds in Jamaica. Money laundering is primarily related to proceeds from illegal narcotics, weapons trafficking, financial fraud schemes, cybercrime, corruption, and extortion. Violent organized criminal groups, some associated with powerful Jamaicans, often use real estate developers and used car dealers to launder funds. Many financial crimes target U.S. citizens through fraud schemes. Illicit trafficking of small arms and narcotics to and from the United States, Central America, Europe, and Haiti generates substantial illicit wealth. Additionally, there are increasing incidences of sophisticated bank fraud. Remittance transactions are relatively small, suggesting perpetrators use other channels, including cash and digital currencies, to transfer illicit funds.

Key Anti-Money Laundering (AML) Laws and Regulations

In 2019, the government enacted the "Proceeds of Crime (Amendment) Act" and its regulations; "Proceeds of Crime (Money Laundering Prevention) (Amendment) Regulations;" "Terrorism Prevention (Amendment) Act;" and "United Nations Security Resolution Implementation (Amendment) Act."

POCA permits post-conviction forfeiture, cash seizures, and civil forfeiture of assets related to criminal activity. The confiscation provisions apply to all assets linked to criminal activity, including legitimate businesses used for laundering funds. The regime shifts the burden of proof to the defendant to demonstrate assets and expenditures were financed from legitimate sources, and a conviction is not required for civil recovery of property.

Jamaica's Financial Investigations Division (FID), which serves as the financial intelligence unit (FIU), collaborates with law enforcement and the Office of the Director of Public Prosecutions to pursue asset recovery cases. Following the implementation of amended beneficial ownership legislation to comply with international standards in 2023, the FID registered additional financial and designated nonfinancial businesses and professions (DNFBPs) and reported increased registrations in 2024, including attorneys, micro-credit institutions, and trust and corporate service providers.

The Banking Services Act enhances enforcement powers and information sharing among the Bank of Jamaica, the Financial Services Commission, and foreign counterparts. Several DNFBPs, such as real estate agents, accountants, gaming establishments, microfinance institutions, and casinos, are subject to AML preventative measures.

Jamaica is studying potential new regulations for high-risk sectors, notably real estate developers and used car dealers. Financial institutions (including money remitters and exchanges) are subject to a range of preventative measures.

The United States and Jamaica have a bilateral mutual legal assistance treaty.

The FID is a member of the Egmont Group of FIUs. Jamaica is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Jamaica's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Law enforcement and prosecutors often pursue predicate offenses, rather than pursuing money laundering as a stand-alone offense, due to the necessity of proving the unlawful conduct from which the laundering activity derives. In cases where money laundering offenses are investigated and charged alongside a predicate offense, prosecutors sometimes dismiss the money laundering charges to secure a guilty plea but may still pursue asset recovery.

In April 2023, Jamaica amended the beneficial ownership provisions of the Companies Act to align with international standards. However, a national risk assessment identified key sectors needing additional regulation, including real estate and used cars. Jamaica is preparing a new national risk assessment.

Enforcement/Implementation Issues and Comments

Despite reported improvements in the efficiency of the court system in 2024, leading to increases in cases introduced to the judicial system, lengthy delays in investigating and prosecuting cases continue to hinder the effectiveness of the Jamaican judicial system, including money laundering cases.

FID reports a reduction in defensive suspicious transaction filings due to technology improvements and increased training for financial institutions. Resource limitations – both financial and human – continue to hinder Jamaica's efforts to investigate and prosecute money laundering. FID reported having only 83 staff as of October 2024, well short of its target of 230 employees.

From January to October 2024, there were 11 prosecutions and eight convictions for financial crimes. During this period, FID seized \$1.9 million in criminal assets. Jamaica continues to extradite lottery scammers who target mostly elderly U.S. citizens.

Kazakhstan

Overview

In recent years Kazakhstan has taken significant steps to improve its anti-money laundering/combating the financing of terrorism (AML/CFT) regime, and it demonstrates an effective level of technical compliance with international standards. In 2024, Kazakhstan continued to address shortcomings identified by international experts. Supervisory and law enforcement entities cooperate and share relevant information.

Criminals in Kazakhstan launder illicit proceeds derived from embezzlement, business fraud, Ponzi schemes, illicit entrepreneurial activity, drug trafficking, and contraband.

Vulnerabilities and Money Laundering Methodologies

Contraband smuggling and fraudulent invoicing of imports and exports remain common, especially between Kazakhstan and the People's Republic of China. Money gained through the illegal sale of oil or oil products and illicit gaming is usually laundered through real estate purchases.

Kazakhstan has the most developed banking system in Central Asia, making it attractive to those seeking to launder funds. Criminals use shell companies to launder embezzled funds and transfer money overseas. A significant part of proceeds from Kazakhstan's mineral wealth is in offshore accounts with little public scrutiny or accounting oversight.

Kazakhstan is on the transit route for Afghan heroin to Europe and Russia, and is an emerging clandestine manufacturer of synthetic drugs, making it susceptible to drug-related money laundering. Synthetic drugs dominate the domestic drug consumer market with most transactions occurring online. Tracking narcotics revenue is difficult since traffickers use informal remittance systems.

The Astana International Financial Center (AIFC), a Kazakh government-sponsored regional financial hub that seeks to attract foreign investments and businesses, has 2,100 companies from 79 countries registered to utilize its services. The AIFC employs an English common law court system for business dispute arbitration, outside the government

of Kazakhstan's jurisdiction, but relies on Kazakh institutions to enforce its rulings. The AIFC court made 22 judgements and orders in 2023, none of which were linked to money laundering. Kazakhstan has 14 special economic zones.

There are nine legal virtual currency operators registered within Kazakhstan's offshore AIFC. However, many illegal exchanges facilitate criminal activities. A pilot project launched in 2022 between the AIFC-registered exchanges and certain banks to develop practices on converting virtual currencies to other currencies continues.

Kazakhstan conducted a sectoral risk assessment on the use of digital assets for money laundering, terrorism financing, and proliferation (CPF) financing. The risk assessment identified threats and vulnerabilities, and the government developed recommendations to improve risk-mitigation measures.

Casinos and slot machine parlors operate legally in Kazakhstan, but online casinos are banned. Online betting is a growing problem. The Intergovernmental Council on AML/CFT issues tasked its members to develop measures to counter illicit gaming and drug trafficking.

Key Anti-Money Laundering (AML) Laws and Regulations

In 2024, Kazakhstan revised the Rules of Internal Control and Due Diligence of Clients to strengthen control over the issuance of payment cards to foreign citizens, nonresidents, and stateless persons. The government also tightened requirements for conducting financial and criminal checks of clients when applying for a bank card, including minors. There are now additional compliance procedures required for clients who have 10 or more payment cards.

In 2024, Kazakhstan developed a draft law to amend the AML/CFT law to address some of the findings revealed by international experts. The draft law would strengthen the effectiveness of the AML/CFT regime in 11 key areas to ensure the operational, law enforcement, and legal components of the AML/CFT system work together effectively.

The draft law includes strengthened requirements to ensure implementation of targeted financial sanctions related to the prevention, suppression, and disruption of proliferation of WMD and its financing, terrorism, and terrorist financing. The draft law contains provisions

that revise AML/CFT rules for virtual assets and virtual assets service providers, for beneficial owners of companies, of fines for reporting entities that violate AML/CFT requirements, and regulation and supervision of financial and nonfinancial organizations. Starting in 2025, all Kazakh citizens must declare all sources of income to the government.

Kazakhstan and the United States have a bilateral mutual legal assistance treaty.

Kazakhstan's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Kazakhstan is a member of the Eurasian Group (EAG), a Financial Action Task Force-style regional body. See [Kazakhstan's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Kazakhstan's AML/CFT law does not cover financial management companies, travel agencies, or dealers of high-value consumer goods. These entities are not required to maintain customer information or report suspicious activity.

In 2024, international experts assessed a high risk of businesses' involvement in money laundering. There is no criminal liability for money laundering offenses committed or furthered by legal entities under Kazakh law.

Enforcement/Implementation Issues and Comments

Regulatory agencies are responsible for inspecting their respective reporting entities subject to the AML/CFT law; however, most agencies lack the resources and expertise to conduct compliance inspections, and, because of cost, most reporting entities (except for banks) implement a fragmented risk-based approach.

There were six convictions for money laundering in the first nine months of 2024, compared to zero for the same period in 2023.

Kenya

Overview

In February 2024, Kenya made a high-level political commitment to improve its systems and agreed to an action plan with the Financial Action Task Force (FATF) to address identified anti-money laundering/combating the financing of terrorism/counterproliferation financing (AML/CFT/CPF) deficiencies. Kenya committed to take a number of steps to expand and improve the capacity of covered entities; improve its collection of beneficial ownership information; adopt a legal framework for the licensing and supervision of virtual asset service providers; improve its risk-based AML/CFT supervisory programs; and improve or correct areas where CFT policy and program deficiencies were identified.

Kenya undertook significant legislative action in 2023 to update its “Proceeds of Crime and Anti-Money Laundering Act” (POCAMLA). The Kenyan government is working with a reputable implementer to reform its entire AML/CFT regime.

Vulnerabilities and Money Laundering Methodologies

Kenyan financial institutions likely serve as conduits for money laundering associated with the trafficking of illegal narcotics, humans, weapons, wildlife, timber, charcoal, and minerals. Trade-based money laundering remains a significant risk, with Kenya's proximity to Somalia attracting funds from unregulated Somali sectors like the khat and charcoal trades. Authorities acknowledge that goods reported at entry points as transiting Kenya are in many cases sold internally.

Foreign nationals, including refugees and ethnic Somali residents, frequently use informal remittance systems such as unlicensed money or value transfer services for international money transfers. Criminals may abuse these systems to provide them with a swift, anonymous transfer capability.

Designated nonfinancial businesses and professions (DNFBPs), such as lawyers, real estate agents, and notaries, are another money laundering avenue. The government is enhancing its capability to regulate DNFBPs effectively; a court injunction has impeded the

government from mandating lawyers to report suspicious transactions, though the government appears to have reached an accommodation with the plaintiffs.

Kenya has land-based and online casinos, sports betting, and lotteries. The Betting Control and Licensing Board supervises gaming for AML/CFT purposes.

Key Anti-Money Laundering (AML) Laws and Regulations

Kenya's AML framework is governed by the POCAMLA, as amended. Reporting entities falling under POCAMLA must promptly report suspicious transactions to the Financial Reporting Centre (FRC), Kenya's financial intelligence unit (FIU). Covered entities must adhere to customer due diligence and enhanced due diligence protocols, especially concerning politically exposed persons.

The Central Bank of Kenya uses a risk-based approach to AML/CFT regulation.

Despite no bilateral mutual legal assistance treaty, both the United States and Kenya make and receive requests for mutual legal assistance under relevant multilateral law enforcement conventions and domestic laws. The FRC spontaneously shares sensitive financial information. Kenya and the United States have a bilateral extradition treaty.

The FRC became a member of the Egmont Group of FIUs on February 1, 2024. Kenya is a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a FATF-style regional body. See [Kenya's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Kenya needs to strengthen implementation of good governance and anticorruption measures. Bureaucratic, logistical, and capacity challenges impede investigation and prosecution of financial crimes.

Tracking and investigating suspicious transactions within the mobile money sector remain challenging.

Enforcement/Implementation Issues and Comments

Both the Ethics and Anti-Corruption Commission (EACC) and Kenya's Assets Recovery Agency (ARA) have achieved some success, resulting in asset seizures and suspensions/impeachments of public officials. ARA's mandate is proceeds of crime under the POCAMLA, while the EACC's mandate is unexplained wealth under the "Anti-Corruption and Economic Crimes Act." ARA's breadth is wider and overlaps with the EACC, but typically the ARA does not focus on corruption and conflicts are infrequent. EACC is an investigative organization and can initiate proceedings without a criminal charge, while the ARA requires a predicate offense to proceed. Both entities seize and recover proceeds of crime and unexplained assets through civil proceedings, often working independently. Exclusive criminal prosecution authority rests with the Director of Public Prosecutions, and prosecutorial and judicial delays have impeded most attempts at prosecution. Better coordination among these agencies would enhance the overall effectiveness of combating corruption and money laundering in Kenya.

To demand bank records or seize an account, authorities require a court order citing evidence linking the deposits to a criminal violation. In practice, these investigations and proceedings often leak, leading to the assets being relocated.

Kyrgyzstan

Overview

While Kyrgyzstan is not a regional financial center, its large shadow economy, corruption, organized crime networks, and narcotics trafficking make the country vulnerable to financial crimes. Remittances comprise nearly a quarter of Kyrgyzstan's GDP, fueling the shadow economy, which is supported by funds entering the country through informal channels. Only one U.S. bank maintains a correspondent bank account with a Kyrgyz bank after it established an account with the bank in August 2024. The Kyrgyz government's ongoing asset amnesty and increasingly opaque government practices raise concerns about the country's compliance with anti-money laundering/combating the financing of terrorism (AML/CFT) international standards.

Vulnerabilities and Money Laundering Methodologies

Situated along the northern transit route from Afghanistan to Russia, Kyrgyzstan is positioned well – both geographically and politically – to be utilized as a narcotics trafficking waypoint and source of income for organized crime. Smuggled narcotics can in theory travel through the Eurasian Economic Union from Kyrgyzstan to the Polish border without undergoing customs checks, although in practice several member countries maintain checkpoints. The smuggling of consumer goods, tax and tariff evasion, and official corruption are the major sources of criminal proceeds. Although the government began a wide-ranging crackdown on organized crime in October 2023, anecdotal reports suggest narcotics trafficking networks continue to operate as before.

Money laundering occurs through trade-based fraud, bulk cash couriers, and the abuse of informal and unregulated value transfer systems. Weak political will, resource constraints, inefficient financial systems, competition for resources among state agencies who tackle money laundering, and corruption all hinder effective AML/CFT efforts.

An asset amnesty law, signed into law in 2023 and in force until December 31, 2024, could have been used to legitimize funds obtained by illegal means, including those derived from corruption. Implementation of the amnesty was not transparent, and the lack of adequate safeguards, contrary to international AML/CFT standards, means it may have been used to

facilitate money laundering. While the government has proposed an amendment to the law to clarify those who have committed laundering and corruption are not exempt from liability under the program, this amendment has not moved forward in the parliamentary process and, by itself, is likely inadequate to resolve the law's multiple deficiencies.

Key Anti-Money Laundering (AML) Laws and Regulations

Corruption, illicit enrichment, and money laundering are all criminalized. Kyrgyzstan has an AML law covering financial and nonfinancial entities and beneficial ownership, with comprehensive customer due diligence and suspicious transaction reporting requirements. The AML law requires due diligence for politically exposed persons, including foreign citizens, Kyrgyz citizens, and members of international organizations.

In 2024, Kyrgyzstan passed an AML/CFT law on digital identification and verification requirements for remote transactions. Existing legislation on virtual assets includes the categorization of virtual assets service providers as financial institutions subject to licensing requirements.

The State Financial Intelligence Service (SFIS) of Kyrgyzstan, the Kyrgyz financial intelligence unit (FIU), signed a cooperation agreement on the exchange of AML/CFT information with Cuba and Azerbaijan. Kyrgyzstan has a legal framework with measures for identifying, tracing, and freezing terrorist assets and instituted some measures for the confiscation of funds related to money laundering.

Though Kyrgyzstan and the United States do not have a bilateral mutual legal assistance treaty, there are arrangements between individual law enforcement agencies, including a memorandum of understanding (MOU) between the Prosecutor General's Office (PGO) and the U.S. Federal Bureau of Investigation. Kyrgyzstan does not have a bilateral information sharing agreement on money laundering with the United States. However, both parties are signatories to multilateral legal instruments that can be used to facilitate cooperation.

The SFIS is a member of the Egmont Group of FIUs. Kyrgyzstan is a member of the Eurasian Group (EAG), a Financial Action Task Force-style regional body. See [Kyrgyzstan's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Despite legislative changes, significant gaps remain in implementation and enforcement of AML statutes. The SFIS, under the Ministry of Finance, has primary responsibility for the AML/CFT regime but is not an investigative agency and, therefore, lacks cooperation and information sharing with law enforcement agencies. Investigation of economic crimes is now divided between the Ministry of Interior and the State Committee on National Security after the PGO lost investigative functions in July 2023.

Following legislative changes in 2021, legal entities are no longer subject to criminal liability.

Enforcement/Implementation Issues and Comments

Kyrgyzstan continues to attempt to strengthen AML/CFT legislation in accordance with international standards. From January to September 2024, SFIS sent 390 financial investigative requests related to money laundering/terrorist financing to relevant law enforcement bodies. As a result, 17 new criminal money laundering cases were opened. No data is available on convictions, but SFIS suspended transactions worth over \$14 million. Law enforcement capacity remains weak, and law enforcement agencies lack political will when dealing with cases that are deemed politically sensitive, a key deterrent to progress. Additionally, interagency cooperation is poor and law enforcement bodies struggle to communicate effectively.

Laos

Overview

The Lao People's Democratic Republic has significant vulnerabilities to money laundering due to serious gaps in legislative and regulatory frameworks and weak enforcement. These vulnerabilities, coupled with thousands of miles of porous borders, are exploited by transnational criminal organizations who use Laos as a platform for the full range of money laundering predicate crimes, including trafficking of drugs, wildlife, and people. The porous border facilitates the suspected smuggling of narcotics-related bulk cash into Laos, where these proceeds are subsequently integrated into the international financial system, including in the United States.

Corruption is also a factor in money laundering activity. Corruption is pervasive across various sectors of the Lao economy, government, and public administration. There are widespread indications of issues with bribery, misuse of power, and lack of transparency.

The Golden Triangle Special Economic Zone (GTSEZ) continues as a major obstacle to an effective anti-money laundering/combating the financing of terrorism (AML/CFT) regime. The founder of the GTSEZ, Zhao Wei, and his organization are sanctioned by the United States (Zhao Wei Transnational Criminal Organization). The GTSEZ is long believed to facilitate illicit trafficking through the complex and openly hosted, unregulated gambling in the notorious Kings Roman Casino. The emergence of cyber scam operations centered in the GTSEZ that lure workers under false pretenses before forcing them to engage in criminal fraud has made an already difficult situation even more challenging.

Vulnerabilities and Money Laundering Methodologies

The 2018 national risk assessment identifies narcotics trafficking, counterfeiting, and forgery as vulnerabilities. International experts also note deficiencies in the supervision of relevant sectors, including real estate, banking, virtual assets, precious metals and stones, and gambling.

The latest data indicates there are more than 10 active special economic zones (SEZs) in Laos, with some sources indicating approximately 15-20 zones when both special and

specific economic zones are included. Not all the zones are fully operational, and the number can fluctuate due to new projects or closures. Some zones have been linked to money laundering associated with drug trafficking and illegal trade in wildlife.

Unsatisfactory and unenforced legislation and regulations covering casinos and gambling result in a significant money laundering vulnerability. Online gambling does not require licensing and is not well regulated. Gambling in the GTSEZ is of particular concern as a draw for illicit junkets and bulk cash smuggling. The new international airport, located next to the GTSEZ, increases the risk of criminal activity in the area, not least because it is operated by the U.S.-sanctioned company of Zhao Wei.

Key Anti-Money Laundering (AML) Laws and Regulations

The National Coordination Committee on AML/CFT includes representatives of stakeholder ministries and agencies, is chaired by the deputy prime minister, and is responsible for ensuring compliance with the 2015 AML/CFT law and its implementing regulations. The Anti-Money Laundering Intelligence Office (AMLIO) is the Lao financial intelligence unit (FIU) and is the de facto lead on international cooperation and information sharing on AML/CFT issues. In July 2024, the government amended the AML/CFT law to update and broaden the definitions of money laundering and terrorism financing.

In 2024, Laos began the process to join the Asset Recovery Interagency Network – Asia Pacific (ARIN-AP), an informal network of experts and practitioners in the field of asset tracing, freezing, and confiscation, which serves as a cooperative group in all aspects of tackling the proceeds of crime in the region.

Laos does not have extradition or mutual legal assistance treaties with the United States, though Laos is a party to several multilateral conventions that permit international cooperation.

The AMLIO is a member of the Egmont Group of FIUs. Laos is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body. See [Laos's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

While updating the legal definitions of money laundering and terrorism financing represents progress, it is unclear when the amended law will come into force. Other longstanding shortcomings in the legislative and regulatory framework remain uncorrected, including deficiencies in customer due diligence, enhanced/specific measures for politically exposed persons, and beneficial ownership documentation requirements.

The government stated it is currently working on revising sub-legislation to address identified deficiencies, implying corrective action on regulations related to the supervision of high-risk sectors is forthcoming. The government also stated a new decree on casino supervision had received provisional approval and could be finalized “in the near future,” an assertion that has been made at regular intervals for the last three years.

Enforcement/Implementation Issues and Comments

Effective enforcement is hampered by deficiencies in Laos’s legislative and regulatory framework, but equally important is the lack of capacity of supervisory officials, law enforcement, prosecutors, and judges. AMLIO reported 36 prosecutions related to money laundering, but experts expressed doubts that all cases could be counted as such, as in the past simple cases of fraud have been miscategorized as money laundering by Lao officials. Lao customs reported two cases of bulk cash smuggling in 2024.

Political will to address transnational organized crime related to the GTSEZ has been elusive, but in 2024 the government established a task force to address cybercrime in the GTSEZ and participated in several large-scale enforcement actions led by People’s Republic of China police. Another sign of progress was the public announcement in 2024 that a number of senior Lao government officials, including a provincial governor, were sentenced to life in prison for engaging in corrupt acts.

Liberia

Overview

Liberia's 2021 national risk assessment (NRA) indicates high exposure to money laundering (ML) risks. Efforts to enforce anti-money laundering/combating the financing of terrorism (AML/CFT) laws and regulations are hampered by corruption, weak institutions, and a weak judiciary. Porous borders and the informal economy contribute to ML risks. Vulnerabilities expose banks and their correspondent relationships to abuse by corrupt actors, money launderers, and terrorist financiers.

Capacity to detect ML is limited and control mechanisms are weak. The Central Bank of Liberia (CBL) is developing a strategic plan to accelerate financial inclusion by digitization, which will make ML activities more easily detectable and support the expansion of the formal economy. The Financial Intelligence Agency (FIA) reported improvements in interagency coordination in 2024, and financial institutions are increasing compliance with reporting requirements. The FIA continues to raise public awareness. However, authorities face challenges in conducting systematic investigations and securing convictions. Nonetheless, the political will and capacity to address challenges remains low. Many integrity/regulatory agencies are underfunded, lack critical capacity, and face political interference.

Vulnerabilities and Money Laundering Methodologies

Liberia's main money laundering vulnerabilities are corruption, porous borders, prevalence of the informal economy, and unregulated and unlicensed foreign exchange operations. Numerous unregulated artisanal diamond and gold mines pose difficulties to monitoring ML and illicit financial activities.

In August 2024, FIA conducted a thematic risk assessment of the real estate and other unassessed sectors to mitigate vulnerabilities identified by the NRA. The assessment noted that the National Lottery Authority has limited capacity to regulate the gaming industry. Additionally, Liberia lacks specific data to estimate exposure to cross-border illicit financial flows. There is little information on ML techniques or the degree to which foreign proceeds are laundered.

Key Anti-Money Laundering (AML) Laws and Regulations

Laws, policies, and regulations include the “Anti-Money Laundering and Terrorist Financing Act of 2021,” the “Liberia Anticorruption Act of 2022 (ACCA),” and the “Financial Intelligence Agency Act.” New policies and regulations include the draft “National AML/CFT Action Plan (2024-2028)” and draft “Regulations on the Gaming Sector, Real Estate Sector, and Financial Institutions.” FIA’s regulation for politically exposed persons (PEP) mandates enhanced due diligence measures when dealing with PEPs and extends to beneficial owners. The Liberian House of Representatives amended the penal code to criminalize insider trading, market manipulation, and illicit trade in stolen goods, but the bill is pending in the Liberian Senate.

The United States and Liberia have a bilateral extradition treaty but lack a mutual legal assistance treaty. Cooperation occurs through multilateral conventions with applicable provisions.

In June 2024, FIA became a member of the Egmont Group of Financial Intelligence Units. Liberia is a member of the Inter Governmental Action Group Against Money Laundering in West Africa (GIABA), Financial Action Task Force-style regional body. See [Liberia's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

FIA requires reporting entities to file suspicious transaction and currency transaction reports. Reports are not always timely due to lack of political will to enforce compliance. FIA continues to reform in line with international best practices despite political interference and budgetary constraints. International experts note improved customer due diligence (CDD) and enhanced due diligence measures by banks and mobile money service providers. Measures remain weak for remittance services, foreign exchange bureaus, lawyers, accountants, and casinos.

There are serious deficiencies in laws, policies, and regulations, to include the absence of an illicit enrichment law and lack of an economic/financial crimes court. The ACCA gives the Liberia Anti-Corruption Commission (LACC) direct prosecutorial powers but curtails its ability to seize assets belonging to corrupt public officials.

Liberia's asset forfeiture and confiscation framework is weak and there are no provisions for systematic asset management and disposal. Legislation allows asset sharing.

Enforcement/Implementation Issues and Comments

The Financial Crime Working Group, under the Inter-Ministerial AML/CFT Steering Committee, is a technical working group supporting AML/CFT regime implementation. Members include law enforcement and regulatory institutions.

CBL performs AML/CFT inspections of commercial banks and offsite monitoring of CDD guidelines implementation. It faces challenges monitoring/enforcing compliance of nonbank financial actors.

FIA shares intelligence with regulatory/law enforcement agencies, but they do not effectively investigate crimes or pursue prosecutions. Law enforcement agencies have access to a range of financial intelligence but do not use it sufficiently to support investigative activities. Additional challenges include limited capacity of relevant entities to enforce regulations, investigate financial crimes, conduct prosecutions, and recover assets. In 2024, FIA recorded 21 ML related offenses. There were no prosecutions for money laundering in 2023. To build trust, full accountability is needed concerning a corruption scandal that resulted in the removal of FIA's director general in March 2024, which had not led to any prosecutions as of November 1, 2024.

In March 2024, the LACC launched an investigation into ML and corruption at the National Oil Company.

A continued focus on digitization and financial inclusion in the banking sector will support expansion of the formal economy and enhance implementation of AML/CFT initiatives. The government should provide adequate financial resources to build human, technical, and institutional capacity at integrity/transparency institutions and law enforcement agencies, which could lead to increases in prosecutions and the rate of convictions.

Macau

Overview

Macau, a Special Administrative Region of the People's Republic of China, is not a significant regional financial center and its financial system primarily services the local population. However, its proximity to mainland China and its economic reliance on tourism and casino gaming make Macau an important conduit for moving licit and illicit funds from the mainland.

The Macau government has acted to strengthen its anti-money laundering/combating the financing of terrorism (AML/CFT) regime, but gaps persist given the scale and scope of networks used to move capital from mainland China to fund gaming. These gaps, along with other financial regulatory framework deficiencies, constrain the overall effectiveness of AML/CFT measures.

Vulnerabilities and Money Laundering Methodologies

Macau has worked to eliminate the illicit activity and regulate the activity of the city's junkets, previously a key part of the ecosystem to launder money and circumvent mainland China's capital controls. Junkets are licensed organizations that source wealthy mainland Chinese players for the casinos in exchange for a commission and historically provided credit to and collected debt from these players. While the volume of activity in Macau has decreased, some junkets are still reportedly engaged in similar activities and operate physical and online casinos in other jurisdictions. Other parts of the ecosystem, such as underground finance, pawn shops, and fraudulent point-of-sale transactions, remain active. Additionally, organized crime groups remain active in the gaming sector and other illegal activities such as drug trafficking and commercial prostitution. The mingling of licit and illicit activities, anonymity gained by using middlemen to transfer funds, and absence of currency controls create opportunities for money laundering.

The primary sources of laundered funds, derived from local and overseas criminal activity, are gaming-related crimes, property offenses, and fraud. Macau is likely a transshipment point and an end destination for such funds.

Key Anti-Money Laundering (AML) Laws and Regulations

Macau authorities continue to develop an AML/CFT framework that meets international standards, including through an interagency AML/CFT working group. Macau imposes AML/CFT requirements on financial institutions and designated nonfinancial businesses and professions, includes customer due diligence measures (CDD) to identify and verify beneficial owners, and enables authorities to freeze and seize assets.

Macau's casino regulator, the Gaming Inspection and Coordination Bureau (DICJ), requires casinos and junkets to perform CDD, and enhanced due diligence when relevant; to keep records of large or suspicious transactions; and deny transactions when required information is not supplied. Other key AML/CFT laws include Law No. 16/2001 and Law No. 16/2022, which impose accounting rules and oversight requirements and specify how casinos and junkets should be structured and interact with one another and with players.

In 2024, the Macau Legislative Assembly passed the Legal Regime for the Granting of Credit for Casino Gaming, which prohibits junkets from providing credit to gamblers, and the Law to Combat Gambling Crimes, which outlaws unlicensed currency exchange. Credit extension and unlicensed currency exchange were common vectors for money laundering or circumvention of capital controls.

The Financial Intelligence Office (GIF) is a member of the Egmont Group of Financial Intelligence Units, and Macau is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body. See [Macau's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Gaming entities are subject to threshold reporting for transactions over approximately \$62,500 under DICJ guidelines. This threshold is well above the international standard of \$3,000, as noted by international experts.

The high evidentiary hurdles in proving money laundering crimes through virtual currency platforms and underground banking networks are an obstacle to establishing guilt and historically resulted in few prosecutions and convictions.

Enforcement/Implementation Issues and Comments

The implementation of Law No. 16/2022 has improved Macau's AML/CFT controls and compliance program by mandating more rigorous CDD and bookkeeping practices, including the mandatory submission of monthly financial and large-sum transactions reports to the DICJ. Tighter regulation, combined with other actions, such as the arrest of prominent junket leaders for fraud, illegal gambling, and money laundering, has caused the junket industry to contract sharply, with just 24 in operation in 2024 compared with 235 operators in 2013.

Macau's GIF reported 4,118 suspicious transaction reports (STRs) in the first nine months of 2024, up nearly 29.6 percent compared to the same period in 2023, primarily because of an increase in STRs from the gaming sector. There were 3,041 and 843 STRs related to the gaming and financial sectors, respectively.

Recent figures indicate Macau is prosecuting a higher percentage of money laundering cases referred to the Public Prosecutions Office (PPO). The PPO prosecuted 17 out of 31 cases in 2023, compared with 12 of 29 cases in 2022. Total cases remain below the high of 223 in 2016.

Between January and May 2024, Macau authorities stopped 1,924 persons from conducting unlicensed money exchange activities, including by issuing casino entry bans and imposing penalties. Macau's recent actions are part of mainland China's broader efforts to stop this type of activity.

The PRC extended the 1988 United Nations (UN) Drug Convention to Macau in 1999, the UN Convention against Transnational Organized Crime in 2003, and the UN Convention against Corruption in 2006.

Malaysia

Overview

Malaysia is a highly open economy with exposure to a range of money laundering threats. The country's porous land and sea borders, visa-free entry policy for nationals from over 160 countries, strategic geographic position, and well-developed financial system increase its vulnerability to domestic and transnational criminal activity, including fraud, corruption, and drug trafficking.

Malaysia has largely up-to-date anti-money laundering/combating the financing of terrorism/counterproliferation financing (AML/CFT/CPF) laws and policies and effective monitoring and enforcement capabilities. Malaysia continues to demonstrate progress toward improving AML enforcement by investigating and prosecuting money laundering cases.

Vulnerabilities and Money Laundering Methodologies

Malaysia has an open economy and is used as a transit country to move drugs globally. Drug trafficking by ethnic Chinese Malaysians as well as Iranian, Thai, and Nigerian nationals and criminal organizations is a significant source of illegal proceeds. Malaysia is also a source, destination, and transit country for wildlife trafficking. Trafficking networks use some contraband (e.g., ivory) as currency. Fraud, criminal breach of trust, illegal gaming, credit card fraud, cyber scams, counterfeiting, robbery, human trafficking, smuggling, and extortion also generate illicit proceeds.

Money laundering/terrorist financing methods include cash couriers, abuse of charities and informal value transfer systems, wire remittances, gold and gem smuggling, and front companies and businesses.

The cash and informal economies and unauthorized money services business (MSBs) continue to pose significant vulnerabilities.

The Labuan International Business and Financial Center (LIBFC), an offshore financial sector home to 4,788 companies operating in insurance, banking, fintech, trade, and related

sectors, is subject to the same AML/CFT laws as onshore. According to the LIBFC Market Report 2023, LIBFC currently has more than 880 licensed, operating financial institutions. Offshore companies must be established through a trust. The Labuan Financial Services Authority administers the LIBFC. Labuan has favorable tax structures for nonresidents and has become one of the preferred jurisdictions in Asia for offshore company formation.

Malaysia maintains a digital free trade zone with the People's Republic of China, 14 free commercial zones, 13 free industrial zones.

The Ministry of Finance licenses and regulates the activity of casinos. Bank Negara Malaysia (BNM), Malaysia's central bank, periodically assesses Malaysia's sole licensed casino for AML compliance. Illegal gaming in Malaysia is run by individuals or syndicates. Online gambling is most prevalent, and the government is mostly taking action from a moral and social standpoint rather than based on ties to illicit activities or corruption. In 2023, the minister of home affairs noted an element of political patronage in online gambling in Malaysia, which may make investigations difficult.

Key Anti-Money Laundering (AML) Laws and Regulations

Malaysia passed the "Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act" (AMLA) in 2001 and has comprehensive customer due diligence and suspicious transaction reporting regulations. In February 2024, revised AML/CFT/CPF policy documents intended to clarify the requirements imposed on reporting institutions came into effect. Malaysia's most recent national risk assessment, completed in 2023, includes the Islamic financial sector, which is prominent in Malaysia and subject to the same AML/CFT regime as the conventional financial sector.

Malaysia has both a mutual legal assistance treaty and an extradition treaty with the United States.

The Financial Intelligence Unit (FIU) Malaysia is a member of the Egmont Group of FIUs. Malaysia is a member of the Financial Action Task Force (FATF) and the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body. See [Malaysia's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Malaysia is largely compliant with the technical obligations of the AML/CFT international standards. Malaysia should continue its efforts to target effectively high-risk offenses and foreign-sourced crimes. Malaysia has a national action plan focusing on these areas.

Malaysia has traditionally pursued other measures, especially forfeiture, in place of money laundering prosecutions. The handling and effective disposal of seized assets remains a challenge for the government and law enforcement. The process to amend the “National Anti-Financial Crime Center (NFCC) Act 2019” to make the NFCC the centralized management agency of seized and forfeited assets is still ongoing.

Enforcement/Implementation Issues and Comments

The Malaysian Financial Intelligence Network is an information-sharing platform between the public and private sectors to enhance the latter’s ability to detect suspicious behavior and transactions relating to corruption, money laundering, proliferation financing, and other serious crimes.

In 2023, Malaysia prosecuted 71 cases under AMLA. BNM issued nine cease and desist orders and pursued three cases in 2023, resulting in penalties totaling approximately \$10.7 million. Additionally, BNM secured court convictions and \$129,000 in fines against 11 MSB operators.

The National Scam Response Center (NSRC), a public/private partnership, is designed to more effectively respond to online financial scams. By identifying fund flows, the NSRC can trace and intercept the proceeds of online scams. As of December 2023, the NSRC identified more than 60,000 suspected mule accounts. Collaborative efforts have resulted in the opening of 8,754 cases by the Royal Malaysia Police and the freezing of \$14.6 million.

Multiple countries, including the United States, continue to work to recover assets stolen from the sovereign wealth fund, 1 Malaysia Berhad (1MDB), by a combination of government and nongovernment conspirators. 1MDB suffered losses of over \$4.5 billion through this scam. The United States alone has recovered and returned to Malaysia more than \$1.4 billion in assets in the United States. According to published reports, Malaysia

has also engaged in robust civil damages actions and criminal recovery efforts. However, observers continue to monitor the will of the government to hold those actors principally responsible for the theft and bribery responsible under Malaysian criminal law.

Mexico

Overview

Illicit drug proceeds originating in the United States are the principal sources of funds laundered through the Mexican financial system. Transnational criminal organizations (TCO) launder billions of dollars of illicit drug proceeds through the Mexican financial system annually.

Mexican authorities have had limited success investigating and freezing accounts related to illicit activities and even less success prosecuting money laundering (ML) and other financial crimes. A 2017 Supreme Court ruling limits the ability of the Federal Office of the Attorney General (FGR) to seize bank accounts and investigate and prosecute ML and other financial crimes. Mexico also lacks effective asset forfeiture laws. The Supreme Court ruled key elements of the 2019 civil asset forfeiture law were unconstitutional in 2021, hindering FGR's ability to obtain asset forfeiture orders under the law.

There are broad communication and coordination challenges both within and among federal and state entities involved in anti-money laundering (AML) efforts. These challenges stem from a lack of understanding and awareness of AML regulations, noncompliance with laws governing the collection and use of evidence, and concerns over corruption of public officials at the local level.

To increase the number of convictions for financial crimes, the Mexican government needs to combat corruption; improve investigative, analytic, regulatory, and prosecutorial capacity; and break down silos at the federal and state levels to increase coordination and strengthen laws. Additionally, a lack of resources for investigative, regulatory, and prosecutorial institutions overwhelms public officials and limits their ability to present and pursue successful money laundering cases. Prosecutors often pursue the predicate crimes rather than money laundering.

Vulnerabilities and Money Laundering Methodologies

Laundered funds derive from drug trafficking, corruption, kidnapping, extortion, fuel theft, fraud, migrant smuggling, and human trafficking. Smuggling bulk cash from the United

States to Mexico is the primary ML method, with billions of dollars smuggled from the United States to Mexico annually. TCOs invest the illicit funds and use them to pay bribes and fund criminal activities. Criminal actors exchange the trafficked cash at TCO-owned exchange houses, where they return to the U.S. financial system through other legal businesses or services.

Trade-based ML (TBML) is another predominant ML method, involving the use of the black market peso exchange with the revenue routed to TCOs. TBML also involves overreporting exports or reporting exports of phantom merchandise to justify the transfer of large sums into Mexico's financial system.

Finally, the abuse of remittance systems is an ever-growing and popular method of laundering illicit proceeds. In 2023, Mexico received \$66 billion in remittances from the United States, of which \$4 billion were estimated as illicit funds per media sources.

Individuals in Mexico invest illicit cash into financial and real assets. ML through the luxury real estate sector remains a concern, especially as a vehicle for laundering the proceeds of public corruption. Two popular ML methods include structuring deposits and funnel accounts. Asia-based money launderers compete with traditional Mexican launderers by conducting mirror transactions more efficiently and at a lower rate.

Narcotics-related proceeds are also laundered through licensed and unlicensed exchange houses. Mexico's main banking regulator, the National Banking and Securities Commission, regulates licensed money remitters. Regulators work to identify unlicensed money exchanges and fine them or close them down unless they initiate and become compliant via licensing.

Mexican authorities are concerned about the ever-growing criminal exploitation of financial technology, including virtual currencies.

Key Anti-Money Laundering (AML) Laws and Regulations

Legislation criminalizes ML at the federal level and within some states. Customer due diligence rules cover most financial sector entities, including financial technology institutions (FTIs). Mexico's Tax Administration Service is charged with regulating FTIs involved in

electronic payments, exchanges of virtual assets, and cryptocurrencies but has done little to advance enforcement.

Mexico cooperates on AML matters with the United States and other governments bilaterally and multilaterally.

Financial Intelligence Unit Mexico is a member of the Egmont Group of FIUs. Mexico is a member of both the Financial Action Task Force (FATF) and the FATF of Latin America (GAFILAT), a FATF-style regional body. See [Mexico's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

A 2017 Supreme Court decision requires the FGR to secure a judicial order to obtain bank account information, ruling that only records obtained by court order would be admissible in court proceedings. Consequently, several affected high-profile individuals and entities filed federal court cases to have their accounts unfrozen and cases dismissed based on a failure to follow the procedure set forth in the 2017 decision. Prosecutors and law enforcement authorities continue to struggle to investigate and prosecute financial crimes.

Following a 2021 Supreme Court ruling, prosecutors can proceed in a civil asset forfeiture case only when they prove the assets subject to forfeiture were acquired with illicit proceeds. They can no longer seek civil forfeiture of assets that facilitated the crime, although prosecutors can still seek the forfeiture of assets in criminal proceedings.

Enforcement/Implementation Issues and Comments

Although authorities recognize the abuse of certain sectors by money launderers, law enforcement responses are limited by corruption and lack of technical and investigative capacity. Although there is no open-source data regarding federal-level ML convictions, some experts suggest the number of convictions is very low. Conviction data at the state level is not available.

The FGR's specialized asset forfeiture unit oversees the pursuit of all federal asset forfeiture actions. There are additional asset forfeiture judges at the state level; however,

no asset forfeiture matter at the state level has been reported as resolved under the 2019 asset forfeiture law.

Mozambique

Overview

Money laundering in Mozambique is linked to misappropriation of state funds, kidnappings, human trafficking, narcotics trafficking, wildlife trafficking, and terrorism. With a long, largely unpatrolled coastline, porous land borders, and limited rural law enforcement presence, Mozambique is a major corridor for illicit goods including hardwoods, gemstones, wildlife products, and narcotics. Narcotics are typically trafficked through Mozambique to other African nations and then on to further destinations, such as Europe and the United States. The Mozambican government continued progress on its anti-money laundering/combating the financing of terrorism (AML/CFT) action plan with support from the international donor community.

The government has used out-of-court settlements to resolve its legal claims related to the “hidden debts scandal,” which uncovered \$2 billion in undisclosed state-backed loans in 2016. In August 2024, after his extradition to the United States, a U.S. federal court convicted former Mozambican finance minister Manual Chang of conspiracy to commit wire fraud and money laundering in connection with his role in the scheme, which victimized investors in the United States and elsewhere. Notwithstanding progress on AML/CFT legal and regulatory provisions, problems such as generalized corruption, blatant electoral fraud, occasional political assassinations, and kidnappings for ransom continue to affect Mozambique’s reputation among international lenders and investors.

Vulnerabilities and Money Laundering Methodologies

Black markets for smuggled goods and informal financial services are widespread. Mobile and electronic payments are used to facilitate illicit networks, including terrorists operating in northern Mozambique. Mobile money, cash couriers, and hawala are the preferred mechanisms for moving funds between other ISIS affiliates and ISIS-Mozambique. Firms linked to the People’s Republic of China (PRC) in Mozambique operate with little transparency and appear to enjoy close relationships with some ruling party officials. PRC firms often underreport the value of natural resource exports to evade taxes, allow

kickbacks to government officials from overvalued infrastructure transactions, and conduct off-the-books sales of illicit timber to China.

There are three free trade zones in Mozambique, but there is no evidence they are tied to money laundering.

Key Anti-Money Laundering (AML) Laws and Regulations

The Mozambican government is collaborating with an international donor on a reforms program that includes AML/CFT provisions. The donor is reviewing the government's implementation of a strengthened beneficial ownership law passed in March 2024 and an updated public probity law passed in May 2024.

In March 2024, the Council of Ministers approved a decree approving the structure, organization, and functioning of the Financial Intelligence Office of Mozambique (FIUM). This decree aims to more adequately focus FIUM's operations to combat money laundering, terrorist financing, and financing the proliferation of weapons of mass destruction.

The Bank of Mozambique places AML obligations on local commercial banks, but resources and capacity of the compliance departments of banks in Mozambique vary. AML/CFT legislation revised in 2023 continues to be implemented. This legislation strengthens Mozambique's money laundering criminal offense by allowing money laundering prosecutions if the predicate offense was committed abroad or absent a conviction for a predicate offense. It also expands suspicious activity reporting and enhances customer due diligence obligations for financial and nonfinancial institutions by requiring them to identify customers and respective ultimate beneficial owners and to verify their identities through valid documentary evidence.

The United States and Mozambique do not have a bilateral mutual legal assistance treaty. Mutual legal assistance occurs through multilateral law enforcement conventions with applicable provisions or based on domestic law.

Mozambique is a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a Financial Action Task Force-style regional body. See [Mozambique's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The Mozambican government's continued areas of deficiency include sanctions compliance; dissemination of financial intelligence to its competent authorities; identification, investigation, and prosecution of money laundering and terrorism financing cases; and implementation of an effective targeted financial sanctions regime.

The FIUM is currently an observer to the Egmont Group of Financial Intelligence Units.

Enforcement/Implementation Issues and Comments

Mozambique made a high-level political commitment to improve its AML/CFT regime starting in early 2023. It has been working through its FIUM with support from international technical assistance providers to implement legal and regulatory reforms. In June 2024, it passed a terrorism finance risk assessment with donor support and, in December 2023, published a report on money laundering highlighting the tactics, local markets, and types of international networks employed by criminal elements. Another international donor is helping the FIUM coordinate AML/CFT efforts. International donors conduct trainings with Mozambican government officials and stakeholders on financial crime investigations, financial aspects of countering proliferation of weapons of mass destruction, and sanctions compliance.

The FIUM analyzes suspicious transaction reports and distributes them to relevant investigative bodies.

The U.S. Drug Enforcement Administration continues to work with Mozambique's National Criminal Investigation Service (SERNIC) to conduct investigations related to drug trafficking and money laundering. While SERNIC has had success with several major drug operations, it faces problems related to corruption and alleged ties to organizations it seeks to investigate, putting its effectiveness into question.

Mozambique is a member of the Asset Recovery Inter-Agency Network for Southern Africa, which supports information sharing to identify, track, and seize criminal assets.

Netherlands

Overview

The Netherlands is a global trade hub with sophisticated financial and digital infrastructure, making it an appealing setting for money laundering. Estimates suggest between \$17 billion and \$27.5 billion is laundered annually in the Netherlands. These figures highlight the significant challenge money laundering poses in the country, driven by various criminal activities, including drug trafficking and fraud. The Dutch government and financial institutions continue to work on enhancing measures to combat this issue. Collaboration is effective among various stakeholders, including the financial intelligence unit (FIU-NL) and law enforcement agencies, both domestically and internationally.

Six islands in the Caribbean are part of the Kingdom of the Netherlands (the Kingdom): Bonaire, St. Eustatius, and Saba fall under the direct administration of the country of the Netherlands, and Aruba, Curaçao, and Sint Maarten are autonomous countries within the Kingdom. The Netherlands works together with these islands to uphold judicial independence and to address cross-border crime throughout the Kingdom. In 2023, FIU-NL signed a covenant with the Regional Information and Expertise Centre Caribbean Netherlands to enhance efforts against organized crime, money laundering, and terrorist financing in the region.

In 2023, of 2.3 million filed unusual transaction reports, FIU-NL identified 180,578 suspicious transaction reports (STRs) amounting to \$27.4 billion. The number of STRs has nearly doubled since 2022.

Vulnerabilities and Money Laundering Methodologies

Criminal networks increasingly exploit the country's advanced digital infrastructure, utilizing virtual currencies for illegal activities. Financial fraud, particularly healthcare fraud but also crypto, investment, and payment request fraud, generate significant money laundering activity. Drug trafficking revenue and dark web market activities are additional sources of illicit funds. The Port of Rotterdam, the largest port in Europe, is susceptible to trade-based money laundering (TBML). Sanctions evasion is also a significant issue, with 173 related

case files in 2023. Data analyzed from 2023 found that laundering is becoming increasingly complex with multiple legal entities and strong links to organized crime.

Key Anti-Money Laundering (AML) Laws and Regulations

Established in August 2008, the Dutch Money Laundering and Terrorism Financing (Prevention) Act (ML/TF Act) provides a comprehensive framework to prevent exploitation of the financial system, including customer due diligence and suspicious transaction reporting regulations. It was updated in 2018 and 2020 to align with the revised Fourth Anti-Money Laundering Directive from the European Union (EU). In May 2020, the Implementation Act for the Fifth AML Directive came into effect, extending requirements to virtual assets service providers. Two new AML laws introduced in September 2020 enable investigative services to access certain bank data digitally and mandate that corporate entities register their ultimate beneficial owners in a transparent register.

European regulations have direct applicability in the Netherlands and are not independently transcribed into Dutch law. They are implemented through the ML/TF Act. In May 2024, the European Council adopted a package of laws to strengthen and harmonize AML rules throughout the EU for the first time.

Law enforcement cooperation between the Netherlands and the United States is strong, facilitated by an existing mutual legal assistance treaty enabling the exchange of records related to narcotics and money laundering investigations.

The FIU-NL is a member of the Egmont Group of FIUs. The Netherlands is a member of the Financial Action Task Force (FATF). See the [Netherlands most recent mutual evaluation report for more information](#).

AML Legal, Policy, and Regulatory Deficiencies

A money laundering action plan was drafted in 2022 but was put on hold following the government's dissolution in 2023. In an April 2024 letter to Parliament, the minister of finance announced the action plan is redundant with the provisions outlined in the EU Council's May 2024 AML package and will be withdrawn. The Netherlands has until July

10, 2027, to implement the EU Council's AML Regulation. Some articles of the AML Regulation will apply by derogation from July 10, 2029.

Historically, criminal drug trafficking and money laundering penalties in the Netherlands were low compared to the United States and neighboring European countries. However, a new legislative proposal has been introduced to increase penalties for trafficking, smuggling, or possession (beyond the amount for personal use) of hard drugs.

The Netherlands committed to a reporting chain reinforcement project after a 2022 Netherlands Court of Audit report noted the chain was not functioning optimally. FIU-NL worked with the police, Public Prosecution Service, and the Fiscal Information and Investigation Service (FIOD) to enhance the use of STRs and to improve feedback among public and private partners. Future steps will aim for greater alignment by the end of 2024, with ongoing assessments. FIU-NL is also sharing case studies and expanding communication to help obligated entities grasp the value of their reports.

Enforcement/Implementation Issues and Comments

Improvements in data uniformity and quality remain a priority for FIU-NL. In 2023, FIU-NL developed specific online reporting forms for different entities and stopped accepting subjective reports lacking sufficient explanatory context.

National, international, and public-private cooperation is strong. The Fintell Alliance, a public-private partnership with FIU-NL and six banks, works to more efficiently prevent and detect money laundering.

FIU-NL is embedded within the National Police of the Netherlands (NPN). A planned budget increase in 2025 will allow for a workforce expansion and improve technological resources. The NPN and FIOD are actively partnering to combat emerging TBML threats.

Nicaragua

Overview

Nicaragua continues to backslide on anti-money laundering/combating the financing of terrorism (AML/CFT). The government facilitates human trafficking by maintaining lax immigration policies that allow thousands of irregular migrants to enter and transit the country en route to the United States. Additionally, it illegally seizes properties and transfers them to government agencies.

In 2024, the national assembly amended AML and related laws, including asset sharing. However, concerns about enforcement persist, including the government's focus on targeting opponents rather than organized crime and using the legislation as a tool to repress dissenting individuals and opposition groups, the lack of rule of law, and a politically motivated judicial system. Official information on money laundering is not available, but independent media report cases of corruption, trafficking in persons, and money laundering. The failure to disclose information increases money laundering risks.

In March 2024, pursuant to Executive Order 13851, the Department of the Treasury's Office of Foreign Assets Control (OFAC) designated Wendy Carolina Morales Urbina, the Nicaraguan attorney general, for her role in suppressing dissidents. In May 2024, OFAC sanctioned the Training Center of the Russian Ministry of International Affairs in Managua for training the Nicaraguan National Police (NNP) to repress Nicaraguan citizens. In the same announcement, OFAC also sanctioned the government-affiliated gold companies Compañía Minera Internacional, Sociedad Anónima (COMINTSA) and Capital Mining Investment Nicaragua, Sociedad Anónima (Capital Mining) for enabling the Ortega-Murillo regime to manipulate the gold sector and profit from corrupt operations.

Vulnerabilities and Money Laundering Methodologies

Nicaragua remains vulnerable to narcotics trafficking, migrant smuggling, livestock smuggling, government corruption, and gold smuggling. Despite the Central America 4-Border Control Agreement with El Salvador, Guatemala, and Honduras, and visa-free agreements with several countries, the government has relaxed its visa policy in general, allowing entry by migrants from Africa and Asia. This policy fuels irregular overland travel to

the U.S. southwest border and likely generates millions in revenue for the government from “migration fines” imposed on individuals arriving without proper documentation who are nonetheless permitted to transit.

Nicaragua grants asylum and citizenship to individuals perceived as political allies and offers an expedited path to citizenship for investors.

In 2024, there were 176 free trade zone companies registered in Nicaragua.

The government exerts strict control over the financial sector by coercing financial institutions into providing financial information and freezing bank accounts of individuals, organizations, and religious entities without providing due process as outlined in AML/CFT legislation.

Key Anti-Money Laundering (AML) Laws and Regulations

AML/CFT laws require disclosure of beneficial owners and the collection and retention of relevant information. The law provides for information sharing based on bilateral agreements. The laws cover financial institutions, nonfinancial businesses and professions, virtual currencies, and gaming. They require customer due diligence (CDD), suspicious activity reporting, and enhanced CDD for politically exposed persons and for transactions with persons/entities designated by the United Nations Security Council.

In April 2024, the national assembly replaced judiciary and army representatives on the National Anti-Money Laundering Council with the NNP director, vice minister of the interior, presidential adviser for security affairs, and the president of the central bank.

September 2024 amendments to AML legislation enhance regulations on data collection and extend reporting requirements. The criminal procedure code allows the attorney general (AG) and the director general of the NNP to freeze assets of individuals suspected of committing money laundering, even in absentia.

Reforms to the “Organized Crime Law” (OCL) add arrangements for asset sharing, which Nicaragua’s criminal law had not previously addressed.

Nicaragua is a member of the Financial Action Task Force of Latin America (GAFILAT), a FATF-style regional body. See [Nicaragua's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Nicaragua continues to weaponize AML/CFT legislation to target individuals and groups perceived as a threat to government control, neglecting the fight against criminal money laundering. Independent media report that authorities have fired government officials who were allegedly involved in corruption, though no official reports have been published. Recent AML reforms have legalized abuses of power by the NNP. Organizations responsible for AML/CFT regulations lack the resources to fully oversee all transactions.

Although the government amended the OCL to include asset sharing, the government has not enforced the law. The government last amended the OCL regulation in 2020.

In December 2023, Nicaragua arrested 13 people affiliated with U.S.-based evangelical organization Mountain Gateway on money laundering charges. In March 2024, authorities convicted all 13 despite a lack of evidence and without adequate legal process, sentencing them to 12-15 years in prison and imposing cumulative fines totaling over \$1 billion. These individuals were among 135 political prisoners released by Nicaraguan authorities to the United States in September 2024 and subsequently stripped of their citizenship.

Nicaragua's financial intelligence unit (FIU) is not a member of the Egmont Group of FIUs.

Enforcement/Implementation Issues and Comments

Nicaragua remains vulnerable to money laundering abuses, for example by generating revenue from seized assets, exercising poor oversight of the gold sector, and through laws that facilitate irregular migration schemes. In recent years the regime has focused on amending AML/CFT legislation to meet technical compliance with international norms; however, enforcement remains subject to political motivations. AML/CFT legislation has become a favored tool of repression used by Nicaraguan authorities against those

perceived to be a threat to the country's authoritarian leaders. Nicaragua has not shared information related to money laundering efforts since 2021.

Nigeria

Overview

Nigeria is a major financial and banking center for Africa. It is also a major location for the laundering of proceeds earned from scams around the world.

Nigeria's response to illicit activities is strengthened through enhanced legal, regulatory, and supervisory measures. Following a comprehensive national residual anti-money laundering/combating the financing of terrorism/counterproliferation financing (AML/CFT/CPF) risk assessment (NRRRA) in 2023, the government of Nigeria published four money laundering typology reports addressing high-risk predicate offenses, including corruption, illicit drug and psychotropic substance trafficking, fraud, and terrorist financing. The reports were presented to relevant authorities, financial institutions, and designated nonfinancial businesses and professions (DNFBPs) to raise awareness and guide risk mitigation efforts.

The Central Bank of Nigeria (CBN) conducted a sectoral risk assessment focused on money laundering, terrorist financing, and proliferation financing (ML/TF/PF), while the Special Control Unit against Money Laundering (SCUML) assessed ML/TF risks in the real estate sector and among dealers in precious metals and stones. These findings inform their supervisory plans for high-risk sectors.

Nigeria is conducting typology studies on human trafficking, migrant smuggling, and kidnapping for ransom. The Nigerian Financial Intelligence Unit (NFIU) is collaborating with South Africa's Financial Intelligence Centre to study money laundering linked to organized crime, including drug and human trafficking, fraud, and cybercrime. These efforts align with Nigeria's "National AML/CFT Strategy (2023–2027)" and the National Drug Control Master Plan.

Vulnerabilities and Money Laundering Methodologies

The Nigerian government's typology report on money laundering from drug trafficking reveals key vulnerabilities. Common laundering methods include trade-based money laundering, currency smuggling, the use of front or shell companies, currency exchanges,

the purchase of securities and luxury goods, and the manipulation of real estate transactions. Vulnerable sectors are financial institutions, hospitality, automotive, and real estate. Authorities are addressing these risks with intelligence gathering, targeted interdiction, and prosecution. Red flags include unusual financial transfers, frequent international travel, and sudden wealth accumulation. Evolving laundering methods include digital currencies, point-of-sale agents, e-banking, and prepaid cards. Nigeria is a major hub for virtual asset transactions.

The gaming industry includes casinos, lotteries, and betting pools and remains a large contributor to the Nigerian economy. Although the NRRRA lists the gaming industry as medium risk, the National Lottery Regulatory Commission and the SCUML have established stringent background checks for entry and participation within the sector. While land-based casinos remain stable, unlicensed, unregulated internet casinos and gaming entities are growing.

Nigeria's 28 operating free trade zones and more than 500 free zone enterprise operators require enhanced government supervision and assessment of operators' ownership and exposure to ML/TF.

Key Anti-Money Laundering (AML) Laws and Regulations

Nigeria has enacted three AML/CFT/CPF Laws: the 2022 "Money Laundering (Prevention and Prohibition) Act" (ML(PP)A), "Terrorism (Prevention and Prohibition) Act," and the "Proceeds of Crime Act." The ML(PP)A retains currency transaction restrictions and reporting obligations, wire transfer reporting requirements, cross-border declaration of cash or negotiable instruments, and the obligation to conduct due diligence on customers and business relationships.

New key provisions in the ML(PP)A include adding virtual assets to the definition of funds and extending the definition of financial institution to include virtual asset service providers (VASP). It endows SCUML with the responsibility for supervising DNFBPs to ensure compliance with the provisions of the act and includes license suspension authority. The act also allows disclosure of confidential information to authorities in certain financial transactions, such as property sales, business deals, and financial account management.

Nigeria and the United States have bilateral mutual legal assistance and extradition treaties.

The NFIU is a member of the Egmont Group of FIUs. Nigeria is a member of the Inter Governmental Action Group against Money Laundering in West Africa (GIABA), a Financial Action Task Force (FATF)-style regional body. See [Nigeria's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The ML(PP)A does not address deficiencies relating to politically exposed persons and family members and close associates. Nigeria also lacks a wholistic AML/CFT legal and/or regulatory framework for VASPs.

Additional deficiencies include lack of information sharing with international partners and the inability to collect information at the border. For example, Nigerian border officers don't have the authority to ask travelers about the source or intended use of their currency or bearer negotiable instruments (BNI). They also can't hold onto the money or BNIs for a reasonable amount of time to check for any signs of money laundering or terrorist financing.

Legal practitioners are not subject to AML/CFT/CPF obligations. Legal practitioners have secured court injunctions restraining the CBN, the NFIU, and other enforcement agencies from enforcing AML/CFT provisions pertaining to lawyers.

Enforcement/Implementation Issues and Comments

Since February 2023, when Nigeria made a high-level political commitment to improve its AML/CFT regime and agreed to an action plan with the FATF, Nigeria has taken positive steps to implement its plan. Specifically, Nigeria completed its NRRRA and National AML/CFT Strategy and Action Plan and published reports on the identified high-risk predicate offenses. Nigeria's Corporate Affairs Commission and Export Processing Zones Authority have launched beneficial ownership registers, which are now accessible to competent authorities. There has also been an increase in the dissemination and usage of proactive and reactive intelligence reports to effectively investigate money laundering.

Pakistan

Overview

Pakistan's geographic location and porous borders with Afghanistan and Iran make it vulnerable to narcotics trafficking, illicit financial trade, and contraband smuggling. Pakistan's Financial Monitoring Unit (FMU), the financial intelligence unit (FIU), conducted a national risk assessment (NRA) in 2019 to identify the greatest money laundering risks facing the country. Designated nonfinancial businesses and professions (DNFBPs) in Pakistan are involved in, or help to facilitate, money laundering using the formal financial system. The NRA indicates most proceeds generated from major crimes in Pakistan are transferred overseas. The black market, the informal financial system, porous borders, a permissive security environment, and under-resourced Pakistani law enforcement, investigative, and prosecutorial agencies all contribute to the substantial demand for and facilitation of money laundering and illicit financial services in Pakistan.

In recent years, Pakistan undertook a credible effort to enact and amend legislation to address noted technical deficiencies and strengthen its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. While reforms have been made on paper, substantive compliance with these regulations remains a challenge.

Vulnerabilities and Money Laundering Methodologies

Money laundering occurs in both the formal and informal financial sectors. The NRA identifies the greatest AML risks facing the country as corruption and bribery, smuggling, drug trafficking, tax fraud, illegal financial transfers, cash smuggling, and organized crime.

In Pakistan's 2024 fiscal year (July 2023 to June 2024), Pakistanis abroad remitted over \$30 billion to Pakistan via official channels, increasing by 11 percent from the previous fiscal year. Foreign remittances continue to increase due to improved macroeconomic conditions, upgraded formal financial channels, and currency stability. In September 2023, the State Bank of Pakistan (SBP), which had not previously exercised strong oversight over currency trading, mandated currency exchange reforms to address regulatory weaknesses. The reforms created one single exchange company category and directed exchange companies to raise their minimum capital requirement to improve their solvency. Open-source reports

indicate several banks met the new requirements and were granted licenses to begin operations.

Common methods for transferring illicit funds include trade-based money laundering, money services businesses (MSBs), traditional hawala financial networks, and bulk cash smuggling. Fraudulent invoices are often used by legitimate traders for tax avoidance purposes, but criminals also misuse cross-border trade as a vehicle for money laundering. Although unlicensed MSBs are illegal, and despite a September 2023 joint SBP and law enforcement operation against unlicensed MSBs involved in black market foreign exchange activities, many unlicensed MSBs continue to operate.

A significant amount of informal financial activity along the largely porous and insufficiently policed Pakistan-Afghanistan border, and to a lesser extent, Pakistan's border with Iran remains. Border areas are also hotspots for illicit financial activity by terrorist and insurgent groups.

Key Anti-Money Laundering (AML) Laws and Regulations

Pakistan has comprehensive customer due diligence and suspicious transaction reporting regulations, though international experts have criticized the actual effectiveness of these regimes. The disclosure of beneficial owners and enhanced due diligence for politically exposed persons are required under Pakistani law and regulations.

The United States and Pakistan do not have a mutual legal assistance treaty. However, both countries are parties to multilateral conventions that include mutual legal assistance (MLA) provisions. Extradition between the United States and Pakistan is governed by the 1931 U.S.-UK Extradition Treaty. Pakistan does not have a formal mechanism to exchange records on narcotics investigations or court cases, and there are no legal mechanisms to allow foreign governments to access those records.

Pakistan is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force (FATF)-style regional body. See [Pakistan's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The FMU is not a member of the Egmont Group of FIUs.

Certain DNFBPs whose transactions are largely cash-based, poorly documented, and loosely overseen by authorities are at great risk for money laundering and facilitating money laundering for third parties, including lawyers, notaries, accountants, real estate brokers, construction companies, and jewelry/precious metal traders. International experts have noted deficiencies in the supervision of key DNFBPs that are at risk for money laundering activity. Pakistan's Federal Board of Revenue, Securities and Exchange Commission, and Ministry of Finance have some degree of authority to regulate at-risk sectors in the economy. The ability of the government and Pakistani Bar Association to police lawyers, legal advisors, and law firms is limited. Pakistan Post and the Central Directorate of National Savings are also vulnerable to abuse by money launderers due to their limited checks on transmitters and recipients of their financial services.

The government's compliance and enforcement authority in border areas is limited due to their remoteness, lack of infrastructure, and the fact many people in these regions depend on the informal sector for their livelihoods, including informal cross-border trade.

Enforcement/Implementation Issues and Comments

Conviction rates for money laundering and terrorist financing cases vary across Pakistan, with the highest rates in the eastern Punjab province. Nationwide, conviction rates remain relatively unchanged in 2024.

In 2023, the FMU opened investigations into four cases of suspicious financial transactions. The FMU handled 805 cases of suspected tax evasion and suspicious transactions through MSBs. From these cases, 59 individuals were arrested. Additionally, the Peshawar regional office of the Federal Investigative Agency carried out 195 operations against suspected money launderers, leading to the arrest of 211 individuals working in the hawala informal lending sector.

Panama

Overview

Organized crime and narcotics trafficking are significant drivers of money laundering and financial crimes. Panama's status as a regional financial hub contributes to its vulnerability. While TCOs and traffickers help create and maintain a permissive environment, private businesses, individuals, and other global actors are substantial players in the money laundering scene.

Illicit funds often move through Panama via trade transactions, nonfinancial service businesses, bulk cash shipments, virtual assets including cryptocurrencies, and the formal banking system. Lack of a structural capacity to identify laundered funds, inconsistent enforcement of laws and regulations, corruption, and an under-resourced judicial system hinder Panama's fight against money laundering.

Panama has made progress addressing its strategic deficiencies. It improved access to information on beneficial ownership by establishing a centralized registry. In 2023, Panama completed its anti-money laundering (AML) action plan, agreed upon with the Financial Action Task Force (FATF) in 2019. However, it remains on the European Union's list of noncooperative jurisdictions for tax purposes as of October 2024.

Panama's Financial Analysis Unit (UAF) collects and analyzes financial information related to money laundering, terrorist financing, and proliferation financing. Numbers of non-drug related money laundering investigations have increased significantly with the establishment of the U.S. – Panama Anti-Money Laundering and Anti-Corruption (AML/AC) Task Force in 2021.

Vulnerabilities and Money Laundering Methodologies

The same characteristics that make Panama attractive to legitimate investment, including a dollarized economy, the open nature of its financial sector, and availability of wide-ranging corporate services, make the country particularly exposed to foreign money laundering threats. Money laundered in Panama often originates from illegal activities committed abroad, including drug trafficking, tax crimes, foreign corruption, financial fraud, and

smuggling of migrants and goods. Panama is a drug transshipment country due to its location along major trafficking routes.

Criminals launder money via bulk cash smuggling and trade at airports and seaports, through shell companies, casinos, cryptocurrencies, and the 12 active free trade zones (FTZ), including the Colon Free Zone (CFZ), the second largest FTZ in the world. Legal entities registered in Panama are at risk of being misused to launder funds, especially through foreign predicate tax crimes. Law firms and registered agents are key gatekeepers, and the use of nominee shareholders and directors remains prevalent.

Key Anti-Money Laundering (AML) Laws and Regulations

Panama has comprehensive customer due diligence and suspicious transaction report (STR) requirements. Law 23 criminalizes money laundering and sets AML compliance requirements for entities in 31 sectors. Law 624 amends Law 23 to increase sanctions for financial entities and finalizes sanctions procedures for nonfinancial entities. Law 624, along with Law 254 of 2021, amends laws related to the availability of tax information, accounting standards, and beneficial ownership to provide increased standards for transparency and exchange of information.

Panamanian authorities have adopted several AML reforms in recent years, including the establishment of a beneficial ownership registry in 2022, the strengthening of the supervisory framework, creation of the Superintendent of Non-Financial Entities, and additional legal reforms aimed at enhancing controls over legal persons and arrangements, resident agents, and the use of nominee services.

The United States and Panama have a bilateral mutual legal assistance treaty.

Panama's UAF is a member of the Egmont Group of Financial Intelligence Units. Panama is a member of the Financial Action Task Force (FATF) of Latin American (GAFILAT), a FATF-style regional body. See [Panama's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Despite progress in implementing reforms, the CFZ remains vulnerable to illicit financial and trade activities due to weak customs enforcement and limited oversight of transactions.

Several bills that would strengthen Panama's fight against corruption and money laundering remain stalled in the National Assembly. For example, the legislature has not passed an asset forfeiture bill that would improve its ability to seize and retain assets obtained from corruption and criminal activities. The executive branch introduced the latest version of the bill in August 2023, and it remains pending in the legislature.

Panama established a centralized beneficial ownership registry, which has seen a registration increase of 89 percent as of July 2024. The registry information is not always readily accessible to regulatory authorities nor updated to reflect changes in beneficial ownership. The public does not have access to the registry.

Designated nonfinancial businesses and professions, such as real estate agents, lawyers, and accountants, are not always adequately regulated or supervised, creating vulnerabilities that can be exploited.

Enforcement/Implementation Issues and Comments

While Panama has established AML laws, the enforcement of these regulations can be inconsistent, which undermines the effectiveness of the AML framework. Law enforcement lacks basic tools to conduct complex investigations, including undercover operations. Regulatory bodies often face resource constraints, which can limit their ability to effectively monitor and enforce AML regulations. Limited interagency coordination and a failure to implement new laws, including regarding tax evasion, are impediments to future progress.

More proactive support from elected officials, especially in Panama's legislature, for new and actively enforced AML laws and rules will be critical to future enforcement successes, including investigations and prosecutions. Panama has made significant strides to improve its legal and regulatory regimes over the past five years and continues to be receptive to technical assistance.

As of October 2024, the AML/AC task force opened 63 cases and supported 531 non-drug related money laundering and public corruption investigations, with approximately 230 arrests and 58 convictions, resulting in \$15.2 million seized or frozen.

Paraguay

Overview

Paraguay continues to face significant challenges combating money laundering (ML). The Tri-Border Area (TBA), between Paraguay, Argentina, and Brazil, is home to a multi-billion-dollar illicit goods trade facilitating ML and the trafficking of marijuana, cocaine, and arms – including from the United States – and the distribution of counterfeit and pirated products. Public corruption also fuels ML. Even though most illicit narcotics are not destined for the United States, laundered revenues from the narcotics trade are a significant security concern for the United States.

While Paraguay has made progress implementing anti-money laundering (AML) laws and enhancing interagency coordination, ML criminal convictions remain rare and uneven due to corruption in the political and judicial sectors and lack of resources and capacity in the prosecutorial sector. Paraguay's lax enforcement makes it a ML hub for transnational organized crime and terrorist groups.

Vulnerabilities and Money Laundering Methodologies

ML occurs in financial institutions and nonfinancial sectors. Vulnerabilities include a plethora of unregistered exchange houses; the frequent use of cash; the use of false information to register businesses; lax regulation of import-export businesses, casinos, and money services businesses; weak border controls; corruption; and insufficient oversight of a high volume of money transfers to Lebanon and the People's Republic of China.

Transnational and local criminal organizations continue to take advantage of lax border controls and largely informal economies in border areas to engage in trade-based ML (TBML), narcotics and arms trafficking, and goods smuggling and counterfeiting. Criminal organizations disguise illicit proceeds in the high flow of goods sold into Brazil, often with assistance from co-opted government officials.

Virtual currency is an evolving method to facilitate ML activities in the region. Expenditures on investigative training and licenses for forensic blockchain analytic tools are necessary to combat this new ML method.

Paraguay operates two free trade zones (FTZs) in Ciudad del Este. Paraguay's port authority manages free trade ports and warehouses in Argentina, Brazil, Chile, and Uruguay. Investigative agencies are concerned with the lack of transparency in these FTZs.

Key AML Laws and Regulations

Paraguay has customer due diligence and suspicious transaction reporting (STR) regulations, enhanced due diligence for politically exposed persons, and ultimate beneficiary disclosure.

Paraguay and the United States do not have a bilateral mutual legal assistance treaty but do have a customs mutual assistance agreement. Both are party to multilateral conventions providing for cooperation in criminal matters.

The Anti-Money Laundering Secretariat, Paraguay's financial intelligence unit (FIU), is a member of the Egmont Group of FIUs. Paraguay is a member of the Financial Action Task Force (FATF) of Latin America (GAFILAT), a FATF style regional body. See [Paraguay's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Paraguayan authorities are unable to effectively prevent, detect, or deter criminal abuse of virtual currency systems. The government has observed increased illicit virtual currency mining, with miners taking advantage of cheap electricity provided by two hydroelectric dams. Many operations steal the hydroelectric energy. In July 2024, the Paraguayan Senate approved jail sentences for energy theft for these mining operations, following the seizure of approximately 11,000 illegal bitcoin mining machines in 2024.

The maximum criminal penalty for money laundering as a standalone offense is five years. The penalty can increase only when combined with other offenses, such as drug trafficking, and the comparatively low sentencing does not effectively deter criminals.

In August 2024, Paraguay's Congress created a bicameral commission constituted of members of the ruling party allegedly to investigate ML, contraband, and associated crimes. The ruling party uses the commission to intimidate critics with false allegations and

threats of legislative action with significant penalties. On October 9, 2024, Paraguay's Congress passed an AML bill that will severely affect civil society organizations (CSOs). This bill severely restricts their activities, exposes CSOs and their representatives to activity bans for vaguely defined misconduct or noncompliance, and already cut off some essential donor funding. Paraguayan politicians claim the bill responds to recommendations by international experts to increase transparency in CSO financing.

Enforcement/Implementation Issues and Comments

The government made modest progress toward implementing and enforcing its 2019 laws but continues to struggle to obtain ML convictions. Authorities often act inconsistently when prosecuting ML cases, and judicial delays frequently prevent the conclusion of cases within the statute of limitations. Investigators and prosecutors often lack technical capacity to conduct complex ML investigations. From January-October 2024, no new ML arrests were made.

To improve interagency policy and regulatory cooperation, Paraguay established an interinstitutional committee composed of relevant AML government authorities and private sector representatives.

In December 2023, Paraguayan and Brazilian authorities carried out Operation Dakovo in both countries resulting in the seizure of weapons and ammunition and 25 arrests, including a former commanding general of the Paraguayan air force and former DIMABEL director (the military's weapons regulatory body). Authorities allege the arms trafficking ring laundered the proceeds through the United States.

Authorities can use financial data to increase arrests and asset seizures. In July 2024, Paraguay extradited Federico Santoro Vasallo to the United States for ML-related crimes.

The Central Bank of Paraguay (BCP) continues to sanction banks and finance companies for noncompliance sparingly. Many exchange houses operating outside the law continue to operate underground despite efforts to close them.

Paraguayan customs' trade transparency unit combats TBML and other customs crime through the sharing and analysis of international trade data. This modest effort has done little to stem the billion-dollar TBML issues in the TBA.

Peru

Overview

Peru faces difficulties enforcing its otherwise robust anti-money laundering/combating the financing of terrorism (AML/CFT) regulatory framework, hindered by inadequate interagency coordination and justice-sector corruption. While information sharing is improving, it remains limited, and regulatory oversight in small-scale mining and timber sectors is weak.

From September 2023 to August 2024, the Peruvian government identified \$1.369 billion in potentially illicit funds—a notable \$298 million increase over the previous year.

According to Peru’s financial intelligence unit (FIU), illegal mining constitutes more than half of all money laundered in Peru in the past ten years. Illegal mining made up \$1.16 billion of identified funds from September 2023 to August 2024, while drug trafficking comprised \$29 million in the same period. Drug traffickers continue to use illegal mining and gold transactions to launder proceeds. Since June 2021, the government has applied the oral accusatory system to all money laundering cases nationwide. Since July 2022, Peru has been developing a follow-on plan to its “2018-2021 National Plan to Combat Money Laundering,” which it plans to release by early 2025 to outline a national policy through 2030.

Vulnerabilities and Money Laundering Methodologies

Illegal gold mining, logging, drug trafficking, and public corruption remain primary sources of illicit funds in Peru. Limited state presence beyond coastal areas and major cities, combined with challenging geography, facilitates the transit of illegal goods, contraband, and cash. Weak enforcement allows illegal gold and timber to be easily blended with legal supplies.

Illicit funds are funneled through front companies within the banking system and move via notaries, money transfer agencies, real estate, currency exchanges, credit cooperatives, auto sales, and virtual currencies.

Financial technology and virtual currencies are growing in Peru. A private global data intelligence firm forecasts that cryptocurrency market revenues will reach \$129 million in 2024 and projects user penetration to increase from 11.9 percent in 2024 to 14.21 percent in 2028. Peru's FIU published a risk analysis of virtual currency and bitcoins on November 30, 2021.

Peru continues to lack adequate controls on the gaming sector, which is at risk for money laundering. The Peruvian government issued "Law No 31.806" in 2022 and "Law 31.557" in 2023, introducing regulations to the online gaming sector, which went into effect in April 2024.

Peru has an investor residency program requiring \$127,000 in investment. Peru has four operational free trade zones that provide customs and tax benefits.

Key Anti-Money Laundering (AML) Laws and Regulations

Peru's AML framework is strong. It defines money laundering as an autonomous crime and mandates customer due diligence and suspicious transaction reporting. Regulations require enhanced due diligence for politically exposed persons, and the Superintendent of Banks (SBS) enforces moral, technical, and solvency qualifications for owners, beneficiaries, and other key roles in regulated entities.

Key regulatory updates were made in 2023 and 2024. Resolution SBS 02351-2023 (Jul 2023) establishes additional AML/CFT due diligence obligations for virtual assets service providers (VASPs) and additional sectors like construction, legal services, and the banking and private sectors. Supreme Decree 006-2023 JUS (Jul 2023) expands the coverage of VASPs under AML/CFT regulations, bringing them into the reporting entity framework. Legislative Decree 1611 (Dec 2023) approves special measures for preventing and investigating extortion and related crimes and grants the SBS/FIU authority to coordinate information exchange with other entities. Resolution SBS 00650-2024 (Feb 2024) regulates the registry of companies and persons involved in financial or currency exchange operations. Resolution SBS 01076-2024 (Mar 2024) authorizes the comptroller general to lift bank secrecy for public servants managing public funds. Resolution SBS 01754-2024 (May 2024) aligns notary regulations with international AML/CFT standards. Resolution SBS 02648-2024 (Aug 2024) establishes suspicious transaction

reporting obligations for VASPs. Resolution SBS 03330-2024 (Sep 2024) regulates the public-private financial information exchange mechanism (MEPIF) to combat money laundering, terrorism financing, and related crimes.

Peru's FIU is a member of the Egmont Group of FIUs. Peru is a member of the Financial Action Task Force of Latin America (GAFILAT), a FATF-style regional body. See [Peru's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Peru should improve its interagency coordination by amending the FIU's authorities outlined in Law 27693 and its subsequent amendments. This law permits the FIU to share its reports only with public prosecutors. The government is receptive to recommendations from donors and experts regarding potential improvements.

Enforcement/Implementation Issues and Comments

Widespread corruption obstructs money laundering prosecutions. Political figures, judges, and legislators implicated in money laundering further hinder progress on AML reform.

As of June 2021, Peru fully transitioned to the accusatory system, which now applies to all money laundering cases filed nationwide. Money laundering convictions, however, remain low. High turnover of specialized prosecutors and lack of technical financial and legal knowledge hinder enforcement efforts. The attorney general's office improved its AML capacity by establishing a special prosecutor's office on cybercrime.

From January to September 2024, Peru issued 67 money laundering sentences. During the same period, Peru issued 454 asset forfeiture orders against assets worth over \$65 million and had 1,789 cases in process.

Peru needs more effective regulatory enforcement and oversight in the small-scale mining sector. In 2024, Peru's asset forfeiture system processed 169 cases connected to illegal mining.

Philippines

Overview

The Philippines has made notable strides in combating money laundering and aligning with international financial standards. The Philippines has made significant reforms and demonstrated a high-level political commitment to improve and implement anti-money laundering/combating the financing of terrorism (AML/CFT) policies and programs.

The Philippines is now focused on sustaining these gains. Officials have undertaken efforts to mitigate risks associated with casino junkets, strengthen cross-border measures, and prosecute terrorist financing. Ongoing improvements in regulation and transparency demonstrate the country's commitment to meeting international AML/CFT standards.

Vulnerabilities and Money Laundering Methodologies

Illicit funds in the Philippines primarily stem from swindling, violations of the Securities Regulation Code, illegal drug trafficking, cybercrimes, corruption, and other illicit financial crimes. Several factors amplify the risk of money laundering, particularly involving drug-related proceeds, including the country's strategic geographic location, regional challenges, and the increasing complexity of economic and financial systems.

The widespread use of cash in sectors like gaming, coupled with the ready availability of digital payments and international money transfer services, creates vulnerabilities due to lax regulation and unreported transactions. Emerging technologies, such as virtual currencies and online bank accounts – often misused as mule accounts to obscure the true source of funds – further complicate detection efforts.

Despite government efforts to shut down Philippine offshore gaming operators (POGOs), due to their links to financial scams, money laundering, prostitution, and human trafficking, many of these ventures continue to operate clandestinely.

Free trade zones present risks due to insufficient regulatory oversight and lack of transparency. As of April 2023, the Philippine Economic Zone Authority oversaw 419 economic zones. Local government units and development authorities regulate multiple

other free zones or freeports. The independent operation of the zones poses challenges in monitoring the financial flow of remittance transactions involving shell companies engaged in import and export activities with businesses located within these zones.

Key Anti-Money Laundering (AML) Laws and Regulations

President Ferdinand Marcos, Jr. has emphasized the implementation of a national strategy to strengthen the Philippines' AML/CFT framework as a Philippine national priority. The Anti-Money Laundering Council (AMLC), the Philippine financial intelligence unit (FIU), leads these efforts, focusing on enhancing policies and enforcement actions. Despite progress, challenges persist, particularly ensuring full compliance with international AML/CFT standards on customer due diligence and suspicious transaction reporting.

In 2024, the AMLC introduced "Regulatory Issuance No. 01 Guidelines on Compliance Optimization and Registration System" to streamline the registration process for covered persons.

The Philippines and the United States have bilateral mutual legal assistance and extradition treaties. Legislation allows asset sharing.

The AMLC is a member of the Egmont Group of FIUs. The Philippines is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body. See the [Philippines's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The Philippine government is actively working to address the remaining gaps identified by international experts, with a focus on mitigating risks linked to casino junkets, strengthening cross-border controls, and prosecuting terrorist financing in line with the country's risk profile. This includes significant amendments to the Anti-Money Laundering Act to align with the latest international AML/CFT standards.

The Philippines currently lacks comprehensive regulation on virtual currencies. As a result, cryptocurrency cannot yet be frozen, seized, or forfeited under existing law, and relevant agencies do not possess the capacity to effectively regulate virtual assets.

Enforcement/Implementation Issues and Comments

In his 2024 State of the Nation Address, President Marcos announced plans to shut down all POGOs by the end of the year. While largely successful, with only 17 licensed operations remaining as of December 2024, the crackdown has also pushed these scam operations into alternative legal covers, such as business process outsourcing firms or physical casinos, or into covert, guerrilla-style operations conducted from private residences, resorts, or hotels to evade detection.

AMLC has made significant strides in enforcing AML/CFT laws, disrupting illicit financial activities through freeze orders, civil forfeiture petitions, and money laundering cases. AMLC issued internal guidelines to enhance the processes of its Financial Intelligence and Analysis Group. Additionally, AMLC is actively collaborating with relevant stakeholders in the negotiation of the Indo-Pacific Economic Framework, which includes provisions on taxation, anti-corruption, beneficial ownership, asset recovery, and international cooperation. As of July 2024, the AMLC had filed 138 cases, including those involving money laundering and terrorist financing, and secured four convictions in major cases.

The total number of suspicious transaction reports (STRs) submitted by covered persons increased by 40.6 percent, rising from 12,227,000 in 2023 to 17,198,000 in 2024.

In March 2024, the Philippines established the Regional Terrorism Financing Task Group (RTFTG) to facilitate the process of identification, investigation, case build-up, and eventual prosecution in all regions. The RTFTG is composed of the representatives of the regional and provincial offices of the National Intelligence Coordinating Agency, Philippine National Police, Armed Forces of the Philippines, National Bureau of Investigation, AMLC, and Philippine Department of Justice prosecutors, ensuring smooth coordination among these member agencies specifically focused on terrorist financing.

Saint Kitts and Nevis

Overview

Saint Kitts and Nevis (SKN), a federation of two Eastern Caribbean islands, continues to strengthen its anti-money laundering/combating the financing of terrorism/counterproliferation financing (AML/CFT/CPF) regime. Its economy is reliant on tourism, a citizenship by investment (CBI) program, and an offshore financial sector.

SKN has a comprehensive AML/CFT/CPF framework. The Financial Services Regulatory Commission (FSRC) utilizes a risk-based supervisory framework to monitor regulated entities and ensure compliance with AML/CFT laws, although the supervisory framework primarily covers prudential supervision while AML/CFT is a secondary concern.

Collaboration with regional and international partners helps SKN address dynamic financial crime risks. While SKN has made significant strides in regulatory compliance, key threats include larceny and drug trafficking, particularly cannabis-related activities. SKN remains committed to aligning with international AML/CFT standards.

Vulnerabilities and Money Laundering Methodologies

Larceny represents the most prevalent predicate offense generating illicit funds in SKN. Additionally, drug trafficking, particularly involving cannabis, is another key source of illicit proceeds. These activities, along with other investment schemes, are vulnerabilities that require focused law enforcement efforts. The Royal St. Christopher and Nevis Police Force (RSCNPF) and the White-Collar Crime Unit (WCCU) investigate financial crimes and pursue money laundering-related charges.

The FSRC has supervisory authority over designated nonfinancial businesses and professions (DNFBPs) that provide business services in the areas of international company registration, trust formation, international insurance, money services, and international banking. FSRC Nevis permits the establishment of international business companies (IBCs), and, as of 2023, listed 10,913 IBCs; 3,791 limited liability companies (LLCs); and 551 international exempt trusts on its Companies' Registry. An additional 1,664 IBCs and 462 LLCs were established through September 2024. IBCs are required to maintain a

register of shareholders and directors, copies of which are to be held at registered agents' offices. Persons can form an IBC or LLC in less than 24 hours in Nevis.

A gaming board has general oversight of the gaming industry, with FSRC having limited responsibility for AML/CFT supervision of casinos. There are five licensed gaming entities.

SKN offers citizenship through either a minimum investment in approved real estate projects or investment in certain government-designated infrastructure projects. CBI applicants are subject to a due diligence process by international contractors. The U.S. Financial Crimes Enforcement Network issued an advisory in 2014 to alert U.S. financial institutions about the SKN CBI program. The prime ministers of Dominica, Antigua and Barbuda, Grenada, and Saint Kitts and Nevis entered into an agreement in March 2024 to facilitate a joint approach to strengthening their CBI programs. The agreement includes a minimum \$200,000 investment, information sharing, common regulation, and common standards for agents.

Key AML Laws and Regulations

SKN enforces AML/CFT frameworks based on risk-based supervision. The FSRC uses annual reports submitted by regulated entities to determine risk levels and schedule onsite, offsite, and targeted examinations. Entities found noncompliant must address deficiencies within specified timelines to avoid penalties, including nonrenewal of licenses. Additionally, FSRC branches issue guidance to regulated entities, keeping them informed of high-risk individuals, jurisdictions, and emerging money laundering/terrorist financing threats.

SKN has a mutual legal assistance treaty with the United States.

The financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. SKN is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Saint Kitts and Nevis's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

While the legal framework remains largely compliant, SKN's continuous efforts are needed to enhance regulations in response to evolving threats. In 2023 and 2024, SKN focused on

proliferation financing, targeted financial sanctions, and enterprise-wide risk assessments. SKN recognizes the importance of refining its legal instruments and supervisory practices to meet emerging risks.

International experts note deficiencies related to the retention and updating of beneficial ownership information; fit and proper testing for DNFBP ownership generally does not cover beneficial owners; and there are no measures to prevent criminals or their associates from holding a significant or controlling interest or a management function in law firms, accountancy firms, real estate brokerages, or dealers in precious metals and stones. SKN has made progress in verifying beneficial owner information for legal persons and legal arrangements.

Instrumentalities used in or intended for use in the commission of a predicate offense are not subject to confiscation, nor is there a mechanism to manage forfeited assets.

Enforcement/Implementation Issues and Comments

The RSCNPF and the WCCU lead enforcement of AML/CFT laws in SKN, with support from regional partners like the Regional Security System's Asset Recovery Unit (RSS-ARU). SKN is placing greater emphasis on addressing larceny and drug trafficking through targeted investigations. The WCCU's ability to proffer money laundering charges and secure convictions reflects progress in enforcement.

SKN collaborates with the RSS-ARU on asset recovery and cross-border crime investigations. The WCCU has multiple ongoing money laundering investigations and reported one conviction for money laundering in 2024.

SKN continues to demonstrate a proactive approach by strengthening international cooperation through information-sharing agreements and assisting other jurisdictions in financial crime investigations. However, the dynamic nature of financial crimes requires continuous skill development and periodic legislative updates.

SKN demonstrates its commitment to combating money laundering/terrorist financing through its adherence to international standards, rigorous supervision of financial entities, and enforcement of AML/CFT laws. SKN needs to maintain a proactive stance in addressing emerging threats and refining its regulatory framework.

SKN acceded to the United Nations Convention against Corruption on August 7, 2024.

Saint Lucia

Overview

Saint Lucia, an island nation within the Organization of Eastern Caribbean States, promotes a citizenship by investment (CBI) scheme and is susceptible to drug trafficking and the laundering of illicit funds. The country serves as a transshipment point for narcotics, primarily from South America, en route to North America and Europe. Illicit funds flow in from these same markets and are integrated into the local economy using various money laundering methodologies.

Saint Lucia is a predominantly cash-based economy, and its open borders increase vulnerabilities to the movement of drugs and illicit cash. Businesses facilitate financial crimes through high cash and real estate turnover, the use of structured deposits below reporting thresholds, and the same-day transfer of funds through money remittance services, often involving multiple senders and a single recipient located in high-risk, drug-producing countries.

Despite these challenges, law enforcement agencies and regulatory authorities in Saint Lucia have intensified their efforts through domestic joint operations and intelligence sharing, resulting in better control of financial crimes. However, Leahy amendment restrictions and domestic operations hamper bilateral cooperation to resolve financial crimes.

Vulnerabilities and Money Laundering Methodologies

Drug trafficking remains the primary source of illicit funds in Saint Lucia. Criminals physically transport most of the proceeds back to South America, while a small portion stays in Saint Lucia and is integrated into the financial system through structured deposits of foreign or local currency; third-party transactions; comingling of licit and illicit proceeds through cash-intensive businesses, such as restaurants, retail stores, and car dealerships; and the use of funnel accounts through money remitters.

The Financial Services Regulatory Authority (FSRA) is the prudential supervisor for the financial services sector and oversees 17 credit unions, 10 international banks, 31 licensed

or registered international insurance entities, 18 registered agents and trustees, 14 money services businesses, and seven international private mutual funds.

International business companies (IBCs) can be incorporated in one day in Saint Lucia using registered agents under the “International Business Companies Act.” However, the records kept by registered agents are nonpublic and only accessible under law by the Financial Intelligence Authority (FIA) and Inland Revenue Department. Saint Lucia considers IBCs “resident” companies able to do business locally and required to file an annual tax return based on unaudited financial statements.

There is one free trade zone operating in Vieux Fort.

Saint Lucia’s CBI program allows individuals to apply for citizenship through various options, including a \$100,000 donation to the National Economic Fund; specified purchase thresholds for real estate and government bonds; or a \$3.5 million investment in an approved enterprise project. Applicants must apply through a government-approved local agent, make a source of funds declaration, and provide supporting evidence. The government established a CBI unit to manage the application process. The prime ministers of Dominica, Antigua and Barbuda, Grenada, and Saint Kitts and Nevis entered into an agreement in March 2024 to facilitate a joint approach to strengthening their CBI programs. Subsequently, Saint Lucia also joined in June 2024. The agreement includes a minimum \$200,000 investment, information sharing, common regulation, and common standards for agents.

Saint Lucia’s vulnerabilities are further amplified by gaps in beneficial ownership transparency and its exposure to regional and international financial flows, including through real estate transactions.

Key AML Laws and Regulations

Saint Lucia has a robust AML/combating the financing of terrorism (CFT) legal framework, with the FIA serving as the main regulatory body for monitoring compliance with these laws. Key legislation includes the “Money Laundering (Prevention) Act” (MLPA) that establishes offenses related to money laundering and outlines reporting and compliance obligations and the “Proceeds of Crime Act” (POCA), which provides mechanisms for the seizure and forfeiture of criminal proceeds. In 2023, Saint Lucia amended the POCA to introduce a civil

asset recovery framework to allow authorities to confiscate proceeds through civil proceedings and to list non-cash items that can be seized, thereby, expanding the scope of asset forfeiture.

Saint Lucia also has customer due diligence and suspicious transaction reporting frameworks in place under the MLPA, generally aligned with international standards.

Saint Lucia has a bilateral mutual legal assistance treaty with the United States; the treaty can facilitate information exchange and cooperation on transnational crime but is rarely used.

The FIA is a member of the Egmont Group of Financial Intelligence Units. Saint Lucia is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Saint Lucia's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

While Saint Lucia has made substantial progress, several areas require further attention, including enhanced measures to ensure proper identification of beneficial owners of legal entities and additional efforts to impose sanctions on institutions failing to comply with AML/CFT standards.

Enforcement/Implementation Issues and Comments

In 2024, Saint Lucia's Inter-Agency Intelligence Committee – comprising the FIA, Police Intelligence Unit, Drug Unit, and Customs Intelligence – coordinated several joint operations that led to the seizure of narcotics and illicit assets. Limited bilateral coordination occurred with U.S. authorities, in part due to ongoing Leahy restrictions.

Amendments to the POCA enhanced the civil asset recovery framework, enabling authorities to seize not only cash but also other criminal proceeds, such as vehicles and properties. In 2024, Saint Lucia recorded one money laundering prosecution involving \$35,226, two forfeiture orders amounting to \$98,119, and eight cash seizures and detention orders totaling \$116,388.

Saint Vincent and the Grenadines

Overview

St. Vincent and the Grenadines (SVG), located in the Eastern Caribbean, faces several challenges in addressing money laundering and financial crimes due to its proximity to transnational crime networks in the region. Although SVG has made strides in bolstering its anti-money laundering/combating the financing of terrorism (AML/CFT) framework by continuing to fortify its legal framework via legislative amendments and cooperating with international partners, challenges remain related to resource limitations and interagency coordination.

Bilateral agreements and regional frameworks provide SVG with avenues to support investigations and enforcement measures in cooperation with international partners.

Vulnerabilities and Money Laundering Methodologies

Transnational criminal networks exploit SVG's banking and nonbanking financial sectors, especially cash-intensive businesses, using them for laundering proceeds of narcotics trafficking and organized crime activities. The use of bearer negotiable instruments (BNIs) and weaknesses in the declaration and disclosure systems at border controls are vulnerabilities. Gaming is legal, but there are no casinos in operation.

The offshore sector has been declining in recent years. As of 2023, the Financial Services Authority (FSA) reports there were two international banks, 2,750 international business companies (IBCs), 1,875 limited liability companies, 59 international trusts, 14 registered agents, 17 fund administrators/managers, and 60 mutual funds. IBCs can be incorporated in less than 24 hours from receipt of application. Physical presence is not required for offshore sector entities and businesses, except for offshore banks. Resident nominee directors are not mandatory except when an IBC is formed to carry on banking business. The government requires registration and custody of bearer share certificates by a registered agent who must also keep a record of each bearer certificate.

Money launderers may use the nonprofit organization (NPO) sector due to its lack of comprehensive AML/CFT oversight. To strengthen oversight SVG designated the Financial

Intelligence Unit SVG (FIU-SVG) as the supervisory authority for NPOs under new 2024 regulations. These entities require ongoing monitoring and training to mitigate risks.

Key AML Laws and Regulations

SVG has adopted a series of AML laws, regulations, and frameworks that incorporate AML/CFT international standards. Key regulations and amendments implemented in 2024 include the “Anti-Money Laundering & Terrorist Financing (Administrative Penalties) Regulations, 2024” that empower supervisory authorities to impose administrative sanctions for noncompliance; the “Anti-Money Laundering & Terrorist Financing (Non-Profit Organizations) Regulations, 2024,” which establish the FIU-SVG as the supervisory authority for NPOs, aimed at improving oversight within the sector; and the “Anti-Money Laundering & Terrorist Financing (Amendment) Regulations, 2024” that provide comprehensive amendments, including the addition of customer due diligence requirements for legal entities.

The United States and SVG have bilateral mutual legal assistance and extradition treaties.

The FIU-SVG is a member of the Egmont Group of FIUs. SVG is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [SVG's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Despite SVG’s progress, there are gaps in SVG’s AML framework, including insufficient AML/CFT supervision over domestic banks. The supervisory framework for domestic banks remains underdeveloped, reducing the ability to detect and mitigate risks within the banking sector. There is a need for a more effective risk-based approach to supervision in sectors like the securities area, which lacks robust “fit and proper” requirements.

SVG’s system for the declaration of BNIs and cash transactions lacks mechanisms to record and retain information on large cash transactions. This gap complicates efforts to track cross-border currency movements.

There is no requirement for the FSA to hold or verify beneficial ownership information for legal persons. However, authorities maintain they can obtain such information from registered agents and financial institutions.

SVG has not identified or assessed the money laundering and terrorist financing risks associated with virtual assets and virtual assets service providers.

SVG's regulatory agencies work to address these deficiencies, including through memoranda of understanding for interagency cooperation and coordination, sectoral risk assessments, and enhanced AML/CFT training for private sector actors.

Enforcement/Implementation Issues and Comments

Throughout 2024, SVG took notable steps to enforce and implement its AML regulations. The FIU, FSA, and other supervisory authorities received expanded powers through the new regulations, which allow for the imposition of administrative penalties on entities failing to comply with AML requirements. SVG expects these penalties to improve compliance rates among supervised entities and strengthen the country's AML/CFT framework.

SVG's FIU provided targeted training to NPOs to enhance their understanding of relevant legislation and compliance requirements through workshops and outreach initiatives with private sector stakeholders.

While SVG's legislative progress and cooperation with entities like the Regional Security System Asset Recovery Unit (RSS-ARU) and other international partners have strengthened enforcement, but implementation challenges remain. The FIU works with the RSS-ARU on capacity-building programs and receives advisory support for complex investigations. This partnership bolsters financial crime investigations.

SVG reported no prosecutions or convictions for money laundering in 2024, despite progress in enforcement mechanisms and collaboration with international agencies. SVG did seize approximately \$24,650 through the civil courts. SVG holds these funds in the Confiscated Assets Fund, with 15 percent allocated to law enforcement to support crime prevention and investigative activities.

SVG should become a party to the United Nations Convention against Corruption.

Senegal

Overview

Bassirou Diomaye Faye became Senegal's president on April 2, 2024, and has made countering corruption a top priority. Senegal's strategic coastal location and stability make it a regional business center for Francophone West Africa.

Senegal is exposed to risks from organized crime, drug trafficking, internet and other fraud, and a large, informal, cash-based economy. Designated nonfinancial businesses and professions (DNFBP), along with cross-border movement of funds and goods, are the most frequently used money laundering/terrorist financing (ML/TF) channels.

Since February 2021, when Senegal agreed to an action plan with the Financial Action Task Force (FATF), the government has taken steps to improve its technical compliance with anti-money laundering/combating the financing of terrorism/counterproliferation financing (AML/CFT/CPF) international standards. Senegal also strengthened the effectiveness of its AML/CFT/CPF regime. Senegal successfully completed its action plan in October 2024.

Vulnerabilities and Money Laundering Methodologies

Corruption and drug trafficking are the most likely sources of laundered proceeds.

Notaries, real estate, manual exchange dealers, and hotels present substantial ML risks. Widespread use of cash and new payment methods also present ML vulnerabilities. Resource constraints prevent effective AML supervision of these entities.

The gaming sector, including a growing online sports betting presence and crypto-facilitated gaming, is subject to the influence of foreign ownership and management. The Directorate of Public Accounting and Treasury supervises the lottery and LONASE (a betting society for Senegalese citizens). The Territorial Surveillance Directorate supervises casinos. Senegal now does risk mapping and provides support to the gaming supervisory bodies. The risk at gaming establishments has reduced greatly from 2023 to 2024 due to targeted administrative financial sanctions. Key deficiencies include legislative gaps in licensing and regulation of online casinos; lack of cooperation to license, monitor, and supervise casino

activity for AML/CFT purposes; and the lack of suspicious transaction reporting (STR) and information sharing between gaming establishments and the National Financial Intelligence Processing Unit (CENTIF), Senegal's financial intelligence unit (FIU). Dissuasive penal laws and sanctions are still under development.

The nascent Dakar Integrated Special Economic Zone (SEZ) is an offshore economic zone being developed in partnership with Economic Zones World (EZW), an investor and operator of economic free zones. Senegal has approved a total of eight SEZs, but only three are currently operational.

Touba, a municipality largely controlled by the Mouride religious brotherhood, is the center of a worldwide network of Mouride communities and is, as such, a destination for significant annual remittances. Touba enjoys significant autonomy from the federal government, which can result in lax or inadequate implementation of financial or criminal regulations. The national government's limited authority in the city and the quantity of remittances are unique ML/TF vulnerability factors for this area.

Key AML Laws and Regulations

Senegal improved customer due diligence (CDD) and STR requirements in 2023. Decree No. 2024-08, adopted on February 8, 2024, repeals and replaces Law No. 2018-03. The decree introduces strict obligations, including enhanced CDD procedures. Severe penalties, including substantial fines and criminal liability, are imposed for noncompliance.

Law No. 2024-06 amends Law No. 2012-30, strengthening the powers of the National Office for the Fight against Fraud (OFNAC), allowing OFNAC to freeze assets, funds, or other resources in cases where there is evidence of corruption or related offenses.

The United States and Senegal do not have a bilateral mutual legal assistance (MLA) treaty or an extradition treaty. However, MLA occurs through multilateral law enforcement conventions with applicable provisions or based on domestic law, and Senegal is able to extradite non-Senegalese nationals to the United States under its domestic law.

CENTIF is a member of the Egmont Group of FIUs. Senegal is a member of the Inter Governmental Action Group against Money Laundering in West Africa (GIABA), a FATF-

style regional body. See [Senegal's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Financial institutions are not held accountable for meeting due diligence thresholds for politically exposed persons or collecting, retaining, or disclosing beneficial ownership information.

Senegal does not have mechanisms in place to ensure legal entities able to issue nominee shares are not misused.

Enforcement/Implementation Issues and Comments

Senegal's reform implementation has been swift, and there is high-level political will to continue strengthening Senegal's AML/CFT/CPF framework. Stakeholder involvement in AML/CFT and supervision of DNFBPs and nonprofit organizations have improved. Senegal has demonstrated the ability to implement enforcement measures to improve DNFBP compliance. Financial supervisors now conduct onsite inspections and have amended inspection manuals to address administrative sanctions. Senegalese authorities are encouraged to continue formalizing supervision over capital markets, as information is limited in this area.

Senegal has largely addressed technical legal and institutional deficiencies in its financial sanctions regime. Senegal addressed legal gaps to clarify the obligation of all natural and legal persons to freeze TF-linked accounts without delay upon United Nations designation.

The establishment of a data management system facilitates access to police information, improving interagency cooperation and closing resource and timeline gaps in the criminal justice chain. The Financial Judicial Pool (PJF), created in September 2024, specializes in the prosecution of economic and financial crimes and enforces AML/CFT laws and regulations. PJF works closely with OFNAC and CENTIF.

International cooperation has also improved. Senegal is finalizing international cooperation agreements with 39 countries, including all neighboring states. The Bureau of International Criminal Assistance and Extradition within the Directorate of Criminal Affairs and Pardons

has become operational, and the National Office for the Recovery of Criminal Assets plays a central role in using international cooperation to trace and locate proceeds and instruments of crime.

Sint Maarten

Overview

Sint Maarten is an autonomous country within the Kingdom of the Netherlands (the Kingdom), which shares a Caribbean Island with an overseas collectivity of France. The Kingdom retains responsibility for Sint Maarten’s foreign policy and defense, including negotiating and concluding international agreements. There is a law enforcement memorandum of understanding (MOU) between the four Kingdom countries and the United States. The Dutch-based legal system is effective in the detection and prosecution of money laundering suspects.

Vulnerabilities and Money Laundering Methodologies

Sint Maarten has 13 officially licensed casinos serving a population of approximately 40,000 persons, approximately 30,000 temporary, seasonal residents, and the nearly two million tourists who visit the islands annually. According to open-source media and law enforcement contacts, some of these gaming houses have garnered a reputation as money laundering centers for the owners and their business partners. Online gaming is legal.

The Government of Sint Maarten lacks sufficient regulatory authority over its national lottery, which according to local sources is a potential money laundering vector. Seven lottery licensees on Sint Maarten operate approximately 360 lottery retail outlets distributed over the island’s 13 square mile area.

Prior to the 2017 hurricanes, Sint Maarten hosted offshore companies and banks and provided fertile ground for investors – especially high net worth individuals – who purchased or developed large-scale real estate projects, including hotels and casinos. Subsequently, the government made significant progress rebuilding key infrastructure, bringing the capacity back up to pre-hurricane levels. In 2023, the “Tax Exempt Companies Law” was grandfathered to allow companies to benefit from the existing favorable tax regime until December 31, 2024.

The Sint Maarten harbor is well known for its expansive cruise terminal. Customs and law enforcement authorities are on alert for regional smuggling, trade-based money laundering, and value transfer schemes.

Key Anti-Money Laundering (AML) Laws and Regulations

The government updated its anti-money laundering/combating the financing of terrorism (AML/CFT) laws, regulations, and policies in 2019. The financial intelligence unit (FIU) continues to supervise designated nonfinancial businesses and professions, including gaming entities. The \$14,000 transaction reporting threshold covers cash, precious metals and stones, and rare objects of high value.

The “National Ordinance on Games of Chance,” “Lottery Ordinance,” and “National Ordinance Offshore Games of Chance” cover casino gaming, lotteries, and internet gaming businesses.

Legislation addresses international standards focusing on corruption, and the United Nations (UN) Convention Against Corruption is implemented in the Code of Criminal law.

As of December 31, 2023, three money transfer companies were added under the supervision of the Central Bank of Curaçao and Sint Maarten (CBCS). For client due diligence, reporting entities are required to consult sanction lists containing individuals, entities, and legal persons subject to freezing measures.

The CBCS regularly issues AML/CFT/counterproliferation financing (CPF) guidance for companies operating from Sint Maarten that deal with virtual assets, payment services, and electronic money. The legislation has been amended to meet AML/CFT/CPF international standards.

Dutch authorities may extend international conventions to the countries within the Kingdom if said countries agree to participate. The Kingdom extended to Sint Maarten (as a successor to the Netherlands Antilles) the application of the 1988 UN Drug Convention in 1999 and the UN Convention against Corruption and the UN Convention against Transnational Organized Crime in 2010.

In accordance with international agreements entered into by the Dutch Government, each autonomous country can be assigned a status of its own within international or regional organizations subject to the organization's agreement. The autonomous countries may conclude, within parameters, MOUs in areas in which they have autonomy.

The 1981 mutual legal assistance treaty between the Kingdom of the Netherlands and the United States applies to Sint Maarten and is regularly used by U.S. and Sint Maarten law enforcement agencies for international drug trafficking and money laundering investigations. The 2004 U.S.-Netherlands mutual legal assistance agreement, incorporating specific U.S.-European Union provisions, was not extended to Sint Maarten.

Sint Maarten's FIU is a member of the Egmont Group of FIUs. Sint Maarten is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Sint Maarten's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Sint Maarten has yet to enact cryptocurrency legislation, but regulations are expected to be published in 2025. The country published its first national risk assessment in August 2024. Currently, Sint Maarten lacks an updated national AML/CFT policy, but the government is working to rectify this.

A review by the CBCS reveals shortcomings in client and transaction monitoring, including delayed reviews and incomplete risk assessments. The CBCS has ordered financial institutions to address these deficiencies and imposed fines on noncompliant institutions.

Enforcement/Implementation Issues and Comments

Based on the "National Ordinance Combating Money Laundering and Terrorism Financing," Sint Maarten's supervised entities file with the FIU unusual transaction reports, a broader reporting requirement than suspicious transaction reporting. If a strong suspicion of money laundering arises, those suspicious transactions are reported to the public prosecutor's office.

As was assessed in a Law Enforcement Council report, the capacity of the Sint Maarten judicial authorities to combat money laundering and terrorism financing is still insufficient, as the structural lack of resources hampers the authorities from achieving desired results.

The four FIUs within the Kingdom continue their monthly meetings to discuss current affairs and enhance their AML/CFT effectiveness. The rollout of the FCInet system to the other justice chain partners is ongoing.

South Africa

Overview

South Africa's position as a major financial center in the region, its sophisticated banking and financial sector, large and informal cash-based economy, significant natural resources, and corruption make it vulnerable to money laundering. In 2023, South Africa made a high-level political commitment to work with the Financial Action Task Force (FATF) to improve its anti-money laundering/combating the financing of terrorism (AML/CFT) regime. International experts identified a lack of progress in South Africa's investigation of money laundering and terrorist financing and its ability to go after serious and complex cases. Subsequently, the country has made progress addressing AML/CFT deficiencies, passing critical legislation and addressing the majority of issues. However, improvement is still needed in key areas such as beneficial ownership (BO) and prosecutions.

Vulnerabilities and Money Laundering Methodologies

As a large economy and a regional financial hub for sub-Saharan Africa, South Africa has a notable exposure to the threat of foreign proceeds of crime generated in the region being laundered in or through the country.

Major money laundering threats are corruption and bribery, including a long legacy of state capture; tax related offenses; cybercrimes; fraud; and drug trafficking, followed by human trafficking, smuggling of illicit goods, and wildlife trafficking.

South Africa has significant natural resources and a robust mining industry. The deliberate over- or under-invoicing of mining exports of precious minerals, gold, silver, and platinum group metals is a major source of illicit funds. Mining gangs operate throughout the country, and theft of precious metals and minerals occur regularly.

South Africa has a large, informal, cash-based economy. Undeclared cash is moved across the borders through land and air points of entry. The smuggling of goods and the sale of counterfeit goods, often by undocumented people in the country illegally, is widespread.

South Africa is exposed to risks associated with the financing of foreign terrorism, foreign terrorist fighters, and potential domestic terrorism. South Africa updated its risk of terrorist financing in 2024 from moderate to high.

South Africa has industrial development zones and special economic zones that cover inter alia vulnerable areas such as mining and transportation hubs.

Key Anti-Money Laundering (AML) Laws and Regulations

The “Financial Intelligence Center Act, 2001” (Act 38 of 2001) empowers the Financial Intelligence Center (FIC), South Africa’s financial intelligence unit (FIU), to apply measures designed to identify the proceeds of crime and combat money laundering, terrorist financing, and financing of the proliferation of weapons of mass destruction.

The “Prevention and Combating of Corrupt Activities Act, 2004” provides for the strengthening of measures to prevent and combat corruption.

The “Protection of Constitutional Democracy Against Terrorism and Related Activities Act (POCDATARA) Amendment Act” amends the POCDATARA, 2004 by strengthening its provisions and expanding it to include aspects such as cyberterrorism.

The “General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act 22” of 2022 amends five different acts to strengthen AML/CFT measures: “Trust Property Control Act, 1988;” “Nonprofit Organizations Act, 1997;” “Financial Intelligence Center Act, 2001;” “Companies Act, 2008;” and “Financial Sector Regulation Act, 2017.”

The FIC is a member of the Egmont Group of FIUs. South Africa is a member of the FATF and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a FATF-style regional body. See [South Africa's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Remaining strategic deficiencies include demonstrating that AML/CFT supervisors apply effective and proportionate sanctions for noncompliance; ensuring competent authorities

have timely access to accurate and up-to-date BO information on legal persons and arrangements; applying sanctions to legal persons for BO obligation violations; demonstrating a sustained increase in investigations and prosecutions of serious and complex money laundering schemes; and the full range of CFT activities in line with the country's risk profile.

Enforcement/Implementation Issues and Comments

Institutions are required to submit suspicious transaction reports, suspicious and unusual activity reports, and currency transaction reports to the FIC.

Basic customer due diligence is satisfactorily applied when onboarding customers; however, law enforcement faces challenges to readily obtain accurate and updated BO information about companies and trusts. Legal practices, estate agencies, and other designated nonfinancial businesses and professions have not fully complied with requirements to provide risk and compliance information to the FIC to improve BO information.

The FIC created a fusion center in 2020 to bring together law enforcement agencies, the intelligence community, and other authorities to fight crime. The fusion center's goal is to improve the efficiency of financial investigations related to corruption, fraud, and other crimes.

The National Prosecuting Authority's (NPA) capacity was weakened by state capture, hampering South Africa's ability to increase prosecutions. However, in 2024, the NPA established a new directorate, the Investigating Directorate Against Corruption, to improve the prosecution of complex corruption cases.

Spain

Overview

Spain is a capable law enforcement partner that understands its money laundering vulnerabilities and works to mitigate risks. Due to Spain's strategic location and longstanding economic relationships, it remains a logistical hotspot for organized crime networks based in Africa, Latin America, and Eastern Europe. Spain is a major transshipment point for illicit drugs entering Europe. Accordingly, Spain is often an expedient location to launder the resulting proceeds. The Spanish government fully recognizes the threat and has a strong system in place to combat money laundering. Spain continues to largely comply with international anti-money laundering/combating the financing of terrorism (AML/CFT) standards with up-to-date regulations, capable law enforcement entities, and sound institutions.

Vulnerabilities and Money Laundering Methodologies

Spain is a transshipment point for illicit drugs flowing from North Africa and Latin America into Europe, especially Moroccan hashish and Latin American cocaine. The resulting proceeds often return to Spain, where they are laundered by sophisticated international criminal networks.

Spanish authorities have dedicated resources to investigate and prosecute the use of informal money transfer services, such as the hawala system, for money laundering. In 2022, Spanish police coordinated with Europol to dismantle what was believed to be the largest money laundering network in Europe comprised of Syrian and Colombian nationals using the hawala system to finance drug operations in more than 20 countries. In 2023, Spanish police dismantled a similar Albanian-led criminal network that laundered money through ethnically Chinese businesses.

Criminal networks also smuggle bulk cash shipments into Spain from around the world. Spanish law enforcement authorities have identified a trend of drugs and drug proceeds entering Spain from newer European Union (EU) member states with weaker law enforcement capabilities. The major sources of criminal proceeds are drug trafficking,

foreign and domestic corruption, organized crime, customs fraud, human trafficking, and counterfeit goods.

In addition to hawala transfers and bulk cash smuggling, criminal groups launder money through real estate, restaurants, service companies, taxi fleets, automobiles, artwork, luxury goods, and cryptocurrency transactions. Criminal groups leverage extensive networks of companies, subsidiaries, shell companies, and contracts across international borders to hinder investigations.

Key Anti-Money Laundering (AML) Laws and Regulations

Spain's current AML/CFT law entered into force in 2010. All associated implementing regulations entered into force in 2014. The country has comprehensive customer due diligence requirements, recordkeeping rules, and suspicious transaction reporting requirements. Politically exposed persons are subject to enhanced due diligence. In September 2023, Spain created the Central Register of Beneficial Owners (CRBO) to comply with EU directives and Spanish law.

In November 2019, Spain joined five other EU member states to call for the establishment of a new supervisory authority to lead the bloc's AML/CFT efforts, which culminated in the establishment of the EU's Anti-Money Laundering Authority (AMLA) in June 2024.

In 2023, the EU approved the "Markets in Crypto Asset" (MiCA) regulation for cryptocurrencies, requiring each member state to transpose the requirements into national law. As of 2024, Spain's financial regulator, the National Securities Market Commission (CNMV), was working to hire additional personnel to enforce MiCA during the "grandfathering" period prior to full implementation in 2025.

Spain's financial intelligence unit (FIU), the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offenses (SEPBLAC), is a member of the Egmont Group of FIUs.

Spain is a member of the Financial Action Task Force. See [Spain's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Spain is largely compliant with international AML/CFT standards. Recommendations for improvement include performing more comprehensive due diligence on politically exposed persons and cross-border correspondent banking relationships. Spain continually works to mitigate and improve its AML/CFT deficiencies. International experts also recommend stronger implementation of targeted financial sanctions and oversight of nongovernmental organizations. Additionally, despite improvements in oversight in recent years, Spanish authorities have not yet achieved full enforcement of AML/CFT obligations for legal professionals.

Information about AML fines in Spain is not made available to the public.

Enforcement/Implementation Issues and Comments

Investigating and prosecuting money laundering cases is a priority for Spain. Spanish law enforcement has dedicated units across several different entities that coordinate effectively with Spain's FIU. Spanish law enforcement agencies collaborate well with international partners. However, Spanish law enforcement investigations can be limited by some of their foreign partners' willingness to cooperate. The judicial system's limited capacity to handle complex money laundering cases in a timely fashion is a weakness.

Resources for Spanish law enforcement and financial institutions can be a restraint as they work to keep up with organized crime's sophisticated and ever-evolving methods of laundering money, especially through new technologies like cryptocurrencies. Experts have identified emerging technologies like artificial intelligence and machine learning as potential solutions to improve AML/CFT enforcement.

Suriname

Overview

Suriname made progress to address money laundering vulnerabilities by approving key pieces of legislation. The Financial Intelligence Unit Suriname (FIU-S) joined the Egmont Group of FIUs in June 2024. However, the cash-based economy, low financial inclusion, corruption, and lack of political will perpetuate a permissive environment for money laundering.

Vulnerabilities and Money Laundering Methodologies

Suriname is vulnerable to money laundering because it is a major transit point for cocaine shipments to Europe, has an active small-scale and unregulated gold mining industry, and suffers from endemic corruption. The cash-based economy and poor financial inclusion allow criminals to launder the proceeds of crime through the informal sector.

A 2023 survey by the central bank revealed nearly half of private sector salaries were paid in cash, and most small businesses mixed personal and business assets. The cash-based economy allows criminals to move money without any record of the transaction in the formal banking system.

Only one in four Surinamers have a bank account and even fewer possess credit cards. A 2022 International Monetary Fund (IMF) survey revealed that Suriname lags behind other Caribbean nations in key financial inclusion indicators such as the number of commercial bank branches, automated teller machines, and credit card acceptance. Banks' strict customer due diligence (CDD) norms complicate the process of opening accounts or depositing cash, keeping most transactions out of the formal banking system. In 2024, commercial banks introduced "starter accounts" to help individuals access the formal banking system and improve financial inclusion. These accounts have no deposit fees – in contrast to many others that charge a two percent fee for cash deposits – and require only an identification document to open.

Suriname's gaming sector includes casinos, sports betting, and online gaming. The increase of sports betting shops and online gaming increase money laundering

vulnerabilities. Twenty casinos are licensed to operate in Suriname. The Gaming Supervision and Control Institute (GSCI) is responsible for gaming oversight, but supervision for anti-money laundering/combating the financing of terrorism (AML/CFT) purposes is weak.

Key Anti-Money Laundering (AML) Laws and Regulations

In 2024, Suriname approved 13 pieces of key legislation to strengthen the regulatory framework. More than 20 AML-related laws are pending with the National Assembly.

In January 2024, the National Assembly amended the Banking and Credit Supervision Act, establishing minimum standards for modern banking oversight and best practices. In August 2024, authorities made further amendments to the International Sanctions Act specifically addressing targeted financial sanctions. Suriname also made amendments/revisions to the Penal Code, the AML/CFT Act, and the Gaming Control Board.

Suriname has an adequate legal framework for AML/CFT enforcement, including CDD and suspicious transaction reporting (STR) requirements. These regulations apply to banks, credit unions, asset managers, securities brokers, insurance companies, currency brokers, remitters, auditors, notaries, lawyers, real estate agents, and gaming entities. Surinamese law mandates that financial institutions and other regulated entities identify and manage risks associated with both local and foreign politically exposed persons (PEPs). Amended AML/CFT regulations require these entities to implement enhanced due diligence measures in transactions involving PEPs to mitigate potential risks.

The FIU-S became a member of the Egmont Group of FIUs in June 2024. Suriname is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Suriname's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The FIU-S continues to conduct information sessions for designated nonfinancial businesses and professions (DNFBPs), reinforcing their legal obligations to report all transactions above a specified threshold. In 2024, the FIU received 356 reports from

DNFBPs, contributing to enhanced oversight and compliance within these sectors. The FIU-S received only two reports from the 20 licensed and operational casinos in 2024.

While the GSCI is responsible for overseeing the gaming sector, its AML/CFT supervision is weak. In July 2024, the GSCI introduced a licensing fee to cover operational costs and improve supervision.

Enforcement/Implementation Issues and Comments

Suriname is working to address the concerns of international experts with international donor support, including through the funding of a custom-made data repository, analysis framework, and software to enhance the reporting and analysis of STRs filed by banks and DNFBPs. The donor also provided the FIU-S upgraded computer equipment, office furniture, and an alarm system. From January to September 30, 2024, the FIU-S received 120,408 reports, which previously required four analysts to conduct a manual review. The new application automates the review process. The FIU flagged 907 STRs for further investigation.

Suriname's economic reforms in line with the 2021 IMF Extended Fund Facility improved the macroeconomic situation. The IMF framework also emphasizes the independence of the Central Bank of Suriname as a key institution in addressing corruption and money laundering. These economic reforms are a prerequisite to addressing the informal economy that allows money laundering to occur.

Syria

Overview

Syria, a U.S.-designated State Sponsor of Terrorism since 1979, continues to face significant money laundering risks owing to ongoing conflict; the territorial influence of non-state actors, including terrorist groups; the lack of an official banking sector; and steep economic decline. Syrian law criminalizes money laundering, but elements of the Bashar al-Assad regime and affiliated groups remained actively involved in money laundering and other illicit activities.

It is unknown whether the interim Hay'at Tahrir al-Sham authorities will enforce Syria's anti-money laundering/combating the financing of terrorism (AML/CFT) policies and programs following the fall of the Assad regime.

Vulnerabilities and Money Laundering Methodologies

In 2024, Syria continued to experience widespread instability and violence as well as the fall of the Assad regime in December. The Assad regime depended greatly on support from the Russian and Iranian governments, local tribes, and Iran-aligned militia groups to maintain control over the areas under its influence because it lacked capacity and financial resources to do so on its own. Partner of the former Syrian regime, and U.S.-designated terrorist group, Hizballah and other Iran-backed militia groups have been greatly diminished since December 2024. The Democratic Autonomous Administration of North and East Syria (affiliated with U.S. counterterrorism partner the Syrian Democratic Forces) manages security and regulates economic activity in northeast Syria. Terrorist groups, such as ISIS, also maintain a presence in Syria and engage in arms trafficking and multiple forms of money laundering, including through companies located in neighboring countries.

Syria's borders remain porous and open to human smuggling and drug trafficking. Some Syrian actors have taken advantage of the black market in neighboring Lebanon to launder funds and smuggle illicit goods.

Key Anti-Money Laundering (AML) Laws and Regulations

As of December 2024, Syria retained AML/CFT laws that criminalize money laundering, bribery, terrorist financing, and narcotics trafficking. These include Legislative Decree 33/2005 that establishes the Combating Money Laundering and Terrorism Financing Commission (CMLC), Syria's financial intelligence unit (FIU), which has authority over "all matters related to money laundering and terrorist financing." CMLC also has authority to prosecute money laundering offenses. There is no updated reporting on recent changes to Syria's regulatory environment.

The United States and Syria do not have bilateral extradition or mutual legal assistance treaties.

The CMLC is a member of the Egmont Group of FIUs. Syria is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a FATF-style regional body. See [Syria's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Syrians continue to conduct most business transactions in cash. Both legitimate actors, such as humanitarian organizations and Syrian expatriates, and malign groups, such as ISIS and a recently diminished Hizballah, continue to rely on hawala networks to informally transfer funds to and from Syria. In 2023, the Central Bank of Syria (CBS) pursued a policy of partial currency floating in an attempt to narrow the gap between the official rate and black market exchange rate. As of September 2024, the black market exchange rate had increased to 14,822 Syrian pounds to the U.S. dollar (USD). Since August 2023, the official USD exchange rate has hovered around 1,300 Syrian pounds.

Syria remains a designated State Sponsor of Terrorism. The Assad regime, including the CBS, remains subject to U.S. and other countries' sanctions, including asset freezes, for its ongoing involvement in malign activities.

In March 2024, the United States Department of the Treasury (Treasury) designated, pursuant to Executive Order (E.O.) 13224 as amended, one Syrian money exchanger that provided Hizballah with digital wallets to receive funds from IRGC-QF commodity sales, as well as to conduct cryptocurrency transfers on behalf of the Syrian Qatirji Company, a

conglomerate responsible for generating hundreds of millions of dollars in revenue for IRGC-QF and the Houthis through the sale of Iranian oil. In November 2024, Treasury designated, pursuant to E.O. 13224 as amended, 26 companies, individuals, and vessels associated with the Syrian Qatirji Company. In addition, the Commercial Bank of Syria remains an entity of primary money laundering concern, prohibited from correspondent banking access to the U.S. financial system pursuant to Section 311 of the USA PATRIOT Act, and is designated pursuant to U.S. sanctions.

Enforcement/Implementation Issues and Comments

In February 2010, Syria made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. In June 2014, the FATF determined that Syria had substantially addressed its action plan at a technical level. Because of the ongoing security situation, the FATF has not conducted an onsite visit to confirm implementation of the required reforms and actions.

Despite Syria's existing laws and memberships in AML-related groups, the Assad regime had neither the capacity nor the will to abide by its domestic law or international commitments.

Elements of the Assad regime and affiliated groups continue to engage in illicit activities including money laundering, weapons trafficking, and the production and trafficking of the amphetamine-type stimulant known as captagon with relative impunity. In April 2024, the United States signed into law the "Illicit Captagon Trafficking Suppression Act," which provides new sanctions for individuals, entities, and networks affiliated with the Government of Syria/Assad regime who produce and traffic captagon. In March and October 2024, the United States designated individuals affiliated with the former Syrian regime and/or Hizballah who are responsible for captagon production or export.

Taiwan

Overview

Taiwan has taken significant steps to combat money laundering but, given its important role in global supply chains and its geographic location in Asia Pacific shipping routes, Taiwan is susceptible to transnational crimes such as drug trafficking, smuggling, and telecom and trade fraud. Taiwan has seven free trade zones and a growing offshore banking sector, which are regulated by Taiwan's central bank and the Financial Supervisory Commission (FSC). There is no significant black market for smuggled goods in Taiwan.

Vulnerabilities and Money Laundering Methodologies

According to Taiwan's triennial "National Money Laundering, Terrorism Financing, Proliferation Financing Risk Assessment Report" (NRA Report), last published in 2021, Taiwan is most vulnerable to drug trafficking, financial fraud, smuggling, tax evasion, and organized crime. Typical money laundering methods include the use of wire transfers to dummy accounts (including accounts in offshore banks), cash couriers, underground remittance, shell and front companies, and the purchase and sale of real estate. The extensive use of cash and the relatively large informal economy significantly increase the risk illicit proceeds may be channeled into the formal economy.

Taiwan has numerous virtual banks that lack any physical branches. Client onboarding is completed via mobile devices, which increases the risk of abuse for criminal purposes. Taiwan has an offshore financial sector, which provides banking, insurance, and securities services. Participating entities are often formed in tax haven jurisdictions. FSC has initiated a number of enhanced anti-money laundering (AML) control measures.

The NRA Report also identifies proliferation financing as a risk, mainly related to the financing of operations to support the Democratic People's Republic of Korea (DPRK) regime. It also identifies specific industries that may be involved or potentially exploited for DPRK smuggling activity, such as ship-to-ship transfers, ship leasing, customs brokers, commodity suppliers, the bunker fuel industry, and virtual asset service industries.

Key Anti-Money Laundering (AML) Laws and Regulations

The “Money Laundering Control Act” (MLCA) and the “Counter Terrorism Financing Act” are the two primary laws governing Taiwan’s AML/CFT legal framework. The FSC, Taiwan’s financial regulator, also promulgated a series of regulations and guidance, in addition to the industry-initiated self-discipline rules, to ensure a robust financial environment for Taiwan.

In response to the MLCA, effective June 2017, Taiwan authorities established the dedicated Anti-Money Laundering Office directly under the Executive Yuan (the cabinet) to integrate public and private sectors for comprehensive AML implementation.

Taiwan’s financial intelligence unit (FIU) is a member of the Egmont Group of FIUs, and Taiwan is a member of the Asia/Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body. See [Taiwan's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

International experts note inconsistent understanding of and compliance with AML requirements, with the most weaknesses noted in the designated nonfinancial businesses and professions. Taiwan is making efforts to correct noted deficiencies. Taiwan is also continuing to strengthen coordination mechanisms among government agencies and further improve information exchange flows between the public and private sectors.

Enforcement/Implementation Issues and Comments

FSC is actively promoting virtual asset regulation and strengthening industry management and consumer protection based on the MLCA and international trends. The recently established Virtual Currency Industry Association has set self-regulation standards to enhance industry self-discipline. In July 2024, Taiwan passed an amendment to the MLCA, with the implementation date to be announced by the FSC. To ensure compliance and security in the FinTech sector, the amendment introduces a registration system that requires virtual assets service providers to apply for and complete AML registration with the FSC. Violators could be subject to criminal penalties or fines.

Tajikistan

Overview

Money laundering in Tajikistan is associated with criminal activities such as corruption, bribery, embezzlement, and drug trafficking. Tajikistan serves as the main transit country for Afghan opiates smuggled to Russia, Belarus, and some European countries. The country remains at high risk for money laundering/terrorist financing.

Vulnerabilities and Money Laundering Methodologies

Tajikistan shares an 835-mile border with Afghanistan, the world's largest illicit opium producer until 2022, when the Taliban initiated a poppy ban. Though poppy production decreased drastically following the ban, there is still a steady flow of opiates from Afghanistan, through Tajikistan, onward to markets in Russia, Belarus, and Europe. The supply of cannabis has not decreased, and seizures of methamphetamines have sharply increased since the poppy ban. Experts assess narcotrafficking is a major source of laundered funds.

Corruption and bribery may also be major sources of laundered funds. Tajikistan's location also makes it susceptible to terrorism and terrorist financing. Remittances and trade with countries ranked high for terrorist financing risk present vulnerabilities for money laundering as well. According to the World Bank, in 2023, remittances from migrant workers comprised 38.4 percent of Tajikistan's GDP, creating an opening for abuse of this system. Criminal groups most likely launder illicit proceeds through Tajikistan's banking sector, and real estate transactions and virtual currency transactions present other opportunities for laundering activity. Proceeds are also laundered through import and construction companies, and hawala transactions are widely used for money transfers throughout the region.

There are five active free economic zones (FEZ) in Tajikistan: Sughd, Panj, Dangara, Ishkoshim, and Kulob. These zones are based on manufacturing, and there is no indication these zones play a significant role in national or international money laundering.

Key Anti-Money Laundering (AML) Laws and Regulations

Tajikistan has an AML/combating the financing of terrorism (CFT) legal framework in place. Since 2018, Tajikistan has adopted and enacted several AML/CFT laws and regulations, including new measures as recently as June 2024, to take a risk-based approach to supervising nonprofit organizations in line with international AML/CFT standards. The Tajik government also has amended laws to comply with international AML/CFT standards. A presidential decree approved the “National AML/CFT/Proliferation Financing (AML/CFT/PF) Concept 2018-2025.” The Tajik government’s AML/CFT legal framework mandates reforms by key agencies to prevent money laundering, but implementation is mixed. The Anti-Corruption Agency is the lead agency for combating money laundering. The Tajik Drug Control Agency is responsible for combating drug-related money laundering.

Tajikistan made amendments to its legal framework in 2024 to allow for asset sharing.

Tajikistan’s financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. Tajikistan is a member of the Eurasian Group (EAG), a Financial Action Task Force-style regional body. See [Tajikistan's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The pervasive culture of corruption in Tajikistan serves as both a source of illicit funds and an obstacle to initiating anti-corruption investigations. While training and other resources are needed to combat money laundering, Tajikistan should also take action to reduce corruption by developing and fully implementing a comprehensive anticorruption strategy to help deter money laundering.

Tajikistan continues to make strides in complying with recommendations made by international experts. Despite efforts to improve technical compliance with recommendations made by international experts, Tajikistan must significantly improve effective implementation of its AML/CFT laws and regulations and its ability to detect, disrupt, investigate, and successfully prosecute substantive money laundering/terrorist financing violations and its ability to confiscate illicit proceeds.

Enforcement/Implementation Issues and Comments

It is difficult to assess the effectiveness of money laundering investigations in Tajikistan. The National Bank of Tajikistan's Financial Investigations Unit collects information about money laundering but has not yet shared any of the statistics from that work, citing both confidentiality and ongoing revision of its methodology as reasons for not releasing information.

All Tajik law enforcement agencies (the Ministry of Internal Affairs, the Anti-Corruption Agency, the Drug Control Agency, the State Committee for National Security, and the Prosecutor General's Office) are involved in detecting and investigating money laundering. The level and quality of cooperation and coordination among these agencies could be improved through training, information sharing, and the establishment of multiagency task forces.

Tanzania

Overview

Tanzania has the institutional and legal framework to counter money laundering and terrorism financing but is vulnerable due to an underdeveloped financial sector, limited training, and low capacity.

There are no indications the current Tanzanian administration misuses legal structures to target opposition, and it has shown commitment to addressing deficiencies and vulnerabilities related to money laundering and illicit financing. Tanzania updated its National Anti-Money Laundering, Counter Terrorist Financing, and Counter Proliferation Financing (AML/CFT/CPF) Strategy in 2022 and developed an updated national counterterrorist financing strategy in 2023.

Vulnerabilities and Money Laundering Methodologies

Criminal activities within Tanzania that have a nexus to money laundering include transnational organized crime, tax evasion, corruption, smuggling, trade invoice manipulation, narcotics trafficking, intellectual property violations, counterfeit goods, wildlife trafficking, and terrorism.

Tanzania shares porous land and maritime borders with eight countries. The country is predominantly cash-based, with only about 30 percent of workers in the formal economy. In 2023, an estimated 76 percent of adults had access to and used formal financial services and institutions – many of them through mobile money services like M-PESA. The Tanzania Revenue Authority collection efforts can be aggressive and arbitrary, leading some businesses and individuals to move money to informal financial systems such as private and family financing and cash-based credit systems.

Tanzania's 2024 national money laundering risk assessment found the construction sector to be the most vulnerable to money laundering. Other susceptible sectors include Tanzania's underregulated ports, mining, real estate, retail goods and services, and tourism. Front companies, hawaladars, and currency exchange operations launder money, especially in Zanzibar.

Key Anti-Money Laundering (AML) Laws and Regulations

Tanzania passed key regulations amending the 2006 Anti-Money Laundering Act (AMLA) and 2009 Anti-Money Laundering and Proceeds of Crime Act in 2022. These regulations introduce stricter customer due diligence and a requirement to report suspicious transactions, broaden the scope of money laundering predicate offenses, and strengthen language on terrorist financing.

In February 2024, Tanzania promulgated the Trustees' Incorporation (Transparency of Beneficial Ownership) Rules, which together with the 2019 Income Tax Act and the 2023 Companies Act Regulations and Business Names Rules, are designed to facilitate information disclosure by creating a beneficial ownership register and record.

Semi-autonomous Zanzibar has its own Anti-Money Laundering and Proceeds of Crime Act and regulations. Both mainland Tanzania and Zanzibar have customer due diligence and suspicious transaction reporting regulations, which carry noncompliance penalties.

Tanzania does not have a mutual legal assistance treaty or a formal records-exchange mechanism with the United States. However, both countries are parties to various multilateral conventions that provide for cooperation in money laundering investigations and prosecutions. Tanzania and the United States have a bilateral extradition treaty.

Tanzania's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs, and Tanzania is a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a Financial Action Task Force (FATF)-style regional body. See [Tanzania's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Although Tanzania has taken steps to improve its AML/CFT regime, deficiencies remain in both the content and implementation of its AML laws. Tanzania agreed to a high-level action plan with the FATF in October 2022 and committed to carry out a terrorist financing risk assessment and continue to strengthen risk-based supervision of financial institutions and designated nonfinancial businesses and professions, investigation and prosecution capacity, seizure and confiscation of proceeds and instrumentalities of crime, evidence-

based implementation of a national CFT strategy, and private sector awareness of money laundering risks. As of the end of 2024, Tanzania had not completed its plan.

In its 2024 risk assessment, Tanzania notes it needs to strengthen law enforcement and prosecution authorities, streamline coordination among government bodies, and establish AML/CFT compliance units to monitor legal entities. Information sharing would be strengthened by increased consultation with the private sector and the establishment of an AML statistics database. Legal entity monitoring should include verifying compliance with government regulations mandating a risk-based approach to identifying and contracting with customers.

Existing laws allow mutual legal assistance requests and enforcement of foreign forfeiture orders. However, authorities rarely address problems with non-conviction-based forfeitures, and the law does not provide for asset sharing. Regulation is needed to handle specific types of transactions vulnerable to abuse, including mobile money and cryptocurrencies. Tanzania has a framework for sharing assets with foreign jurisdictions but the mechanism for implementing the sharing arrangements has not yet been put in place.

Enforcement/Implementation Issues and Comments

Tanzania has limited capacity to implement AML laws, supervise the banking and financial sectors, and regulate the informal economy. Under current law, suspicious transaction reports are sent to the Tanzanian FIU, which then tasks law enforcement agencies. Investigations rarely result in convictions - between 2019 and 2023, there were 530 investigated money laundering cases in Tanzania, 67 of which involved legal entities such as companies, but only 28 prosecutions and 10 convictions.

Tanzania has taken steps to increase awareness of money laundering issues by publishing an AML/CFT Compliance Guide in January 2023 and developing prosecution guidelines for asset forfeiture, recovery, and management in May 2023. The government needs to allocate the necessary human, technical, and financial resources to enforce its laws and implement its strategies.

Thailand

Overview

Thailand's porous borders and uneven law enforcement make it vulnerable to money laundering, drug trafficking, and other transnational crime. Thailand is a source, transit, and destination country for illicit trafficking and smuggling, a production and distribution hub for counterfeit consumer goods, and a center for the production and sale of fraudulent travel documents and drugs. The proceeds of illegal gaming, official corruption, underground lotteries, and prostitution are laundered through the country's informal financial channels.

Vulnerabilities and Money Laundering Methodologies

Transnational organized crime is a significant source of money laundering. Funds from illegal industries are transported across Thailand's land borders and through airports and seaports. Money launderers and traffickers use banks, nonbank financial institutions, and businesses to move proceeds of criminal enterprises. Unlicensed and unregulated hawala brokers serve Middle Eastern travelers by transferring money through their own honor-based channels rather than formal financial institutions. Unregulated Thai and Chinese remittance systems are also prevalent, including through local gold shops. Other common money laundering methodologies include the use of shell companies and nominee directors, trade-based money laundering, the use of real estate transactions, and the use of cryptocurrency and digital assets. An increasing number of drug trafficking investigations in the region show the use of digital assets as a laundering methodology or a store of (illicit) value.

Several Special Economic Zones (SEZs) are located along the country's borders. Transnational organized crime groups in Thailand and elsewhere exploit SEZs due to weak financial controls and law enforcement jurisdictional questions. Criminal groups utilize bulk cash smuggling and other money laundering methods to obfuscate illicit proceeds.

Key Anti-Money Laundering (AML) Laws and Regulations

Thailand's "Anti-Money Laundering Act B.E. 2542 (1999)" (AMLA), has been amended several times, broadening the scope of criminal liability and increasing powers to conduct

investigations and make seizures. AMLA includes customer due diligence and suspicious transaction reporting requirements.

The Anti-Money Laundering Office (AMLO) acts as the country's financial intelligence unit (FIU) and is the key anti-money laundering/combating the financing of terrorism (AML/CFT) enforcement agency responsible for supervision of all reporting entities.

Financial institutions are required to keep customer identification, due diligence records, and financial transaction data. Penalties for violating reporting requirements can include potential asset seizure.

The Thai Securities and Exchange Commission (SEC) supervises operations of crypto and other digital exchanges and intermediaries. The majority of digital asset-related licenses appear to have been issued in the last year or two, leading Thai SEC to uncover a high number of crypto-related fraud/scams in Thailand. Virtual currencies, digital tokens, and any other electronic data unit as specified by the SEC are covered under the law.

Exchanges, brokers, and dealers are required to apply for licenses from the Finance Ministry, and the SEC must approve initial coin offering portals.

Thailand has varying reporting requirements for the import and export of currency depending on the source and destination jurisdictions. The threshold is higher for Thai currency destined for Cambodia, Laos, Burma, Vietnam, Malaysia, and the People's Republic of China's Yunnan province.

Thailand has been preparing to amend the AMLA and the "Counter Terrorism and Proliferation of Weapons of Mass Destruction Financing Act B.E. 2559" (CTPF Act) since 2019. Draft revisions to AMLA would expand the definition of covered financial institutions to include financial technology services companies and add lawyers and accountants as covered professions. The key proposed amendment to the CTPF Act would create a channel for domestically designated persons to submit petitions for reconsideration and delisting to the United Nations Security Council via Thailand's Ministry of Foreign Affairs. As of October 2024, the draft amendment to the CTPF Act was passed in the parliament and is pending the king's endorsement. The Council of State (the government's legal advisory body) approved the draft AMLA amendment, and it is now pending approval from the cabinet before being submitted to the parliament.

The United States and Thailand have a mutual legal assistance treaty.

The AMLO is a member of the Egmont Group of FIUs, and Thailand is a member of the Asia/Pacific Group on Money Laundering, a Financial Action Task Force-style regional body. See [Thailand's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Thailand has numerous unlicensed, unregulated informal remittance systems. The AMLA's compliance regime should be applied more strictly to these money service businesses to deter their use as money laundering vehicles.

International experts identified several deficiencies in the current AML/CFT legal and regulatory regime, including the absence of measures requiring foreign trustees to disclose their status to financial and nonfinancial institutions, a lack of information sharing by some nonfinancial institutions, and insufficient identification and assessment of money laundering/terrorist financing risks arising from new technologies.

Enforcement/Implementation Issues and Comments

Operationally, Thai government authorities continue to utilize the AML regime to focus on non-conviction-based asset seizure and forfeiture, as well as criminal enforcement. The AMLO is effective in fighting money laundering and can operate in conjunction with, or independently from, other law enforcement bodies. The AMLO has exercised its authority to seize assets in several suspected human trafficking cases. For the 2024 fiscal year (October 2023 to September 2024), there were 231 prosecutions and 94 convictions.

Thailand actively shares information with international partners, including the United States. Thailand has some difficulty sharing information with jurisdictions that require separate memoranda of understanding outside of the Egmont Group of FIUs information-sharing process.

Trinidad and Tobago

Overview

Trinidad and Tobago's (TT) location in the southern Caribbean, developed financial systems, and use by transnational organized crime (TOC) networks as a transshipment point for narcotics and other illicit goods make it vulnerable to money laundering.

TT has strengthened its anti-money laundering/countering the financing of terrorism (AML/CFT) framework, improving legislation and prosecuting money laundering cases. TT's National AML/CFT Committee coordinates interagency efforts to ensure compliance with AML/CFT/counter-proliferation financing (CPF) regimes. TT regulates the gaming industry and allows mutual legal assistance from non-Commonwealth nations. The central bank's AML unit provides AML/CFT guidance to the banking industry.

Despite some progress on judicial reform, existing vulnerabilities related to TT's case backlog, prevalence of TCOs and drug trafficking, systemic corruption, and illegal gaming are reasons for concern. TT remains on the European Union's list of noncooperative jurisdictions for tax purposes as of October 2024.

Vulnerabilities and Money Laundering Methodologies

Due to TT's proximity to Venezuela and its position as a regional hub for commercial air and shipping, TCOs transship narcotics and other illicit goods through TT, creating illicit money flows. TT's relative wealth and well-developed financial sector heighten the risk of money laundering. Drug trafficking, fraud, tax evasion, corruption, and illegal gaming commonly generate laundered funds.

Narcotics-related money laundering methods include the use of businesses and third parties to facilitate illicit financial flows through wire transfers and bank debit cards; the comingling of accounts between individuals and their businesses for the purpose of tax evasion; the establishment of shell companies and accounts in jurisdictions that offer offshore banking and/or international business facilities; and the use of remittance services to transfer funds to other countries.

Casinos and online gaming are illegal, but illegal gaming enterprises, including People's Republic of China-linked lotteries, are widespread. The Financial Intelligence Unit of Trinidad and Tobago (FIUTT) monitors virtual assets for criminal misuse, and the TT Police Service (TTPS) Financial Investigation Branch (FIB) investigates money laundering, terrorist financing, and proliferation financing. TT lacks offshore banking or economic citizenship programs and, in accordance with laws adopted in 2022, is replacing its free trade zones with special economic zones (SEZ) to meet international tax standards.

Key Anti-Money Laundering (AML) Laws and Regulations

TT has comprehensive customer due diligence and suspicious transaction reporting regulations and requires enhanced due diligence for politically exposed persons.

The main AML laws in TT are the "Proceeds of Crime Act 2000;" "Civil Asset Recovery and Management and Unexplained Wealth Act of 2019;" "Anti-Terrorism Act of 2005;" "Prevention of Corruption Act of 1987;" "Integrity in Public Life Act of 2000;" "Companies Act of 2019;" "E-Money Issuer Order of 2020" (regulates virtual currency); and the "Gambling (Gaming and Betting) Control Act of 2021." These laws contain detailed provisions of money laundering offenses and terrorist financing offenses.

TT is party to a mutual legal assistance treaty (MLAT) with the United States. TT may also provide mutual legal assistance to non-Commonwealth countries with which it does not have MLATs through its law on mutual assistance in criminal matters.

The FIUTT is a member of the Egmont Group of FIUs, and TT is a member of the Caribbean Financial Action Task Force (CFATF). See [Trinidad and Tobago's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

TT criminal prosecutions take years and, occasionally, over a decade to complete. The lack of timely prosecutions has a negative impact on AML efforts, engenders impunity, and heightens TT's vulnerability to financial crimes.

Enforcement/Implementation Issues and Comments

FIUTT aids Caribbean law enforcement authorities domestically and internationally in the detection, deterrence, and dismantling of money laundering networks. The FIUTT continues to use intelligence provided from the analysis of suspicious transaction reports/suspicious activity reports (STRs/SARs) to ensure compliance with the AML/CFT/CPF legal obligations. In 2024, the FIUTT hosted discussions with a donor team on the supervision of the gambling sector and the provision of revised AML guidance documents for attorneys and real estate businesses.

In the first nine months of 2024, the Government of TT filed 40 money laundering charges against five individuals with a cumulative value of \$32,692. These charges have various predicate offenses, including fraud, larceny, illegal gambling, corruption, robbery, drug trafficking, misbehavior in public office, breach of income tax act, illegal importation of controlled drugs and antibiotics, and the stand-alone offense of money laundering. In the first nine months of 2024, the FIUTT disseminated 51 intelligence reports on money laundering to local law enforcement agencies.

TT still has deficiencies in its AML/CFT regime and lacks the necessary resources to implement reforms aimed at countering money laundering. The government should demonstrate sustained political will to combat corruption, including through the increased use of unexplained wealth order provisions, and take further steps to improve the timely functioning of the criminal justice system.

Türkiye

Overview

Türkiye's efforts to combat illicit finance are complicated by its commercial relationships and geographic proximity to politically turbulent countries. Conflicts close to Türkiye's southern border create further challenges as Türkiye has been a hub for unregulated money remitters, many of whom serve the more than four million refugees in Türkiye. Türkiye's anti-money laundering/combatting the financing of terrorism (AML/CFT) legislation largely is in line with international standards.

Following the government's October 2021 high-level political commitment to work with the Financial Action Task Force (FATF) to strengthen the effectiveness of its AML/CFT regime, Türkiye has made significant progress. As of June 2024, Türkiye had substantially completed the items in the plan.

Vulnerabilities and Money Laundering Methodologies

Türkiye's national risk assessment identifies drug trafficking, fraud, and illegal betting as the crimes that pose the highest money laundering risks. Türkiye is part of the Balkan route used to smuggle illegal opiates from Afghanistan into Europe and a corridor for smuggling and trafficking migrants out of Syria and Iran. Front and shell companies are used to disguise illicit proceeds as legitimate income. Türkiye has seen a rise in potential money laundering through online services.

Unlicensed money remitters, especially those associated with the large refugee population, are known to use their bank accounts and bulk cash to move illicit proceeds. The ongoing internal turmoil, instability, and conflict affecting areas in Syria, Iraq, and Afghanistan is resulting in migration to Türkiye and Europe. Migrant smuggling activities are sometimes carried out under the control of terrorist organizations together with networks they have created in regions close to the Turkish borders. There are also links to organized criminal groups operating in the region.

Since Russia's invasion of Ukraine, Türkiye has been a destination for Russian funds. Russians have become the top purchasers of homes in Türkiye and are using even more

cash than usual in the context of the heavy financial sanctions on Russia. While Russian citizens escaping from Russia may account for some of the spending, there are opportunities for money laundering as well. Since the imposition of U.S. and European Union sanctions on Russia, many new businesses have been established in Türkiye, in part for the purposes of moving funds and purchasing dual use goods.

Key Anti-Money Laundering (AML) Laws and Regulations

Turkish legislation mandates customer due diligence and suspicious transaction reporting. The Financial Crimes Investigation Board (MASAK), Türkiye's financial intelligence unit (FIU), is the AML/CFT regulatory and supervisory authority. MASAK carries out supervisory activities through its experts as well as examiners from other prudential regulatory and supervisory authorities conducting onsite examinations.

In July 2024, Law No. 7518 on Amendments to the Capital Markets Law entered into force to set up a regulatory framework for crypto exchanges.

On September 13, 2024, MASAK published the Suspicious Transaction Reporting Guide and Form, which regulates the procedures and principles related to suspicious transaction reports specific to the games of chance and betting sector.

Türkiye's current Irregular Migration Strategy Document and National Action Plan, covering 2021 to 2025, contains measures to combat money laundering, such as increasing border security and increasing effectiveness in combating illegal organizations.

MASAK is a member of the Egmont Group of FIUs. Türkiye is a member of the Financial Action Task Force. See [Türkiye's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Türkiye should take steps to effectively supervise and monitor cryptocurrencies and virtual assets.

Enforcement/Implementation Issues and Comments

In several cases Türkiye has collaborated with the United States to freeze assets of individuals determined to be conducting illegal financial activities. Several were members of large terrorist networks also reportedly engaging in drug-related money laundering.

In 2024, the Turkish Ministry of Treasury and Finance partnered with the United States to freeze the assets of six individuals linked to ISIS.

MASAK reports there were approximately 597,500 STRs filed in 2023. Data for 2024 is not available. In 2022, the most recent data available, MASAK reported 6,541 money laundering investigations, 1,032 prosecutions, and 118 convictions.

Turkmenistan

Overview

Turkmenistan is not a regional financial center and is relatively isolated from the global financial system. Apart from the Central Bank of Turkmenistan (CBT), there are 10 domestic banking institutions. The government holds shares in eight of those banks. Additionally, one foreign commercial bank and one foreign private bank – a branch of the U.S. sanctioned Bank Saderat Iran – operate in Turkmenistan. Two German-based banks also have representative offices in Turkmenistan and provide bank guarantees to companies but do not offer retail banking services. A Germany-based bank is the primary bank for conducting international transactions with Turkmen banks and provides guidance and monitoring on anti-money laundering/combating the financing of terrorism/counterproliferation financing (AML/CFT/CPF) measures, although it suspended its correspondent banking relationship with several Turkmen joint stock banks

Turkmen citizens, including government officials and their extended families, are known to have offshore accounts with little public scrutiny or accounting. The lack of government transparency makes it difficult to get accurate information on potential cases of money laundering, although there is no knowledge of Turkmen financial institutions conducting transactions related to international drug trafficking. Limitations on foreign currency exchange and the dual currency exchange system make converting the local currency (manat) into foreign currency difficult.

Vulnerabilities and Money Laundering Methodologies

Given Turkmenistan's proximity to Afghanistan and Iran, it is possible proceeds from criminal activity abroad are laundered in Turkmenistan. It is likewise possible that domestic criminal revenues, including proceeds from corruption, are laundered in Turkmenistan. Despite the Taliban takeover of Afghanistan in August 2021, there are no signs of a worsening situation in Turkmenistan involving border security, drug trafficking, or money laundering. Gasoline, tobacco products, and other commodities – as well as cash – could potentially be smuggled across the borders.

Although digital technologies continue to be introduced in Turkmenistan's banking system, their use remains low. The slow increase of noncash payments using the internet and bank cards may lead to a reduction of opportunities for money laundering. Turkmenistan has shown an interest in studying issues related to the use of cryptocurrency for financial transactions, though there are no current efforts to either facilitate or regulate the use of cryptocurrency.

Much of Turkmenistan's wealth is kept offshore, and little is known about these holdings. Amendments to the tax code exempt construction and installation of tourist facilities from the value added tax (VAT). Various services offered at tourist facilities, including catering and accommodations, are also VAT-exempt. All operations related to petroleum production, including all types of supporting services, are VAT-exempt under the Petroleum Law of Turkmenistan.

Key Anti-Money Laundering (AML) Laws and Regulations

Turkmenistan has made significant positive changes to its AML/CFT/CPF legislation in recent years. Turkmenistan has customer due diligence and suspicious transaction reporting (STR) regulations. Turkmenistan's legal system provides protection and exemption from liability for financial institutions filing STRs with the FMS and sets limitations on the disclosure of information financial institutions obtain in performing their AML obligations.

The Financial Monitoring Service (FMS) under the Ministry of Finance and Economy serves as Turkmenistan's financial intelligence unit (FIU). FMS has published annual reports about its activities on its official website, though the reports are often not timely, and the data is difficult to assess.

The United States does not have a mutual legal assistance treaty with Turkmenistan.

The FMS is a member of the Egmont Group of FIUs. Turkmenistan is a member of the Eurasian Group (EAG), a Financial Action Task Force (FATF)-style regional body. See [Turkmenistan's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Lack of transparency, storage of wealth offshore, widespread or endemic corruption, and a lack of investigative capacity all impact the supervision and regulation of financial institutions and the implementation of AML laws and regulations in Turkmenistan. The government should accelerate reforms that will make Turkmenistan's AML regime fully compliant with international standards.

Law enforcement agencies need routine access to government records and databases that would assist in the identification of property subject to seizure or forfeiture. Currently this information is available on request. Additionally, there is no centralized management of confiscated assets. Turkmenistan should permit the sharing of seized assets with foreign jurisdictions that assisted in the conduct of the underlying investigation.

The collection and retention of beneficial ownership data is mandated, and there is a requirement to verify the accuracy of the information, but this is typically done when the financial institution becomes aware of a risk, creating vulnerabilities.

The definition of politically exposed person (PEP) does not comply with international standards. The legislation also does not cover close associates of foreign PEPs.

Enforcement/Implementation Issues and Comments

The State Service for Combating Economic Crimes was merged with the Ministry of Internal Affairs in 2019 to better combat economic crimes and strengthen law enforcement agencies.

As a result of the relevant risk assessments that were carried out by the government in 2015-2017 and 2018-2020, a program was established to identify and mitigate national risks related to money laundering and terrorist financing. The lack of government transparency makes it difficult to get accurate information on potential cases of money laundering.

In 2024, international donors and local government agencies conducted AML/CFT-related seminars. During 2024, representatives of the FMS, Ministry of Economy and Finance, CBT, other ministries, law enforcement agencies, and financial institutions participated in trainings, round tables, forums, and seminars on AML, CFT, FATF, and other topics

organized in Turkmenistan and abroad, led by international organizations and nongovernmental organizations.

Ukraine

Overview

Money laundering remains an issue in Ukraine despite the ongoing war with Russia and the country's concerted efforts to combat corruption. The inability of state institutions to detect sophisticated money laundering schemes means laundered funds often go undetected. Launderers use shell companies and foreign bank accounts to integrate laundered funds into licit businesses. Virtual currency is increasingly used to launder illicit proceeds.

The National Anti-Corruption Bureau (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SAPO) are taking proactive steps to tackle money laundering through rigorous investigations and prosecutions. Legislation passed in 2023 to increase NABU's personnel has resulted in over 100 new positions added in 2024; they are in the process of filling these positions.

Despite these challenges, Ukraine has implemented a robust anti-money laundering/combating the financing of terrorism (AML/CFT) system. Legislation adopted in 2023 strengthens monitoring of politically exposed persons' (PEPs) financial activities.

Vulnerabilities and Money Laundering Methodologies

Russia's 2022 invasion, leading to mass migration, capital flight, disruption of normal operating procedures, and business closures, has had a significant impact on the nature and types of criminal activity and the tools and mechanisms used to launder funds. Economic turbulence and warfare in Ukraine's territory have led to an increase in crime related to the laundering of drug proceeds and in the legitimization of illicit funds obtained by organized criminal groups. A key component is an increased use of virtual currencies, virtual asset service providers, and other digital options. Virtual currency transactions are key sources for financing the expansion of clandestine drug laboratories and drug market networks, as funds can easily move across borders.

Law enforcement reports organized crime leaders or key participants are often located abroad, thus complicating attempts to localize and stop the activities of such groups in

Ukraine. Consequently, Ukrainian law enforcement efforts to counter money laundering require not only greater national coordination but also multinational engagement.

Domestic illicit proceeds often are not laundered. Rather, they are held by criminal organizations as cash and are a prime underpinning of corruption in Ukraine.

Key AML Laws and Regulations

Ukraine has a sufficient AML/CFT legal framework. The “Law of Ukraine on Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism, and Financing of Proliferation of Weapons of Mass Destruction” serves as the central pillar for regulating and enforcing AML/CFT activities in the country. The State Financial Monitoring Service (SFMS), Ukraine’s financial intelligence unit (FIU), monitors AML/CFT efforts. The Asset Recovery Management Agency can provide tracing expertise for criminal investigations and manages seized and forfeited assets.

In March 2024, the Ukrainian Cabinet of Ministers presented the “Plan for the Ukraine Facility 2024-2027,” which outlines structural reforms aimed at sustainable development and economic recovery. The plan proposes measures to support public finance management, AML, and financial markets reforms. It emphasizes further aligning Ukrainian legislation with international AML/CFT standards, focusing on enhancing transparency and combating financial crime. Key elements of the plan include the establishment of a unified bank account register to streamline the tracking of suspicious financial activities and efforts to reduce the state’s role in the banking sector through the “Strategy of State-Owned Banks.”

Ukraine and the United States have a bilateral mutual legal assistance treaty but not an extradition treaty.

The SFMS is a member of the Egmont Group of FIUs. Ukraine is a member of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), a Financial Action Task Force-style regional body. See [Ukraine's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Ukraine exhibits some technical legal, policy, and regulatory AML/CFT deficiencies. While its legislative framework aligns with international AML/CFT standards, political will to enforce the provisions remains a challenge, which impacts the effective implementation and enforcement of AML/CFT measures. Revisions to the Criminal Procedure Code are needed to enable effective complex crime investigations, including flexibility in the time needed to complete investigations.

A virtual assets law was adopted in February 2022 but has not yet entered into force since implementation is dependent on tax code revisions that have not yet been passed by parliament. This legislation should help to promote a proactive approach to the virtual financial market.

Ukraine needs to improve its supervision of designated nonfinancial businesses and professions.

Enforcement/Implementation Issues and Comments

According to international experts, legal and procedural gaps, jurisdictional overlaps, institutional fragmentation, corruption, inefficient use of resources, the uneven level of professionalism, and underdeveloped IT infrastructure remain obstacles in the fight against organized crime. Strengthening interagency coordination remains crucial for Ukraine.

Furthermore, financial investigations are not conducted in a consistent and sustainable manner. International experts point to a lack of understanding by many in law enforcement as to what is meant by financial investigations. To address these shortcomings, the Office of the Prosecutor General issued instructions to all regional prosecution offices on money laundering investigations and the application of financial investigations in proceeds-generating crimes. However, there is no legal obligation to apply them in all proceeds-generating offenses, undermining their consistent application.

In 2024, NABU and SAPO continued their actions against high-level officials and associated individuals involved in corruption. On November 14, 2024, the HACC sentenced Member of Parliament Andriy Odarchenko in absentia to prison and asset confiscation for attempted

bribery of a government official to direct contracts to certain companies. Previously, the HACC confiscated Odarchenko's \$364,000 (15 million Ukrainian hryvnia) bail.

United Arab Emirates

Overview

The United Arab Emirates (UAE) is an established international trade and finance hub. As such, it faces risks of abuse by illicit actors due to overlapping, yet distinct, jurisdictional regimes for supervision and enforcement across the seven emirates and disparate commercial and financial free zone systems. This is compounded by federal bodies with competing oversight and enforcement across the emirates, resulting in exposure to potential regulatory arbitrage.

The UAE government took steps in 2024 to enhance its anti-money laundering/combating the financing of terrorism/counterproliferation financing (AML/CFT/CPF) framework. Relevant authorities have streamlined internal mechanisms to improve the interagency decision-making process, enhanced efforts to investigate money laundering and terrorist financing, and proactively implemented and enforced related laws.

Vulnerabilities and Money Laundering Methodologies

The UAE remains vulnerable to sanctions evaders and illegal narcotics facilitators, seeking to use it as a transshipment point and a pass-through for proceeds of money laundering. Money launderers have sought to use banks, money or value transfer services, dealers in precious metals and stones, general trade, and real estate to launder funds. Exchange houses, hawala networks, and general trading companies are vulnerable to misuse by illicit actors through bulk cash smuggling, trade-based money laundering, abuse of corporate structures, laundering of proceeds of foreign predicates, and transfer of funds for illicit activity elsewhere. Illicit actors also have sought to move funds to the UAE via virtual currency then to convert their virtual currencies to fiat assets and move them to other locations.

The UAE has an extensive offshore sector, including two financial free zones and more than 40 free trade zones (FTZs). Some free zones' permissive regulatory environments present vulnerabilities subject to exploitation by unidentified, underregulated, or unsupervised entities, such as general trading companies. Though UAE law prohibits shell companies,

FTZs present a significant gap in regulatory oversight and many de facto shell companies exist.

Key Anti-Money Laundering (AML) Laws and Regulations

In 2023, the government developed several regulations to align with international standards. In December 2023, the Financial Services Regulatory Authority, the financial regulator of Abu Dhabi's financial free zone – Abu Dhabi Global Market – updated its AML rulebook. The amendments include direct reference to UAE federal AML/CFT laws and regulations.

In 2024, the UAE continued developing its legislation to strengthen AML/CFT. In September 2024, the government updated the national AML/CFT/CPF strategy for 2024-2027 with a focus on strengthening international cooperation, enhancing investigations, and improving transparency. In July 2024, the UAE established a general secretariat to support the National Committee for AML/CFT and created the Supreme Committee for the Oversight of the National Strategy for AML/CFT to assess effectiveness and oversee adherence to international AML standards.

Also in July 2024, the UAE issued Cabinet Resolution No. 71 of 2024 to regulate compliance and impose administrative penalties on violators of the Ministry of Justice and Ministry of Economy's (MOE) AML/CFT measures. This resolution set financial fines for 41 different violations. Also in July, the MOE issued Circular No. (3) of 2024 that updated the list of high-risk countries and updated the countermeasures to be applied by designated nonfinancial business and professions.

Throughout November and December 2023, the UAE took substantial measures to cement cooperation with international counterparts and raise public awareness on AML/CFT through targeted outreach campaigns and bilateral engagements.

The United States and UAE have signed a bilateral mutual legal assistance treaty, but the treaty is not yet in force.

The UAE Financial Intelligence Unit is a member of the Egmont Group of FIUs, and the UAE is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a FATF-style regional body. See the [UAE's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The UAE's role as an international financial center and commercial hub with a fragmented and uneven federal regulatory and enforcement regime presents systemic vulnerabilities subject to exploitation.

The UAE should continue to work to sustain its improvements in its AML/CFT/CPF system.

Enforcement/Implementation Issues and Comments

International experts noted the UAE achieved significant progress in improving its AML/CFT/CPF regime and has completed the commitments in its action plan agreed to with FATF in February 2022. Some concerns about UAE's AML/CFT framework remain, particularly related to the gold trade. In August 2024, the MOE charged local gold refineries with 256 violations and suspended 32 of them for three months for failing to comply with AML regulations.

Starting in 2023, the UAE took steps to enhance the effectiveness of its AML/CFT framework. In 2023, the Central Bank of the UAE (CBUAE) carried out 181 field examinations and imposed fines equivalent to \$30.95 million on financial institutions for noncompliance with AML/CFT regulations. CBUAE imposed a \$1.58 million fine in August 2024 and a \$1.36 million fine in September 2024 on banks for deficiencies in their AML/CFT policies and procedures.

United Kingdom

Overview

The UK has a comprehensive anti-money laundering/combating the financing of terrorism (AML/CFT) regime and participates in multilateral efforts to counter transnational financial crimes. The United Kingdom (UK) is a leader in combating illicit finance and in recent years passed key legislation to fight financial crime: the “Economic Crime (Transparency and Enforcement) Act” in 2022 and the “Economic Crime and Corporate Transparency Act” in 2023. Both acts are key elements of the UK’s “Economic Crime Plan (2019-2022),” which includes public and private sector reform. However, the UK’s tepid economic growth, hampered in past years by the impacts from Brexit, COVID-19 safety measures, and political instability, led to constrained budgetary resources for law enforcement and international efforts to tackle money laundering.

Vulnerabilities and Money Laundering Methodologies

Cash-based and high-end money laundering remain the greatest risks to the UK. The main methods of laundering are cash collection networks, international controllers, and money service businesses. Criminals often use professional services to disguise the origins of funds, using legal, accountancy, and company service providers to establish corporate structures for laundering purposes.

Intelligence gaps persist, particularly regarding high-end money laundering, where proceeds are held in complex trading arrangements, real estate, or other non-cash investments. Such methods are often used to launder the proceeds of major fraud and foreign corruption. UK law enforcement agencies have taken steps to fill these gaps.

Key Anti-Money Laundering (AML) Laws and Regulations

As part of the UK’s push for beneficial ownership and financial transparency, the UK passed its “Economic Crime and Corporate Transparency Act” on October 26, 2023. In the biggest shakeup to the UK’s business registry in its 180-year history, Companies House received enhanced abilities to verify the identities of company directors, remove fraudulent organizations from the register, and share information with criminal investigation agencies.

Law enforcement agencies were granted greater powers to seize, freeze, and recover virtual assets.

The UK exchanges information about potential shell companies suspected of being misused for money laundering purposes with foreign law enforcement and other authorities. The UK updated its money laundering/terrorist financing national risk assessment (NRA) in 2020 and produced its first proliferation financing NRA in 2021.

Unexplained wealth orders, although used only a handful of times thus far, help identify and recover assets linked to corruption and other serious offenses. After exiting the EU, the UK strengthened its AML regulations regarding correspondent banking and high-risk countries. This brought virtual assets, art market participants, and leasing agents under regulation.

The UK's financial intelligence unit (FIU) is a member of the Egmont Group of FIUs. The UK is a member of the Financial Action Task Force (FATF). See the [UK's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The UK's AML/CFT legal framework is strong, but international experts have identified areas for improvement, including the FIU's insufficient resources and limited role, and weaknesses in suspicious transaction reporting. The UK, through implementation of its economic crime plan, is making improvements to its risk-based supervision and implementation of AML/CFT measures within the private sector.

Enforcement/Implementation Issues and Comments

On November 4, 2024, the UK Prime Minister announced the UK's National Crime Agency (NCA) will receive a \$75 million (£58 million) increase in its core budget for the 2025/26 financial year, representing a 9 percent rise compared to 2024/25. Despite these budget increases, researchers and legal experts widely acknowledge the NCA still does not yet have sufficient budgetary resources to hire the necessary number of investigators and staff to effectively combat financial crime nor confront well-resourced defendants with vast legal teams at their disposal.

Structurally, there are 25 AML supervisors of financial institutions and designated nonfinancial businesses and professions (DNFBPs) in the UK, ranging from public-sector statutory organizations to professional bodies. The UK has a mandatory reporting process for supervisors. The government maintains the Office for Professional Body AML Supervision to ensure effective supervision of the legal and accountancy sectors by the professional bodies covering those sectors.

According to the “Economic Crime Plan 2 2023-2026,” the year ending in June 2022 recorded 1,083 sentences (a 5 percent increase) for money laundering offenses. Conviction ratios remained high, with an 89 percent conviction ratio in the same year. A total of \$428 million (£354 million) of the proceeds of crime was recovered in the year ending in March 2022 from confiscation, forfeiture, and civil recovery orders.

From 2022-2023, the Scottish government recorded 120 cases involving “proceeds of crime” and 133 cases of “drugs, other offenses, and money laundering.” Statistics for Northern Ireland are not available.

The National Economic Crime Centre, hosted within the NCA, coordinates the UK’s interagency response to economic crime at home and abroad. The NCA also hosts and provides substantial staffing to the International Anti-Corruption Coordination Center, which is primarily funded by the UK’s Foreign, Commonwealth and Development Office. The UK is a leader in multilateral discussions and implementation of international asset recovery efforts involving proceeds of high-level corruption.

Uzbekistan

Overview

The Government of Uzbekistan continued to make progress in 2024 to address money laundering. Uzbekistan's president granted additional powers to the Department for Combating Economic Crimes (DCEC), the Uzbek financial intelligence unit (FIU), and approved a long-stalled conflict of interest law. Despite these developments and increased international cooperation, money laundering challenges persist due to Uzbekistan's geographic location along major drug trafficking routes, a sprawling informal economy, and widespread corruption. Illicit proceeds from drug trafficking, smuggling, organized crime, corruption, and tax evasion are sources of laundered funds.

Uzbekistan still faces a legislative gap as well as insufficient financial, human, and technical capacities to address money laundering. The government should continue to combat corruption, strengthen its anti-money laundering/combating the financing of terrorism (AML/CFT) legislative framework, and expand partnerships with international organizations.

Vulnerabilities and Money Laundering Methodologies

Proceeds from narcotics, corruption, embezzlement, and organized crime constitute key sources of illicit funds. Uzbekistan's location along traditional narcotics trafficking routes in Central Asia makes it vulnerable to illicit financial flows stemming from drug trafficking. Money laundering in Uzbekistan frequently occurs through real estate and cash-intensive businesses. Uzbekistan's informal economy also contributes to money laundering challenges, with authorities estimating the informal sector constitutes between 40-55 percent of gross domestic product.

Uzbekistan has over 20 free economic zones, including the September 2024 addition of the Airtom zone on the border with Afghanistan. Though relatively small, these zones pose vulnerabilities as they lack strong oversight. Although the Uzbek government continues efforts to privatize industries, it nevertheless retains ownership of over 2,000 industrial and commercial enterprises, and weak corporate governance at some state-owned entities raises the risk of corruption. Uzbekistan is suspected to be a transshipment point for Russian actors seeking to evade Western export controls.

Key Anti-Money Laundering (AML) Laws and Regulations

Uzbekistan's main AML/CFT regulations include the "Law on Combating Legalization of Proceeds from Criminal Activity, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction," alongside several related regulations that govern customer due diligence (CDD), suspicious transaction reports (STR), and currency transaction reports (CTR). These laws require comprehensive CDD measures, including mandatory verification of customer identities, monitoring of accounts, and ongoing risk assessments.

In January 2024, President Mirziyoyev issued a decree empowering the DCEC with expanded authority to address economic crimes and informal economic activities. Separately, he signed the long-stalled conflict of interest law in June 2024, targeting state bodies, institutions, enterprises, and companies with significant state ownership.

The Central Bank of Uzbekistan (CBU) plays a critical role in supervising the banking sector's adherence to AML regulations. CBU has introduced stricter supervisory mechanisms for nonbanking financial institutions, such as currency exchanges and payment processors. In April 2024, CBU expanded its red flag list of suspicious operations, which now includes peer-to-peer transactions involving more than \$14,000 within a 30-day period.

The United States does not have a bilateral mutual legal assistance treaty with Uzbekistan. However, in September 2024, the two countries signed a customs mutual assistance agreement, strengthening law enforcement and customs support between the two nations. Uzbekistan exchanges some information related to narcotics investigations through the Central Asian Regional Information and Coordination Center.

The DCEC is a member of the Egmont Group of FIUs. Uzbekistan is a member of the Eurasian Group, a Financial Action Task Force-style regional body. See [Uzbekistan's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Uzbekistan's legislation still does not adequately cover all aspects of politically exposed persons (PEPs). While foreign PEPs are subject to enhanced CDD measures, domestic

PEPs and their connections are not. The current legal framework provides limited guidance on enhanced due diligence measures for transactions involving PEPs, and the current laws do not sufficiently address the issue of beneficial ownership transparency.

Money laundering risks are compounded by delays in adopting and implementing laws and policies to address the existing problems. Furthermore, the governmental entities at times lack necessary technical skills and expertise to implement AML/CFT requirements, and authorities have expressed a need for technical assistance, especially in assessing the risks of new technologies.

Uzbekistan still lacks legislation on asset declarations by civil servants, whistleblower protections, liability of legal persons, and payment safeguards. Additionally, asset freezing and confiscation mechanisms need improvement. While regulations on CDD, STR, and CTR exist, authorities should continue to work with stakeholders to strengthen financial reporting.

Enforcement/Implementation Issues and Comments

While the country has made progress in modernizing its financial sector, the Uzbek government faces challenges in detecting complex money laundering schemes.

AML/CFT investigations are processed by the DCEC, located within the General Prosecutor's Office. The DCEC has worked constructively with international organizations and bilateral donors, including the United States, to identify and address capacity gaps in its enforcement of AML regulations.

Uzbekistan continues to face legislative gaps, insufficient human and capital resources, inadequate training on complex financial investigations, and technological challenges to effectively enforcing AML/CFT regulations. Sectoral corruption and opaque business practices also contribute to an enabling environment for money laundering. Turnover of government officials within key government bodies affects the continuity of enforcement efforts and impacts the velocity of reforms. Finally, the authorities' reluctance to share AML/CFT data with international partners continues to hinder cooperation.

Venezuela

Overview

In 2024, rampant illicit financial activity and endemic public corruption continued in Venezuela. Maduro and his representatives utilize income from money laundering, drug trafficking, illegal mining, and other illicit activities to stay in power. Informal dollarization in the economy, which for years had been prohibited, has helped end hyperinflation and somewhat stabilize the economy, but the prevalence of dollars, particularly in cash, also raises money laundering concerns. For years, public officials and elites affiliated with Maduro have embezzled and laundered money from state-owned oil company Petroleos de Venezuela S.A. (PdVSA), the country's main source of income and foreign currency. On May 14, 2024, financial assets manager Luis Fernando Vuteff pled guilty in the Southern District of Florida to one count of conspiracy to commit money laundering as part of a \$1.2 billion scheme to launder PdVSA funds. Vuteff's sentencing is pending; he faces up to 20 years imprisonment.

There have been no improvements in Venezuela's anti-money laundering/combating the financing of terrorism (AML/CFT) efforts since the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) updated its "Advisory on Widespread Public Corruption in Venezuela" in 2019. According to FinCEN, Maduro-controlled agencies appear vulnerable to public corruption, money laundering, and other financial crimes; Maduro representatives control the economy to generate significant wealth for senior political figures and associates. U.S. Presidential Executive Order 13884 of August 2019, "Blocking Property of the Government of Venezuela," imposes economic sanctions, broadly prohibiting U.S. persons from dealing with Maduro and persons affiliated with him or their property, and remains largely in force.

U.S. government objectives to counter money laundering connected to international narcotics trafficking from Venezuela are to prevent proceeds from entering the United States; prosecute those who launder proceeds that enter the United States; ensure Venezuelan civil society organizations can share information on money laundering; and facilitate information sharing among jurisdictions Venezuela has targeted as locations to launder illicit funds connected to Venezuela-related international narcotics trafficking.

Vulnerabilities and Money Laundering Methodologies

Money laundering is widespread, through the petroleum industry, illegal mining, gold smuggling, falsified contracts, casinos, and to a lesser extent, commercial banks, real estate, agriculture, and securities. Currency exchange schemes remain concerning but have somewhat diminished as Maduro and his representatives have allowed greater informal dollarization in the economy. Still, Venezuelan elites routinely move their assets abroad to safe or favorable jurisdictions, offering benefits to politically exposed persons and those of financial privilege. Front persons and shell companies are often used to hide these individuals' identities, particularly since many are sanctioned. Cryptocurrencies are also being used to evade sanctions and store value in Venezuela and abroad.

Key Anti-Money Laundering (AML) Laws and Regulations

Under the 2012 “Organic Law Against Organized Crime and Financing of Terrorism” (Organic Law), revised in 2014, virtually all parties participating in the economy have the obligation to report suspicious activities related to money laundering and terrorism financing to Venezuela’s National Financial Intelligence Unit (UNIF). The National Office against Organized Crime and Financing of Terrorism (ONCDOFT) issued administrative rules on February 22, 2021, that require individuals and legal entities to register activities related to money laundering and financing of terrorism. Further, the “Anti-Corruption Law” criminalizes active and passive bribery and money laundering.

The UNIF is a member of the Egmont Group of Financial Intelligence Units.

Venezuela is a member of the Caribbean Financial Action Task Force (CFATF), a FATF-style regional body. See [Venezuela's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

Venezuelan entities responsible for combating money laundering and corruption are ineffective, lack political will, and are complicit in financial crime. Furthermore, their technical capacity and willingness to address financial crimes remains inadequate. A politicized judicial system further compromises effectiveness and impartiality. Responsible

entities do not cooperate with international law enforcement on money laundering and corruption cases.

The Superintendent of Banking Sector Institutions oversees UNIF and exercises undue influence over it, limiting its independence. FinCEN's 2006 suspension of information-sharing with the UNIF due to an unauthorized disclosure remains in effect until FinCEN has assurances information will be protected.

The Organic Law and its 2014 revision include roughly 900 offenses that can be prosecuted as "organized crime." Maduro and his representatives have used this law to suppress and intimidate the political opposition, the private sector, and nongovernmental organizations (NGOs) – including those that provide humanitarian assistance. Although ONCDOFT has limited operational capacity, in 2024, Maduro approved legislation requiring a complex, invasive registration process for NGOs. Civil society representatives have expressed concerns the information collected could be used to surveil and control human rights and pro-democracy groups.

Enforcement/Implementation Issues and Comments

Maduro and his representatives maintain off-budget accounts in foreign currencies that lack transparency and oversight, making them vulnerable to corruption, and often use lower-profile individuals as account custodians to evade enforcement entities.

In June 2024, Venezuela made a high-level political commitment to work with the FATF to strengthen the effectiveness of its AML/CFT regime.

Vietnam

Overview

Vietnam made minimal progress in reducing the risks of money laundering in 2024. Systemic vulnerabilities, including the extensive use of cash, minimal bank scrutiny of suspicious transactions, corruption, long and porous borders, and inadequate customs enforcement, combined with regulatory deficiencies and poor operational coordination hinder an effective anti-money laundering/combating the financing of terrorism (AML/CFT) regime.

In June 2023, Vietnam agreed to an action plan with the Financial Action Task Force (FATF) to address identified deficiencies. In June 2024, the FATF found that Vietnam has made limited progress addressing its AML/CFT regime deficiencies.

Vulnerabilities and Money Laundering Methodologies

Vulnerabilities include purchases of Vietnamese assets by foreign entities to avoid tax obligations in their countries of origin, organized crime groups, corruption, fraud, illegal gaming, prostitution, counterfeiting of goods, and trafficking in persons, drugs, and wildlife. Vietnam's long land border, topography, and proximity to other cash-based economies and trafficking areas in the region create conditions for the illegal transport of goods and currencies across the country's border.

Vietnam remains a predominantly cash-based economy. Consumers routinely purchase high-value items with cash and gold, including real estate, investment stakes, and luxury items. Foreign entities can easily transfer significant amounts of money into Vietnamese financial institutions without having to answer questions about the money's provenance.

Vietnam has not enacted legislation or regulations requiring virtual asset service providers (VASP) to be registered or licensed and has not applied AML/CFT measures to VASPs. Vietnam is a jurisdiction with materially important VASPs, based on trading volume, as well as a large virtual asset user base (over one million users).

Vietnam hosts numerous economic or industrial zones that grant certain tax benefits and permit foreign ownership. Vietnam does not offer an economic citizenship program.

The banking system remains vulnerable to money laundering through customs fraud. Trade-based money laundering through invoice manipulation is not uncommon.

Vietnam has nine licensed casinos; all but one exclusively serve foreign visitors. The Ministry of Finance supervises casinos on a limited basis. Online gambling is illegal.

Key Anti-Money Laundering (AML) Laws and Regulations

In 2023, Vietnam issued guidance on implementation of the new AML law passed in 2022. The 2022 AML law expands the scope of reporting subjects for AML/CFT purposes and requires covered entities to regularly assess money laundering and terrorist financing risks, perform customer due diligence (CDD), and file suspicious transaction reports (STR). Vietnam conducted a second national risk assessment and is conducting several sectoral risk assessments.

Vietnam does not have an extradition treaty or mutual legal assistance treaty with the United States, though Vietnam is a signatory to several bilateral and multilateral instruments that permit cooperation. The scope for mutual legal assistance and international exchanges of records with the United States and other countries is limited. The U.S.–Vietnam Customs Mutual Assistance Agreement entered into force in 2020.

Vietnam is a member of the Asia/Pacific Group on Money Laundering (APG), a FATF-style regional body. See [Vietnam's most recent mutual evaluation report](#) for more information.

AML Legal, Policy, and Regulatory Deficiencies

The government needs to improve overall operational-level effectiveness by addressing gaps in risk awareness and strengthening AML/CFT supervision. Key gaps include virtual assets, VASPs, foreign trusts, and predicate offenses. AML/CFT supervision needs to shift from a rules-based to a risk-based approach. National action plans do not sufficiently address AML deficiencies.

Vietnam has made minimal progress in implementing risk-based AML/CFT supervision. There has been no application of effective, proportionate, and dissuasive sanctions for AML violations. Banks, insurance, securities, and remittance companies generally have adequate CDD and STR mechanisms. For other financial institutions, CDD and STR processes are inadequate. Vietnam has partial measures in place for the collection, retention, and disclosure of beneficial ownership information. Laws and regulations addressing enhanced due diligence for politically exposed persons are not comprehensive.

Although Vietnam requires inbound and outbound travelers to declare cash and other valuables, inconsistent enforcement, legal ambiguity, and the lack of a universal declaration form facilitate flows of illicit finance.

The Anti-Money Laundering Department (AMLDD), Vietnam's financial intelligence unit (FIU), is not a member of the Egmont Group of FIUs. In November 2024, Vietnam took steps to elevate the status of the AMLDD within the State Bank of Vietnam structure, making it more independent; this change takes effect January 5, 2025.

Enforcement/Implementation Issues and Comments

For Vietnam to make significant AML/CFT progress, the country will need improved interagency communication and international coordination. Cumbersome bureaucratic procedures impede whole-of-government efforts. Vietnam needs to improve the detection, interdiction, and prosecution of offenses related to bulk cash smuggling and trafficking of illegal narcotics, persons, and wildlife.

The Ministry of Public Security, as the primary money laundering investigative agency, does not have a dedicated investigation team to target money laundering and lacks the capacity to perform complex financial investigations. Law enforcement agencies and other investigative authorities should improve the development and regular use of risk-based financial intelligence and other relevant information to prioritize financial investigations to develop evidence and trace criminal proceeds. A lack of resources and investigative capacity hinder parallel money laundering investigations during predicate crime investigations. International donors are providing assistance to address AML/CFT obstacles.