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**(VIRTUAL) XLVIII MEETING OF THE GROUP OF EXPERTS  
ON MONEY LAUNDERING CONTROL  
June 30 and July 16, 2020  
Washington, D.C. - USA**

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**FINAL REPORT  
(PROVISIONAL)**

## 1. BACKGROUND

The Group of Experts on Money Laundering Control (GELAVEX) was created through the “**First Meeting of the Inter-American Group of Experts to Prepare Model Regulations on Money Laundering Offenses Related to Drug Trafficking**” (OEA/SGE/CAD-62/90), which was held at the headquarters of the General Secretariat of the Organization of American States (OAS) from **November 26 to 30, 1990**.

GELAVEX has been one of the advisory bodies of CICAD since then. However, a decision was taken at CICAD’s 66<sup>th</sup> Regular Session, held in Miami, FL, USA, in November 2019, that GELAVEX should be changed into a working group with technical secretariat services rendered by the Department against Transnational Organized Crime (DTCO), pursuant to the provisions of Executive Order 16-01 Rev. 1 issued by the Secretary General of the OAS in July 2016, creating the DTCO.

GELAVEX currently comprises two working subgroups, namely, on International Cooperation and Forfeiture; and on Financial Intelligence Units (FIUs) and Law Enforcement Agencies (LEAs). Its activities are determined via strategic plans that spell out lines of action, and via work plans outlining specific activities to be pursued in accordance with predetermined lines of action. The 2018-2020 Strategic Planning Proposal ([DTCO/LAVEX/doc.7/17](#)), has served as the guideline for the activities pursued by the Group during the current triennium.

Under the approved 2019-2020 work plan, the **Sub-Working Group on International Cooperation and Forfeiture** would pursue the following lines of activity: (a) a study on the applicability of precautionary measures on assets forfeited overseas; and (b) conceptualization and design of a network of administrators of seized and confiscated assets. The **Sub-Working Group on Financial Intelligence Units and Law Enforcement Agencies** would work on: a) a study of typologies in money laundering derived from smuggling; and b) a study of regulations concerning politically-exposed persons (PEPs) in the region, with special reference to the Caribbean sub-region. It was also confirmed that Bolivia, Chile, Colombia, Costa Rica, and Guatemala would collaborate on executing the proposed studies by providing input, and other delegations wishing to help produce these studies would be invited to do so.

Taking into account the current context of the global pandemic triggered by the outbreak of COVID-19, the Chair of GELAVEX – held by Colombia – instructed the Technical Secretariat (DTCO) to convene the XLVIII Meeting of GELAVEX to be held virtually, according to the following format: 1) a Regular Session, scheduled for June 30, 2020, to run no more than four hours, to follow up on the approved Work Plan and the recommendations agreed upon at the XLVII meeting of GELAVEX, held in Bogotá, Colombia, in September 2019; and 2) a Special Session, scheduled for July 16. DTCO and the Summits of the Americas Secretariat would coordinate and provide support for this session, with a view to following up on and implementing the Lima Commitment: Democratic Governance against Corruption, specifically as regards mandates 37 and 44.

## 2. MINUTES

### REGULAR MEETING June 30, 2020

#### i. Inaugural session

- Gastón Schulmeister, Director of the OAS Department against Transnational Organized Crime (DTOC), gave opening remarks. He welcomed all the delegations and introduced the inaugural session, which was addressed by Colombia's Minister of Justice and Law, Margarita Leonor Cabello Blanco, Chair of the Group of Experts on Money Laundering Control (GELAVEX); and concluded with OAS Secretary General Luis Almagro.
- The GELAVEX Chair, Dr. Cabello Blanco, welcomed ([DDOT/LAVEX/doc.12/20](#)) the distinguished delegations to this virtual 48<sup>th</sup> Regular Meeting that came together around the ongoing need to find effective solutions to combat money laundering, a scourge associated with other evils afflicting the nations and which must continue to be tackled head-on and decisively. She further described money laundering as a threat to the economies of the region because it leads to market distortions and failures that result in poverty and greater inequality; drug money is the driving force behind organized crime, and therein lies the importance of what GELAVEX does. She argued that international cooperation was a critical factor, hence the importance that Colombia places on chairing this group, since money laundering is a crime that transcends all national borders and therefore only concerted action can put an end to this common scourge. She said Colombia was especially interested in seeing to it that anti-money laundering systems are not confined to financial intelligence, albeit that it has yielded valuable results, but that we should also make progress in strengthening forfeiture mechanisms. The GELAVEX Chair concluded her remarks noting that GELAVEX was the most important forum for analysis and debate of best practices and policies to combat money laundering and the financing of organized crime.
- In his remarks ([DDOT/LAVEX/doc.13/20](#)) welcoming all the member state and observer delegations, OAS Secretary General **Luis Almagro**, specially saluted the Chair of the GELAVEX, in the person of Her Excellency Margarita Cabello Blanco, Minister of Justice and Law of Colombia. He noted that GELAVEX was convened to follow up on the work agreed upon in its Work Plan that was approved at its last meeting, held in Bogotá, Colombia, last year; but also for the important purpose of providing a forum for discussions on how COVID-19 can affect these efforts, and for an exchange of ideas thereon. He further recalled that as we begin to look at both the progress made and the challenges ahead, it is an opportune moment to recognize that GELAVEX is this year marking 30 years of commitment and effort in this highly specialized and particularly important field. Mr. Almagro explained that over the past three decades, the OAS General Secretariat has had the distinct honor of standing by our member states in this process, providing services as coordinator, facilitator, technical advisor, and institutional memory for this extraordinary process of hemispheric cooperation. Lastly, he

called on everyone to continue the valuable efforts being pursued, and urged governments to continue supporting this important undertaking.

## ii. Second Session:

- Adoption of the agenda and review of topics. The Working Group adopted the draft agenda ([DDOT/LAVEX/doc.1/20](#)) as submitted.

### Working subgroup presentations

- **Sub-Working Group on Forfeiture and International Cooperation.** Progress Report: Study on the applicability of precautionary measures on assets forfeited overseas. Co-coordinators of the Subgroup on Labor, Costa Rica and Colombia. ([DDOT/LAVEX/doc.4/20](#)). This progress report was delivered by Dr. Marcela Carvajal, of the Costa Rican Institute on Drugs (CRID), who said this was an endeavor being undertaken together with the delegation of Colombia. She further stressed that mutual legal assistance was the mechanism used by the various jurisdictions for gathering and providing information and evidence to support the issuance of provisional measures and for enforcement of judicial decisions abroad, and is based on multilateral or bilateral instruments signed by the states, and in the absence of such instruments, is based on the provisions of domestic law and the principle of reciprocity. She said the study will have three parts, namely: I) Theoretical study, international cooperation processing, requirements, and procedure; II) Case study of cooperation to apply precautionary measures on forfeited assets; and III) Conclusions: common problems encountered in applying precautionary measures and in sharing property that has been confiscated, as an incentive for cooperation.

### Discussion and proposals:

Brazil: Suggested that the study should include improved or enhanced international cooperation; and should stress in particular the importance of processing of information requests more expeditiously, in order to consolidate the electronic processing of international cooperation requests as a more effective measure for requiring cooperation between countries.

Mexico: Called for exploration of the possibility of applying to FIUs the precautionary measures granted; and for looking into the possibility of entering into bi-national agreements for assets sharing overseas, including a model framework agreement to serve as a reference.

Dominican Republic: Recommended that consideration be given to supporting the study with regulations applied by countries to be included in the proposed case studies, to take into account the legal tools of the other countries that allowed those cases to go ahead.

Coordinator: Said consideration was given to positioning and empowering national authorities to strengthen and support international cooperation in these cases, in order to speed up information requests among the countries. It was also noted that the power of FIUs to put a freeze – even a temporary one – on assets under investigation will be taken into account; and an analysis of applicable regulations in each case will be included. The analysis will also include use of information and communication technologies (ICTs) among the requirements for international cooperation in terms of precautionary measures on property.

United States: Suggested including practical or legal impediments to point countries to any change needed if they are to overcome weaknesses in this area.

Coordinator: This is to include the United States request regarding legal and practical impediments arising in these cases of requests for precautionary measures to be imposed on assets.

Mexico: Explained that, in terms of the sharing of seized assets as an incentive for cooperation, it suggests developing a model bi-national framework agreement.

Dominican Republic: With respect to the proposal from the delegation of Mexico, the study could recommend entering into agreements of this kind, but without them being binding on countries, since this would require high-level legislative analysis by the national authorities of the Dominican Republic.

Coordinator: The study aims to identify best practices, including the signing of agreements, without needing to approve any agreement that is binding on member states, but instead simply to cite a number of agreements to be used as a basis or for reference.

Argentina: Argentina and the MERCOSUR region could provide some framework agreements that could serve as reference or input for this study.

Mexico: Explained that the intention of its proposal was not to sign any hemispheric agreement but rather for certain agreements, such as those mentioned by the Argentinean delegation, to be cited as reference.

Chair: Offered the delegations an opportunity to submit for approval the progress report that was delivered.

Uruguay: Endorsed the progress report delivered by the working subgroup.

Chair: Deemed the progress report delivered by the working subgroup to have been approved.

- **Sub-Working Group on Forfeiture and International Cooperation.** Progress Report: Conceptualization and design of network of seized and confiscated assets managers. Co-coordinators of the Subgroup on Labor, Costa Rica and Colombia. ([DDOT/LAVEX/doc.3/20](#)). This progress report was delivered by Dr. Andrés Ávila Ávila, Deputy Director of *Sociedad de Activos Especiales (SAE) de Colombia*, and Dr. Laura Corral, SAE Director of International Affairs. Noting that this was a joint endeavor with the delegation of Costa Rica, they argued for creating this Network given the significant increase in assets seized and confiscated in the fight against organized crime, and given the creation and reform of offices to manage assets seized over the last few years in order to broaden their powers and capacity to handle confiscated assets. They said designing this Network would entail: a) Justification; b) Purpose of the Network; and c) Network building process.

#### Discussion and Proposals

GAFILAT: Applauds the initiative and, through its Secretariat, also makes the GAFILAT Asset Recovery Network (RRAG) available to support countries, including with capacity building.

Dominican Republic: Discussed the investment of resources involving the meetings of these networks, hence suggests including how this challenge will be tackled. Further recommends securing support from the Latin America Seized Asset Management Project (BIDAL), promoted by this Group of Experts and implemented by the Technical Secretariat, through the DTOC.

Brazil: Welcomes the initiative and stresses the importance of keeping it flexible, reiterating the concern expressed by the Dominican Republic about using information and communication technologies (ICTs) to conduct virtual meetings and reduce costs.

United States: Applauds the progress made in this area; calls for a focus on transparency and efficiency in handling confiscated assets going forward.

Coordinator: Took note of all the recommendations and suggestions made by the delegations of GAFILAT, Dominican Republic, Brazil, and the United States, including as regards support from the BIDAL project.

Paraguay: Supported the Network initiatives as other platforms do not provide direct access. Suggested including development of rules governing Network meetings should be included in the design.

Ecuador: Welcomed the initiative to create the Network. Reaffirmed as well its commitment to collaborating with the Subgroup by contributing best practices in seized assets management.

Honduras: To keep assets management costs to a minimum, and to bring the issue of material seizure of the assets until a ruling is issued in those cases involving high management cost, it recommended a precautionary measure restricting transfer of the assets, such as a provisional property annotation.

Costa Rica: Talked about issue of the GAFILAT Asset Recovery Network (RRAG), which strengthens the regime of confidence among authorities. Keeping the points of contact stable is key to ensuring that these networks for sharing information through informal channels are effective and sustainable. This network should have a liaison to the FIUs, through information sharing and best practices protocols.

Coordinator: Additional comments will be received from delegations up to 15 days after this meeting. Note is taken of the US suggestion regarding transparency and effectiveness, which will be added to the final proposal for this work.

Chair: Requests the Coordinators to include information and communications technologies (ICTs) in this initiative.

Chair: Opens up the floor for delegations to submit for approval the progress report delivered.

Chair: Deems the progress report delivered by the working subgroup to have been approved.

### iii. Third Session

- **Sub-Working Group on Financial Intelligence Units and Law Enforcement Agencies.**  
Progress Report: Study on regulations concerning politically-exposed persons (PEPs) in the region. Co-coordinators of the Subgroup on Labor, Chile and Colombia. ([DDOT/LAVEX/doc.5/20](#)). This progress report was delivered by Dr. Javier Augusto Sarmiento Olarte, Vice-Minister for Criminal Policy and Restorative Justice, Ministry of Justice and Law (MINJUS) of Colombia. He explained the purpose of this report, which is to conduct a comparative study of rules and effectiveness of policies on PEP. This comprises regional experiences and knowledge that can serve as input for consultation with and guidance to Financial Intelligence Units and other competent authorities of the Group of Experts member countries. The results can be used both to adapt regulations, facilitating compliance with international standards for preventing and combating money laundering and corruption, and to lay the groundwork for the future development of a regional, centralized database that can be consulted by the supervised entities in each country. To conclude, Dr. Sarmiento

Olarte explained the methodological steps on which the study will be based, thus proposing that the study be completed and presented to the XLIX Plenary for discussion and approval.

#### Discussion and Proposals:

**Dominican Republic:** Called for risk assessment-based considerations to be included. Made mention of the analysis and due diligence work needed to define a PEP. The document should be brought in line with national laws and realities. Current problems in getting a global consolidated list were outlined.

**Mexico:** Has brought PEP regulations up to date, as recommended in its mutual evaluation, and requested consideration of the need for a mechanism to have it upgraded on an ongoing basis.

**Costa Rica:** Noted that some countries reported problems with data restriction laws. Not all countries are included in the current study. Costa Rica was in the process of regulating PEPs. Called for the results of GAFILAT's evaluations to be included. Costa Rica had a consolidated public list and deemed it important to have an official list. Noted that this was a volatile issue on which the official position is constantly changing. Their goal is therefore to have a list that is official and up to date.

**GAFILAT:** Reported that it was working on a project through the Working Group on Operational Support on PEP Lists; and was seeking to create a PEP database with information provided by member countries. A report on the first phase of implementation of the initiative was pending. Phase II would be to create the database. It offered to share any information it had available.

**Brazil:** Commended GELAVEX on its work and called for account to be taken of obligated entities in terms of special attention to PEPs before reporting. It recommended not having an endless list of PEPs and that consideration should be given to having PEPs and their relatives listed. Brazil was working on a list and the FIU had access to a certain level of confidential information.

**United States:** Said it could provide input for the study if necessary. While FINCEN did not have a PEP list, due diligence mechanisms were applied to senior officials of institutions. It expressed concerns about incomplete lists. Another challenge was that PEP lists were not static. FINCEN had chosen to develop the FATF documents on corruption and PEPs. Noted that FINCEN had issued financial institutions with a warning about abuses by corrupt officials, including a section for PEPs. It is available in Spanish as well. Felt it to be more important to provide guidance and direction to obligated financial institutions.

**Canada:** Stressed how important it was to continue with this study, and supported the working subgroup. It asked for clarification as to whether the leadership of international organizations were included.

Peru: Said it agreed that family members should be included on the PEP list. In Peru, there is an affidavit in which immediate family members are include.

Chair: Opened up the floor for delegations to submit for approval the progress report delivered.

Chair: Deemed the progress report delivered by the working subgroup to have been approved.

- **Sub-Working Group on Financial Intelligence Units and Law Enforcement Agencies.** Progress report on the study of typologies in Money Laundering derived from Smuggling. Co-coordinators of the Subgroup on Labor, the delegations of Chile and Colombia. ([DDOT/LAVEX/doc.6/20](#)). This progress report was delivered by Dr. Tania Gajardo, Legal Advisor to the Office of the Public Prosecutor of Chile, who noted that this was a joint endeavor with the delegation of Guatemala. She explained that the objectives of this work were: a) To ascertain what types of smuggling are established as predicate offenses under money laundering regulations in the countries of the region; b) To identify, through the OAS and GAFILAT studies, the typologies of money laundering with smuggling as a predicate offense in the countries of the region; and c) To analyze instruments prepared by the countries of the region in order to identify typologies of money laundering with smuggling as a predicate offense and routes. Lastly, he presented the suggested methodology for conducting this study, which is to be undertaken in 3 stages: 1) Information gathering; 2) Information analysis and systematization; and 3) Conclusions. The proposal is for a final version of this study to be referred to the XLIX Plenary for discussion and approval.

Discussion and Proposals:

Mexico: Proposed sharing on cases of arms and narcotics smuggling. They would like, furthermore, to share information related to cases of the pandemic, and called for money laundering typologies to be added, through eternal trade operations.

Brazil: The Federal Police felt this issue warranted special attention. Brazil shares borders with 10 countries of the region, in which smuggling of banned goods is going on. All the types of smuggling taking place in Brazil are, broadly speaking, a backdrop to all types of money laundering. They are willing to help with the outstanding replies for the study.

Costa Rica: Noted that investigations into smuggling did not extend to FIUs. Investigation only covered property that is seized. It noted an increase in smuggling of medicines, especially in times of pandemic, and this should be taken into consideration in this study.

Chair: Opened up the floor for delegations to submit for approval the progress report delivered.

Chair: Deemed the progress report delivered by the delegation of Chile to have been approved.

#### **iv. Fourth session. Conclusions and Recommendations of the Group of Experts**

- The progress report on the study on the applicability of precautionary measures on assets forfeited overseas was welcomed. It was delivered by the Sub-Working Group on Forfeiture and International Cooperation, through the delegation of Costa Rica, with the plenary suggesting that the aforementioned study should move forward with the recommendations made by the delegations of: Brazil, Mexico, Costa Rica, USA, Dominican Republic, Argentina, and Uruguay.
- Appreciation was expressed for the progress report on the document “Conceptualization and design of a network of managers for seized and confiscated assets,” presented by the Sub-working Group on Confiscation and International Cooperation, through the delegation of Colombia; the plenary agreed to continue working on the design of this Network, duly noting the observations, recommendations, and contributions made by the delegations of: Dominican Republic, GAFILAT, Brazil, USA, Paraguay, Ecuador, Honduras, and Costa Rica.
- Appreciation was expressed to the Sub-Working Group on Forfeiture and International Cooperation for the progress report on the "Study of regulations on Politically Exposed Persons (PEPs) in the region, with special reference to the Caribbean region," presented by the Sub-Working Group on Financial Intelligence Units and Law Enforcement Agencies, and the plenary decided to move ahead with preparations for the Study, taking note of the observations, contributions, and recommendations offered by the delegations of: Dominican Republic, Mexico, Costa Rica, Brazil, United States, Canada, Bolivia, Peru, and GAFILAT.
- The progress report on the study of typologies of Money Laundering derived from Smuggling was welcomed. It was delivered by the Sub-Working Group on Financial Intelligence Units and Law Enforcement Investigation Agencies, with the plenary deciding to move ahead with the study, taking into consideration the suggestions made by the delegations of Mexico, Brazil, and Costa Rica.
- Appreciation was expressed to the Secretary for Multidimensional Security, **Farah Urrutia**, for her closing remarks ([DDOT/LAVEX/doc.14/20](#)). Secretary Farah Urrutia closed the regular sessions of this Forty-Eighth Meeting of the OAS Group of Experts on Money Laundering Control (GELAVEX), also conveying congratulations, on behalf of the Secretary General, Mr.

Luis Almagro, with the full assurance that the goals that were set – to take positive steps to execute the mandates entrusted to this prestigious Group of Experts in its Work Plan for the 2019-2020 period – had been fulfilled. She noted and acknowledged the important contributions and insights provided during these sessions to effectively confront the new threats and the increased risks of money laundering that already exist as a result of the current pandemic caused by the outbreak of COVID-19; transnational organized crime could thus be prevented from taking advantage of any opportunity to expand its very dangerous and harmful activities. Lastly, she encouraged the plenary to continue to deliver outcomes of the highest quality, to guide and help OAS member states resolve the usual complex situations that arise in investigating cases of this kind.

#### **v. Other business**

##### Next Meeting

- The next GELAVEX plenary meeting will be determined by the Chair and the Executive Secretariat, in coordination with the delegation of Paraguay, with a provisional agreement that it would be held during the fourth quarter of 2020, circumstances permitting, as an in-person meeting in Paraguay. The Technical Secretariat will confirm in due course.
- The Group would like to express its appreciation to the delegation of the Republic of Colombia as Chair of the Group, for its outstanding leadership of this Plenary.
- The Chair and the Technical Secretariat (DIOC) invited the distinguished delegations to participate in the Special Session on “Cooperation in Investigations and Proceedings related to Corruption, Tax Crimes, and Associated Money Laundering,” which was to take place on July 16 of this year, also virtually.
- The plenary agreed that this Special Session could be open to the public, given the technical importance and significance for key stakeholders in the value chain of AML/CFT systems at the regional level – a subject matter that is to be addressed by prestigious guest experts from specialized international organizations. The Technical Secretariat was therefore instructed to take the necessary steps to that end, with support from the GS/OAS Secretariat of the Summits of the Americas.

## SPECIAL SESSION. July 16, 2020.

### vi. Fifth session. “Cooperation in investigations and proceedings related to corruption, tax crimes, and associated money laundering.”

- Welcoming remarks by the Vice Minister of Criminal Policy and Restorative Justice for the Ministry of Justice and Law (MINJUS) of Colombia, and Chair of the Group of Experts on Money Laundering Control (GELAVEX), **Javier Augusto Sarmiento Olarte** ([DDOT/LAVEX/doc.15/20](#)). The Chair of GELAVEX welcomed all the delegations to the Special Session and introduced the opening session, which was addressed by Ambassador James Lambert, OAS Secretary for Hemispheric Affairs (SHA), and the OAS Secretary for Multidimensional Security, Ms. Farah Urrutia.
- Remarks by Ambassador **James Lambert**, OAS Secretary for Hemispheric Affairs (SHA) ([DDOT/LAVEX/doc.16/20](#)). Ambassador Lambert welcomed the distinguished delegations and experts invited to speak at this special session of GELAVEX, stating that this meeting coincided with the recent transfer of the chairmanship of the Summit of the Americas process from the Government of Peru to the Government of the United States. The latter will lead the process of the Ninth (IX) Summit of the Americas that is scheduled to take place in the Fall of 2021. He explained that since its inception in 1994, the Summit of the Americas process has played a significant role in building the hemispheric agenda, becoming a key forum for addressing the issues of deepest concern in the region. In concluding, he urged the delegations to draw conclusions or recommendations from the deliberations held during this special session that are relevant to GELAVEX, which could be considered in its strategic planning or work plans, thereby promoting tools that the OAS member states could use to prevent and counteract the laundering of the proceeds of corruption and tax crimes.
- Remarks by **Farah Urrutia**, Secretary for Multidimensional Security ([DDOT/LAVEX/doc.17/20](#)). Secretary Urrutia noted how much of a pleasure it was for her to address this group of experts at this Special Session. She described this Special Session as a good example of the strong commitment to collaboration and to promoting synergies among our secretariats and departments, in order to duly deliver on the important mandates that our Heads of State have assigned their governments and the entire inter-American system when they adopted the “Lima Commitment: Democratic Governance against Corruption.” She said that for the past 30 years, GELAVEX has been a forum where experts from the Hemisphere have met to share their knowledge and experiences in the search for solutions to money laundering crimes, which are characterized by their constant evolution and complexity.

## **vii. Sixth session. Presentations.**

- Presentation – Tax Fraud: Investigative techniques and associated money laundering, in the post COVID-19 context. Marcos Roca, Advisor on Crime and Taxation, Task Force on Tax Crime and Other Crimes, Organisation for Economic Co-operation and Development (OECD) Centre for Tax Policy and Administration. ([DDOT/LAVEX/doc.8/20](#)).

Dr. Roca gave an overview of the OECD's work in the fight against tax crimes. He explained in detail the four pillars on which the work of the OECD, through the Centre for Tax Policy and Administration (CTPA), rests: Design of public policies and tax statistics; tax planning and avoidance; tax evasion; and tax crimes and illicit flows. He also emphasized that the way to address tax crimes was centered on the so-called "Oslo Dialogue," which was launched in 2011 seeking to take a comprehensive approach to combating tax crimes and illicit flows – in other words, to engage the entire government in this effort, bringing together all public sector stakeholders to work effectively. The Oslo Dialogue's three core issues are closely related to mandate 37 of the Lima Commitment, also highlighting mandate 44 of the said Lima Commitment, together with the Declaration of Punta del Este, which calls for an exhaustive use of every available international collaboration tool to combat tax evasion. On a final note, he mentioned the OECD response to the global crisis caused by the coronavirus, in which a series of measures were deployed to prevent corruption and bribery in its responses to the emergency.

### Discussion and proposals

Mexico lauded all the work that the OECD has been doing, as shared with GELAVEX at this session, deeming it to be of great value, especially as related to the COVID-19 crisis, which has been a challenge for institutions. He shared about the work that Mexico's FIU has undertaken, based precisely on the type of recommendations that the OECD has given and is promoting with a view to a greater control in relation to money laundering linked to the pandemic. The FIU has the technological platform to continue operating and to be able to control the cases arising from reports of suspicious operations detected. Based on Mexico's experience, the main problems identified in these operations are related to trafficking in drug and medical devices; cyber fraud; and online purchases.

Presenter: Remarked that the OECD had spoken with delegates who have drawn on responses to previous pandemics to learn from these experiences in relation to purchases in times of crisis, such as Ebola in Africa, where irregularities were detected in the use of international cooperation funds, in order to guide their actions and thus prevent them from recurring.

The United States expressed appreciation for the interesting presentation and the important work done by the OECD, recognizing the valuable work done to combat tax crimes, including money laundering.

CIAT emphasized the importance of the training that the OECD conducts, because it is difficult and complex for tax administrations to investigate tax crimes; only a few administrations have their employees trained in combating tax crimes. It was argued that tax intelligence must also be considered from a crime perspective, which is usually an area that is lacking in tax administrations: the fight against criminal activity, which is more than just evasion. Emphasis must therefore be put on training centers in tax crimes investigation from an intelligence standpoint, in order to combat criminal activities.

Brazil shared the experience of the Brazilian Federal Police in times of pandemics. It has made several arrests in investigations on purchases of medical supplies, fraud in public bidding, misuse of public resources for acquisition of these supplies that are needed in order to handle the pandemic, as well as Internet fraud, and the efforts to recover assets derived from these crimes. About 27 investigations related to these activities have been conducted in 15 states.

- Presentation – Embezzlement of emergency funds: Legal structures for concealing stolen assets. Yara Esquivel Soto, Senior Specialist, Financial Sector, World Bank ([DDOT/LAVEX/doc.9/20](#)).

Dr. Esquivel gave an analysis of the challenges being faced in the wake of the COVID-19 outbreak, with special emphasis on emergency fundraising, and referring to bilateral or international agency loans and disbursements, public tenders or direct procurement of emergency medical equipment, drug purchases, private sector incentives, and direct benefit payments. She also introduced the so-called “Anti-Money Laundering/Countering the Financing of Terrorism Toolkit,” emphasizing the importance of applying it based on the international standards of agencies specialized in this area. Likewise, she referred to the transparency with respect to the “ultimate beneficiary,” which she considered a key factor in most money-laundering schemes used to disguise the illicit origin of funds; she argued that specialized agencies, such as FATF and the Global Forum, do agree that the registry of ultimate beneficiaries should not be simply a repository of information. In concluding her presentation, she explained how the World Bank was helping countries tackle the crisis stemming from the COVID-19 pandemic, providing loans and technical assistance but emphasizing the conditions that must be met in terms of priority anti-corruption and anti-laundering measures, including specific clauses in contracts for projects financed with WB funds.

## Discussion and proposals

Ecuador commented on its own experience with the challenges stemming from the pandemic, especially the difficulties in accessing information on the use of emergency funds. It asked, what is to be done about the issue of overpricing?

The presenter explained that this was a complex issue; the UN has published reference prices for essential input to address the pandemic, and recommended that it should be consulted as a reference guide.

Colombia underscored the need to promote information channels, make greater use of technological and data processing tools, and lift the corporate veil, and noted how the emergency had magnified transnational operations; and also called for measures to be used to sanction entities that violate the rules.

Dominican Republic said that, through GAFILAT, a presentation will be made on ultimate beneficiaries, for consideration at the next plenary session. It further noted that the Dominican Republic has a register of end recipients, which is accessible to the FIU.

Costa Rica, stating that the FIU had been working on an initiative to establish its registry of ultimate beneficiaries, solicited the WB's views regarding normal and special declarations such as those on ultimate beneficiaries.

The Presenter addressed, firstly, Colombia's question about "blockchain." She referred to confidentiality clauses for purposes of registration of ultimate beneficiaries, citing the example of Malaysia, where the ultimate beneficiary records are updated annually.

Peru outlined its own experience with government procurement and ultimate beneficiaries and following the money trail, finding cases of shell companies. It also shared that the FIU resorts to consulting the Customs database to compare the values of government procurements.

- Presentation: Transparency in international tax information-sharing. Tax policy and administration measures in the context of COVID-19. Márcio F. Verdi, Executive Secretary of the Inter-American Center of Tax Administrations (CIAT) ([DDOT/LAVEX/doc.10/20](#)).

Dr. Verdi gave a very detailed summary of CIAT's response to the current context of pandemic in matters of tax administration, explaining the recommended measures to be implemented, based on: Whether they adopt a specific approach and only apply measures for taxpayers who are most affected by COVID-19; whether to apply measures to all taxpayers or to all taxpayers within particular segments such as individuals, self-employed, and SMEs, and large enterprises; the consequences that may arise for taxpayers; administrative actions; the

duration of the measures; the possibility of fraud; and how to make the options available to the digitally challenged. Among other measures.

Discussion and proposals

The delegations had no comment.

CIAT expressed interest in seeking membership in GELAVEX as an observer organization.

Chair: Took note of the CIAT request to consider becoming an observer member of GELAVEX.

The Technical Secretariat indicated that GELAVEX would consider welcoming the incorporation of CIAT, which only required it to send a formal note through the Technical Secretariat. The application would be evaluated at the upcoming XLIX Meeting of the GELAVEX.

- Presentation: Developments with the Mechanism for Follow-up on Implementation of the Inter-American Convention against Corruption (MESISIC) to strengthen the legal and institutional frameworks for prosecuting and punishing acts of corruption. Laura Martínez, Department of Legal Cooperation, OAS Secretariat for Legal Affairs ([DDOT/LAVEX/doc.11/20](#)).

Dr. Martínez discussed some of the work being done by the Technical Secretariat to the MESISIC, especially as regards progress and future projects. She briefly explained what the MESISIC process involved, recalling the Inter-American Treaty against Corruption as the oldest and first treaty on the subject. It was signed in Caracas, Venezuela, in 1996. With respect to its scope, there were three parts: preventive measures; criminalization of corruption; and international cooperation and assistance. The Mechanism was established in 2001, with 33 states to date committing to taking part in it. Lastly, she underscored the importance of internal controls, for which the Mechanism has put forward specific recommendations and which states have taken steps to implement; as well as the importance of strengthening oversight bodies – all reflected in the hemispheric reports, which can be found on the Mechanism’s portal on the OAS website.

Discussion and proposals

CIAT said that in the 1990s it created a working group led by Canada to develop an ethics toolkit for tax administrations. An ethics committee was formed under CIAT, and is currently chaired by Spain. This tool kit is evaluated and updated constantly.

Mexico commented on the FIU's work in the fight against corruption, which has been a challenge; and shared that note was taken of all the recommendations made through the Mechanism, now applicable with special focus on the context of the current pandemic.

Mexico also thanked the countries for the information shared, which it considered very useful.

Guatemala commented that the criminal law and criminal procedure law provided some safeguards to protect whistle-blowers from acts of corruption; and the FIU submits evidence to the Office of the Attorney General to initiate the relevant criminal investigations.

#### **viii. Seventh session. Conclusions and close.**

- Conclusions delivered by Chair and Vice Chair of GELAVEX.
  - ✓ Remarks by the Chair of GELAVEX, Christian Leonardo Wolffhügel Gutiérrez, Director for Criminal and Prison Policy, Ministry of Justice and Law. He thanked all the presenters and participants, then handed over to the Vice Chair to present the conclusions of this special session.
  - ✓ Vice Chair Javier Rojas Silva Geraci, Deputy Executive Secretary of the Paraguayan National Secretariat for the Administration of Seized and Forfeited Assets (SENABICO): He thanked the Chair of GELAVEX, and gave a summary of the conclusions emerging from the presentations by the experts and the statements made by the delegations:
    - The COVID-19 crisis has presented the public service in the region with major challenges in addressing the emergency situation immediately, and this has given room for discretion in government procurement to tackle the pandemic, thus creating opportunity for corruption crimes and the attendant laundering of associated assets to be committed;
    - Tracking the funds until they get to the final recipient through the control mechanisms proposed by specialized international organizations, especially FATF standards, is an effective way to counteract money laundering linked to corruption and tax fraud;
    - Recent investigations by national authorities, in the context of the COVID-19 pandemic, reveal a significant increase in the illegal trafficking in drugs and medical supplies critical to proper handling of the public health crisis brought about by the novel coronavirus;
    - Countries should use the recommendations that are being issued by specialized international bodies, such as the OECD, WB, IATTC, FATF, and the CFATF and FATF regional bodies for dealing effectively with the new criminal trends and the increase in other existing ML/FT risks, as part of the response to the pandemic;
    - It is recommended that states receiving funds from international financial institutions should comply with and implement control and transparency mechanisms, as well as proper accountability for funds used to reverse or counteract the serious effects of the economic crisis caused by the preventive confinement measures and restrictions on movement implemented by national governments to prevent the spread of the COVID-19.

- Countries are urged to strengthen training centers in the investigation of tax crime from a criminal intelligence perspective and stress their importance, in order to do more than just administrative investigation of tax evasion.
- Closing remarks
  - ✓ **María Celina Conte**, Interim Director, Summits of the Americas Secretariat ([DDOT/LAVEX/doc.18/20](#)). Director Conte thanked the experts from the Joint Summit Working Group organizations, including Ms. Laura Martínez, of the OAS; Ms. Yara Esquivel Soto, of the World Bank; Mr. Marcos Roca, of the Organisation for Economic Co-operation and Development (OECD); and Mr. Márcio Verdi, of the Inter-American Center of Tax Administrations (CIAT). She took the opportunity to also thank and commend the GELAVEX Chair for facilitating this forum for meetings and hemispheric exchanges with national authorities and international cooperation agencies as regards fighting against corruption, money laundering, and tax evasion. She stressed that the COVID-19 crisis had posed huge challenges to the region's public services in dealing with the emergency swiftly, relaxing controls, expanding discretion in spending decisions and, in general, giving more opportunity for acts of corruption. She closed her remarks calling for this exchange of information to be translated into a commitment to strengthening measures against tax crime and money laundering as a vital component of strengthening democratic governance in the Americas.
  - ✓ Gastón Schulmeister, Director of the OAS Department against Transnational Organized Crime (DTOC) ([DDOT/LAVEX/doc.19/20](#)). Director Schulmeister thanked all those who contributed to this special session, particularly the Chair of GELAVEX; the heads of the Secretariats for Multidimensional Security and Hemispheric Affairs; the expert panelists from the OECD, WB, CIAT, and the OAS Department of Legal Cooperation; as well as the distinguished delegates to GELAVEX. In closing, he renewed the commitment of the GS/OAS, through DTOC, to staying vigilant and committed to analyzing these trends and threats as they develop and unfold, in order to provide member states and strategic partners with support as we tackle these new security challenges.