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EXECUTIVE SUMMARY

POLICY DIALOGUE

“MONEY LAUNDERING AND ITS RELATIONSHIP TO CORRUPTION INVESTIGATIONS”

In the Framework of the Follow-up and Implementation of the Lima Commitment

Washington, D.C.
September 12, 2019

Policy Dialogue
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Main Topics of Discussion and Conclusions

The Policy Dialogue “Money Laundering and its Relationship to Corruption Investigations” was organized and sponsored by the Summits Secretariat, in coordination with the Secretariat for Multidimensional Security of the Organization of American States (OAS). The event was held with financial assistance from the Development Bank of Latin America (CAF). Experts from governments and from international and regional agencies in the region participated, including the Inter-American Development Bank (IDB) and the World Bank, took part.

This event was held as part of the implementation of the Follow-up and Implementation Mechanism of the “Lima Commitment: Democratic Governance against Corruption,” adopted at the Eighth Summit of the Americas. It provided a setting to exchange experience, best practices and tools developed by governmental actors from the executive and judicial branches in the region and by representatives of international and regional anti-corruption agencies with a preventive approach in money laundering investigations and in relation to the role of international cooperation agencies to support the States of the region in moving forward in this area.

Through anti-corruption case studies in Latin America and the Caribbean, common challenges were identified both in relation to the implementation of relevant regulatory frameworks and in investigation strategies to link money laundering to corruption investigations.

The event featured two panel discussion sessions. The first centered on the implementation of parallel financial investigations in Latin America and the Caribbean based on case studies: investigation strategies, achievements and gaps in their implementation, which was attended by Dr. Susana Silva, Secretary for Public Integrity of the Office of the President of the Council of Ministers and General Coordinator of the High-level Anti-Corruption Commission of Peru; Dr. Ana María Calderón, Acting Spokesperson of the Mission to Support the Fight Against Corruption and Impunity in Honduras (MACCIH/OAS) and Special Representative of the OAS Secretary General; and Mr. Jacopo Gamba, Technical Advisor to the Transparency Fund of the Inter-American Development Bank (IDB). The session was moderated by Mr. John Grajales, Senior Specialist of the Department against Transnational Organized Crime of the OAS Secretariat for Multidimensional Security.

The second session focused on asset recovery from acts of corruption in Latin America and the Caribbean: the role of international cooperation in the development of investigation strategies and measures. The panel was composed of Dr. Janet Tello Gilardi, Supreme Court Justice and Chair of the Judicial Integrity Commission of Peru, and Ms. Lisa Bostwick, Senior Financial Integrity Specialist on behalf of the World Bank’s STaR Initiative. The panel was moderated by Mr. Grenville Williams, Director of the *Asset Recovery Inter-Agency Network for the Caribbean* (ARIN-CARIB).

Introductory session

At the introductory session, Ambassador James Lambert, Secretary for Hemispheric Affairs of the OAS, highlighted the substantive role of the Summits Process in guiding the hemispheric agenda in the area of policies to prevent and combat corruption, as well as to strengthen democratic institutions. He highlighted the attention that States gave, during the discussions phase prior to the adoption of the Lima Commitment, to issues related to international legal cooperation in the fight against bribery, organized crime, money laundering, and asset recovery, corresponding to pillar E of the Lima Commitment. Likewise, in his opening remarks, Ambassador José Boza, Permanent Representative of Peru to the OAS, representing the Chair of the Summits of the Americas process, emphasized, *inter alia*, the efforts of the Government of Peru to build regional consensus based on the Summit of the Americas process to fight corruption.

For her part, Ms. Farah Diva Urrutia, Secretary for Multidimensional Security of the OAS, stressed that universal and regional legal instruments against money laundering and organized crime, as well as the recommendations of the Financial Action Task Force (FATF), were key tools for effectively combatting money laundering and transnational organized crime. In that regard, the OAS Department against Transnational Organized Crime (DDOT) has made fundamental contributions to the development of specialized Asset Recovery Units (ARUs) in the region and to the creation of organizations that facilitate information exchange to enable monitoring, identification, and freezing of illicit assets located abroad, a key aspect in combatting corruption. Through the DDOT, the OAS provides legal and technical assistance in the implementation of controls to prevent, detect, investigate, and punish money laundering through the implementation of FATF recommendations.

Based on the above, two discussion sessions were organized to explore strategies, achievements, and challenges in relation to financial investigations in Latin America and the Caribbean and the role of international cooperation in asset recovery in the region.

Session 1: Implementation of parallel financial investigations in Latin America and the Caribbean based on case studies: Investigation strategies, achievements, and gaps

The moderator of this session was John Grajales, Senior Specialist of the Department against Transnational Organized Crime, who said that the FATF money laundering mutual evaluation process would serve as the reference framework for determining progress in preventing and combating money laundering and terrorist financing in the region's countries. Mr. Grajales clarified that the mutual evaluation entailed two interrelated components: technical compliance and effectiveness. Technical compliance assesses whether the laws, regulations, and other necessary measures are in place; it also evaluates progress in implementing the institutional framework to support anti-money laundering (AML) and countering the financing of terrorism (CFT) system. For its part, the effectiveness component assesses whether AML/CFT systems are functioning properly and evaluates progress in obtaining results.

To present the case of Peru, Dr. Susana Silva, Secretary of Public Integrity of the Office of the President of the Council of Ministers (PCM) and General Coordinator of the High-level Anti-Corruption Commission of Peru, presented the normative and institutional advances in strengthening the preventive and punitive capability of the State. In that regard, she said that the National Integrity and Anti-Corruption Plan 2018-2021 was approved by the executive branch as a public policy resulting from a risk analysis of money laundering and its relationship to corruption carried out under

a consensus between the government, civil society, and the private sector. The frame of reference of the policy is based on reports by the Presidential Integrity Commission, the OECD Study on Integrity in Peru, the OECD Anti-Bribery Convention, the Lima Commitment of the Eighth Summit of the Americas, and the G20 recommendations for combating corruption. She also noted that Peru had its Plan against Money Laundering (ML) and Financing of Terrorism (FT) 2018-2021, which seeks to strengthen the capacity of entities that form part of the corruption value chain in order to ensure institutional synergies to enable proper detection, investigation, and punishment of corruption.

For her part, Dr. Ana María Calderón, Acting Spokesperson of the Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH/OAS) and Special Representative of the OAS Secretary General, focused her presentation on the contribution of the MACCIH/OAS investigations to breaking up money laundering structures in Honduras. As in the case of Peru, important progress has been made in Honduras to implement the recommendations of the FATF. An example of the above was the enactment of the Special Law against Money Laundering (Decree No. 144-2014), under which the Public Prosecutor's Office and the judiciary are being strengthened for the investigation and prosecution of money laundering cases.

Possibly the most significant impact of MACCIH/OAS on Honduran justice institutions was its stimulus of the creation of the national anti-corruption jurisdiction encompassing the Judiciary and the Public Prosecutor's Office. According to Ms. Calderón, as a result, 13 cases have been brought against corruption networks. In relation to those, three included the crime of money laundering as part of the corruption offences investigated. Another identified money laundering for the purpose of financing a political campaign. And yet another established a link between public officials and drug traffickers in government contracts with the aim of laundering proceeds from drug trafficking.

As in the case of Peru, in practice there are many difficulties when it comes to linking money laundering to corruption offences. In addition, there is evidence of weakening of institutions that needs to be remedied with international cooperation assistance.

Representing the Inter-American Development Bank (IDB), Mr. Jacopo Gamba, Technical Adviser from the Transparency Fund, mentioned support provided to member countries in their efforts to prevent money laundering and terrorist financing, in accordance with FATF standards in such areas as national risk assessments, legal and regulatory reforms, and institution building. In situations where there is a high risk of money laundering, the IDB seeks to involve all actors—not just financial institutions—in the corruption value chain.

In response to the presentations made in the first session, participants asked a number of questions, such as: How to go from rule to reality in the fight against corruption? What role should the private sector play to prevent them from engaging in corrupt practices? How to promote prevention measures? In that regard, in the opinion of the panelists, making effective progress in the fight against corruption requires a combination of strategies that must be implemented jointly, in coordination, and systematically; however, above all, they considered that there had to be political will. They also noted the need to ensure freedom of expression and better societal control, as well as mechanisms to respond to complaints that would secure the commitment of the business sector. Similarly, they stressed that business sector compliance measures should be encouraged, as should a commitment to preventing the laundering of illicit proceeds.

Panel 2: Asset recovery from acts of corruption in Latin America and the Caribbean: The role of international cooperation in the development of investigation strategies and measures

In the area of asset recovery, Mr. Grenville Williams, Director of the Asset Recovery Inter-Agency Network for the Caribbean (ARIN-CARIB), gave a presentation on the Network's role in enhancing the efficiency and effectiveness of asset recovery efforts. The Network comprises more than 33 members in the Caribbean, hailing from all the traditional legal systems, as well as observers, including Canada, France, and regional organizations, among them CARICOM-IMPACS, which is responsible for crime and security matters in all 15 member countries of the Caribbean Community.

Informal networks such as ARIN/CARIB play a crucial role in crime prevention through information exchange, enabling member countries to adopt preventive measures to stop or reduce crime, as well as to share information on trends and typologies in the occurrence of crime, thereby helping to identify suspects as they move through the region. Information about convicted persons is shared with the Joint Regional Communication Centre (JRCC), which can flag a person of interest and alert points of contact in law enforcement and border security when an individual, whether in or outside the Caribbean, attempts to leave the region. The network affords access to a wide range of law enforcement agencies, which helps to cut bureaucratic red tape in investigations conducted on behalf of a requesting state.

Informal channels operate either independently or in a way that complements traditional formal mechanisms, which often have to be used in order to move the process forward when the information requested is beyond that which can be shared informally, thereby expediting the detection, investigation, and punishment of acts of corruption.

Dr. Janet Tello Gilardi, Supreme Court Justice and Chair of the Judicial Integrity Commission of Peru, was invited in order to obtain the judicial perspective. Providing a detailed account of how the phenomenon of corruption has evolved in Peru since the 1990s, she described the decisive role of justice operators in strengthening institutions and regulatory framework to combat corruption. Following the establishment of an Anti-Corruption Criminal Division and six specialized courts, which were later increased to 12 in the period from 2000 to 2007, the first convictions were secured of public officials and assets were recovered under binational agreements with countries such as Switzerland and Luxembourg. In the years that followed, the National Criminal Division carried out complex investigations into organized crime and gradually introduced legal and procedural tools to combat organized crime, including Legislative Decree 1104, which allows asset seizure in cases involving money laundering offences. In 2018, the judiciary merged the National Criminal Chamber and the Specialized System on Corruption of Officials into the Superior Court of Justice Specializing in Organized Crime and Corruption of Officials, a key advance in the fight against organized crime.

In terms of strengthening preventive and punitive capabilities in the fight against corruption in money laundering cases, the Financial Investigation Unit in Peru has become particularly important, as it provides financial information as evidence in criminal proceedings for the seizure of assets in cases involving money laundering.

Offering an additional perspective on asset recovery, Ms. Lisa Bostwick, Senior Financial Integrity Specialist at the World Bank, presented the scope of the World Bank's STaR Initiative. Established in 2007 to support the asset recovery provisions of Chapter V of the United Nations Convention against Corruption (UNCAC), the STaR Initiative works with developing countries to

prevent the laundering of the proceeds of corruption and facilitate the systematic return of those assets. Fundamentally, the StaR Initiative is a forum to facilitate regional and international cooperation through exchanges of good practices and knowledge in cases that involve multiple jurisdictions. Bilaterally, the StaR Initiative provides support to countries in the region in the form of technical assistance for the development of Mutual Cooperation Agreements, in the implementation of open source investigations, in the development of national asset recovery strategies, in the establishment of working groups for this purpose, as well as in the dissemination of best practices in asset recovery.

In terms of risk identification, the StaR Initiative provides support in the implementation of methodologies for advancing National Risk Evaluations in accordance with FATF guidelines.

The event concluded with closing remarks from Ms. María Celina Conte, Acting Director of the OAS Summits Secretariat, who thanked the speakers for their participation, and emphasized the importance of strengthening preventive and punitive capabilities in the region's countries for progress in the fight against corruption. The presentations highlighted significant strides in the area of regulatory and institutional design to advance an integrated approach by different actors in the anti-corruption value chain and timely assistance from international and regional organizations, including the OAS, the IDB, and the World Bank, as well as informal networks with a preventive focus.

Agenda: [Agenda Political Dialogue](#)

Presentations:

- OAS - Department against Transnational Organized Crime (DTCO)
- IADB - Transparency Trust Fund
- PCM - Secretariat of Public Integrity of the Presidency of the Council of Ministers of Peru

Video: <https://www.youtube.com/watch?v=tBvKxgImQsA>

Photos: <https://www.flickr.com/photos/oasoea/sets/72157710815530357/>

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