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Lao PDR

Third Round Mutual Evaluation

EFFECTIVENESS ASSESSMENT

CONFIDENTIAL

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ABBREVIATION

AML/CFT	Anti-Money Laundering/Counter-Financing of Terrorism
AMLC	Anti-Money Laundering Council
AMLCO	Anti-Money Laundering Compliance Officer
AMLIO	Anti-Money Laundering Intelligence Office
AMLIU	Anti-Money Laundering Intelligence Unit
AMLO	Anti-Money Laundering Office of Thailand
APG	Asia Pacific Group on Money Laundering
API	Airline Passenger Information
Baht	Thai Currency
BAMLO	Branch Anti-Money Laundering Officer
BCEL	Banque Pour Le Commerce Exterieur Lao
BCM	Business Continuity Management
BCP	Business Continuity Plan
BNIs	Bearer Negotiable Instruments
BO	Beneficial Ownership
BOL	Bank of the Lao PDR
BOL	Bank of the Lao PDR
CBR	Cross Border Report
CBSD	Commercial Banks Supervision Department
CDD	Customers Due Diligence
CO	Cabinet Office
CSOs	Civil Society Organizations
CTR	Cash Transaction Report
CWC	Chemical Weapons Convention
DERM	Department of Enterprise Registration and Management
DNFBPs	Designated Non-Financial Business and Professions
EDD	Enhanced Due Diligence
FATF	Financial Action Task Force
FIR	Financial Intelligence Report
FIs	Financial Institutions
FISD/DFIM	Financial Institution Supervision Department
FIU	Financial Intelligence Unit
Gov/GoL	Government of Lao PDR
ID	Identity Document
IOSCO	International Organization of Securities Commission
KYC	Know Your Customer

LAK	Lao Currency Kip
Lao PDR	Lao People's Democratic Republic
LEAs	Law Enforcement Agencies
LSCO	Lao Security Commission Office
MAF	Ministry of Agriculture and Forestry
ME	Mutual Evaluation
MER	Mutual Evaluation Report
MICAT	Ministry of Information, Cultural and Tourism
ML	Money Laundering
ML/TF	Money Laundering/Terrorist Financing
MLA	Mutual Legal Assistance
MLAT	Mutual Legal Assistance Treaty
MOD	Ministry of National Defence
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
MOHA	Ministry of Home Affairs
MOIC	Ministry of Industry and Commerce
MOIC	Ministry of Industry and Commerce
MOJ	Ministry of Justice
MONRE	Ministry of Natural Resources and Environment
MOPS	Ministry of Public Security
MOST	Ministry of Science and Technology
MOU	Memorandum of Understanding
MPI	Ministry of Planning and Investment
MPT	Ministry of Posts and Telecommunications
MVTS	Money Value Transfer Service
NA	National Assembly
NCC	National Coordination Committee
NRA	National Money Laundering and Financing of Terrorism Risk Assessment
OSPP	Office of Supreme People's Prosecutor
PEPs	Politically Exposed Persons
PF	Proliferation Financing
PM	Prime Minister
PMO	Prime Minister Office
PSC	People's Supreme Court
RBA	Risk-Based Approach
Rec.	Recommendation
REs	Reporting Entities
RMB	Chinese Yuan
SIAA	State Inspection and Anti-Corruption Authority
SOP	Standard Operating Procedure
STR	Suspicious Transaction Report
TA	Technical Assistance
TF	Terrorist Financing
UN	United Nations
UNODC	United Nations Office on Drugs and Crime

UNSCR	United Nations Security Council Resolution
USD	United States Dollars
VASP	Virtual Asset Service Provider
WCO	World Customs Organization
WTR	Wire Transfer Report

Immediate Outcome 1

Money laundering and terrorist financing risks are understood and, where appropriate, actions coordinated domestically to combat money laundering and the financing of terrorism and proliferation.

1.1. How well does the country understand its ML/TF risks?

1. Lao PDR completed its first National Risk Assessment (NRA) on ML/TF in 2018 (details can be referred to TC.Rec.1.1) to identify the current deficiencies, vulnerabilities, mechanism and put in place action plan related to ML/TF that consistent with the standard of recommendation set by FATF in order to ensure effectiveness in addressing the above-mentioned deficiencies. Under technical assistance provided by World Bank in terms of methodology and tools used in NRA process by collecting a statistics on actual implementation, mechanism, associated legislations and information on service products provided by reporting entities (REs), Supervision bodies, Law Enforcement Agencies and to be input and analyses those variables into World Bank Excel Template, which will demonstrate the level of risk and reason involved based on information provided.

Coordination Mechanism:

2. The government of Lao PDR had empowered the NCC to appoint an ad-hoc committees so-called working group and focal point that came from diverse line-ministries and associated agencies to conduct the NRA led by vice-minister of Ministry of Public Security and another 6 ministerial levels (Ministry of Finance, Bank of the Lao PDR, Office of People's Supreme Prosecutor, Ministry of Industry and Commerce, State-Audit Organization and Ministry of Planning and Investment) as well as appointed a working group consist of department level and technical staff from 13 relevant ministries such as Ministry of Finance, Bank of the Lao PDR, Supreme People's Prosecutor Office, Ministry of Industry and Commerce, Ministry of Justice, State Inspection and Anti-Corruption Authorities, Ministry of Home Affairs, Ministry of National Defence, Ministry of Foreign Affairs, Ministry of Planning and Investment and People's Supreme Court with a total number of more than 131 members (113 working module members and 18 supporting staffs).
3. The NCC designated a high level official and other officers from line-ministries and associated agencies over 100 members to which divided into 8 working modules that has their own responsibilities focusing on difference areas by conducting information collection in both provincial and central level from LEAs, supervisory bodies of REs and internal rules and guideline used by REs, which the information obtained from the previous 3 to 5 years, of which each of the working modules considered the information collection procedure that shows the effectiveness of information then carefully analyze by referring to statistics and actual circumstances before inserting to World Bank's tools in order to find out the most likely potential ML/TF risks within the country.

Table 1.1: Component of each Module

Modules	Position and Sector
Responsible for study, information collection and ML risk assessment (Module 1: Threat)	<p>1) Deputy Director General of Criminal Case Monitoring-Inspection Department, Office of the Supreme People's Prosecutor;</p> <p>2) Division level of Cabinet of the People's Supreme Court, People's Supreme Court</p> <p>3) Division level of Anti-Money Laundering and Information Division, Economic Police Department, General Police Department, Ministry of Public Security;</p> <p>4) Division level of Investigation-Interrogation and Case Files Division, Drug Prevention and Combat Police Department, General Police Department, Ministry of Public Security;</p> <p>5) Division level of legislation division, Customs Department, Ministry of Finance;</p> <p>6) Division level of Inspection Division, Office of the Supreme People's Court;</p> <p>7) Division level of Investigation Division, Drug Prevention and Combat Police Department, General Police Department, Ministry of Public Security;</p> <p>8) Division level of Case File and Indictment Division, Investigation Department, General Police Department, Ministry of Public Security;</p> <p>9) Division level of Investigation Division, Human Trafficking Prevention Police Department, Ministry of Public Security;</p> <p>10) Division level of Transnational Crime Prevention Division, Interpol, General Police Department, Ministry of Public Security;</p> <p>11) Division level of Duplicate Case-File Division, Environmental Police Department, General Police Department, Ministry of Public Security;</p> <p>12) Division level of Investigation Division, Forestry Inspection Department, Ministry of Agriculture and Forestry;</p> <p>13) Division level of Anti-Corruption Division, Anti-Corruption Department, State Inspection and Anti-Corruption Authority;</p> <p>14) Officer of Economic Police Division, General Police Department, Ministry of Public Security;</p> <p>15) Officer of Legislation Division, Customs Department, Ministry of Finance;</p> <p>16) Officer of Case File and Indictment Division, Investigation Department, General Police Department, Ministry of Public Security;</p> <p>17) Officer of Investigation Division, Human Trafficking Police Department, Ministry of Public Security;</p> <p>18) Officer of Transnational Crime Prevention Division, General Police Department, Ministry of Public Security;</p> <p>19) Officer of Duplication Case-File Division, Environmental Police Department, General Police Department, Ministry of Public Security;</p> <p>20) Officer of Investigation Division, Forestry Inspection Department, Ministry of Agriculture and Forestry;</p> <p>21) Officer of Anti-Corruption Division, Anti-Corruption Department, State Inspection and Anti-Corruption Authority;</p> <p>22) Three officers of Criminal Case Monitoring-Inspection Department, Office of the Supreme People's Prosecutor;</p> <p>23) Two officers of Administrative Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR.</p>
	<p>1) Deputy Director General of Inspection and Legislation Evaluation Department, Ministry of Justice;</p> <p>2) Deputy Director General of Anti-Corruption Department, State Inspection and Anti-Corruption Authority;</p> <p>3) Deputy Director General of Economic Police, General Police Department, Ministry of Public Security;</p>

Modules	Position and Sector
Responsible for study, information collection and assess measures on ML/TF risk prevention (Module 2: Variability)	<p>4) Deputy Director General of Drug Prevention and Combat Police Department, General Police Department, Ministry of Public Security;</p> <p>5) Deputy Director General of Law Department, Ministry of Defense;</p> <p>6) Deputy Director General of Customs Department, Ministry of Finance;</p> <p>7) Deputy Director General of Inspection of General Criminal Prosecution Division, General Criminal Procedure Inspection Department, Office of the Supreme People's Prosecutor;</p> <p>8) Division level of Analysis Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR;</p> <p>9) Division level of Legislation Division, Inspection and Legislation Evaluation, Ministry of Justice;</p> <p>10) Officer of Economic Department, General Police Department, Ministry of Public Security;</p> <p>11) Officer of Legal Department, Ministry of Defense;</p> <p>12) Officer of Customs Department, Ministry of Finance;</p> <p>13) Officer of Narcotics Offence Indictment Division, Office of the Supreme People's Prosecutor;</p> <p>14) Officer of Anti-Corruption Inspection Department, State Inspection and Anti-Corruption Authority;</p> <p>15) Officer of Analysis Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR;</p>
Responsible for Study, Information Collection and Conduct ML/TF Risk Assessment that might occur in Banking Sector (Module 3: Banking Sector)	<p>1) Deputy Director General of Commercial Bank Supervision, Bank of the Lao PDR;</p> <p>2) Deputy Director General of Operational Department, Bank of the Lao PDR;</p> <p>3) Division level of Monetary Department, Bank of the Lao PDR;</p> <p>4) Division level of Analysis Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR;</p> <p>5) Two officers of Commercial Bank Supervision, Bank of the Lao PDR;</p> <p>6) Officer of Operational Department, Bank of the Lao PDR;</p> <p>7) Two officers of Monetary Department, Bank of the Lao PDR;</p> <p>8) Officer of Monitoring and Inspection Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR.</p>
Responsible for Study, Information Collection and Conduct ML/TF Risk Assessment that might occur in Securities Sector (Module 4: Securities Sector)	<p>1) Deputy Director General of Lao Securities Commission Office, Bank of the Lao PDR;</p> <p>2) Director General of Lao Securities Supervision Office;</p> <p>3) Division level of Revenue Collection Supervision Division, Tax Department, Ministry of Finance;</p> <p>4) Division level of Legal Division, Lao Securities Commission Office, Bank of the Lao PDR;</p> <p>5) Officer of Analysis Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR;</p> <p>6) Officer of Tax Department, Ministry of Finance;</p> <p>7) Officer of Monitoring and Inspection Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR;</p> <p>8) Officer of Lao Securities Commission Office, Bank of the Lao PDR;</p> <p>9) Officer of Lao Securities Exchange, Bank of the Lao PDR.</p>
Responsible for Study, Information Collection and Conduct ML/TF	<p>1) Deputy Director General of State Enterprise and Insurance Supervision Department, Ministry of Finance;</p> <p>2) Division level of Tax Inspection, Tax Department, Ministry of Finance;</p>

Modules	Position and Sector
Risk Assessment that might occur in Insurance Sector. (Module 5: Insurance Sector)	<p>3) Division level of Inspection Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR;</p> <p>4) Division level of Insurance Division, State Enterprise and Insurance Supervision Department, Ministry of Finance;</p> <p>5) Officer of Insurance Division, State Enterprise and Insurance Supervision Department, Ministry of Finance;</p> <p>6) Officer of Tax Department, Ministry of Finance;</p> <p>7) Officer of Information Technology Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR.</p>
Responsible for Study, Information Collection and Conduct ML/TF Risk Assessment that might occur in Financial Institution and Financial Inclusion. (Module 6: Financial Institution and Financial Inclusion)	<p>1) Deputy Director General of Financial Supervision Department, Bank of the Lao PDR;</p> <p>2) Division level of Enterprise Accounting Inspection, Tax Department, Ministry of Finance;</p> <p>3) Division level of Enterprise Registration Division, Ministry of Industry and Commerce;</p> <p>4) Division level of International Joint-Venture Investment Division, Investment Promotion Department, Ministry of Planning and Investment;</p> <p>5) Division level of Risk Analysis Division, Financial Institution Supervision Department, Bank of the Lao PDR;</p> <p>6) Division level of Legal Division, Financial Institution Supervision Department, Bank of the Lao PDR;</p> <p>7) Division level of On-site Inspection Division, Financial Supervision Department, Bank of the Lao PDR;</p> <p>8) Division level of Legal Division, Commercial Bank Supervision Department, Bank of the Lao PDR;</p> <p>9) Officer of Legal Division, Financial Institution Supervision Department, Bank of the Lao PDR;</p> <p>10) Officer of Financial Institution Supervision Department, Bank of the Lao PDR;</p> <p>11) Officer of Foreign Currency Supervision Division, Monetary Policy Department, Bank of the Lao PDR;</p> <p>12) Officer of International Relations Division, Investment Promotion Department, Ministry of Planning and Investment;</p> <p>13) Officer of Enterprise Accounting Audit Division, Tax Department, Ministry of Finance;</p> <p>14) Officer of Analysis Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR;</p> <p>15) Officer of Administrative Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR.</p>
Responsible for Study, Information Collection and Conduct ML/TF Risk Assessment that might occur in DNFBPs. (Module 7: DNFBPs)	<p>1) Deputy Director General of Registry and Enterprise Supervision, Ministry of Industry and Commerce;</p> <p>2) Deputy Director General of Tax Department, Ministry of Finance;</p> <p>3) Deputy Director General of Accounting Department, Ministry of Finance;</p> <p>4) Deputy Director General of Investment Promotion Department, Ministry of Planning and Investment;</p> <p>5) Deputy Director General of Public Notary Department, Ministry of Justice;</p> <p>6) Deputy Director General of Justice System Promotion Department, Ministry of Justice;</p> <p>7) Deputy Chair of Lao National Chamber of Commerce and Industry, Ministry of Industry and Commerce;</p> <p>8) Deputy Director General of Culture Department, Ministry of Information, Culture and Tourism;</p>

Modules	Position and Sector
	<p>9) Division level of Public Notary Department, Ministry of Justice;</p> <p>10) Division level of Monitoring and Inspection Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR;</p> <p>11) Division level of Registry and Enterprise Supervision Division, Ministry of Industry and Commerce;</p> <p>12) Deputy Head of Unit, Planning and Project Monitoring Division, Investment Promotion Department, Ministry of Planning and Investment;</p> <p>13) Deputy Head of Unit, Tax Department, Ministry of Finance;</p> <p>14) Bar Association, Ministry of Justice.</p> <p>15) Officer of Accounting Department, Ministry of Finance;</p> <p>16) Officer of Justice System Promotion Department, Ministry of justice;</p> <p>17) Officer of Lao National Chamber of Commerce and Industry, Ministry of Industry and Commerce;</p> <p>18) Officer of Culture Department, Ministry of Information, Culture and Tourism.</p>
Responsible for Study, Information Collection and Conduct Terrorist Financing Risk Assessment that might occur. (Module 8: Terrorist Financing)	<p>1) Deputy Director General of Investigation Department, Ministry of Public Security;</p> <p>2) Deputy Director General of Interior Defense Department, Ministry of National Defense;</p> <p>3) Deputy Director General of Interpol, General Police Department, Ministry of Public Security;</p> <p>4) Deputy Director General of Public Administrative Development Department, Ministry of Home Affairs;</p> <p>5) Deputy Director General of International Organization, Ministry of Foreign Affairs;</p> <p>6) Division level of Legal Division, Investment Promotion, Ministry of Planning and Investment;</p> <p>7) Division level of Administrative Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR;</p> <p>8) Assistant of Investigation Division, Interior Defense, Ministry of National Defense;</p> <p>9) Officer of Investigation Department, General Police Department, Ministry of Public Security;</p> <p>10) Officer of Transnational Crime Division, General Police Department, Ministry of Public Security;</p> <p>11) Head of Creation and Amendment of Legislation Unit, Public Administrative Development Department, Ministry of Home Affairs;</p> <p>12) Officer of Legal Division, Investment Promotion Department, Ministry of Planning and Investment;</p> <p>13) Officer of International Organization Department, Ministry of Foreign Affairs;</p> <p>14) Officer of Administrative Division, Anti-Money Laundering Intelligence Office, Bank of the Lao PDR.</p>

4. Several numbers of capacity building trainings had been conducted explicitly for ad-hoc committees and 8 working modules led by subject matters experts from the World Bank on the implementation of national risk assessment procedure in total of 4 times in various topics of: 1) General Information and Knowledge of NRA on ML/TF, 2) Study on World Bank tools (Assessment Template) including Actual Implementation, 3) Discussion Meeting on Progression of NRA, and 4) Wrap-up Meeting on NRA Implementation with over 307 participants. Prior to

actual implementation take place and to ensure the tools apply is consistent with the nature of business of each sector operating in the nation for number of 48 times with 649 participants.

5. In late 2017, 8 working modules executed the dissemination campaign on NRA implementation to both public and private sector operating in 11/17 priority provinces that situated geographically recorded numerous of predicate offences to which might expose to ML/TF risk for 44 times with over 560 participants, for the remaining 6/17 provinces that likely having lower risk have received questionnaires through mailing form. As a result, despite being the first time for Lao PDR on the NRA implementation, but fully responsive had been received that met the satisfactory level.

Method and National Risk Assessment Outcome

Threat

6. Lao PDR conducted ML threat based on the World Bank tools and actual statistics collection that provide threat indication driven by predicate offense by determining from 19 actual offences occurred in the country out of total 29 predicate offences as stipulated in AML/CFT Law.
7. The objective of implementation of the World Bank Tools is mainly focused on 3 risk aspects: 1) ML threat driven by domestic factor; 2) ML threat driven by external factor; 3) ML threat driven by unknown proof of source. To demonstrate the level of ML threat, Lao PDR decided to emphasize on the most actual cases occurred within the country by rely on statistic of predicate offense, conviction and volume of freeze, seizure and confiscation of asset in which resulting 14 primary predicate offenses that met with the indicators as shown in table below.

Table 1.2: Summary of Predicate Offense Statistics 2013-2016

No.	Predicate Offense	Number of Conviction	Value of Confiscated Assets		Percentage of total value of Confiscated Assets conduced by predicate offense
			(LAK)	(USD)	
1	Producing and Trading of Narcotic	1,775	15,886,870,039.85	1,942,267	84.7 %
2	Thief	651	521,053,694.10	63,702	2.78%
3	Fraud	196	26,706,230.75	3,265	0.14%
4	Robbery	160	11,369,574.50	1,390	0.06%
5	Environmental Crime	91	830,436,993.30	101,526	4.43%
6	Human Trafficking	76	18,142,241.90	2,218	0.09%
7	Bribe and bribery	75	24,432,315.85	2,987	0.13%
8	Counterfeit Currency or use of Counterfeit Currency	75	343,541,100.00	42,000	1.83%
9	Document Forgery or use of document forgery	69	93,099,638.10	11,382	0.49%
10	Trading of illegal Weapon or illicit Explosive Objects	60	11,811,270.20	1,444	0.06%

11	Counterfeiting Cheque or Use of Counterfeit Cheque	56	915,201,669.95	111,889	4.88%
12	Illegal Trading	59	18,649,374.00	2,280	0.09 %
13	Prostitution Trafficking (Adult and Child)	25	18,616,655.80	2,276	0.09%
14	Corruption	12	21,127,777.65	2,583	0.11%

8. The Lao PDR prioritized predicate offense on ML threat based on the indicators of value or freeze, seizure and confiscation of assets that affect the national socio-economic development. As a result, there are 7 priorities predicated offence relating to potential ML case such as: 1) Producing and Trading of Narcotic; 2) Producing or Using of Counterfeit Cheque; 3) Environmental Crime; 4) Thief; 5) Producing or Using Counterfeit Currency; 6) Document Forgery or use of Document Forgery; 7) Fraud.

Vulnerability

9. Lao PDR legal system is a Civil Law system to which the laws and legislations consists of two types: Legislation of General Application and Legislation of Specific Application.

Legislation of General Application laid out with the purpose for the government and socio-economic supervision, which enter into force nationwide or in some particular aspect that unintentionally focusing on organization or particular natural person. The Legislation of General Application consists of Constitution; Laws; the Resolution of the National Assembly; the Resolutions of the Standing Committee of the National Assembly; the Presidential Ordinance; the Decree of the Government; Resolution of the Government; Order, Decision of Prime Minister; Order, Decision, Instruction of Minister; Head of Organization under the Government; Order, Decision Provincial Governor Instruction; Mayor Instruction; Order, Decision, Head of District Instruction, Head of Municipal; Rule of Village. International Treaty is a legislation that undertakes to comply with specific resolution.

Legislation of Specific Application laid out with the purpose for administrative supervision that explicitly aims on particular natural person or organization. Legislation of Specific Application consists of the Presidential Decree for Law to be promulgated, the Presidential Decree, the Decree or the agreement on admiration or appointment of a person to a position or concerning a particular task, and notice.

10. Assessment of preventive measure on ML risk that might occur in the Lao PDR, which assessed on vulnerability, gap and risk associated with AML implementation by focusing on diverse aspects in particular in area of scope of legislation including mechanism assessment, implementation capacity, analysis, investigation, transaction report and know-how of each agency in terms of prosecution within the country toward ML case.
11. An overall determination of the country vulnerabilities relating to ML is to determine weakness and gap under the capacity of the country ability to prevent ML, prioritized implementation target

to improve the country's capacity building on AML tasks. The assessment was based on 22¹ variables, which will assist the country to find out its vulnerabilities in terms of legislations as well as implementation ability, as a result shows that there were 6 primary issues to be addressed.

Table 1.3: Priority list of Potential ML within the Country

Vulnerabilities	Priority(s)
Legislation ²	1
Effectiveness of Prosecution ³	2
Policy and AML Strategic Plan ⁴	3
Effectiveness of KYC, STR and Analysis ⁵	4
Effectiveness of Monitoring and Inspection ⁶	5
Effectiveness of Internal and International Cooperation ⁷	6

Sectorial Risk

12. Lao PDR conducted its national risk assessment on ML throughout 18 categories of which, 17 are listed under the Law on AML/CFT. However, there are only 14 categories operating in Lao PDR and the remained 3 categories are yet to be activated.

¹ 22 variables: Quality of AML Policy and Strategy, Effectiveness of ML Crime Definition, Comprehensiveness of Asset Forfeiture Laws, Quality of FIU Intelligence Gathering and Processing, Capacity and Resources for Financial Crime Investigations (including asset forfeiture), Integrity and Independence of Financial Crime Investigators (including asset forfeiture), Capacity and Resources for Financial Crime Prosecutions, Integrity and Independence of Financial Crime (including asset forfeiture), Prosecutors Capacity and Resources for Judicial Processes, Integrity and Independence of Judges, Quality of Border Controls, Comprehensiveness of Customs Regime on Cash and Similar Instruments, Effectiveness of Customs Controls on Cash and Similar Instruments, Effectiveness of Domestic Cooperation, Effectiveness of International Cooperation, Availability of Independent Audit, Level of Financial Integrity, Effectiveness of Tax Enforcement, Formalization Level of Economy, Availability of Reliable Identification Infrastructure, Availability of Independent Information Sources, Availability and Access to Beneficial Ownership Information.

² Legislation: Effectiveness of ML Crime Definition, Comprehensiveness of Asset Forfeiture Laws.

³ Effective of Prosecution: Effectiveness of Prosecution: Capacity and Resources for Financial Crime Investigations (including asset confiscation), Integrity and Independence of Financial Crime Investigations (including asset confiscation), Capacity and Resources for Financial Crime Investigations (including asset confiscation), Capacity and Resources for Financial Crime Prosecutions, Integrity and Independence of Financial Crime Prosecutors, Capacity and Resources for Judicial Processes (incl. AF), Quality of Border Control, Comprehensiveness of Customs Regime on Cash and Similar Instruments, Effectiveness of Customs Controls on Cash and Similar Instruments.

⁴ AML Policy and Strategy: Quality of AML Policy and Strategy.

⁵ Effectiveness of KYC, STR and Analysis: Quality of FIU Intelligence Gathering and Processing, Availability of Reliable Identification Infrastructure, Availability of Independent Information Sources, Availability and Access to Beneficial Ownership Information.

⁶ Effectiveness of Monitoring and Inspection: Availability of Independent Audit, Level of Financial Integrity, Effectiveness of Tax Enforcement, Formalization Level of Economy.

⁷ Effectiveness of Domestic and International Cooperation: Effectiveness of Domestic and International Cooperation.

Table 1.4: The 18 assessed categories by NRA

Categories that listed in the Law on AML/CFT		The categories that undergone NRA assessment in year 2018		Rating
1	Commercial Bank	1	41 Commercial Banks	Medium-High
2	Foreign Exchange Bureau	2	254 Foreign Exchange Bureaus	Medium
3	Money Values Transfer	3	5 Money Values Transfer	Medium
4	Financial Institution (FI)	4	18 Deposit-Taking FIs	Medium-Low
		5	59 Non-Deposit Taking FIs	Medium-Low
		6	30 Credit Union and Saving	Medium-Low
		7	1 Financial Inclusion	Low
5	Pawn Shop	8	27 Pawn Shops	Medium-Low
6	Leasing Company	9	29 Leasing Company	Medium-Low
7	Securities Company	10	3 Securities Companies	Medium-Low
8	Insurance Company	11	24 Insurance Companies	Medium-Low
9	Real Estate Trading Agency	12	565 Real Estate Trading Agencies	Medium-High
10	Trading of Precious Metal and Antique	13	683 Trading of Precious Metal and Antiques	Medium-High
11	Bar Association and Law Enterprise	14	49 Bar Association and Law Enterprises	Medium
12	Public Notary	15	1 Public Notary	Medium
13	Audit Company	16	37 Audit Companies	Medium-Low
14	Casino	17	3 Casinos	High
15	Financial Settlement Tools Agency	18	Financial Settlement Tools Agency	yet to be operated in Lao PDR
16	Trust Company			
17	Financing Company LTD.			

13. During the assessment process, the assessment teams were not just relied on World Bank Tools but instead also took into consideration on each sector's nature of business for instance, the sector involve a large volume of revolving fund in the economy, cash-based transaction business, diversity of service products available for customers, supervision, and AML/CFT implementation. As the result, there were 8 identified sectoral risks associated with ML/TF such as Banking, Securities, Insurance, Casino, Real Estate Agents, Trading of Precious Metal and Antique, Money Values Transfer, and Foreign Exchange Bureau.

Banking

14. There are 42 commercial banks operating in Lao PDR consist of 6 types such as: 1) State owned commercial bank; 2) Specialized bank; 3) Joint-venture bank; 4) Private bank; 5). Subsidiary bank; 6) Foreign commercial bank branch, all banks are operated under Banking Supervision Department, to ensure the sustainability of banking system in the country, the use of CAMELS and Basel I principle are putting in place in parallel with supervision system oriented toward Basel II. In area of AML/CFT supervision is under the responsibility of AMLIO. In late 2016, there are wide range of banking service network across the country including 96 branches, 494 service units, 37 foreign currency exchange units and 1,095 ATMs.

15. In 2016, total assets of commercial banks are amounted to LAK 113,156.92 billion (USD 13.83 billion equivalent) that cover 87.52 percent of GDP. Consider that this sector contains a large volume of revolving fund in business circulation, as of now there was a wide range of

improvement within banking system with diverse service products are available, as well as modernize banking service to facilitate access to finance over time.

Table 1.5: Banking system in Lao PDR (as of 2016)

No.	Types of Bank	Quantity
1	State-Owned Commercial Bank	3
2	Joint-Venture Bank	3
3	Private Bank	7
4	Subsidiary Bank	9
5	Foreign Commercial Bank Branch	19
6	Specialized Bank	1
Total		42

16. On banking assessment side, there were 41 commercial banks had been accessed, of which specialized bank (non-deposit taking bank) that had been established explicitly for poverty reduction of the identified poorest districts across the country that alight on government policies therefore, it was excluded from the NRA assessment.
17. The assessment on banking was determined by mechanism and principle (General variable), products (product/service variable) and other factors as below:
- 7.1 Mechanism and Principles indicate the data to assess quality and effectiveness on the implementation against money laundering of banking sector: in legislation frame, management and banking, including 13⁸ variables of which the assessment of variables were based on 03 information sources: information from Banks (rules, regulations and relevant statistics), Interviews (Manager and AML/CFT Compliance Officer), and Response to questionnaires of the relevant staff.
 - 7.2 Products were the data used to assess the risk level of each product that may be a gap in the money laundering process, with the selection of 12⁹ products giving services in the banking sector from 03¹⁰ product groups. The assessment was carried out by the NRA Guidelines on Product Analysis in 07¹¹ areas.
 - 7.3 In addition to the above-mentioned data collections, the information on ML threat was used as additional indicators, and as majority of variables used by other modules are identical hence, the crossed-check mechanism had also been implemented in the assessment process.

⁸ 13 variable: Comprehensiveness of AML Legal Framework, Availability and Enforcement of Criminal Sanctions, Level of Market Pressure, Meet AML Standards, Availability and Effectiveness of Entry Controls, Effectiveness of Supervision Procedures and Practices, Availability and Enforcement of Administrative Sanctions, Integrity of Banks' Staff, AML Knowledge of Banks' Staff, Effectiveness of Compliance Systems, Effectiveness of Suspicious Activity Monitoring and Reporting, Availability and Access to Beneficial Ownership Information, Availability of Reliable Identification Infrastructure, Availability of Independent Information Sources.

⁹ 12 products: Private Banking, Retail Deposit, Deposits of Legal Person, Current Account, Correspondent Account, Credit products for retail customers, Credit products for SMEs, Credit products for Large businesses, Wire Transfer, Negotiable Instrument, Trade Finance and Electronic Banking.

¹⁰ 3 Product Categories: Deposit, Credit and Settlement.

¹¹ 7 Product Analysis: Total Value, Average Transaction Size, Client Base Profile, Existence of Investment/Deposit Feature, Level of Cash Activity, Frequency of International Transactions, Other Vulnerable Factors.

18. Based on the Lao PDR NRA outcomes had shown the vulnerability of banking sector at Medium-High level driven by overall performance of bank on AML/CFT implementation, as well as administrative measures to the bank by AML/CFT supervisor has yet to perform its roles sufficiently.

Securities

19. Lao Security Exchange (LSX) was established on 10 October 2010 with joint-venture of 51 percent shares hold by Bank of the lao PDR and 49 percent by Korean Stock Exchange, which operating under supervision of Lao Security Commission Office (LSCO). LSX's role and function is to provide service to state enterprises and private sector who want to mobilize funds to raise its capital and be listed in LSX, stock trading, settlement and depository. In 2017, there were 4 security companies operating in LSX, of which 3 companies provided fully operational and 1 company perform as financial consultant, and 7 listed companies. During that period of time the common stock was the only one product available. In 2017, total trading volume and market liquidity were remained at a slow pace with total market asset worth of LAK 11,374.15 billion (USD 1.36 billion equivalence), actual market operation closed at LAK 2,612.17 billion (USD 312.88 million equivalence) that covered 22.97 percent of total registered capital volume, trading volume worth of LAK 343.73 billion (USD 41.17 million equivalence) that covered 13.15 percent of actual market operation to which equivalence 53,036,100 shares, LSX index at 998.38 point declined by 16.16 points or 1.59 percent (YOY).
20. Methodology and procedure used in national risk assessment applied to Security sector was based on NRA guideline to find vulnerability and risk associated with security sector in terms of ML and threat. The assessment was focused on 2 aspects: 1) general variable (13 variables same as banking), and product/service variable (^{7¹²} variable) related to types of security companies by diversifying questionnaires that consistent with diverse nature of business of security companies operate in Lao PDR such as LSCO, LSX, Security Companies and listed Companies.
21. Based on the Lao PDR NRA outcomes had shown the vulnerability of security sector at Medium-Low level of potential ML, due the LSCO has in hand a prudential legislation and implementation measures. Besides, there was only common stock available for trading in LSX at that period.
22. Despite the security sector was rated at Medium-Low, but due to variety of involvement of associated players in capital market such as LSCCO, LSX, Security Companies and listed Companies along with complexity of supervisory regime and potential constructive outlook in capital market that can potentially provide contribution to the economic development therefore, security was ranged in one of priority sector in terms of AML/CFT implementation.

Insurance

23. There are 24 insurance companies in Lao PDR, consist of 4 life insurance companies, 10 general insurance companies and another 10 combined insurance companies. In 2016, total insurance fees are amounted to LAK 624,263.25 million (USD 76.32 million equivalence) and

¹² 7 Products Variable: Total Value/Size, Complexity and Diversity of the Portfolio, Client Base Profile, Existence of Investment/Deposit Feature, Liquidity of the Portfolio, Frequency of International Transactions, Other Vulnerable Factors.

compensation fees (insurance company expenditure) accounted for LAK 172,424.91 million (USD 21.08 million equivalence).

24. Insurance sector had rapidly increased from 1 company in 1990 into 24 companies in 2016, but considered that the existing regulations and supervisory regime had not effectively and sufficiently handle with the current growing number therefore, the state enterprise investment and insurance supervision department, Ministry of Finance announced a temporary suspension of insurance company application to review the existing legislations and to ensure effectiveness of insurance supervisory regime.
25. Methodology and procedure used in national risk assessment applied to Insurance sector was based on guideline of vulnerability and ML risk associated in Insurance sector to which the assessment was focussed on 2 main aspects as principle and mechanism (general variables same as banking) and products/service variable (7¹³ variables) associated with different type of insurance by sending out questionnaire to Department of State-Owned Enterprise and Insurance Management (DSI). As a result, the sector was rated at Medium-Low level. However, the Lao PDR reconsidered the result of the NRA for the Insurance sector to be one of the priority sectors for AML/CFT reviewing, in parallel with the market entry on insurance sector in terms of supervision as well as its regulations.

Casino

26. There are 3 casinos owned by foreign investors in Lao PDR that operating its business under the concession agreement form with the total registered capital amounted to LAK 830 billion (USD 101.47 million equivalence) covered 0.64 percent of GDP in year 2016, which located in the special economic zone (1 casino) and specific development area (2 casinos) (casino is not granted to operate out of the two mentioned zones). A majority of its customers are foreigners that covered 95 percent of all customers. In terms of supervision is based on concession agreement under responsibilities of associated designated authorities within the authorized special economic zone with yet to have specific legislation in place at the moment.
27. Methodology and procedure used in national risk assessment applied to Casino sector was based on guideline to find vulnerability and ML risk associated with DNFBPs. The assessment was focused on 12¹⁴ variables (principle and mechanism “general variable”) and 4¹⁵ product/service variable that obtain wide range of information by distributing questionnaires to casinos as well as their relevant supervisors such as Investment Promotion Department, Special Economic Zone Supervision Office, Ministry of Planning and Investment. Furthermore, the NRA team had also conducted interview, on-site inspection in order to find out the actual implementation and nature of casino business.

¹³ 7 Variable: Total Value/Size, Use of Agents, Client Base Profile, Availability of Investment Type Policy, Level of Cash Activity and Availability of Cross Border Use.

¹⁴ 12 General Variable: Comprehensiveness of AML Legal Framework, Effectiveness of Supervision Procedures and Practices, Availability and Enforcement of Administrative Sanctions, Availability and Enforcement of Criminal Sanctions, Availability and Effectiveness of Entry Controls, Integrity of Staff in Securities Firms, AML Knowledge of Staff in Securities Firms, Effectiveness of Compliance Function (Organization), Effectiveness of Suspicious Activity Monitoring and Reporting, Availability and Access to Beneficial Ownership Information, Availability of Reliable Identification Infrastructure, Availability of Independent Information Sources.

¹⁵ 4 product variables: Total Size/ Volume of the business/profession, Level of Cash Activity in the business/profession, Client Base Profile of the business/profession and Other Vulnerable Factors.

28. Throughout the assessment, the Casino sector was rated at high level of ML risk due to it is cash-based business that contained large volume of transaction as well as providing service 24/7, in terms of financial transaction report submitted by casino was considered as a mere compliance compare to the requirement standard due to low sound of knowledge of casino staff under their obligation on AML/CFT implementation. Furthermore, with multiple supervisors in Casino sector that led to no systematic supervision and prudential legislation in hand so far.

Real Estate Sector

29. There are different categories of real estate in Lao PDR such as: general commercial, property rentals and broker for commercial or rental. Real estate business consists of 5 type of purposes such as for agriculture, residential, commercial, industrial and recreation purpose.
30. There are 565 real estate business professions (companies) in Lao PDR where 15 percent of land are belonging to land developer, and remaining 85 percent are for commercial or property rentals purpose with a total registered capital amounted to LAK 22,000 billion (USD 2.68 billion equivalence) covered 17 percent of GDP in year 2016. Domestic investors are captured 70 percent whereas another 30 percent are from foreign investors, of which 95 percent of customers of this certain business are Laotian. Under the previous business scale condition, this business considered as small size of business which can typically be done by holding just an Enterprise Registration Certificate granted by the Enterprise Registration and Management Department, Ministry of Industry and Commerce, but due to this real estate sector had rapidly increased with potential promising contribution to the economic growth, hence in 2019 this particular business sector is required to obtain business license and be supervised by Department of Land, Ministry of Natural Resources and Environment under the Law on Land (amended edition).
31. Methodology and procedure used in national risk assessment applied to real estate sector was based on the same tools and variables of DNFBPs. Throughout the assessment found that there was no prudential regulation or legislation on monitoring and inspection in place for this sector. Furthermore, AML/CFT implementation by employee or business operator had not been implemented efficiently therefore, the result of assessment on real estate sector was rated at Medium-High level.

Trading of Precious Metal and Antique

32. There are 683 of precious metal and antique shops operating in the Lao PDR, with total registered capital of approximately LAK 153 billion (USD 18.71 million equivalent) that covered 0.11 percent of GDP in year 2016, of which majority of them are family business (small size business) that operate under supervision and management of its owner directly (operate without an involvement of agency or broker). Besides, almost 90 percent of business owners are belong to local investor, meanwhile the remaining 10 percent owned by foreign investor. The business itself is of service to mostly local customers with more than 90 percent cash-based transaction, and remaining 10 percent transacts via banking system. Due to diversity of business products available for instance: trading of gold jewelry, bullion, precious metal and antique including import-export of gold that led to numbers of supervisor involve in this field such as registry and stated-enterprise supervision department, Ministry of Industry and Commerce that issue license

to those business operator, the domestic trade and import-export department of Ministry of Industry and Commerce that issue an import-export license in charge of enterprise registry issuance.

33. The identical tools and variables used in DNFBPs sector had been applied in the implementation of the vulnerability assessment related to the trading of precious metal and antique sector to which the result shown numbers of business unit operated its business without neither having specific internal policy in particular in area of AML/CFT aspect nor legislation and supervisory policy in place. Moreover, an outreach of AML/CFT awareness conducted by competent authorities and supervisor has not been made sufficiently, which the result shown the sector is at risk of potential ML offence at a level of Medium-High.

Money Value Transfer Service (MVTS)

34. Money transfer business is defined as a money transfer service provider that using Western Union and Money Gram system as a tool in transferring money within the nation and abroad, all money transfer is done via money transfer service provider. Based on the 2016 statistic recorded that, there were 5 money transfer service providers operated in the Lao PDR under the supervision of the Financial Institution Supervision Department, Bank of the Lao PDR who as well in charge of business licensing and act as supervisor at the same time. In the Lao PDR, as per 2016 statistic shown majority of money transfer are conducted for oversea outflow with an average value of USD 200-300 per transaction that could be counted to 3,533 times, which converted to LAK 23.30 billion (USD 2.85 million equivalent). Meanwhile, inflow transfers are amounted to 12,909 times with total amount of LAK 26.65 billion (USD 3.25 million equivalent).
35. The identical tools applied to vulnerability assessment related to money value transfer service providers (MVTs) sector was based on guideline, 12¹⁶ principle and mechanism variables (general variable) and 6¹⁷ product/service variables by creating questionnaires that best suite with MVT's nature of business and sent out to FI Supervision Department and all MTV business operators. On top of that the assessment team had also conducted an interview and on-site inspection to those MVT operators to see their actual business operation. Throughout the assessment, the MVTs sector was rated at medium level in terms of potential ML offence, driven by low sound of knowledge in area of AML/CFT, mere compliance with its obligations conducted by money value transfer service providers for instance their failed to put in place its internal policy, failed to conduct capacity building training for staff, operate business without having dedicated AML/CFT staff, and no sanction list screening in place prior to on boarding with customer, especially UN, EU, OFAC designation list over natural person and legal entity.

¹⁶ 12 General Variables: Comprehensiveness of AML Legal Framework, Effectiveness of Supervision Procedures and Practices, Availability and Enforcement of Administrative Sanctions, Availability and Enforcement of Criminal Sanctions, Availability and Effectiveness of Entry Controls, Integrity of Staff, AML Knowledge of Staff, Effectiveness of Compliance Function (Organization), Effectiveness of Suspicious Activity Monitoring and Reporting, Availability and Access to Beneficial Ownership Information, Availability of Reliable Identification Infrastructure, Availability of Independent Information Sources.

¹⁷ 6 Product/Service Variables: Total Size/ Volume, Client Base Profile, Use of Agents, Level of Cash Activity, Frequency of International Transactions and Other Vulnerable Factors.

Foreign Exchange Bureau

36. Foreign exchange bureau is a business that provide buying-selling of foreign currency conducted by foreign exchange bureau that granted business license by the Monetary Policy Department, Bank of the Lao PDR (BOL). The foreign exchange bureaus are enabling to exchange foreign currencies with general public customers, and allow to trade foreign currency with commercial bank as set out in the regulation of Bank of the Lao PDR in periodically. In year 2016, there were 249 foreign exchange bureaus operated in the country, with total trading amount of LAK 168.73 billion (USD 20.62 million equivalent), of which majorities of high volume of foreign currency exchanges have occurred within the capital city to facilitated mostly general public customers and tourist.
37. The identical tools and variable used in financial sectors had been applied in the implementation of the vulnerability assessment related to the foreign exchange bureau sector. Upon the assessment indicated that foreign exchange bureau operators have a limitation of AML/CFT literacy under its own obligations, running business without having internal policy in hand, there is no staff capacity building training ever took place, and no dedicated AML/CFT staff (compliance officer). Besides, there is an inadequate KYC/CDD are conducted when having business relationship with customer, and there is no sanction list screening installed to look for designation list of natural and legal entity under the UN, EU and OFAC lists. Consequently, the foreign exchange bureau sector was rated at Medium level.

Financing of Terrorism

38. The Lao PDR conducted the risk assessment on TF based on its current finding of threat and vulnerabilities related to terrorist financing and financing of terrorism aspect by reviewing the existing legislation compare to international standard of recommendation set out by FATF. Throughout the assessment had found that Lao PDR criminalized the terrorist financing offence as indicated in the Law, and at the same time Lao PDR also has in hand its implementation mechanism as well as legislation on withholding, freezing and seizing of asset associated with terrorist or financing of terrorism.
39. Uniquely, the Lao PDR is geographically neighboring with risk-free of potential terrorist financing jurisdictions, with no huge mixture of race, majorities of residents are Buddhist, and has no conflict phenomenon. As a matter of fact, there is no case, lawsuit or actual TF had never happened in the Lao PDR. Therefore, the assessment indicated that the Lao PDR has a Low level of TF risk.

NRA Assessment Outcomes Dissemination

40. Upon completion of the NRA assessment, the Lao PDR conducted numerous of dissemination campaign via diverse channel covered both in-depth and wide range form of dissemination by emphasizing on those sectors that highly exposed to ML/TF as following forms:
 - The announcements of NRA outcome to associated agencies such as Court, Prosecutor, Investigation Agencies, Supervisor and Reporting Entities and etc.;
 - The NRA dissemination outcomes via www.amlio.gov.la;

- Meeting and training to associated sector nationwide.
41. During the NRA outcomes dissemination, numbers of related legislation on AML/CFT including sophisticate action plans had also been delivered to all related sector, and strong encouragement had also been extended to sectors and associated parties to pay deeper attention in addressing its own deficiencies and risks as indicated in the NRA finding.

Table 1.6: NRA Outcomes Dissemination between 2018-2020

No.	Sector	Number of Outreach Conduct	Participants
1	Law Enforcement: 1) Ministry of Public Securities, 2) General Police Department; 3) Provincial Investigation organization: Champasak 2 times, Luanphabang 02 times, Bokeo, Luangnamtha, Oudomxay, Huaphun, Phonsaly, Xiangkhuang, Xayyabouly. 4) State Inspection and Anti-Corruption Authority; 5).(OSPP and SPC).	15	1,300
2	Supervisor both Financial and DNFBPs	23	150
3	Reporting Entities: Banks, Leasing Companies, Insurances, Securities, MVTs, Casinos and Foreign Exchange Bureau.	16	475
4	Others relevant sector: 1) public media, 2) Ministry of Nation Defense 3) Propaganda and Training of the Party Central Committee, 4) NPOs	10	475
Total		64	2,400

1.2. How well are the identified ML/TF risks addressed by national AML/CFT policies and activities?

42. Based on the NRA finding, the Lao PDR has rolled out an action plans and designated the responsibilities sector as below:

Table 1.7: Action Plan and Designated Responsible Sector

Vulnerabilities	Task	Work Plan	Responsible	Timeframe			
				2018	2019	2020	2021
Policies and Strategies on AML/CFT	Create and endorse action plans on AML/CFT.		NCC, AMLIO, AML-WG and other associated agencies.		■	■	
	Encourage the implementation of the Action Plan.		NCC, AMLIO, AML-WG and other Associated Agencies.		■	■	
	Drafting the AML/CFT Implementation Manual for REs.	Systematic Legislation Implementation	AMLIO and Supervisory Bodies			■	■
	Drafting the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT.	Establish AML/CFT coordination mechanism for all relevant agencies as indicated on Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT	AMLIO and AML-WG		■	■	
	Drafting the Law on International Cooperation For Criminal Matters.	Establish centralized coordination mechanism on MLA for LEAs.	AMLIO and AML-WG		■	■	

Legislative Standard	Drafting the Order on withholding, Freezing and Seizure of funds relating to Proliferation Financing.	Establish mechanism on withholding, freezing and seizure on funds relating to PF and sanction measure against involving nature person and legal person	AMLIO and AML-WG				
	Drafting the Directive on ML/TF Prosecution.	Determine procedure and legislation to be reference on ML/TF prosecution for investigation authority, office of people's prosecutor, office of people's supreme court and other associated agencies	AMLIO and AML-WG				
	Review all existing legislations.	Review all existing legislation to be consistent with actual implementation of competent authority and REs.	AMLIO, AML-WG and REs				
The effectiveness of the proceedings	Conduct AML/CFT investigation technique workshop to investigation authorities and other relevant agencies nationwide including cross border checkpoint authorities.	Conducting outreach on necessity, importance and consequence of ML/TF and also ML/TF prosecution procedure in case it happened in the future.	AMLIO, Investigative Authorities and Judicial organization				
	Optimizing a coordination and cooperation between investigative bodies, Public Prosecutor Office, People's Court and associated agencies for investigation, litigation and judgment call on ML/TF offences in parallel with predicate offence.	Conducting meeting as regularly manner.	AMLIO, Investigative Authorities and Judicial organization				

	<p>Increasing number of competent authorities and other relevant agencies that in charge of ML/TF investigation in particular competent authorities in provincial level.</p>	<p>Increase number of competent authorities to be consistent with ML/TF prosecution.</p>	<p>AMLIO, Investigative Authorities and Judicial organization</p>				
	<p>Improving the quality of AMLIO's Intelligence reports by upgrading technical staff and using modern tools in line with international standards into the analysis.</p>	<p>Accessing, conveniently use of information, secure and timely manner.</p>	<p>AMLIO, Investigative Authorities, Judicial organization, Supervisory Bodies and REs</p>				
	<p>Upgrading the infrastructure system on identification of natural person in order for REs to get access to source of information.</p>	<p>Person identification information sources of REs</p>	<p>MOPS and AMLIO</p>				
<p>Monitoring efficiency, KYC and accessing of data information by REs</p>	<p>Enlightening knowledge on AML/CFT across REs.</p>	<p>Encouraging REs to implement their AML/CFT obligation.</p>	<p>AMLIO and Supervisory Bodies</p>				
	<p>Establishing a monitoring mechanism for REs on the implementation of AML/CFT obligations.</p>	<p>Applying Risk-Based Approach on RE's AML/CFT implementation</p>	<p>AMLIO and Supervisory Bodies</p>				
	<p>Establishing mechanisms for LEAs to access to information of REs' customer.</p>	<p>Accessing and used of information in timely manner to ensure effective AML/CFT implementation.</p>	<p>AMLIO, AML-WG, Supervisory Bodies and REs</p>				
<p>Domestic and international coordination</p>	<p>Extending the cooperation framework for domestic and international level focusing on exchange of information.</p>	<p>MOUs sign with domestic and foreign counterparts</p>	<p>AMLIO and AML-WG</p>				
	<p>Lao PDR is at the stage of becoming a member of the International Finance Intelligence Group (Egmont Group);</p>	<p>Financial information exchange relevant to AML/CFT.</p>	<p>AMLIO and AML-WG</p>				

43. The Lao PDR undertook numbers of action plans in respond to its existing vulnerabilities as below:

Policy and Strategic on AML/CFT

44. AML/CFT action plans had been endorsed by the National Coordination Committee (NCC) date 27th December 2018 in addition to that, the approved plans have now been circulated among those designated working groups for further implementation.
45. For further action, the government of the Lao PDR has issued notification No.191/PMO, dated 05 February 2019 regarding the outcome of the NRA assessment to the line-ministries, including associated sectors involved, in order for them to streamline their inspection and conduct further dissemination to the public and build on awareness to reporting entities and entrepreneurs who are at risk.
46. Lao PDR designated the Ad-hoc Committee on AML/CFT National Strategic during 2021-2025 under the Decision No.11/NCC, dated 29 December 2020, detail stated in Second Draft TC Annex Rec.2.1 par.18.

Issuance and Amendment of Legislation

47. Issuance and amendment of legislation under the existing action plan by related working groups have been undertaken as followings:
- 47.1 Issuance of AML/CFT implementation guideline for REs such as: the issuance of draft AML/CFT implementation guideline for the risk REs based on the NRA outcomes.

Table 1.8: Plan on Creation of Legislation on AML/CFT Implementation for Priority Sectors

No.	Supervisors	Sectors	Tasks	Timeframe	
				2020	2021
I. Issuance and Amendment of Legislation					
1	Land Management Department, Ministry of Natural Resources and Environment.	Real Estate Trading Agencies	Establishment the application procedure, KYC/CDD, reporting STR/CTR, suspicious transaction indicators, RBA, on-site inspection manual, sanction measures and etc.		
2	State Management and Development Department, Ministry of Home Affairs.	Civil Society Organization (CSO)	Establishment the application procedure, on-site inspection manual, sanction measures and etc.		
3	Internal Commercial Department,	Precious Metal Trading Business	Establishment the application procedure, KYC/CDD, reporting		

	Ministry of Industry and Commerce.		STR/CTR, suspicious transaction indicators, RBA, on-site inspection manual, sanction measures and etc.		
4	Investment Promotion Department, Ministry of Planning and Investment; and MOF	Casino	Establishment the application procedure, KYC/CDD, reporting STR/CTR, suspicious transaction indicators, RBA, on-site inspection manual, sanction measures and etc.		
5	State Enterprise and Insurance Supervision Department, Ministry of Finance.	Insurance Company	Establishment the application procedure, KYC/CDD, reporting STR/CTR, suspicious transaction indicators, RBA, on-site inspection manual, sanction measure and etc.		
II. Conducting outreach on the existing legislation					



- 47.2 The Lao PDR has set up the committee responsible for the drafting of Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT that further develop from the article 15 & 16 of AML/CFT Law, No.02/NCC dated 05 April 2018, the committee consist of 18 parties with 36 members involved (AMLIO, MOJ, MOPS, MOFA, SIAA, MAF, PPO, PSC, MOF, MOD, BOL, LSCO, PMO, MPI, MOIC, MICT, MOST and MOHA). Throughout number of discussion meeting took place among the parties involved (15 times) and as a resulted, the Decree on Entrust had now been endorsed and signed by the government on 20 February 2020, No.127/Gov. Recently, the conducting outreach of the said Decree for relevant agencies involved across nationwide has been implemented 15 times with over 1,450 participants.
- 47.3 The draft Law on International Cooperation for Criminal Matters: The government of the Lao PDR has set up high ranking ad-hoc committee in charge of Law on International Cooperation for Criminal Matters drafting that composed of 8 significant parties involved (Ministry of Justice, Ministry of Public Security, Ministry of Foreign Affairs, People's Prosecutor Office, People's Supreme Court, Ministry of National Defense, Prime Minister Cabinet Office, National Assembly) with 62 members under the Agreement No.2769/MOPS, dated 16 December 2019, the committees conducted meetings for 7 times and the said law get approval by National Assembly on 12 November 2020.
- 47.4 PF Measure: Lao PDR designated committees responsible for consideration of sub-legislations, in order to put in place the draft Order on withholding, freezing, seizure of

asset associated with PF under the Agreement No.05/NCC, dated 06 February 2019, the committees consist of 7 line-ministries concerned (BOL, MOIC, MOJ, MOFA, MOPS, MOF and OSPP) with 13 members, to which the said Order had been approved on 26 November 2020, No.20/PM alongside with a dissemination campaign had been done in Vientiane Capital 20 January 2021 with 52 participants.

- 47.5 ML/TF Prosecution Mechanism: there are designated committees consist of four line-ministries and agency in charge such as AMLIO, MOPS, SPPO and SPCO including 9 people who working under the Agreement No.18/NCC dated 06 December 2019. During the consideration period there were numbers of discussion meeting took place over 8 times, as a result the Lao PDR has in hand the approved Directive on ML/TF Prosecution No.01/NCC, dated 08 January 2020 to which such Directive had already been circulated among competent authorities nationwide and the dissemination campaign were also been took place 16 times in southern and northern part (Champasak, Luangprabang, Oudomxai, Bokeo, Luangnamtha, Huaphanh, Phongsaly, Xiengkhuang and Xaiyyabuly provinces) of the nation with over 1,550 participants. Recently, the said Directive had now been used as part of the financial investigation process in parallel with predicate offense investigation conducted by investigation authorities.
- 47.6 Lao PDR had reviewed all 112 existing legislations along with supporting documents regarding AML/CFT such as 1 Penal Code, 19 Laws, 9 Treaties, 5 Decrees, 2 Orders, 6 Instructions, 20 Agreements, 2 Regulations, 12 Notices, 5 Manuals and others in complying with 40 Recommendations set by FATF.
- 47.7 Moreover, the Agreement on Settlement Service Provider No.288/BOL has been endorsed dated 17 March 2020 and Drafting of Decree on Casino and Gambling Operation is underway.

Investigation Aspect

48. Investigation authorities and associated agencies received a three years (2019-2021) technical assistance project administrated by UNODC (under the sponsorship of The United State Bureau of International Narcotics and Law Enforcement Affairs (INL), US Government) with an objective to upskill the investigation authorities, as well as to narrow down the gaps appeared in NRA finding for instance capacity building of financial investigation technique, put in place financial investigation manual to ensure the effectiveness of investigation, and conducts training for investigation authorities across the country. To date, the training had been conducted twice coached by the UNODC subject matter experts, with the total number of over 100 participants.

49. Coordination and cooperation at the central level among investigative bodies, prosecutors, courts and other associated agencies have brought into discussion in the investigation process, prosecution and judgment call on ML/TF offence in parallel with predicate offence investigation, of which there is AML Working Group in place to facilitate investigation process as well, which undertaken by directorial level to which the unit had been established under the Agreement No.07/NCC, dated 11 May 2016. Additional to that, there is also Focal Point in charge of AML/CFT task available, which consist of staff from diverse division and officers' levels under the Agreement No.1112/AMLIO, dated 14 November 2016.
50. Upon completion of the NRA assessment, the Lao PDR decided to extend its coordination and cooperation network across 18 agencies involved such as BOL, AMLIO, LSX, MOJ, MOPS, SIAA, MAF, OSPP, PSC, MOF, MOFA, MOIC, MOD, PMO, MPI, MICT, MOST and MOHA with total number of 35 members and divided into three major groups to deal with each deficiencies namely 1) Criminal Proceedings Group; 2) Reporting Entities Supervisory Group and 3) Internal and International Cooperation Group to which established under the Agreement No. 19/NCC, dated 17 October 2017. So far, the network has been extending into provincial level across 10 provinces.
51. Additional roles and functions have been added to associated competent authorities in relations to financial investigation as below:
 - MOPS issued internal Instruction on AML/CFT implementation No.2767/MOPS, dated 16 December 2019;
 - Customs Department of MOF issued the Agreement on Establishment of Committees in charge of ML/TF financial investigation in parallel with predicate offense investigation No.09100/CD, dated 18 November 2019;
 - Forestry Inspection Department, MAF issued the Agreement on Establishment of Committees in charge of ML/TF financial investigation in parallel with predicate offense investigation No.2109/FID, dated 31 December 2019.
52. AMLIO in cooperation with Customs Department, MOF developed, installed and conducted training on the use of an effective, secure and timely manner of Cross Border Transaction Report Online System in order to facilitate the cross-border reporting generate by customs authority at 13 priority international checkpoints across the country.
53. Moreover, Institute for Legal Support and Technical Assistance “ILSTA” under the sponsorship of Canada and Luxemburg government also provided in-kind contribution to facilitate to some LEAs like Personal Computer, Printer and other equipment in addition to that they also supported on media publication for instance brochure, poster and banner-stand to promote public awareness on AML/CFT.
54. In order to obtain diversify information sharing, strengthen competent authority's coordination mechanism and ensuring a huge data storage in the future, AMLIO established the Competent Authority Data Sharing Platform with an aim to secure, effective and without delay on information exchanging.

55. The infrastructure improvement on person identification (ID) to enable reporting entities in accessing to the source of information. To date, Lao PDR has been upgrading the ID from time to time for instance, during the year 1985-1989 the ID was in kind of family book, during 1989-2001 was in form of paper, 2002-2015 was in form of plastic and since 30th March 2015 the ID was equipped with microchip that enables to record residential information and expected to be fully used in the future.

Effectiveness of Inspection, KYC and RE Information Accessing

Training for REs

56. Due to insufficiency of knowledge on AML/CFT obligations conducted by RE staff that resulted in ineffective outcomes, therefore the training on AML/CFT was included as part of the primary training program for REs that set out by AMLIO from time to time, which focus on internal policy plan, KYC technique, information collection and reporting procedure.

Monitoring, Inspecting and Evaluating AML/CFT Obligations Conducted by REs

57. Upon NRA assessment, Lao PDR applied AML/CFT measures based on Risk-Based Approach (RBA) under the technical assistance given by World Bank, which funded by EU. The project will last for 1.5 year (February 2019-July 2020). Prior to applying RBA, Lao PDR has been grouping those identified risk sector into three groups by putting to consideration on the parameters including the areas that has higher risk involved, sectors that ready to be applied by RBA measure and areas that could easily be accessible by supervisor as below:

57.1 **Group 1 consists of three sectors:** the first RBA was applied into Banking, Insurance and Securities sectors in May 2019 and completed in October 2019. The resulted indicated that from the total number of 42¹⁸ banks, of which 2 banks were at high risk, 15 banks were at medium-high, 8 banks were at medium risk, 9 banks were at medium-low and another 8 banks were in the low risk. Insurance sector consists of 24 companies, which the RBA applied focus only on 14 companies that has life insurance products as the result of NRA indicated that this product is higher than others. The result of RBA shown 2 companies were at high risk, 2 companies were at medium-high risk, 4 companies were at medium-risk, 3 companies were at medium-low risk and 3 companies were at low risk. As for the securities sector, the RBA was applied into 3 securities companies and the outcomes indicated that 2 companies were at medium-low risk and another 1 company was at low risk. As of now, those three sectors that have been applied by RBA were aware of the result and the sectors itself are now in the process of putting in place action plan to address with the existing deficiencies.

57.2 **Group 2 consist of five sectors:** 1). FI; 2). Real Estate Trading Agencies; 3). Exchange Bureau; 4). Precious Metal and Antique and 5). Casino. To date, the information requirement Notice has been sent out to the above-mentioned sectors that instruct them to submit information to their related supervisors, which expected to be done within 2020.

¹⁸ The RBA implementation in total number of 42 banks, which covered 1 foreign bank branch that has been established in year 2019 so such bank did not include in the NRA process.

- 57.3 **Group 3 consist of nine sectors:** 1). Leasing Company; 2). Prawn Shop; 3). Credit Company; 4). MVTs; 5). Asset Management Company; 6). Company or Financial Instrument for Settlement Agency; 7). Bar Association or Law Enterprise; 8). Public Notary; and 9). Accounting Audit Company to which the plan has already been set out that expect to take place right after completion of Lao PDR's ME.
58. As per current COVID-19 pandemic situation that affecting the global movement as a whole, in particular undermining the set plan on RBA implementation to be applied for the Group 2 and 3.
59. In addition to the RBA implementation, those REs still need to be overseen by AMLIO via coordination and cooperation with dedicated REs supervisor in a regular basis on the AML/CFT implementation conducted by REs details illustrated table below.

Table 1.9: Monitoring and inspection on AML/CFT for REs plan¹⁹

No	Name of REs	Timeframe																
		2021				2022				2023				2024				
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
1	Casinos	Yellow	Green							Yellow	Green					Yellow	Green	
2	Pawnshops		Yellow	Green						Yellow	Green					Yellow	Green	
3	Leasing Companies		Yellow	Green						Yellow	Green					Yellow	Green	
4	Commercial Bank		Yellow	Yellow	Green					Yellow	Yellow	Yellow	Green			Yellow	Yellow	
5	Money Transfer Service Companies		Yellow	Green						Yellow	Green					Yellow	Green	
6	Insurance Companies		Yellow	Yellow	Green					Yellow	Yellow	Green				Yellow	Yellow	
7	Valuable material and antique trading business		Yellow	Yellow	Yellow	Green				Yellow	Yellow	Yellow	Green			Yellow	Yellow	
8	Currency Exchange Bureau				Yellow	Yellow	Green			Yellow	Yellow	Yellow	Green					
9	Real Estate Trading Agencies					Yellow	Yellow	Green			Yellow	Yellow	Yellow	Green				
10	Micro-Finance Institutes						Yellow	Yellow	Green									
11	Bar Association or a legal firm							Yellow	Green							Yellow	Green	
12	External Auditing Firm								Yellow	Green						Yellow	Green	
Prepare and conduct implementation		Yellow																
Implement and anticipate completed		Green																

¹⁹ AMLIO developed its monitoring and inspection plan on AML/CFT in every 5 years and update it on annually basis according to REs disciplinary performance level.

The Mechanism on RE's Information Accessing by LEAs

60. A part from the roles and functions of LEAs on REs information accessing as stipulated in the Law on Criminal Procedure. Alternatively, in accordance with the Agreement on Organization and Operations of The Anti-Money Laundering Intelligence Office (Revised Edition) No.02/NCC, dated 08 January 2020 and the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020 stated that the LEAs are authorized to obtain a faster financial information via AMLIO.

Internal and International Coordination

61. AMLIO as a designated supervisor, monitoring and inspection in terms of AML/CFT implementation had extended its bilateral internal coordination and cooperation on information exchange with 15 related agencies as PSC (Cabinet), MOF (Customs Department and Tax Department), MOPS (Economic Police Department, Immigration Department, Foreigner Control Department, Department of Family Management and Grass Roots Development), SIAA (Anti-Corruption Department), MONRE (Department of Land), MOIC (Enterprise Registration and Management Department), BOL (Commercial Bank Supervision Department, Financial Institution Supervision Department, Monetary Department and Lao Security Commission Office), and MPT (Lao Telecom Company limited) and alternatively subject to the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/GOV, dated 20 February 2020 also allows the competent authorities and AMLIO to conduct information exchange among each other directly.
62. On top of that, Lao PDR also extends its coordination and cooperation internationally for reciprocity purpose by signing bilateral MOUs with 14 foreign FIUs as Vietnam, Cambodia, South Korea, Thailand, Indonesia, Japan, China, Russia, Myanmar, Bangladesh, Brunei, the Philippines, Singapore and Malaysia, and another 4 MOUs (Australia, India, Papua New Guinea and Bhutan) are under negotiation. To streamline working network of the country, Lao PDR is currently at the fourth out of total eight steps for Egmont membership criteria under the sponsorship of Indonesian Financial Transaction Report (PPATK) and Anti-Money Laundering Office Thailand (AMLO), unfortunately due to the impact of emerging COVID-19 that results in delaying our Egmont membership process.

1.3. To what extent are the results of the assessment(s) of risks properly used to justify exemptions and support the application of enhanced measures for higher risk scenarios, or simplified measures for lower risk scenarios?

Investigative Bodies

63. Recently, associated investigation agencies are putting in place to address its deficiencies as identified in the NRA outcomes as below:
64. In order to promote more effective investigation on narcotics offense, the National Narcotics Inspection and Control Committees had been upgraded into departmental level equivalence (so-

called the Drug Control Police Department) that operates under the MOPS. Increasingly, combating of narcotics become more crucial issues, thus during the government meeting dated 28 June 2018 had reached consensus to include narcotic issue as a national priority agenda and the five years strategic plan on the narcotics combating (2019-2024) is being drafted by MOPS.

65. The Custom Department issued an Agreement on creation of an Investigation Authorities Responsible for ML Investigation in Parallel with Predicate Offense No.09100/CD, dated 18 November 2019. To promote an effective, facilitate and ensure timely manner on the implementation of the task, the Custom Department in cooperation with AMLIO created and announced the CBR online system that has been validating on 14 January 2020 (Based on the Notice No.00245/CD) so far, the CBR system has been distributing to across international checkpoints nationwide.
66. The Forestry Inspection Department, MOAF revised and imposed additional task on potential ML investigation in parallel with forestry offense investigation such as issuance of Agreement on Appointment of Committee Responsible for ML Investigation in parallel with predicate offense investigation No.2109/FID, dated 31 December 2019, put into consideration on adjustment of roles and function of the Forestry Inspection Department, Agreement on Inspection, Forestry and Forestry Resources Investigation. To ensure effectiveness outcome conducted by above-mentioned designated authorities, thus capacity building for competent authorities in area of financial investigation technique and the implementation of environmental offense investigation in parallel with ML investigation have been conducted from time to time. In addition to that, ML trend driven by wildlife and aquatic crime was also included as part of the five years strategic plan of MOAF 2018-2025.

National Wildlife and Aquatic Crime Response Action Plan of Lao PDR 2018-2025

I.3.b Estimation of Potential Risks in the Future

Recently, major wildlife and aquatic crime is in the dark market, however, this shall turn to organized groups with local and international network. This is the challenge for any governments for the future. There are 5 challenges:

- 1) **Wildlife and aquatic crime in the group shall be more organized and complex:**
 - **Nature:** There are not controlled by the law and shall continue communicating with organized crime. There often a threat. In addition, minor or unknown crime shall be more appearance to transnational operations and similar threats severe;
 - **Objectives:** To achieve balance between profit and the risk in discovery under penalty, there also know the matters of authority and the legal gaps there have more experiences earlier.
 - **Connections:** There is connection between transnational crimes, domestic traders supplying countries, group of traders and customers, and wildlife products in the countries where they need products that are harmful to the country and potential threat in the short and long term.
- 2) **Wildlife and Aquatic Crime Group Networks are caused by 2 profits:**

- Typically, these are the result of basic needs (profits generation and illegal profits), however, due to the higher price in the future, which could lead to more criminal and legal participation in the trade;
- This scenario also involves other legal trafficking including the weapons, fraud, cybercrime, environmental crime, counterfeiting, human trafficking, identity crime, corruption and money laundering.

3) Criminal Networks related to Corruption:

- There activities: receiving assistance from people who have accessed to information, infrastructure, public administration and knowledge on the weaknesses of institutes or expertise.
- Highly skill facilitators: Having IT professionals, accountants, transportation and transportation agents, lawyers and bankers who play a key role in helping crime in either legal or illegal activities, which cannot be explored;
- Methodologies: Hiding illegal activities and ML by establishing an economic base in the industry with simple operation;
- Networking: Finding people involved in law enforcement and relevant government organizations to intervene, corrupt or continue to facilitate their activities.

4) Criminal Networks Running in the Dark Market:

- **Nature and Status:** Be able to live in the most social and economic sectors, they can hide their presence in the dark market;
- **Law Enforcement:** There are struggling because operating in the form of enterprise and they have a competitive advantage with others who comply with the laws.

5) Crime Network Groups can be found in:

- **Status:** being able to operate in any authorize areas (both domestic and international) poses a serious threat to Lao PDR;
- **Competency:** Be able to operate illegally with the high level of coordination and severs losses to the Economic of Lao PDR.

67. The strategic plan on the anti-corruption (2020-2025) is being drafted by Anti-Corruption Department, SIAA which will be included anti-corruption, money laundering, narcotic drug and wildlife trafficking into priority work plan of Laos PDR. In addition, the State inspection and Anti-Corruption Authority had issued Notice on Implementation of the Directive on Money Laundering and Terrorist Financing Prosecution No.01/NCC dated 08 January 2020 and Decree on Entrust and Responsibilities in Implementing the Activities of AML CFT No. 127/Gov dated 20 February 2020.

Reporting Entities

68. Lao PDR has put in place the action to address its higher-risk sectors:

Casino

69. The Government appointed the ad-hoc committee responsible for drafting the Decree on Casino and Gambling Operation under the Agreement No.1904/MPI, dated 27 August 2019. The said

committee took number of discussion meeting in order to identify supervisor and AML/CFT implementation obligations for casino and gambling which expect to complete the draft and propose to government for endorsement by year 2021.

70. Throughout the dissemination of NRA outcomes across the three casinos operating in the country to that there all fully aware of the risk of being used by criminal for ML purpose. However, the risk mitigations were applied in a form capacity building training on the implementation of AML/CFT obligations. Besides, the casino sector was included as part of the second priority group (as stated in par. 57.2) for RBA.

Banking

71. The RBA was applied in banking sector and the result indicated as table below:

Table 1.13: RBA Result on Banking Sector

Risk Level	High	Medium - High	Medium	Medium - Low	Low	Total
Number	2	8	16	9	7	42

72. The 2 identified high risk banks will be received warning letter from the supervisor on failure to implement its obligation on AML/CFT, in the case where they remained failure to compliance with AML/CFT requirements as identified in the warning letter then further action will be applied. (actual implementation: there is one commercial bank is under administrative and control measures (as per Notice of Commercial Bank Supervision Department/BOL) driven by failing to comply with the sustainable management policy set by BOL), and another one commercial bank received warning letter caused by failing to comply with AML/CFT requirement as per Notice No. 573/AMLIO, dated 03 June 2020.
73. For the identified medium-high and medium risk level banks will be undergo on-site inspection conducted by AMLIO in order to encourage and provide an advisory on implementation of AML/CFT requirement toward an appropriated level and in line with an actual circumstance, the risk mitigation timeframe has been given to those identified banks along with a closer monitoring conducted by AMLIO, in the case where there is no progress made within the given timeframe then a warning letter will be issued to such banks as set out in the regulation accordingly.
74. For the identified medium-low and low risk level banks will be receiving notification letter instructing to maintain its effective AML/CFT implementation, to ensure satisfaction level is there, AMLIO periodically conducts risk assessment, maintain a substantial level of staff in particular compliance officers through capacity building training in regular basis (or upon request), as well as identify deficiencies of each bank including measure to narrow down such gaps. To that end, those identified banks are required to submit their report to AMLIO for further consideration and advisory.
75. Apart from the applied risk mitigation measures as stated in par.72, 73 and 74, the risk mitigation measure manual dated 19 May 2019 has also been utilized over those identified REs at risk.

1.4. To what extent are the objectives and activities of the competent authorities and SRBs consistent with the evolving national AML/CFT policies and with the ML/TF risks identified?

Investigative Bodies

76. The government of Lao PDR instructed and allocated roles and functions on the AML/CFT implementation to related agencies including: MOPS, MOD, MOAF, SIAA and MOF to effectively conduct predicate offence investigation in parallel with ML/TF investigation as stipulated in the approved Decree on Entrust and Responsibility in Implementing the Activities of AML/CFT No. 127/Gov, dated 20 February 2020. The conducting outreach of the said Decree for related agencies involved across nationwide has been implemented effectively (as indicated in par. 47.2).
77. Furthermore, there is an established and amended legislation in place such as the Directive of ML/TF investigation manual No. 01/NCC, dated 8 January 2020, Standard Operating Procedure, Strategic Analysis Report and etc.
78. To promote and ensure effective outcome of investigation procedure, all related investigative bodies received capacity building to streamline investigative techniques for predicate offence investigation in parallel with ML investigation, especially focus on the indicated 7 threat appears in the NRA finding, with under the sponsorship of the UNODC (as mentioned in par. 48). In addition to that, investigative bodies also received funding from international organization (Defense Institute for International Legal Studies “DIILS”, International Law Enforcement Academies “ILEAs”), US Government, ILSTA and others to attend both internal and external capacity building training and workshop.

Table 1.14: Domestic Investigation Training Statistics (US and UNODC)

No.	Province	Date, Month, Year			Number of Participants
		2018	2019	2020	
1	Champasak	18-20 June, 15 October 2018		27 January 27-28 August 9-11 December 2020	269
2	Sekong	19 October 2018			50
3	Attapue	22 October 2018			52
4	Salavanh	25 October 2018			50
5	Luangprabang	13-15 June 2018, 15 October 2018		30 January, 6-7 August, 11-13 November 2020	275
6	Xayyabouly	19 October 2018		21-22 October 2020	135
7	Phongsaly	30 October 2018		17-20 October 2020	135

8	Luangnamtha	01 November 2018		18-20 August 2020	132
9	Bokeo	05 November 2018		20-22 August 2020	125
10	Vientiane Capital	06-10 May, 16-20 September, 05 November 2018,		8 January, 17-20 February, 8 June, 11 August, 21-24 September, 29 October, 18-20 November, 01 December 2020	1023
11	Vientiane	08 November 2018			45
12	Oudomxai	08 November 2018		15-18 August 2020	123
13	Savannakhet	12 November 2018			50
14	Khammuan	15 November 2018		13-15 October	109
15	Bolikhamsai	19 November 2018			45
16	Xaysomboun	19 November 2018			50
17	Xiengkhuang	23 November 2018		11-14 October 2020	135
18	Huaphan	27 November 2018		15-16 October 2020	135

Supervisor

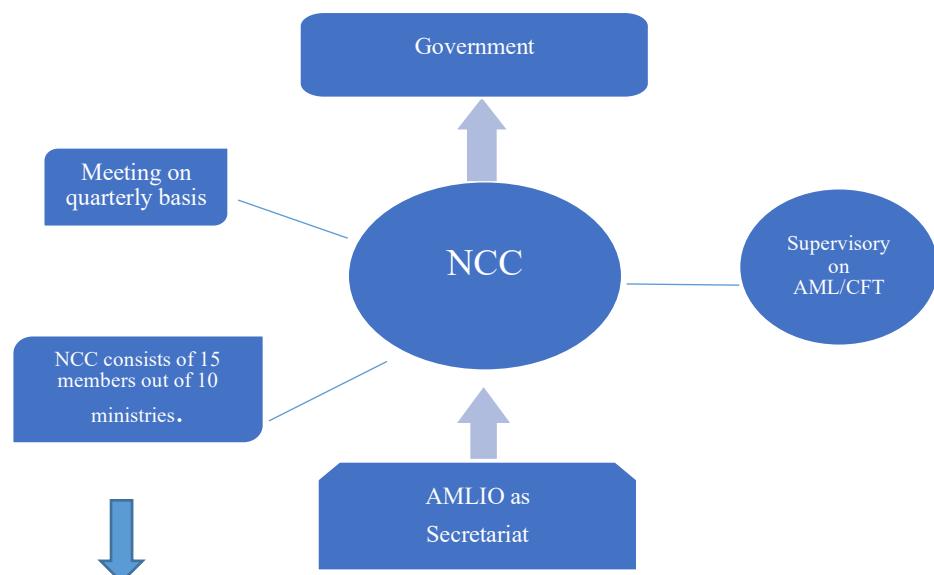
79. The Lao PDR designated a dedicated RE's supervisor (as determined in IO 3.1, Table.1) in particular focus on identified ML risk sectors. To this end, the Lao PDR had also issued the Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT, No.127/Gov, dated 20 February 2020.
80. To build on the above issued Decree, creation of relate AML/CFT legislation and capacity building for the RE's supervisor are required such as market entry requirement, monitoring and inspection manual, KYC/CDD, evaluation and risk management manual, STR and indicators, the above-mentioned plan have been undertook as agreed between the AMLIO and the first 5 priorities sector for RE's supervisors (full details indicated in IO 3.1 in table 3.3, 3.4,3.5, and 3.6). Furthermore, some legislations have also been created and amended as AML/CFT on-site inspection manual dated 08 August 2018, Agreement on Settlement Service Provider No.288/BOL, dated 17 March 2020, draft Decree on Casino and Gambling Operation and etc.
81. The implementation of RBA to REs (as indicated in par.57) based on the existing manual and world bank assessment procedure guidance in line with actual condition of the country (as indicated in IO.3.3 and IO.4.2) with the objective to evaluate an effectiveness (appropriate, consistency of existing and other related legislations) of AML/CFT implementation done by REs.
82. The Lao PDR identified SRBs in the form of association which its functions to promote profession of resident, know-how and creativity, there is no specific regulation dedicate to members. However, members itself are considered as REs that have to implement the AML/CFT obligation under supervision of its own supervisors as indicated in par.79, 80 and 81.

1.5 To what extent do the competent authorities and SRBs co-operate and co-ordinate the development and implementation of policies and activities to combat ML/TF and, where appropriate, the financing of proliferation of weapons of mass destruction

AML/CFT Implementation

83. The National Coordination Committee (NCC) has been established and responsible for directing and issuing related AML/CFT policies, chaired by Vice Prime Minister and another 15 members from 10 line-ministries at the ministerial level or equivalent such as MOF, BOL, MOPS, MOJ, MOFA, MOIC, PMO, PSC, OSPP and SIAA, of which the AMLIO as the secretariat to the NCC responsible for management, inspection and monitoring of AML/CFT task to ensure consistency of legislation involved and to meet the international standard set by FATF.

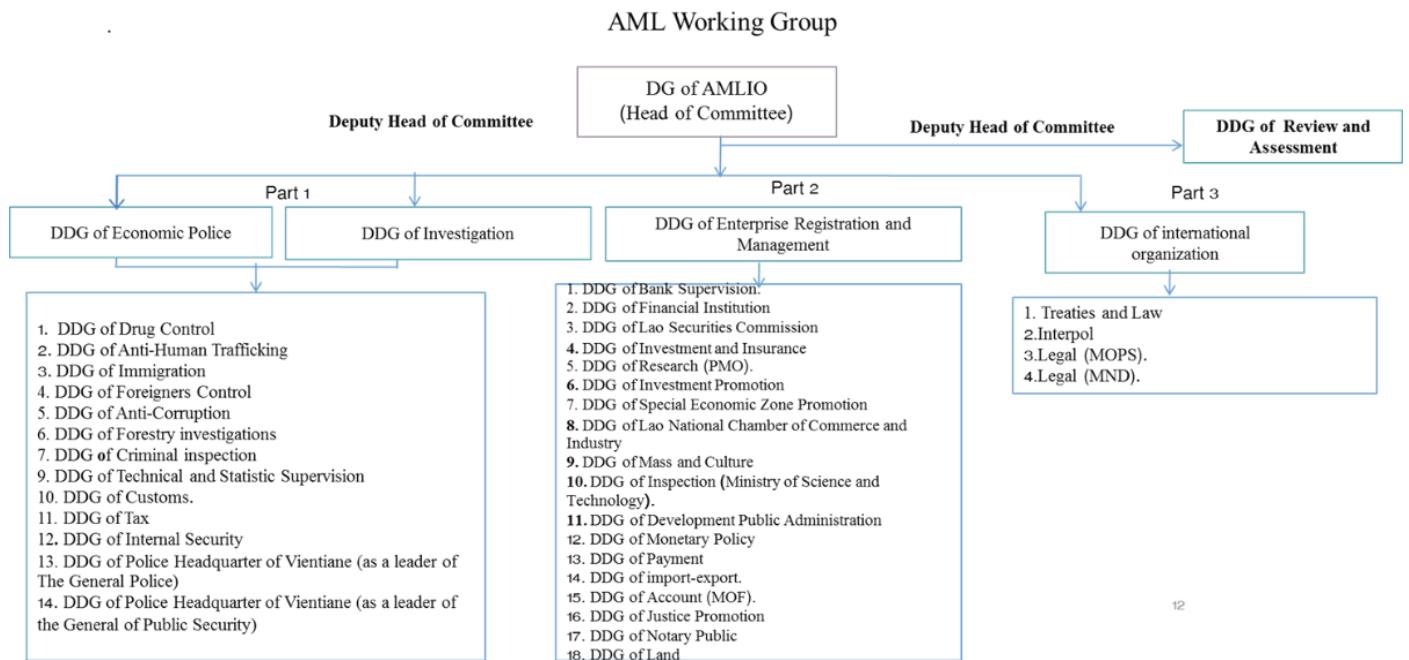
Figure 1.1 NCC Organizational Structure



1. Vice Prime Minister, chairman;
2. Governor of Bank of the Lao PDR, vice chairman and standing member;
3. Vice Minister, Ministry of Public Security, vice chairman;
4. Vice Minister, Ministry of Finance, member;
5. Vice Minister, Ministry of Justice, member;
6. Vice Minister, Ministry of Foreign Affairs, member;
7. Vice Minister, Ministry of Industry and Commerce, member;
8. Vice Minister, Deputy Permanent Secretary of Government Office, member;
9. Vice Chairman, Supreme People's Court, member;
10. Vice Chairman, Office of Supreme People's Prosecutor, member;
11. Vice President, State Auditing Organization, member;
12. Deputy Governor of Bank of the Lao PDR, member;
13. Director General of Department of Public Security, member;
14. Chairman of Lao Committee on Drug Control, member;
15. Director General of Anti-Money Laundering Intelligence Office, Secretary of NCC, member.

84. The AMLIO established its internal cooperation and coordination network with diverse line-ministries consists of 42 members with directorial level in responding for AML/CFT implementation to which divided into three groups covered area of criminal proceedings, REs supervision and internal and external relations aspects.

Figure 1.2 AML Working Group Organizational Structure



- 84.1 **Group 1:** Throughout an available internal coordination and cooperation network among the investigative bodies in line with the above-mentioned mechanism that leads the Lao PDR has in hand statistic on ML prosecution (details in IO.7.4) and financial information exchange conducted by investigative bodies (details stated in IO.6.4);
- 84.2 **Group 2:** As a result of closely cooperation among related supervisor under the existing coordination mechanism available in upgrading the supervisory mechanism that lead to gradual improvement such as creation of internal policy and financial transaction report (details as indicated in IO.3.3, IO.3.5 and IO.4.1);
- 84.3 **Group 3:** With effective cooperation from group 1-2 operated under each other own's role and function pertaining information exchange related to financial investigation to natural person and legal person involve with related international jurisdiction (details indicated in IO.2) that operated under MLA.
85. To ensure and facilitate the working process among investigative bodies, there is a so-call Focal Point (consists of division and officer level as members) located at both central and provincial level in charge of prosecution relate to predicate offence investigation that lead to ML conviction.

Figure 1.4 AML/CFT Focal Point Components



86. The working process are done via bilateral MOUs signed between associated agencies that placed in designated focal point and non-designated focal point as well (15 MOUs in total) in order to ensure solid cooperation in area of AML/CFT aspect.

Combating of Proliferation Financing (CPF)

87. During the period of national risk assessment on ML/TF of the Lao PDR was not covered proliferation financing assessment. However, the government of the Lao PDR remained stay vigilant on potential risk associated with PF, therefore the government of the Lao PDR appointed a committee consists of various line-ministry involved as MOFA, MOPS, OSPP, MOIC, MOJ, BOL and AMLIO responsible for drafting an Order on Withholding, Freezing and Seizing of Assets associated with PF under the Agreement No.05/NCC, dated 06 February 2019, throughout numbers of discussion meeting over 10 times, which had been endorsed on 26 November 2020 (for the actual implementation can be referred to IO.11).

1.6. To what extent does the country ensure that respective financial institutions, DNFBPs and other sectors affected by the application of the FATF Standards are aware of the relevant results of the national ML/TF risk assessment(s)?

88. As a result of NRA outcomes has been disseminated and circulated to all related sectors for awareness as well as to put in place action plan to address their own deficiencies (details stated in the response of IO.1.1 and IO1.2).

NRA Dissemination Contents

- Overall and Mechanism on AML/CFT Implementation of Lao PDR;
- Roles and Functions of AMLIO on AML/CFT;
- Obligations of REs on AML/CFT Implementation;
- Reporting and Associated Legislation of REs;
- NRA Outcomes;
- RBA Implementation on AML/CFT to FIs.

89. On top of that, AMLIO in cooperation with RE's supervisors conducted RBA to the identified at risk REs based on NRA findings (Group 1) composed of Banking, Insurance and Securities details as below:

- 89.1 The Banking and security have already done with the RBA and has in hand its action plan based on their own deficiencies (Risk mitigation plan stated in IO.4.1);
- 89.2 Due to the impact of severe COVID19 pandemic therefore the implementation of RBA over the insurance sector has been put off (details can be referred to IO.3.3).

Immediate Outcome 2

International co-operation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets.

2.1. To what extent has the country provided constructive and timely mutual legal assistance and extradition across the range of international co-operation requests? What is the quality of such assistance provided?

90. Lao PDR has in hand its reciprocity mechanism on mutual legal assistance (MLA) and extradition through being a membership of multi-international treaties and other forms of international cooperation. As per implementation timeframe of both requests/responses are performed under details stated in the context of the treaty or rely on national law of each jurisdiction.

Mutual Legal Assistance

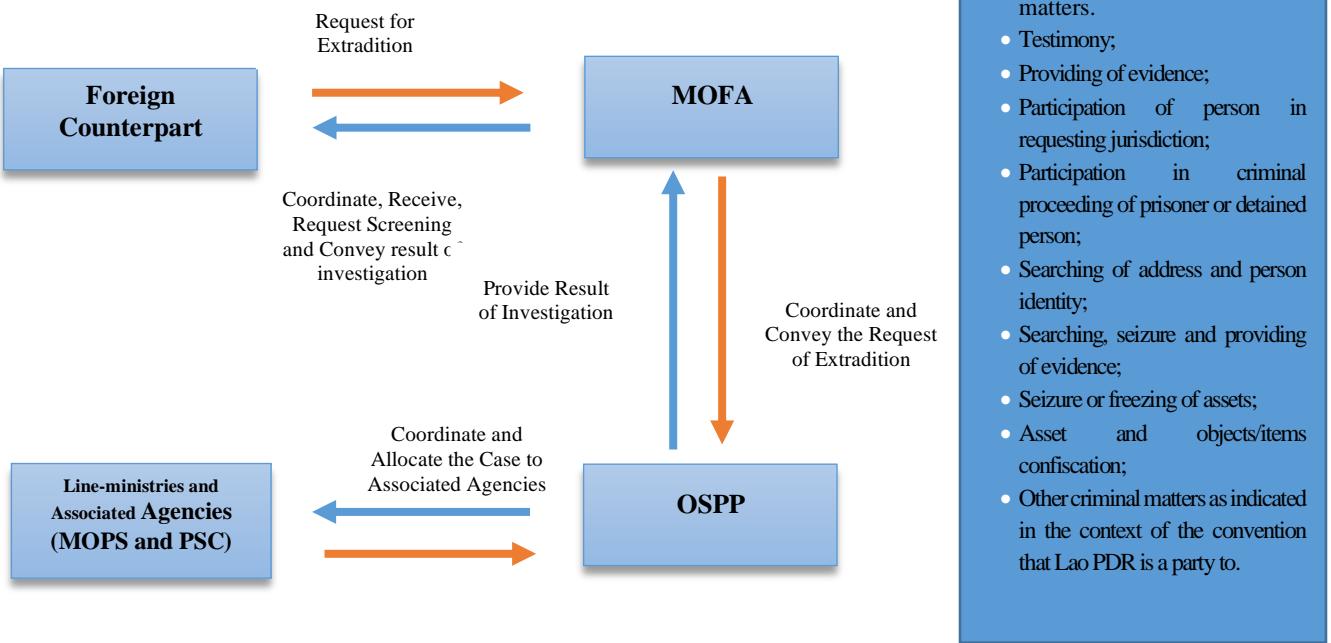
91. The actual implementation of mutual legal assistance is based on the context of international treaty that Lao PDR is a party such as multi-lateral (ASEAN Convention on Mutual Legal Assistance in Criminal Matters), bilateral (Lao PDR-Vietnam, Lao PDR-China, Lao PDR-South Korea) and diplomatic channel in which the designated coordinator was assigned under agreement of each party and the responsibility shall also be consistent with each internal law and management of the country, therefore the allocation of actual implementation may vary depend on roles and responsibilities of respective organization, over the period of time Lao PDR provided cooperation with its international counterparts as below:

- Testimony;
- Providing of evidence;
- Participation of person in requesting jurisdiction;
- Participation in criminal proceeding of prisoner or detained person;
- Searching of address and person identity;
- Searching, seizure and providing of evidence;
- Seizure or freezing of assets;
- Asset and objects/items confiscation;
- Other criminal matters as indicated in the context of the convention that Lao PDR is a party to.

92. Requesting jurisdiction shall submit letter of request to central coordination agency (OSPP) through diplomatic channel (MOFA). Upon received of MLA request then OSPP will screen all attached document, in the case the document is correctly fulfilled, sufficient and consistent with the scope of cooperation then the document will be further delivered Criminal Proceedings Organization in order to provide cooperation without delay and within the timeframe stated in the request. In addition, the providing of such cooperation shall be in consistent with principle as stated in the Law on Criminal Procedure of the Lao PDR. On the other hand, in the case where insufficient information then OSPP will notify the requesting jurisdiction to revise or amend such request or else Lao PDR will refuse the cooperation.

93. The OSPP will update jurisdiction from time to time in terms of progression made or the factors delay the process or may require additional information from requesting jurisdiction when confronting difficulty in implementing the request details as shown in the figure below:

Figure 2.1: MLA Procedure of the Lao PDR



94. The said MLA procedure was determined as a specific principle in the current Law on MLA that was endorsed during the national assembly session on 12 November 2020.

95. However, the statistic shows during 2015-June 2020 that Lao PDR provided international cooperation through multi-lateral treaties for 68 times; bilateral 95 times and diplomatic channel 5 times in total 168 of which categorized based on offenses as: Drug trafficking 49 times; Fraud and embezzlement 17 times; Murder 17 times; Human trafficking 4 times; Producing and using of document forgery 7 times; Possession of arms or transportation of explosive items 2 times; Violation of endangered extinction animal protection regulation, trading of forbidden wood, exploring preservation forest 3 times; Producing and utilizing of counterfeit currencies 1 times; Gambling 1 time; Thief 39 times and other 28 times, non-of the MLA request as above-mentioned was related to the ML offense. Detail of inward MLA request during 2015-June 2020 shown below:

Figure 2.2: Statistic of responses extended to inward MLA request during 2015- June 2020.

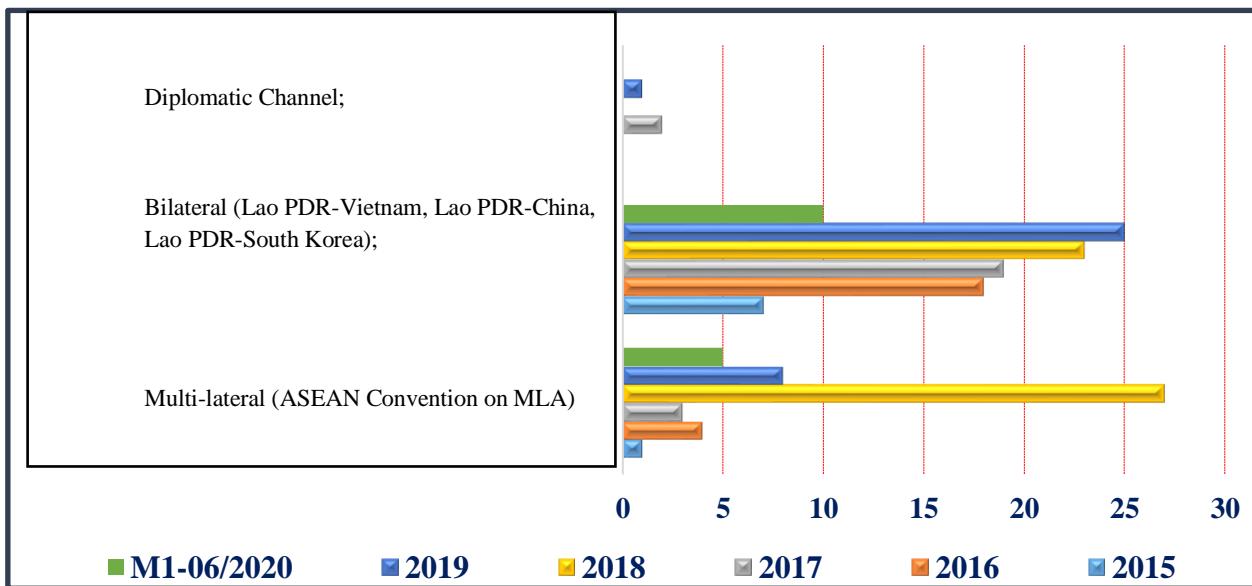
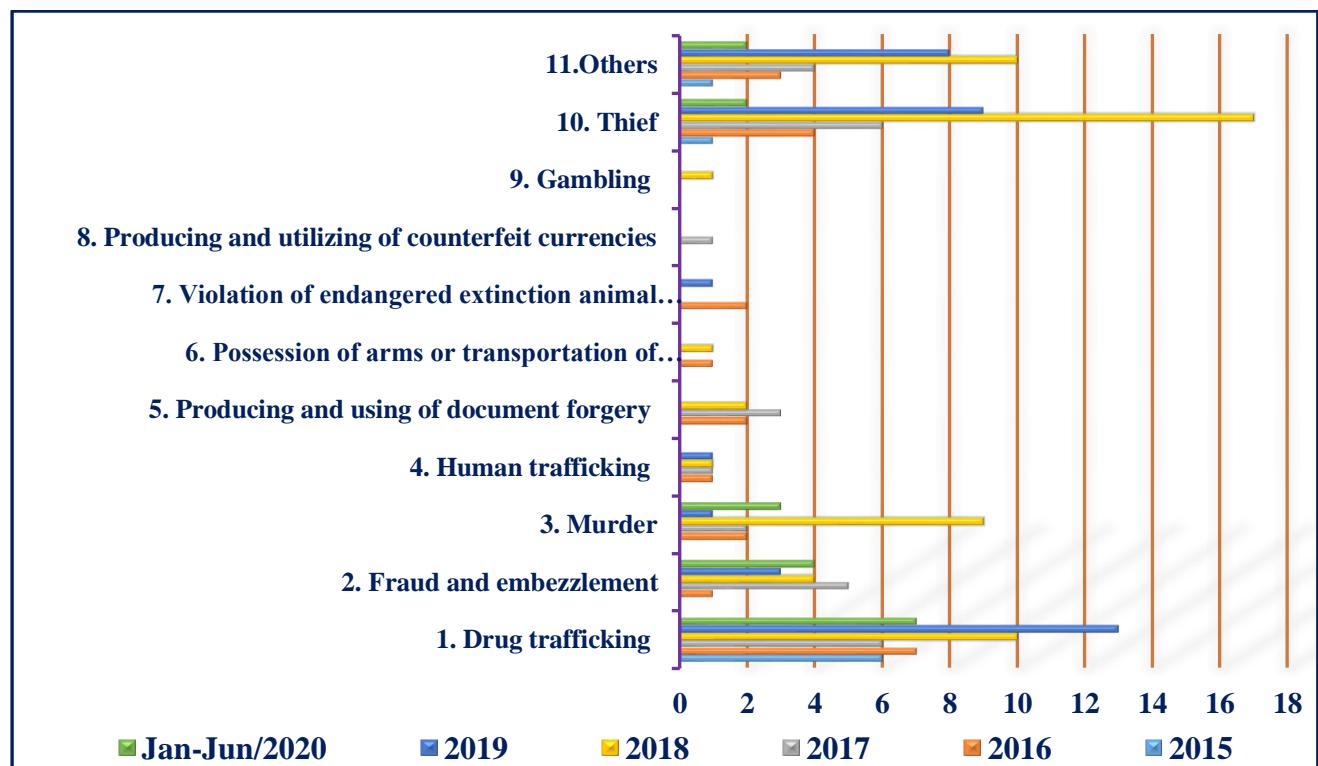


Figure 2.3: Statistic of responses extended to inward MLA request during 2015- June 2020 (categorized by offenses)



96. Regarding the timeframe of mutual legal assistance in criminal matters referred to the content indicated in each request, based on the actual implementation, it normally took 2 to 12 months.

Case Example on MLA

Mutual Legal Assistance (03 cases)

Case Example 1: Seizure of Assets

On 3rd August 2018, the Embassy of Thailand to Vientiane capital, Lao PDR sent letter of request to MOFA, Lao PDR seeking for assistance in conveying the order on seizure of asset to Mr. Subanh Tiasili and Mr. Khambone Tiasili for awareness and informed them to submit their petition for bona fide regarding the source of fund details as below:

On 12th December 2017, customs officers at international checkpoint (1st Lao-Thai Friendship Bridge), Nongkhai province, Thailand temporary seized the assets of Mr. Subanh Tiasili and Mr. Khambone Tiasili, Lao nationality (90 days), worth of Thai Baht 98,000,000 (equivalent to USD 3,253,388) on account of non-declare cash exceeding the specified threshold to the customs officers, thereafter on 28th June 2018, the Anti-Money Laundering Office of Thailand (AMLO) issued the Order on assets seizure as per the article 242, 252 and 165 of the Customs Act B.E 2560 and article 8 of Decree on Currency Exchange.

On 5rd August 2018, the MOFA distributed the said request to OSPP for document screening and then further conveyed to Vientiane Capital of People's Prosecutor Office on 18 September 2018 and later subpoena had been sent to the said persons on 2 October 2018. On 28 September 2018, the accused persons submitted the proof of source document to OSPP and on 10 October 2018, the MOFA delivered to the requesting jurisdiction for the used of prosecution process.

The implementation of inward request had been completed within two months from the date of received.

Case Example 2: Illegal Import and Export of Wood

On 26th April 2018, Office of the Attorney General of Thailand sent letter of request to OSPP of the Lao PDR through MOFA, Lao PDR to verify the authentication of import-export document as details below:

On 16th November 2017, the Thai customs officers at Toungchang Checkpoint seized furniture made of rosewood and rosewood carvings of Vilayphone Sawmill Sole.LTD, Xayyabouly Province from Lao PDR with destination to Hangzhou Twosomee Trading Co.LTD as a buyer, China via Thailand Border, the declaring goods contains in 12 containers that consists of 83,500 rosewood pieces and 254 rosewood carvings. Upon verification the customs officers found suspicion of document consistency, therefore the said document had been sent by thai customs authority to OSPP through MOFA of Lao PDR to further cross-check accuracy of such document.

Upon received of the document then MOFA forwarded to OSPP on 25 June 2018 thereafter, SPPO proceeds with the document verification and further conveys notice letter to respective provincial organization (People's Prosecutor Office of Vientiane Capital and Xayyabouly Province, Customs International Cooperation Division of Customs Department, MOF, Namngern Internation Customs Checkpoint, Xayyabouly Province and Agricultural Department of Agriculture and forestry Ministry and Industry and Commerce Division at Provincial level) to

proceed as request for mutual legal assistance as per their rights and functions as indicated in the Law on Criminal Procedure of Lao PDR.

Through out the cooperation and examine the existing evidence had shown that the tax return, plant quarantine certificate and goods approval record was forged so, the authorities at provincial level sent the result of evidence examination to OSPP in August 2018. Hence, OSPP responded to the requesting jurisdiction on 31 October 2018 through MOFA along with evidence obtained by Lao PDR for further investigation purpose.

The implementation of inward request had been completed within 6 months from the date of received.

Case Example 3: Fraud

On 9 September 2019, Nakoya Prosecutor Office at provincial level made an inward request for MLA to OSPP via MOFA of Lao PDR asking the Lao authorities to freeze the account of Japanese citizen opened in Lao PDR details as below:

On 18 July 2018, Mr. Ito MASAAKI (first defendant) has been sentenced to deprive of freedom for 14 years, revoked his account and press charge JPY 1,477,359,212 and Mr. Ishii MASATO (second defendant) who committed fraud offense has been sentenced to spend 12 years in prison, revoked his account and press charge JPY1,477,359,212 by the Nakoya provincial court therefore, the Lao authorities has been ask to freezed the two inmate deposit account opend at BCEL in LAK 431,322,371.98 and USD 1,116,425.58 as indicated in the Order on asset freezing issued by the People's Vientiane capital prosecutor office (the implementation on asset freezing was done as per the request made by the government of Japan in year 2017) and those freezed money required to be wired back to the Japanese government.

Upon recieved of the document then MOFA forwarded to OSPP on 12 September 2019 thereafter, OSPP proceeds further by issuing notice letter to people's Vientiane Capital Prosecutor Office on 7 January 2020 in order to inform the people's vientiane capital court to acknowledge such foreign court judgement, later on 2nd July 2020, the People's Vientiane Capital Court made judgement in order to wire the two account owned two mentioned defendants in LAK 431,322,271.98 and USD 1,116,425.58. Hence, the OSPP hand over the letter of authorization to government of Japan through MOFA on 24 August 2020.

The implementation of inward request had been completed within 12 months from the date of received.

Extradition

97. As per extradition mechanism was done on the basis of the Law on Extradition No.18/NA, dated 11 July 2012 in which the MOFA was the main central coordinating agency in terms of foreign counterparts' cooperation whereas the OSPP was the main internal central coordination agency.
98. Every request for extradition from requesting jurisdiction to Lao PDR shall be sent via MOFA and the MOFA itself will make document screening sent by requesting jurisdiction in comparisons with article 13 and 14 of the Law on Extradition, in the case where the request

document consistent with the said two article then MOFA will further convey to OSPP to proceed with the next step.

99. On the other hand, in the case where there is insufficient or inconsistent with the said two article set out in the extradition law then the MOFA will seek additional requirement of information to the requesting jurisdiction within 15 working days from the date of receiving the request in which the requesting jurisdiction require to resubmit additional information to Lao PDR within 15 working days. In the case the requesting jurisdiction could not submit the required additional information within the given timeframe then it is implied that such jurisdiction withdraws their request on their own accord, but the right on extradition request will remain eligible for the next new request.

100. In the event where the request letter had fulfilled the requirements then OSPP will forward the function to Vientiane Capital People's Prosecutor by coordinating with investigation authority of police to arrest the wanted person within 7 days from the date of receiving the request from MOFA, and then deliver such person to the Vientiane Capital People's Court for further consideration on extradition conviction.

101. Once wanted person or a targeted had been arrested then People's Vientiane Capital Court shall send the case file to the People's Vientiane Capital Court within 30 days from the date of arresting the targeted to which the court will also consider or make judgement within 30 days from the date of receiving the prosecution. While considering the extradition, the Vientiane Capital People's Court has the rights as following:

- Inspecting the accused person or a person appearing in front of the court in order to ensure whether he/she is the right person as per the letter of request for extradition;
- Inspecting whether the offense stated in the letter of request for extradition is met with the list of offenses for extradition set out in the Law on Extradition;
- Screening the offenses and ensure that it is not fallen in the criteria for refusal as set out in the article 8, 10 and 11 of the Law on Extradition.

102. In the event where People's Court found the reasonable for extradition then the court itself will issue judgement and once the final court's judgment has been made then extradition process shall be made within 30 days from the date of the court conviction.

103. Upon the conviction or final court's sentence, OSPP and MOFA will coordinate with associated competent authorities to proceed further for extradition to the requesting jurisdiction within 30 days from the date of court's conviction or as per the timeframe stated in the extradition treaty that Lao PDR is a party to. The extradition procedure shall be conducted as following:

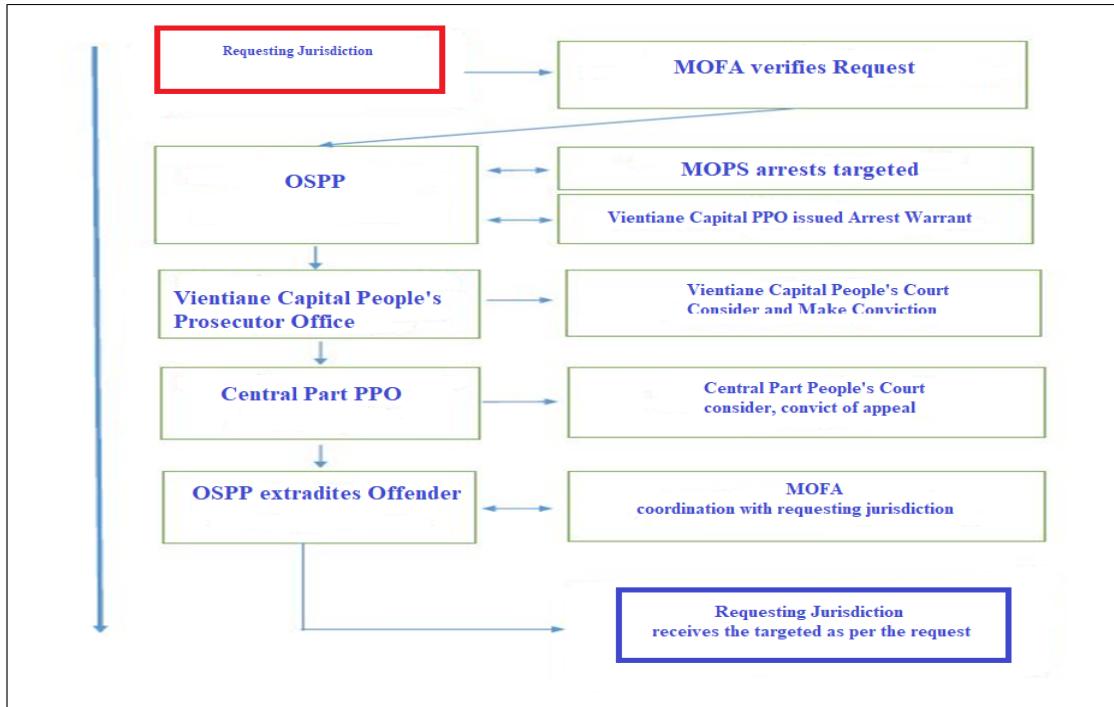
103.1 MOFA shall negotiate with requesting jurisdiction relating to timeframe, location and other factors that associated with extradition;

103.2 In the event that the requesting jurisdiction refuses to receive wanted person as per timeframe indicated in the treaty without any reasons later if the same request of the same person under the same offenses occurs then they shall be rejected and associated competent

authorities of Lao PDR will dismiss the targeted person upon the expiration timeframe as set out in article 23 of the Law on Extradition.

103.3 In the event that neither the requesting jurisdiction unable to receive nor Lao PDR unable to extradite wanted person within the timeframe specified in the Law on Extradition, article 23 par.1 driven by uncontrollable events occurred whether in requesting jurisdiction or Lao PDR such as natural disaster however, such requesting jurisdiction or Lao PDR shall immediately inform each other and renegotiate and settle a new timing, location and other matters involving in extradition.

Figure 2.4: International Request for Cooperation on Extradition



104. During 2015-2020, Lao PDR provided international cooperation on extradition on the basis of bilateral, multi-lateral that Lao PDR is a party to, and through diplomatic channel to which in total of 8 times namely: fraud 1 time; murdered 1 time; capture of offender 1 time; illegal gambling 2 times; trading-transportation of narcotics 1 time.

Case Example of Extradition

Extradition Case

Case Example 4: Inward Request for Extradition on Fraud

On 20 November 2018, MOJ of Cambodia made inward request to OSPP through MOFA, Lao PDR on purpose for extradition of Mr. Houtsouvanh, Cambodian nationality.

On 17 February 2020, the OSPP responded to MOJ of Cambodia via MOFA, Lao PDR informing that Mr. Houtsouvanh was committed fraud and money laundering in the Lao PDR in which the case was under prosecution, hence the execution of extradition of Mr. Houtsouvanh had been postponed by Lao PDR, and the extradition will be executed upon the completion of such case and final court's sentence had come into force.

Pursuance to the actual implementation on this case, Mr. Houtsouvanh was convicted of fraud and money laundering, and shall be responsible for the all actual damaged fees to the victims.

On 25th November 2020, the Vientiane Capital People's Prosecutor Office prosecuted the case to Vientiane Capital People's Court for further consideration on the extradition as per request of MOJ of Cambodia.

Currently, the extradition of Mr. Houtsouvanh is underway.

105.In order to effectively mitigate the ML/TF risk identified in NRA outcomes, OSPP put in place its mechanism based on risk identified by prioritizing inward request on MLA including specific implementation timeframe in terms of inward and outward request of Lao PDR in which the request will be focusing on 1). the 7 threats identified in the NRA outcomes; 2). Offenses associated with ML; 3). Inward request from the high-risk third country; and 4). Jurisdiction that share border with Lao PDR.

2.2. To what extent has the country sought legal assistance for international co-operation in an appropriate and timely manner to pursue domestic ML, associated predicate offences and TF cases which have transnational elements?

106.The Lao PDR requests for international cooperation with other jurisdiction on MLA in appropriate and timely manner (without delay) to support its ML investigation within the country as well as indicated involvement of transnational crime to which the implementation mechanism is subject to the mechanism that indicated in IO.2.1.

Mutual Legal Assistance

107.International request on MLA will be implemented as indicated in the article 9 and 10 of the Law on Mutual Legal Assistance dated 12 November 2020 or as per the regulation of the requested jurisdiction.

108.In the event that the Criminal Proceedings Organization requires international cooperation in terms of evidence collection, providing of document for the support of criminal prosecuting, seizure, freezing, confiscation of assets and items, execution of court's sentence or other international cooperation as indicated in the article 7 of the Law on MLA to which prior to actual implementation take place the central coordination agency (OSPP) will consider the outward request for MLA.

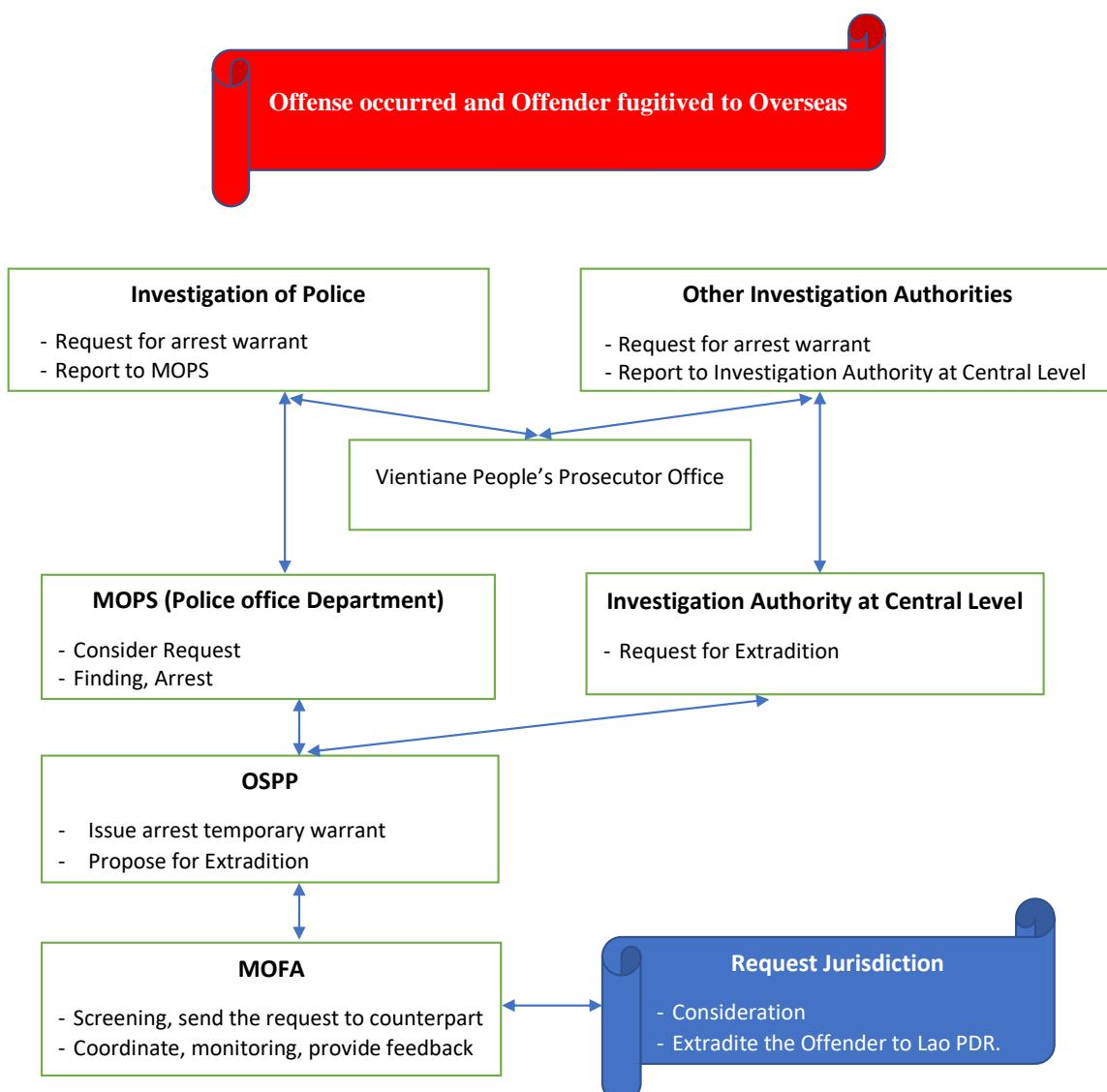
109.After receiving request letter from Criminal Proceedings Organization then OSPP will proceed on the basis of international treaty between Lao PDR and requested jurisdiction and also article 8 of Law on MLA, if the requirements are fulfilled then OSPP will verify and deliver to requested jurisdiction via diplomatic channel (through MOFA) as indicated in the said Law.

110.The OSPP, investigation authorities including other associated agencies will take charge as request on the basis of purpose indicated in the inward request for international cooperation on MLA in criminal matters such as searching of proceeds of crime or items that being used to commit crime, testimony, seizure, freezing and confiscation of assets and items to ensure the country's benefit of criminal proceedings in Lao PDR.

Mutual Legal Assistance on Extradition

111. The Investigation Organization will issue an Order to open the investigation once it is beyond reasonable doubt that the offender or inmate fugitive themselves out of the Lao territory to other jurisdiction by requesting Vientiane People's Prosecutor Office for an issuance of arrest warrant over such person.
112. The respective investigation organization in collaboration with Vientiane People's Prosecutor Office will deliver the arrest warrant and investigation's Order to OSPP to file a request for extradition as indicated in the IO2.1 par 97-99 and then further convey such request via MOFA to further forward to the requested jurisdiction.

Figure 2.5: Outward Request for International Cooperation on Extradition



113. During the year 2015-2020, there were two international outward requests on MLA in seeking for investigation and criminal proceeding on fraud, the first request is under consideration and second was refused on the account of non-convention between two jurisdictions.

Case Example of International Request on Extradition

International Request on Extradition (2 cases)

Case Example 5: Outward Request to Germany for Extradition on Fraud

On 18 February 2019, the investigation authority of Luangprabang province's police issued the Order to open investigation over Ms. Buakhoun Littanavongsy, Lao nationality holding passport No. P1647462, age 33, business women. She was accused of fraud as per the article 120 and 121 of Criminal Law amended edition (2005), the total amount of fraud in local currency was LAK 3,334,000,000 (USD 300,000 equivalent), USD 215,000 and 623 grams of gold, such accused person had been fugitive to Germany. On 03 April 2019, the People's Prosecutor Office of Luangprabang Province issued the arrest warrant of Ms. Buakhoun Littanavongsy thereafter, on 15 May 2019, the arrest warrant was conveyed to OSPP then on 20 June 2019 OSPP in collaboration with MOFA requests for extradition on the said offender to the MOFA of Germany.

Currently, the request on extradition remains under consideration by the government of Germany.

Case Example 6: Outward Request on Extradition to Government of Canada under Fraud Offense.

On 19 November 2019, the investigation authority of MOPS issued the Investigation Order against Ms. Monethong Sihavong, Lao nationality, holding passport No. P1210605, age of 57, business women under accused of fraud offense as per the article 120 and 121 of Criminal Law amended edition (2005), the total amount of fraud Baht 9,455,000 (USD 315,409 equivalent) such accused person had been fugitive to Canada. On 15 January 2020, Vientiane People's Prosecutor Office issued arrest warrant over Ms. Monethong Sihavong and then on 09 February 2020, the Investigation Order and arrest warrant were conveyed to OSPP thereafter, on 10 March 2020 the OSPP in collaboration with MOFA made outward requests for extradition to the government of Canada.

Recently, such request was already refused by the government of Canada on the account of non-convention between two jurisdictions.

2.3 To what extent do the different competent authorities seek other forms of international co-operation to exchange financial intelligence and supervisory, law enforcement or other information in an appropriate and timely manner with their foreign counterparts for AML/CFT purposes?

114. Apart from the mentioned mechanism in IO.2.1, the Lao PDR also has alternative channel in terms of international cooperation, regarding the sharing of financial intelligence, REs supervision information and investigation organization among foreign counterparts via MOUs, under membership of international organization/specific organization in both regional and international. In practice, the information sharing via MOUs can be made directly the two

jurisdictions. However, as per a membership channel or specific organization can be made on the basis of each international organization principle.

Anti-Money Laundering Intelligence Office (AMLIO)

115. Recently, AMLIO had signed MOUs with 14 foreign FIUs namely Vietnam, Cambodia, South Korea, Thailand, Indonesia, Japan, China, Russia, Myanmar, Bangladesh, Brunei, The Philippines, Singapore and Malaysia. Under this existing cooperation mechanism of AMLIO, throughout the years AMLIO request for cooperation with its foreign FIUs once suspicious transaction occurs or requested by criminal proceeding organization in order to seek for additional information relevant to FIR or predicate offense that might potentially conduct to ML/TF. In terms timeframe, procedure, content of the request and confidentiality of the information was implemented on the basis of content stipulated in the MOU signed bilaterally. During 2015-2020, AMLIO made 5 outward requests to its foreign counterpart, of which AMLIO received four times responded.

Case Example on Outward Request for Financial Information by AMLIO

Outward Request for Financial Information by AMLIO

Case Example 7: Outward Request for Financial Statement

On 23 April 2020, economic police of MOPS received indictment letter from Ms. Vanida Siphanh against Mr. Thana Phamixai, Mr. Toula Hanka and Anon Xayyout, Thai nationality on fraud offense worth of Baht 455,000 (USD 35,000 equivalent).

On 25 May 2020, the authority of MOPS issued the investigation's Order on fraud as per the article 233 of the Penal Code to collect information and associated evidence.

On 10 August 2020 the authority of MOPS requested to Anti-Money Laundering Office of Thailand (AMLO) via Anti-Money Laundering Intelligence Office of Lao PDR (AMLIO) in seeking for financial transactions relevant to the said 3 accused persons.

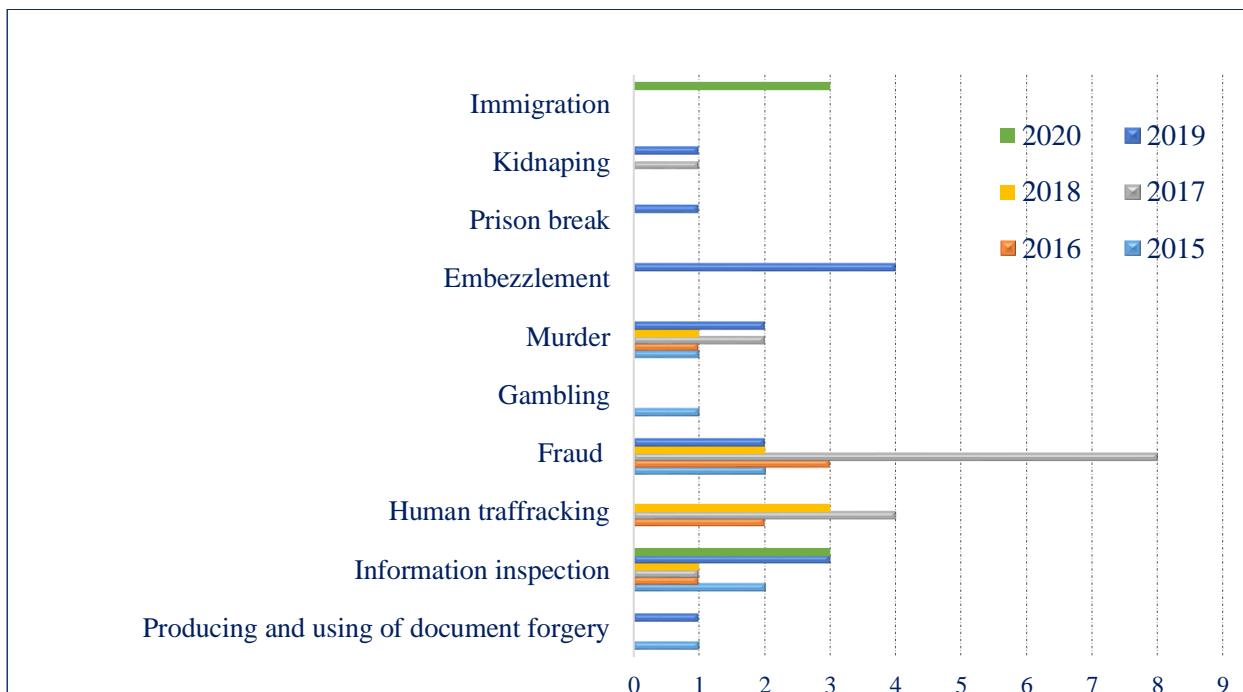
On 16 November 2020, AMLIO received response from AMLO attached with the requested and such information given has been forward to the requesting authorities.

The above-mentioned processing took 7 months.

Criminal Proceeding Organization

116. The Criminal Proceeding Organization in Lao PDR consists of investigation authorities, People's Prosecutor Office and People's Court, pertaining internal working mechanism in collecting evidence relevant to criminal proceeding with foreign counterpart was indicated in IO.2.1 par.90-93. During 2015-2020, there were 56 times of information sharing conducted under the existing mechanism, of which could be categorized as following: 2 times of document forgery; 11 times of Information verification; 9 times of human trafficking; 17 times of fraud; 1 time of illegal gambling; 6 times of murdered; 4 times of embezzlement; time of prison break; 2 times of kidnaping; and 3 times of immigration record checking, detail demonstrates in figure below.

Figure 2.6: Statistic of Information Request Made by Criminal Proceeding Organization during 2015-2020



Case Example on Outward Request for Financial Information by Criminal Proceeding Organization

Outward Request for Financial Information by Criminal Proceeding Organization

Case Example 8: Cyber Crime

On 1 March 2016, the Interpol issued Investigation's Order to open the case as per the indictment of Thongmany Import-Export Company LTD under the case on transferring money to wrong account in Singapore, due to Thongmany Company has been deceived by hacker sending fake email asking to transfer money with amount of USD 163,800.

On 1 July 2016, the Lao Interpol made outward request to Singapore Interpol through Interpol membership channel asking to identify and verify the beneficiary account in order to find the owner of the account in Singapore.

On 01 June 2017 the Singapore Interpol could detain the offender thereafter, on 5 June 2017 the Singapore Court convicted the defendant to compensate damaged fee to Thongmany company and responsible for criminal liability as set out in the Singapore law.

The above-mentioned processing took 1 year and 3 months.

Supervisor

117. In the Lao PDR, there are 17 designated RE's supervisors that permit to extend its cooperation and coordination network via MOU in both internal and international level namely 1). Bank Supervision Department, BOL; 2). LSCO; 3). Enterprise Management and Insurance, MOF and

others, recently there are 15 MOUs signed including bilateral and multi-lateral consists of 16 countries from ASEAN countries including ASEAN+3 and +6.

118.Under the above mechanism designated supervisor conduct supervisory information exchange including AML/CFT training exchange among supervisors on the basis of MOUs signed, during the 2015-2020, Lao PDR has made outward request for technical assistance for AML/CFT training to its international counterpart for 58 times to which the training has been conducted for 38 times and 20 times were refused caused by unavailable schedule of requested supervisor.

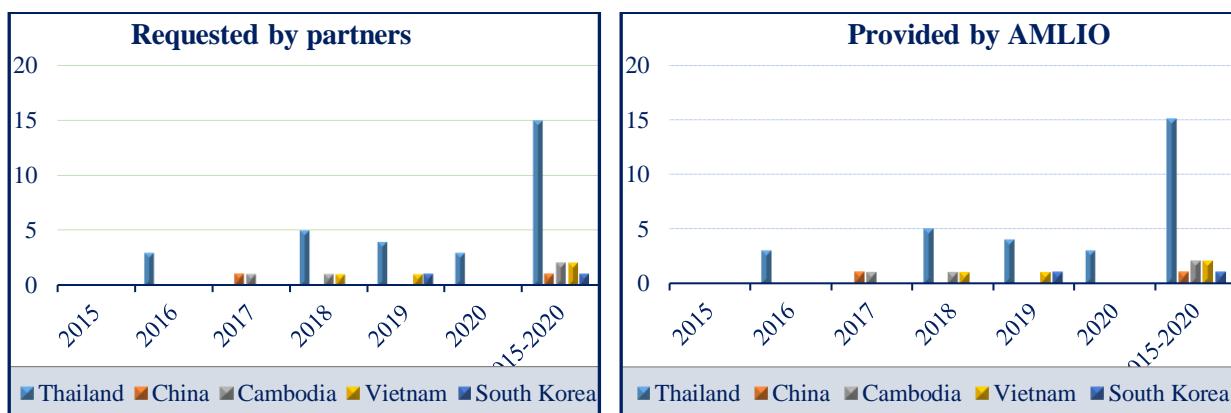
2.4. To what extent do the different competent authorities provide (including spontaneously) other forms of international co-operation to exchange financial intelligence and supervisory, law enforcement or other information in a constructive and timely manner with their foreign counterparts for AML/CFT purposes?

119. Lao PDR provided international cooperation in exchanging financial intelligence, RE's supervisory information and criminal proceedings with foreign counterparts in form of MOUs and membership/group in specific areas both regional and international level to which the implementation mechanism was done on the basis of content stipulate in the MOU signed, details can be referred to IO.2.3.

AMLIO

120. Currently, AMLIO signed 14 MOUs with foreign FIU as indicated in the IO.1.1. par.62, recently AMLIO was requested by foreign counterparts on exchanging of financial intelligence, supervision, investigation. Throughout the year, AMLIO provided its international cooperation with counterpart by providing information and response within the timeframe given in each request or consistent with content stipulated in the MOU. During 2015-2020, AMLIO provided responses and request for information with its foreign counterparts 38 times to Thai FIU 30 times/30, China 02/02 times, Cambodia 04/04 times and South Korea 02/02 times as details shown below:

Figure 2.7: Statistic of Inward Request by Foreign Counterpart to AMLIO via MOUs



121.Regarding the timeframe of inward request by foreign counterparts to AMLIO via MOUs, based on the actual implementation, it normally took 1 to 3 months.

Case Example on Inward Request by Foreign Counterpart to AMLIO via MOUs

Inward Request by Foreign Counterparts to AMLIO via MOUs (2 cases)

Case Example 9: Inward Request made by Vietnam on illegal gambling and foreign exchange

On 15 May 2018, AMLIO received letter of request from Vietnam FIU asking to verify a bank statement of 1 natural person and 12 legal persons that believe to be involved with illegal gambling, foreign exchange and money value transfer activities.

Initially, AMLIO searched information on STR, CTR and CBR in the database and other available sources alongside with reached out to commercial banks across nation to search for potential account that open under the name of targeted person and entities as above-mentioned, later on there was one entity out of 12 opened 6 accounts in 2 commercial banks (3 LAK accounts and 3 USD accounts).

On 20 July 2018, AMLIO provided information and evidence related targeted entities to Vietnam FIU.

The above-mentioned task took 2 months.

Case Example 10: Inward request made by Thai FIU on Narcotics

On 24 June 2020 AMLIO received request made by Thai FIU asking to identify and verify bank statement of 3 natural person and 2 legal entities that believed to be involved with the exportation of ICE to Australia through shipment in which the perpetrator (Mr. Aphut Atsavara, Thai nationality) was arrested in Vietnam.

Initially, AMLIO searched information on STR, CTR and CBR in the database and other available sources alongside with reached out to commercial banks across nation to search for potential account that open under the name of targeted person and entities as above-mentioned, later on there was one natural person account under targeted in commercial bank.

On 1 August 2019, AMLIO provided information involving with the targeted person.

The process took about 1 and half month.

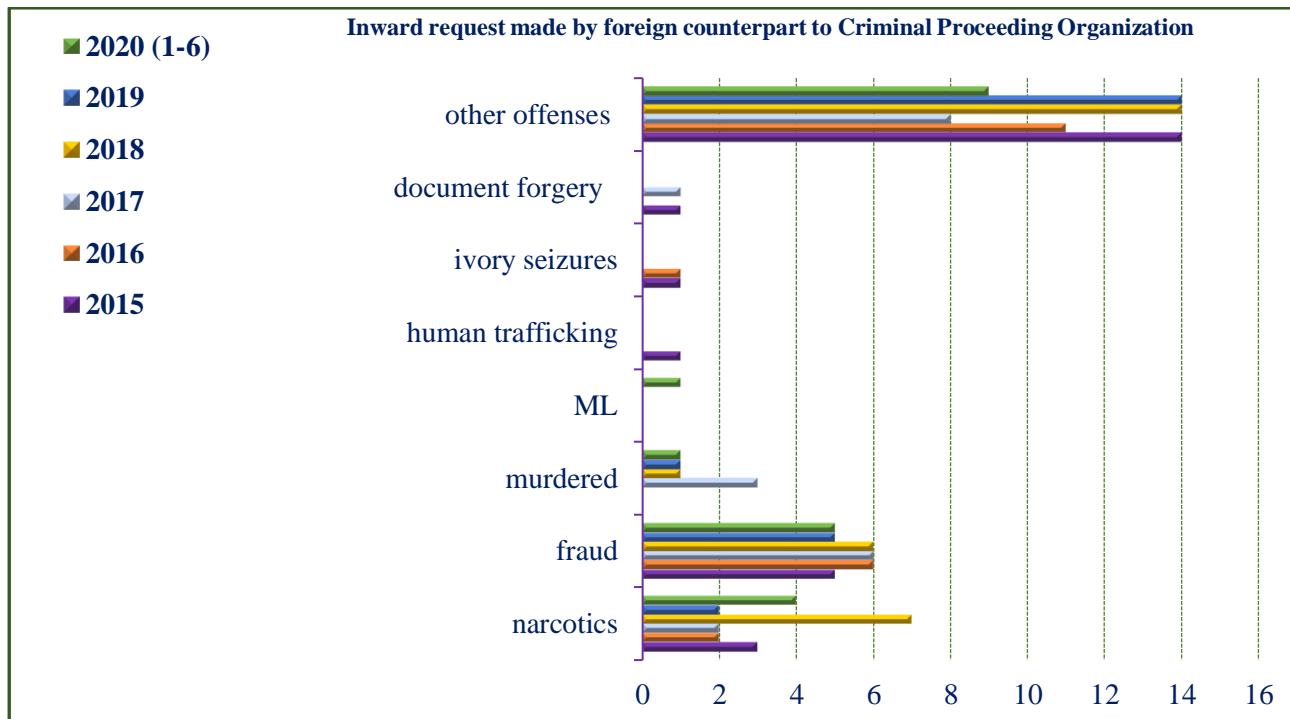
Criminal Proceeding Organization

122. The Criminal Proceeding Organization of the Lao PDR uses the mechanism as indicated in the IO.2.1 par.90-93 to exchange information relevant to investigation predicate offense with foreign counterparts.

123. During 2015-2020, Lao PDR received 135 requests from foreign counterparts to which can be categorized as following: 22 times of narcotics; 34 times of fraud; 6 times of murdered; 1 time of ML; 1 time of human trafficking; 2 times of ivory seizures; 2 times of document forgery; 70 times of other offenses (illegal import of products, inspection over person resided over permit, providing information of person relevant to child abused, checking information of disappeared

person, inspection over vehicle, document forgery, loss of passport), details shown in figure below:

Figure 2.8: Statistics of Inward request made by foreign counterpart to Criminal Proceeding Organization.



124.Regarding the timeframe of inward request by foreign counterparts to Criminal Proceeding Organization, based on the actual implementation, it normally took 10 months.

Case Example on Inward request made by foreign counterpart to Criminal Proceeding Organization via Other form of Cooperation

Inward request made by foreign counterpart to Criminal Proceeding Organization via Other form of Cooperation

Case Example 11: Providing immigration information, searching and extradite of 4 Koreans nationality on illegal gambling offense.

On 25 February 2019, the embassy of South Korea to Vientiane sent request letter to MOPS of Lao PDR via MOFA in order to extradite 4 Korean nationality wanted by the government of Korea that had been escaped to Lao PDR.

Pursuant to the arrest warrant of Uijeongbu's court dated 17 August 2018 on illegal gambling in accordance with the article 247 of the Criminal Law of Korea.

On 10 June 2019, the authority of Lao PDR had found 4 offenders, and detained them in the temporary detention center, later on 27 June 2019, the authorities of Lao PDR extradited those 4 offenders to the government of Korea.

The whole process took 10 months

Supervisor

125. The information exchange mechanism of technical and supervision aspects was indicated in the IO.2.3, to which the supervisors executed the request and provided response as stipulated in the MOUs signed. Throughout the actual implementation during 2015-2020, Lao PDR received and fully executed the requests in relation to supervisory technique 12 times.

2.5. How well are the competent authorities providing and responding to foreign requests for co-operation in identifying and exchanging basic and beneficial ownership information of legal persons and arrangements?

126. The competent authorities of the Lao PDR had provided and executed the requests pertaining general and beneficial owner information with foreign counterparts by implementing the mechanism indicated in IO2.3 and IO.2.4, in terms of actual implementation by respective competent authorities were not only concentrated on beneficial owner information of legal person but the information exchange was conducted on the basis of each case as indicated in IO.2.4 which is also included the BO information.

Immediate Outcome 3

Supervisors appropriately supervise, monitor and regulate financial institutions, DNFBPs and VASPs for compliance with AML/CFT requirements commensurate with their risks.

3.1. How well does licensing, registration or other controls implemented by supervisors or other authorities prevent criminals and their associates from holding, or being the beneficial owner of a significant or controlling interest or holding a management function in financial institutions, DNFBPs or VASPs? How well are breaches of such licensing or registration requirements detected?

127. Business registration and business licensing procedure in Lao PDR are divided into two categories such as controlled and general business lists.

127.1 Registration process for controlled business lists are as following:

- To lodge investment application form to the investment service office (one stop service unit at central and provincial level, MPI and then the investment office will send the application to the respective authorities for consideration prior to issuance to investment certificate to that business operator;
- Upon receive of investment certificate then the applicant shall propose to the MOIC for issuance of enterprise registration certificate;
- Upon receive of enterprise registration certificate then the applicant shall propose to the respective supervisors for issuance to operational license.

127.2 For general business lists have the following process as below:

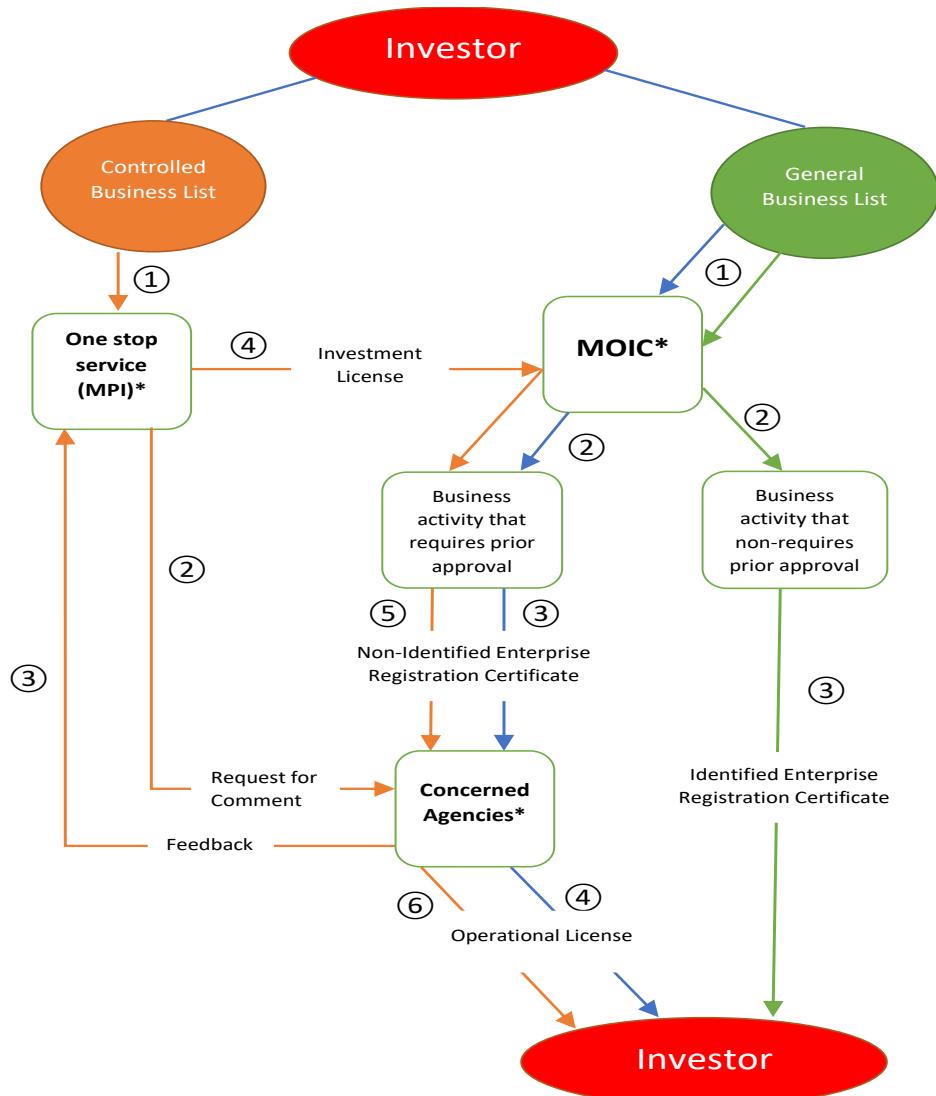
- To lodge an application to the MOIC for issuance of the enterprise registration certificate, there is an exceptional case for business that does not require approval from MOIC for instance grocery shop in which they can run their business without prior consent.
- For those business who operate under respective supervisory bodies shall propose for operational license from dedicated supervisors.

128. There are 1,645 REs in Lao PDR that operating under 14 out of 17 sectors as indicated in the Law on AML/CFT No.50/NA, dated 21 July 2014 and the remaining 3 sectors are yet to be operated namely Financial Settlement Tools Agency, Trust Company and All Forms of Credit Lending Company. In addition, public notary is also designated as RE to which equivalence to departmental level (Public Notary Department) operate under the MOJ.

Table 3.1: Dedicated Supervisors for each RE

No.	Reporting Entities	Unit	Supervisors	Business Form
I	Financial Institutions			
1	Bank	44	Commercial Bank Supervision Department, BOL	Controlled business
2	Exchange Bureau	255	Monetary Policy Department, BOL	General business
3	Money Value Transfer Service	3	Payment Systems Department, BOL	General business
4	Financial Institution	122	Financial Institution Supervision Department, BOL	General business
5	Pawn Shop	26		General business
6	Leasing Company	29		General business
7	Securities Company	4	Lao Securities Commission Office, BOL	Controlled business
8	Insurance Company	24	State-Owned Enterprise and Insurance Management Department, MOF	Controlled business
II	Designated Non-Financial Business Professions (DNFBPs)			
9	Real Estate Trading Agency	464	Department of Land, MONRE	Controlled business
10	Trading of Precious Mental	530	Import-Export Department, MOIC Domestic Trade Department, MOIC	Controlled business
11	Bar Association or Law Enterprise	83	Justice Promotion Department, MOJ	Controlled business
12	Public Notary	01	Public Notary Department, MOJ	-
13	Auditing Company	57	Accounting Department, MOF	Controlled business
14	Casino	3	Investment Promotion Department, Office of Promotion and Special Economic Zone Supervision, MPI and MOF.	Controlled business
Total		1,645		

Figure 3.1: Procedure of obtaining enterprise registration certificate and operational license In Lao PDR.



129. The market entry process is required to verify the criminal backgrounds as indicated in the figure 3.1 (*) and procedure and conditions were stated in TC. Rec. 24.3.

Form of Controlled Business Lists Profession

Bank

As of 2020, there are 44 banks operating in Lao PDR, details show below:

Table 3.2: Types of Bank

No.	Types of Bank	Number
1	State-Owned Commercial Bank	03
2	Joint State Commercial Bank	03
3	Private Bank	08
4	Subsidiary Bank	08
5	Foreign Commercial Bank Branch	21
6	Specialized Bank	1
Total		44

To ensure a reliable banking system, sustainable, internal and international integration, thus the Bank of the Lao PDR issued Notice on Temporary Suspension for Commercial Bank Establishment Proposal No.356/CBSD, dated 21 May 2014 to assess market test as well as review all existing regulations and revise where appropriate.

During the revision period the BOL was focused more on potential loop hole in existing legislation and transparency of BO, in particular a proof of source of registered capital and investment capital, including authorization letter that allows the original source of funds to be invested in the bank establishment proposal, stakeholders background and board of management committees, professional certificate and certificate of qualification, internal inspection certificate, a proof of stakeholders financial statement certificate audited by external auditor, letter of approval certified by relevant sector related to the propose of establishment, criminal record, BO information and etc. Throughout discrete consideration, relevant legislations were issued as below:

- Law on Commercial Bank (Revised Edition) No.56/NA, dated 07 December 2018;
- Agreement on Establishment of Commercial Bank and Commercial Bank Branch No.42/BOL, dated 15 January 2016;
- Stakeholders Background, Board of Management Committees, Proof of Source of Fund for Establishment of Commercial Bank and Commercial Bank Branch Inspection Manual No.135/CBSD, dated 02 February 2017.

In practice, based on the newly revised and approved relevant legislations, there were 3 establishment proposals have been refused on account of failure to meet with level of the newly standard requirements. On the other hand, there were 2 out of total 5 proposals were granted.

Refusal case: (Fock Private Monaco Bank, VTE branch)

In mid-2019, the Fock Private Monaco Bank lodges the investment application to the one stop service unit of MPI for consideration and then the said unit further submitted the letter No.0-2759

dated 05 May 2020 to the Bank of the Lao PDR to take into account on the propose establishment of the Fock Private Monaco Bank, VTE branch.

With reference to the Agreement on Establishment of Bank and Foreign Commercial Bank Branch No.42/BOL, dated 15 January 2016 couple with the establishment proposal. Therefore, the Bank of Lao PDR denied granting such proposal on account of its failure to provide sufficient information as required by the bank of Lao PDR. Further detail can be seen below:

1. Insufficient information of applicant;
2. Insufficient and incorrect information provided in the application;
3. No proof of source of applicant's certificate of financial status as applied to the newly proposed for bank establishment.

Hence, the proposed application had been denied by the bank of the Lao PDR as per the Notice letter No. 726/CBSD, dated 19 July 2019.

Type of General Business List (for business that not require business licence prior operation)

Buying-selling of Precious Metal Operation.

Precious Metal Operation in the Lao PDR is defines as: fine gold (except 99.99% fine gold used by foreign investor for internation settelment; fine silver; uncut and cut or finished diamond and gemstone; glass and gem. in the Lao PDR, there are 530 registered units to which catagorized into two diferece types as below:

- There are 27 import-export of precious metal unit operators that operate under the general business list to which being supervised and issued the enterprise registration certificate by respective supervisor (Import-Export Department of MOIC);
- There are 503 buying and selling of precious metal entrepeneurs to which operate under general business list and there is no requirement to obtain the enterprise regilsation certificate prior operation;
- In the Lao PDR, natural person, public-private organizations including local residences and foreigners are prohibited to operate the business of cultural antique that consider belong to the national cultural heritage with 50 year of ages or above. However, buying-selling of newly produced handicrafts is allowed in which the buying-selling of the national symbolic mock-up items shall obtain permission from the MICAT prior operation.

Type of general business lists that are required to obtain the business license from respective supervisors prior operation:

Foreign Exchange Bureau

Establishment of foreign exchange bureau must be complied with the criteria set out in the Decision on Foreign Exchange Business Operation No.529/BOL, dated 1 July 2016, the said

Decision determined numbers of requirement in particular on establishment criteria and transparency of BO such as

- Lao citizen (age of 23 years of age or above) or legal entity operating business within the Lao PDR;
- Knowledgeable and holding financial literacy or expertise in one particular business file;
- Legally holding registered capital and completely;
- Situate in the suitable location;
- Fully equipped with associated requirement such as PC and internet, buying-selling system report, National ID Verification, Closed Circuit Television (CCTV) that links with the BOL monitoring of buying-selling system, Fax, Photocopier, Counterfeit Bill Detector, Money Counter Machine, Calculator, Currencies Exchange Notice Board and other relevant support equipment;
- Providing a criminal record that shown clean criminal background or not being under prosecution for a crime;
- Never come across with revocation of foreign exchange business license.

There are 260 applications submitted to the Monetary Policies Department, BOL of which 255 applications were granted as they fulfilled with the requirements set out by BOL, and 5 were denied on account of failure to meet with the standard requirements.

130. In practice, relevant dedicated RE's Supervisor undertaking available requirements on the proposal establishment and BO that meets substantial satisfaction level that can be seen in par.127-129. However, Throughout the NRA outcomes has found some vulnerabilities that remained to be address in area of legislation on standard of establishment proposal, KYC/CDD, RBA, On-site Inspection Manual, Sanction Measure, CTR/STR including its indicators. As of now, AMLIO in consultation and cooperation with related dedicated supervisors in reviewing and putting in place appropriated legislations to deal with above-mentioned vulnerabilities, details demonstrated in table below:

Table 3.3: Plan on AML/CFT Legislation Issuance for Casino by MPI and AMLIO.

No.	Legislations	Implementation Timeframe 2020-2021							
		2020				2021			
		1	2	3	4	1	2	3	4
I. Establishment of Standard Requirements									
1	Appointment of Committee	Yellow	Green						
2	Complete the First Draft		Yellow	Green					
3	Brainstorming Session			Yellow	Green				
4	Legislation approval				Yellow	Green			
II. On-site Inspection Manual									
1	Appointment of Committee		Yellow	Green					
2	Complete the First Draft			Yellow	Green				
3	Brainstorming Session				Yellow	Green			
4	Legislation approval					Yellow	Green		
III. Instruction on KYC/CDD and RBA									
1	Appointment of Committee		Yellow	Green					
2	Complete the First Draft			Yellow	Green				
3	Brainstorming Session				Yellow	Green			
4	Legislation approval					Yellow	Green		
IV. Instruction on Cash Transaction and Suspicious Transaction Report including its Indicators.									
1	Appointment of Committee		Yellow	Green					
2	Complete the First Draft			Yellow	Green				
3	Brainstorming Session				Yellow	Green			
4	Legislation approval					Yellow	Green		
V. Decision on Sanction Measures									
1	Appointment of Committee			Yellow	Green				
2	Complete the First Draft				Yellow	Green			
3	Brainstorming Session					Yellow	Green		
4	Legislation approval						Yellow	Green	

 **Implementation**

 **Completion**

Table 3.4 : Issuance of AML/CFT Legislation Plan on Real Estate Agency, under joint cooperation among AMLIO and MONRE

No.	Legislations	Implementation Timeframe 2020-2021							
		2020				2021			
		1	2	3	4	1	2	3	4
I. Establishment of Standard Requirements									
1	Appointment of Committee		Yellow	Green					
2	Complete the First Draft			Yellow	Green				
3	Brainstorming Session				Yellow	Green			
4	Legislation approval					Yellow	Green		
II. On-site Inspection Manual									
1	Appointment of Committee			Yellow	Green				
2	Complete the First Draft				Yellow	Green			
3	Brainstorming Session					Yellow	Green		
4	Legislation approval						Yellow	Green	
III. Instruction on KYC/CDD and RBA									
1	Appointment of Committee			Yellow	Green				
2	Complete the First Draft				Yellow	Green			
3	Brainstorming Session					Yellow	Green		
4	Legislation approval						Yellow	Green	
IV. Instruction on Cash Transaction and Suspicious Transaction Report including its Indicators.									
1	Appointment of Committee			Yellow	Green				
2	Complete the First Draft				Yellow	Green			
3	Brainstorming Session					Yellow	Green		
4	Legislation approval						Yellow	Green	
V. Decision on Sanction Measures									
1	Appointment of Committee				Yellow	Green			
2	Complete the First Draft					Yellow	Green		
3	Brainstorming Session						Yellow	Green	
4	Legislation approval							Yellow	Green

 Implementation

 Completion

Table 3.5: Issuance of AML/CFT Legislation Plan on Insurance Sector, under joint cooperation among AMLIO and MOF.

No.	Legislations	Implementation Timeframe 2020-2021							
		2020				2021			
		1	2	3	4	1	2	3	4
I. Establishment of Standard Requirements									
1	Appointment of Committee	Yellow	Green						
2	Complete the First Draft		Yellow	Green					
3	Brainstorming Session			Yellow	Green				
4	Legislation approval				Yellow	Green			
II. On-site Inspection Manual									
1	Appointment of Committee		Yellow	Green					
2	Complete the First Draft			Yellow	Green				
3	Brainstorming Session				Yellow	Green			
4	Legislation approval					Yellow	Green		
III. Instruction on KYC/CDD and RBA									
1	Appointment of Committee		Yellow	Green					
2	Complete the First Draft			Yellow	Green				
3	Brainstorming Session				Yellow	Green			
4	Legislation approval					Yellow	Yellow	Green	
IV. Instruction on Cash Transaction and Suspicious Transaction Report including its Indicators.									
1	Appointment of Committee		Yellow	Green					
2	Complete the First Draft			Yellow	Green				
3	Brainstorming Session				Yellow	Green			
4	Legislation approval					Yellow	Yellow	Green	
V. Decision on Sanction Measures									
1	Appointment of Committee			Yellow	Green				
2	Complete the First Draft				Yellow	Green			
3	Brainstorming Session					Yellow	Green		
4	Legislation approval						Yellow	Green	

 Implementation

 Completion

Table 3.6: Issuance of AML/CFT Legislation Plan on Trading of Precious Metal and Antique, under joint cooperation among AMLIO and MOIC

No.	Legislations	Implementation Timeframe 2020-2021							
		2020				2021			
		1	2	3	4	1	2	3	4
I. Establishment of Standard Requirements									
1	Appointment of Committee	Yellow	Green						
2	Complete the First Draft		Yellow	Green					
3	Brainstorming Session			Yellow	Green				
4	Legislation approval				Yellow	Green			
II. On-site Inspection Manual									
1	Appointment of Committee		Yellow	Green					
2	Complete the First Draft			Yellow	Green				
3	Brainstorming Session				Yellow	Green			
4	Legislation approval					Yellow	Green		
III. Instruction on KYC/CDD and RBA									
1	Appointment of Committee		Yellow	Green					
2	Complete the First Draft			Yellow	Green				
3	Brainstorming Session				Yellow	Green			
4	Legislation approval					Yellow	Yellow	Green	
IV. Instruction on Cash Transaction and Suspicious Transaction Report including its Indicators.									
1	Appointment of Committee		Yellow	Green					
2	Complete the First Draft			Yellow	Green				
3	Brainstorming Session				Yellow	Green			
4	Legislation approval					Yellow	Yellow	Green	
V. Decision on Sanction Measures									
1	Appointment of Committee			Yellow	Green				
2	Complete the First Draft				Yellow	Green			
3	Brainstorming Session					Yellow	Green		
4	Legislation approval						Yellow	Green	

 Implementation

 Completion

131. The definition of Virtual Assets (VAs) in Lao PDR was separated into 3 types of: (1) Virtual money which unable to pay for general prices of goods and unable to exchange to cash. This virtual money are gained from online activities namely the points of online game playing or so-called virtual money, (2) virtual money which able to exchange from cash to its virtual money but unable to re-exchange to the cash such as Facebook Credit that payable for the general price of goods and online services of applications, and (3) virtual money which able to exchange from both cash to its virtual money and re-exchangeable to cash as well as payable for the general prices of goods via both online shops and markets, for instance the Cryptocurrency of Bitcoin, Ethereum, Litecoin and others. For the notification mentioned in TC Rec 15.3 covers the 3rd type of such Virtual Assets (VAs).

3.2 How well do the supervisors identify and maintain an understanding of the ML/TF risks in the financial and other sectors as a whole, between different sectors and types of institution, and of individual institutions?

132. AMLIO has been given responsibility by the NCC to follow up on AML/CFT working progress conducted by associated agencies, and to ensure effectiveness outcome. During the period of 2016-2017, AMLIO conducted over 10 times with more than 50 participants of dissemination campaign on AML/CFT that covered majorities of related parties, in particular supervisors (Department of Commercial Bank Supervision, Microfinance Supervision, LSCO of the BOL and etc.) with an objective to streamline and enlighten them on AML/CFT task under their responsibility including role and function, especially risk associated under their supervisory.

133. Given the above implementation scheme, supervisors have better understanding on their own responsibilities and perceive of risk attach to each sector in terms of AML/CFT, especially banking sector was regularly undergone an on-site inspection by AMLIO on their obligation compliance in terms of AML/CFT, details as below:

Table 3.7: Statistic on Bank Inspection by AMLIO

No.	Bank	2015 Inspected Bank	2016 Inspected Bank	2017 Inspected Bank
1	State-Owned Commercial Bank	3	2	0
2	Joint State Commercial Bank	1	4	1
3	Private Bank	6	7	2
4	Subsidiary Bank	2	7	6
5	Foreign Commercial Bank Branch	7	13	6
Total		19	33	15

134. In order to perceive and obtains in-dept awareness in area of ML/TF risk, during 2017-2018, the Lao PDR conducted its NRA to figure out potential ML risk associated with sectors operating in the country by forming five RE's supervisors group (details of line-ministries and agencies involve in each group as indicated in IO.1.1, table 1.1) in which focus on the first five primary sectors such as Commercial Bank, Security, Insurance; Microfinance Institution and DNFBPs.

135. After ML risk associated with the five sectors were identified then the five supervisors group conducted dissemination campaign to raise awareness of such risk associated to their REs accordingly, as well as put in place the risk mitigation measure (legislation) to couple with the existing risk (detail of the issuance of AML/CFT legislation plan shows in the table 3.3 – 3.6) in order to ensure that the identified ML risks associated were widely captured, thus in 2018-2020, the AMLIO in collaboration with each RE's supervisor took place 16 times of the NRA outcomes (details can be referred to IO.1.1) dissemination campaign across relevant REs with 475 participants, in order to raise awareness, build better understanding and put in place each sector's risk mitigation plan.

136. As per the NRA outcomes, the Lao PDR enables to prioritize the ML risk associated with sectors (as indicated in IO.1.1, par.13) and amended the existing on-site inspection manual that in line with the risk degree of each sector, as well as determined more appropriated measure to increase effective outcome on the AML/CFT implementation of REs. To ensure the said objectives is achieved, AMLIO in collaboration with each RE's supervisor undertook an on-site inspection across the identified risk sectors in line with an annual on-site inspection plan in parallel with identified priorities sector as indicated below:

Table 3.8: On-site Inspection of Priority Sectoral ML Risk During 2018-2019

No.	Sectors	2018 Inspected REs	2019 Inspected REs	Total
1	Commercial Bank	22	20	42
2	Insurance Company	10	22	32
3	Money Values Transfer Services	1	-	1
4	Foreign Exchange Bureau	12	-	12

3.3. With a view to mitigating the risks, how well do supervisors, on a risk-sensitive basis, supervise or monitor the extent to which financial institutions, DNFBPs and VASPs are complying with their AML/CFT requirements?

137. REs that undergone RBA (IO.4.2) based on the monitoring and inspection outcomes done by AMLIO.

138. To mitigate the identified ML risk associated with REs, the Lao PDR received TA from the World Bank in terms of implementation of RBA by conducting two times workshop across dedicated supervisors with over 100 participants in order to up skills and enlighten them on the use of RBA, and conducted 14 times workshop with more than 138 participants across an identified ML risk associated with REs.

Table 3.9: RBA Training for Supervisors in 2019

No.	Line-Ministries Concerned	Training on Specific Topics		Training for all Supervisors	
		Times	Participant	Times	Participant
1	Commercial Bank Supervision Dept, BOL	2	8	2	100
2	Lao Securities Commission Office, BOL	2	8		
3	State-Owned Enterprise Management and Insurance Dept, MOF	1	3		
4	Investment Promotion Dept, MPI	2	8		
5	Special Economic Zone Office, MPI	2	8		
6	Cultural Dept, MICT	2	8		
7	Register and Enterprise Management Dept, MOIC	1	6		
8	Import-Export Dept, MOIC	1	6		
9	Domestic Trade Dept, MOIC	1	6		
10	Department of Land, MONRE	1	6		
11	Monetary Policy Dept, BOL	1	6		
12	Financial Institution Supervision Dept, BOL	1	6		
13	Payment System Dept, BOL	2	6		
14	Accounting Dept, MOF	1	3		
Total		20	91	2	100

Table 3.10: Training on RBA Implementation to Priority Sectors in 2019

No.	REs	Times	Participant
1	Commercial Bank	3	58
2	Securities Company	3	18
3	Insurance Company	3	36
4	Casio	3	18
5	Money Values Transfer Services	2	8
Total		14	138

139. After the training of RBA for the supervisors and REs have been completed, the AMLIO in collaboration with related supervisor issued RBA manual to facilitate on the implementation the RBA by focusing on the two main parameters like: inherent risk (comprise of 9 variable²⁰) and AML/CFT control (comprise of 10 variable²¹). In practice, the first three priorities sectors had undergone the RBA (as indicated in IO.1.2, par. 57.1). In practice, to provide information concerning legislation that consistent with the inherent risk and AML/CFT control and use it as

²⁰ **9 variables:** size, cooperate governance, clarity and diversity of ownership, risk appetite, high risk clients, high risk products/services (in terms of nature and complexity), international operations and transaction, high risk geographic location or international, and reliance on third parties, agents and remote processes (deliver channels)

²¹ **10 variables:** management's commitment to the work of AML/CFT, understanding of ML/TF risks, independence and effectiveness of compliance function, adequacy of AML/CFT policy and procedures, effectiveness of KYC/CDD, effectiveness of monitoring (including MIS), effectiveness of STR analysis and reporting, effectiveness of report keeping, effectiveness of internal audit, and effectiveness of training activities.

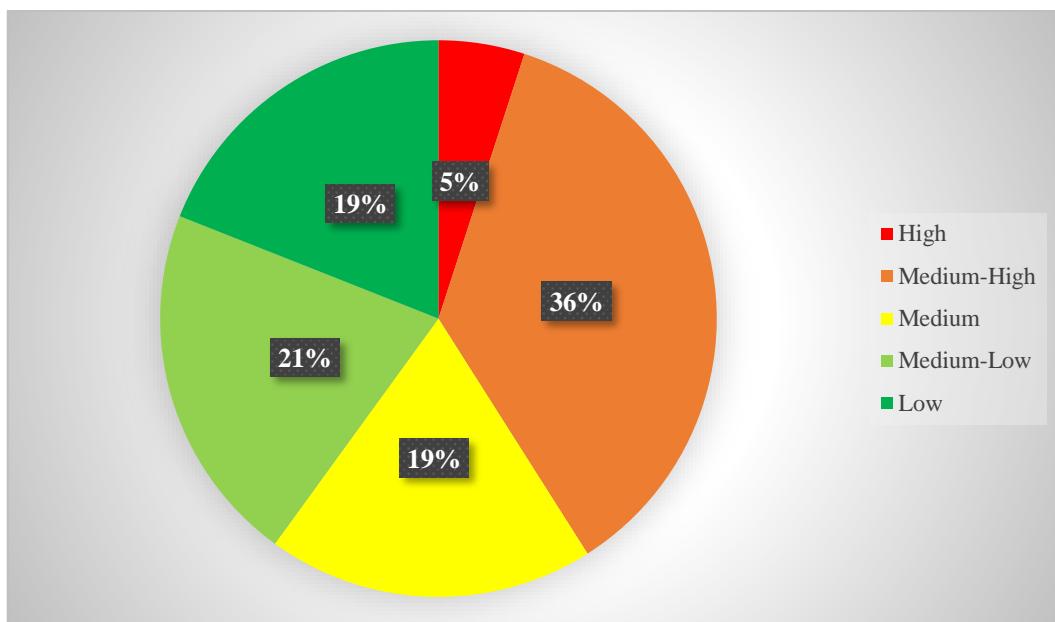
a reference for the implementation of off-site inspection. As a consequence, there were five different risk levels identified such as: High, Medium-High, Medium, Medium-Low and Low.

Banks

Table 3.11: RBA Outcomes of Banking Sector

No.	Bank	Risk Level					Total
		High	Medium-High	Medium	Medium-Low	Low	
1	State-Owned Commercial Bank	-	2	-	-	1	3
2	Joint State Commercial Bank	-	1	1	-	1	3
3	Private Bank	2	3	1	1	1	8
4	Subsidiary Bank		1	3	3	1	8
5	Foreign Commercial Bank Branch	-	8	3	5	4	20
Total		2	15	8	9	8	42

Figure 3.2: RBA Outcomes of Banking Sector



140. Based on the RBA outcomes of banking sector, the identified medium-low and low risk have undergone an off-site inspection periodically, and the identified high, medium-high and medium risk have undergone on-site inspection as table shows below:

Table 3.12: Identified High, Medium-High and Medium Risk Banking Sector Inspection Plan

No.	Risk Level	No. of Bank	On-site Inspection Duration
1	High	2	01-12/07/2019
2	Medium-High	15	15/07 - 25/10/2019
3	Medium	8	28/10 - 29/11/2019

Securities

141. The RBA outcomes shows that there were two companies have been identified as medium-low risk and one company as low risk in which oblige to undergo an off-site inspection periodically (action plan). On top of that, an inspection of the AML/CFT implementation purpose was included as part of the on-site inspection done by related competent authorities.

Table 3.13: Inspection Outcomes on Security Sectors

No	Companies	Date
1	Lanexang Securities Company, Public	13-15/11/2019
2	Lao-China Securities Company	04-06/11/2019
3	BCEL-KT Securities Company Limited	30/11/2019 – 01/11/2019

Insurance

142. Based on the RBA outcomes, in particular relied on the result of the off-site inspection shows a preliminary result (as identified in IO.1.2, par. 56.1) of each insurance company to which the Department of Supervision, State-owned Investment and Insurance Management in collaboration with AMLIO took place the on-site inspection plan based on the priorities of identified risk (high, medium-high and medium as table shows below), unfortunately the existing inspection plan has been put off without having a clear timeline affected by the current difficulty in implementing work amid the COVID-19 pandemic outbreaks.

Table 3.14: The Identified Risk Level of Insurance Sector

No.	Risk Level	No. of company	Duration
1	High	2	03/2020
2	Medium High	2	03/2020
3	Medium	4	04/2020

143. In order to ensure effective AML/CFT implementation outcome done by REs, the AMLIO in collaboration with the department of commercial bank supervision, state-owned enterprise supervision and insurance management of MOF jointly conducted an on-site inspection in regular manners as table shows below:

Table 3.15: Statistic of Insurance Sector inspection

Insurance Company	2016 (Times)	2017 (Times)	2018 (Times)	2019 (Times)	Total
	2	19	10	1	32

144. Pertaing the COVID-19 pandemic as indicated in IO.1.2 par.58, however, the on-site supervision were conducted in form of off-site instead.

3.4. To what extent are remedial actions and/or effective, proportionate and dissuasive sanctions applied in practice?

145. The Lao PDR has in hand a diversify level of administrative measure as stipulated in the Decision on Administrative Measure Against Violator of the AML/CFT Law No.09/NCC, dated 30 March 2016 such as:

- Warning;
- Fine;
- Suspension or Manager Dismissal;
- Withdrawal of Business License or Enterprise Registry Certificate.

146. Over the period of time, there were few REs that undergone an administrative measure due to the violation of AML/CFT regulations, failure to carry out its roles and obligations in area of AML/CFT as a matter of fact that those REs had received 5 times of warning letter issued by AMLIO.

Case Example on administrative measure against AML/CFT regulation violator

Administrative measure against AML/CFT regulation violator (2 cases)

Case Example 1: RE received warning letter

Booyoung bank received a warning letter No.573/AMLIO, dated 03 June 2020 due to failure to comply with its role and function including the RBA outcomes in terms of AML/CFT implementation for instance failure to obtain comprehensive internal policies, constructive staff training, and internal inspection plan on AML/CFT implementation, KYC/CDD policy, client status review and technology modernization.

Case Example 2: RE received warning letter

VietinBank, Public bank in Savanakhet Branch and Military Commercial Joint-Stock Bank Branch received the warning letter No.379/AMLIO, dated 23 March 2020 on account of failure to accomplish as given timeframe based on RBA.

New concept deposit-taking Microfinance received the warning letter No.1201/ AMLIO, dated 06 December 2016 on account of refuse to accept neither an inspection outcome in terms of AML/CFT implementation done by AMLIO nor signing of minutes.

147.Upon the above-mentioned warning letter issued by AMLIO then REs undertaking accordingly in which shows a gradual implementation.

148.In addition, the supervisory bodies applied administrative measure in terms of prudential in diverse forms and levels depending on conditions and sector's nature of business in which can categorize into four different levels: Warning; Fine; Suspension or Dismissal from Manager; and Withdrawal of Business Licence or Enterprise Registry Certificate. Throughout the years, the supervisory bodies applied administrative measures against those unfulfilled REs as table shows below:

Table 3.16: The Supervisory Bodies Applied Administrative Measures against REs

NO.	Reporting Entities	Administrative Measure			
		Warning	Fine	Suspension or Dismissal from Manager	Revocation of Business License or Enterprise Registry Certificate
1	Commercial Bank	117	13	-	-
2	Exchange Bureau	23	11	3	13
3	Financial Institution	27	-	-	9
4	Pawnshop	12	-	-	3
5	Leasing Company	16	-	-	1
6	Securities Company	8	10	-	-
7	Insurance Company	3	-	1	-
8	Bar Association or Law Enterprise	1	-	-	1
9	Auditing Company	-	-	17	8
10	Casino	-	-	1	-
Total					

Case Example on administrative measure against AML/CFT regulation violator

Case Example on administrative measure against AML/CFT regulation violator (4 cases)

Case Example 3: Warning

Throughout monitoring and inspection over the currency exchange bureau is that majority of them can principle complied with the BOL regulations. However, some of them have shown negligence and failure to carry out this regulation such as delay on business license renewal, delay on the submission of daily exchange rate transaction report and exceeding of threshold on exchange determination. Under this circumstance, numbers of warning letter had been given out to them by the monetary policy department, BOL. For instance, L&A currency exchange bureau received the warning letter warning in failure to submit its daily exchange rate transaction report over one official working day as per the warning letter No.292/PD, dated 28 February 2020.

Case Example 4: Fine

The main objectives of KASIKONTTHAI Bank is to focus on gaining an optimal profit to the bank itself, with an overlook of using prudential regulations/policies involved, over the years the Commercial Bank Supervision Department, BOL as a supervisor of banking sector carried out monitoring and inspection and applied administrative measure toward KASIKORNTHAI Bank

that avoided to implement the necessary prudential requirement set by the BOL driven by illegally carried out foreign currencies trading in which the bank was fined in total of LAK 5.000.000 (USD 600 equivalence) as per the Notice of Penalty Charge No.907/CBSD, dated 11 October 2017.

Case Example 5: Suspension

The Accounting Department, MOF is obligated as a supervisor and issuer of business license to auditing companies and encourage them to operate their accounting system in accordance with related accounting regulations. However, there are some of auditing companies enable and fail to obtain their duty of accounting auditor as stipulated in the article 41 of the Law on independent audit No. 51/NA dated 22 July 2014.

Proposal for the establishment of account auditing enterprises shall meet the following criterion:

1. Being an accounting specialist;
2. Being a member of association of accounting and auditor;
3. Not being civil servant, not being owner, not being shareholder or a staff of enterprise;
4. Never been penalized or convicted of corruption or related financial or accounting offense;
5. Having at least three staff with Diploma certificates on accounting and financial firm. With respect to the clause 3, upon the applicant granted business license in order to contribute its expertise in businesses whether in a form of shareholder, or a staff of enterprise and etc.

In practice, throughout monitoring and inspection conducted by accountant supervisor, therefore a suspended notification letter No.3077/MOFCabinet, dated 12 December 2019 has been extend to the following enterprises on account of failure to complied with establishment criterion of the Law on Independent Audit:

1. Sengsadeth Accounting Consultant Sole Enterprise;
2. Suthsavanh Accounting Audit Consultant Sole Co.,LTD;
3. Yothdao Accounting and Auditing Consultant Sole Co.,LTD;
4. PSP Company Limited;
5. S&PNG Accounting Consultant Co.,LTD.

Case Example 6: Revocation of Business License

Development Microfinance for Deposit-Taking (DMID) holding business license No. 15/FISD, dated 11 November 2011 issued by BOL under the total registered of LAK 1,277,000,000 (USD 159,093.74).

In the beginning of 2018, the Financial Institution Supervision Department, BOL found that the broad of director, director and some of staff working in particular microfinance colluded to embezzle its own microfinance that led to illiquidity. In consequence, the said microfinance couldn't manage to return money to depositors. Under this circumstance, the Financial Institution Supervision Department, BOL collected and compiled all necessary evidences and submit to investigation authorities for consideration and when there is beyond reasonable ground to believe that those suspected assembly committed embezzlement then those assembly have been sentence to accountable to the civil liability and liable for criminal liability under the allegation of embezzlement, misappropriation, document forgery and money laundering offense. In accordance with article 91 of the penal code, the DMID has been suspended and its business license has also been revoked by the Financial Institution Supervision Department, BOL

3.5. To what extent are supervisors able to demonstrate that their actions have an effect on compliance by financial institutions and DNFBPs?

149. The AMLIO has roles and functions on monitoring and inspection of AML/CFT implementation, to ensure fully compliance, the government of the Lao PDR has issued 26 legislations pertaining AML/CFT tasks to facilitate the supervisory framework as well as strengthening the effectiveness of AML/CFT implementation done by REs, the above-mentioned legislation is shown below:

Table 3.17: Compilation of Legislations on AML/CFT Monitoring and Inspection

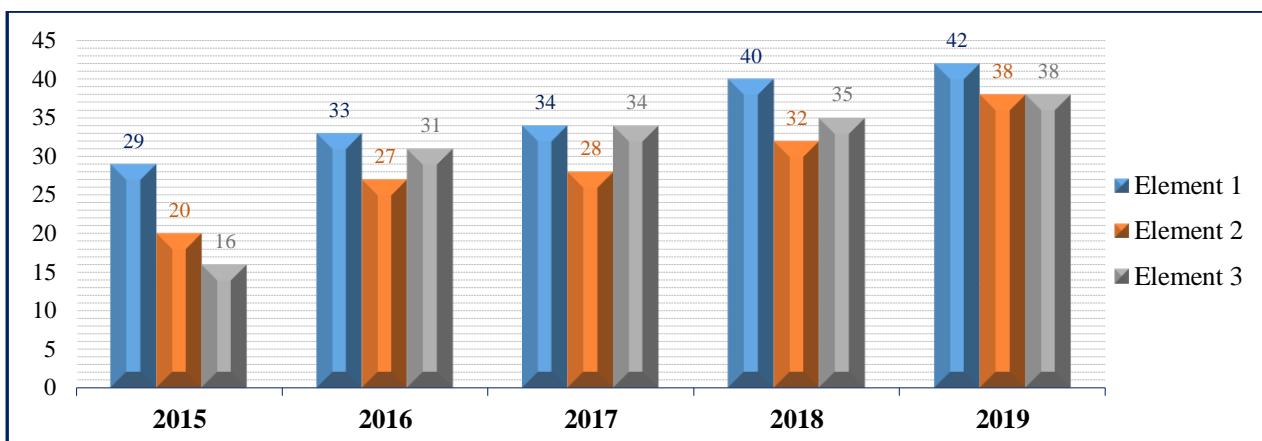
No.	Type	Regulations
1	01 Law	Law on Anti-Money Laundering and Counter-Financing of Terrorism, No.50/NA, dated 14 July 2014;
2	02 Decrees	Decree on Implementation and Operations of National Coordination Committee on AML/CFT (adjusted), No.350/PM, dated 14 October 2016;
		Decree on Entrust and Responsibilities in Implementing the Activities of AML/CFT No.127/Gov., dated 20 February 2020;
3	04 Instructions	Instruction on Indicators of Suspicious Transaction related to ML/TF of Securities Company No.0001/LSCO, dated 02 March 2018;
		Instruction on Indicators of Transactions Suspected of Money Laundering or Financing Terrorism No.41/AMLIU dated 12 Jan 2016;
		Instruction on Suspected Transaction Reporting on Money Laundering or Financing Terrorism No.42/AMLIU dated 12 January 2016;
		Instruction on Application of Provisional Measures on Properties Relating to ML and TF No 08/NCC, dated 30 March 2016;
4	02 Orders	Order on Enhancing Monitoring of Designated name related to ML/TF No.05/NCC, dated 19 May 2015;
		Order on the Withholding, Freezing or Seizure of Funds Relating to TF (Revised) No.03/PM, dated 11 February 2016.
5	13 Decisions	Agreement on Organization and Operations of AMLIO (Revised) No. 02/NCC, dated 08 January 2020;
		Decision on Designate AML/CFT Supervisor for Security Exchange No.07/NCC, dated 19 May 2015;
		Decision on Designate AML/CFT Supervisor for Commercial Banks and Financial Institution No.416/NCC, dated 05 June 2015;
		Regulation on the Reporting of Cash Transactions Report No. 417/BOL, dated 05 June 2015
		Decision on Reporting Suspicious Transaction Relating to ML/TF No.13/NCC dated 19 Oct 2015
		Decision on the Reporting of Wire Transfers in exceeding the specified limit No.963/BOL, dated 27 November 2015
		Agreement on KYCCDD (
		Decision on Administrative Measures Violated Regulation and Law on AML/CFT No.09/NCC dated 30 March 2016
		Decision on the Establishment of Commercial Banks and Commercial Banks Branches No.42/BOL, dated 15 Jan 2016
		Decision on Designate AML/CFT Supervisor for Security Exchange No.07/NCC, dated 19 May 2015
		Agreement on the Provision of Additional Information by Financial Institutions No.45/BOL date 15 Jan 2016
		Decision on Appointment of NRA Committees for AML/CFT No. 07/NCC, dated 07 April 2017

		Decision on the Supervision of Money Value Transfer Service No. 1058/BOL date 05 Dec 2016
6	02 Regulation	Regulation on Provision of Additional Information relating to sources of registered capital, shareholder structure and BO of Securities Companies No.006/LSC dated 28 January 2016
7	03 Manual	AML/CFT On-site Inspection Manual dated 08 August 2018
		Manual on Risk Based Approach on Anti-Money Laundering and Counter Financing Terrorism dated 19 May 2019
		Manual on STR/CTR Online system.

150. At the same time, in order to achieve fully operational outcomes of REs obligations in terms of AML/CFT compliance, the AMLIO in collaboration with related supervisors carried out an off-site inspection to those REs in regular basis²², including conducted legislation dissemination workshop to those priorities REs, in particular Commercial Banks, Financial Institutions, Insurance, Securities, Leasing Companies, MVTs, Casinos, Foreign Exchange Bureau, Pawn Shop and Auditing Companies (as indicated in par.149, Table 3.17) in diverse form (as mentioned in par. 153, Table 3.18).

151. As the result of conducting legislation dissemination workshop to priorities REs mentioned above, commercial banks undertook their right and obligations in terms of AML/CFT compliance that meet a satisfaction level to which in line with the three elements as Personnel and Policy; Policies Implementation; Record Keeping and Confidentiality, reporting of STR and CTR, which indicated the good sign of development as demonstrated below:

Figure 3.3: Statistic of AML/CFT Implementation by Commercial Bank



²² On regular basis refers to timeframe given in part X of the AML/CFT On-site Inspection Manual dated 08 August 2018.

Figure 3.4: Statistic of Suspicious Transaction Report Submit Commercial Bank (2015-2019)

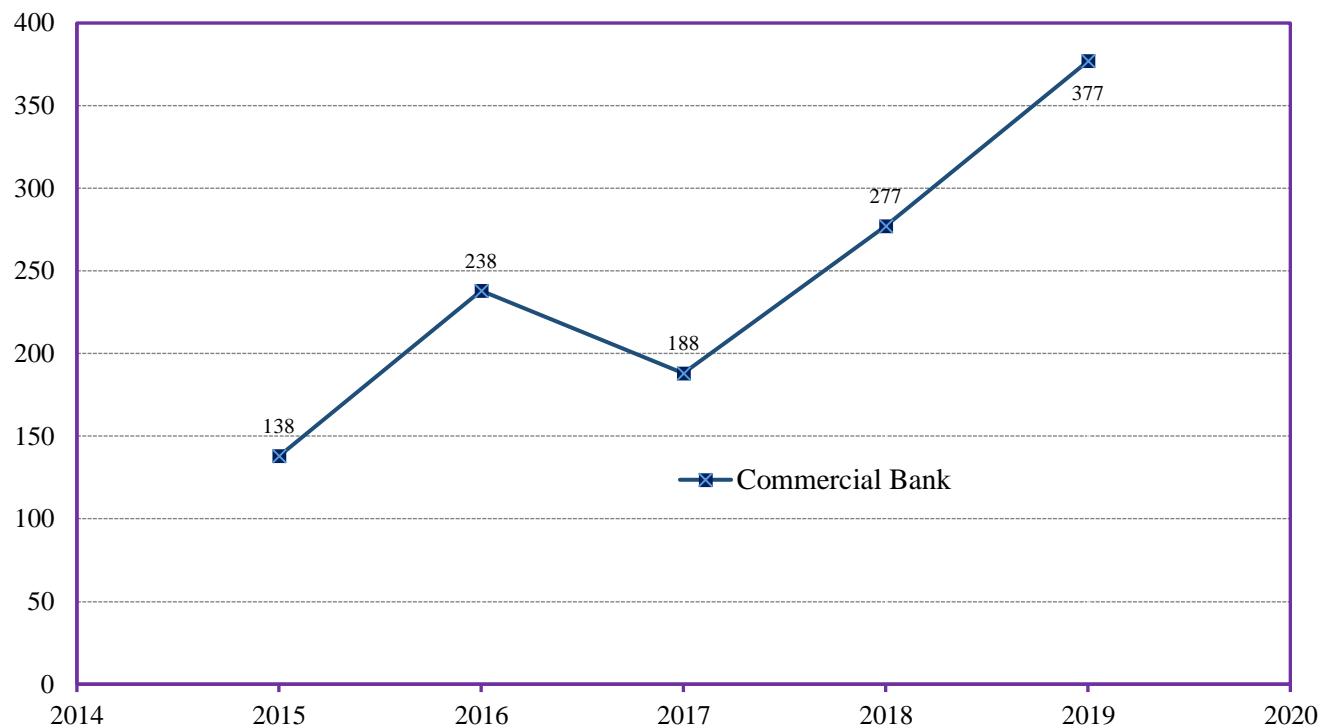
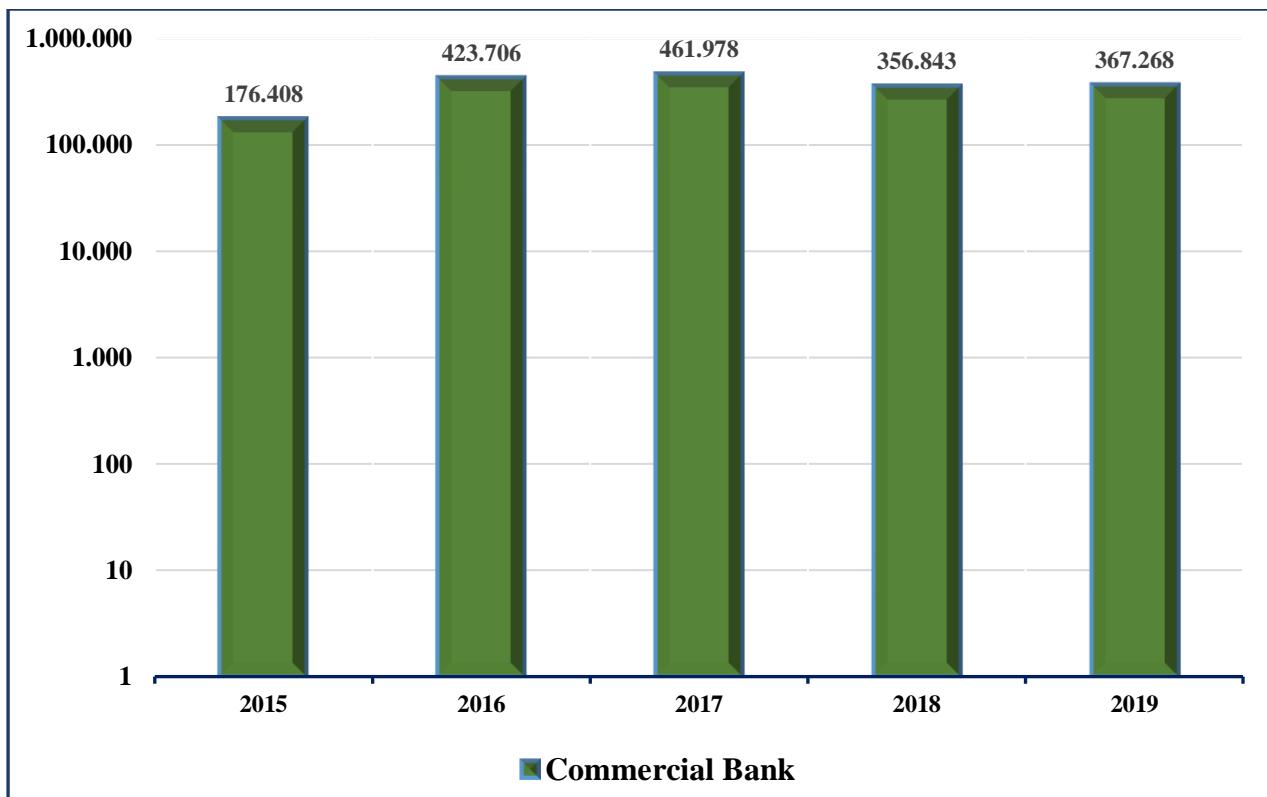


Figure 3.5: Statistics of Cash Transaction Report Submitted by Commercial Bank (2015-2019)



152. Moreover, upon training and awareness raising received then the financial institutions namely leasing company and insurance company are also obligated to put in place their own internal AML/CFT policy as well as designated a compliance officer (“CO”) and reported STR and CTR to AMLIO as the figures shown below:

Figure 3.6: Statistics of CO designation and put in place AML/CFT policy by other sectors

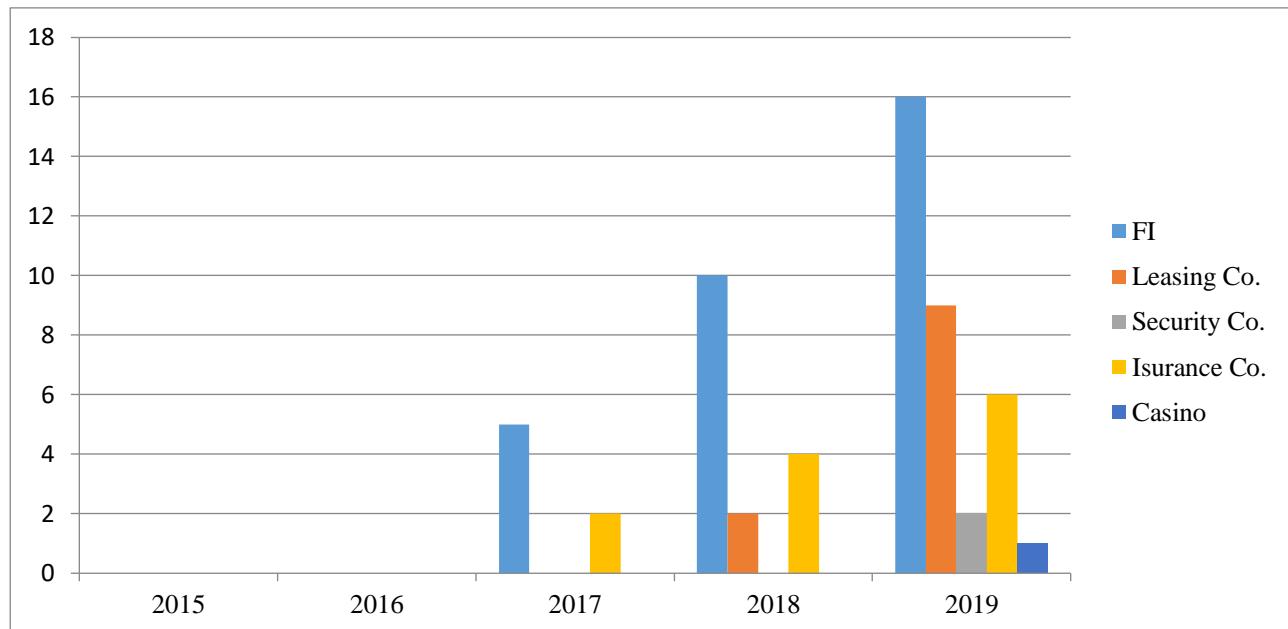


Table 3.7: Statistics of Suspicious Transaction Report Submitted by Other FIs

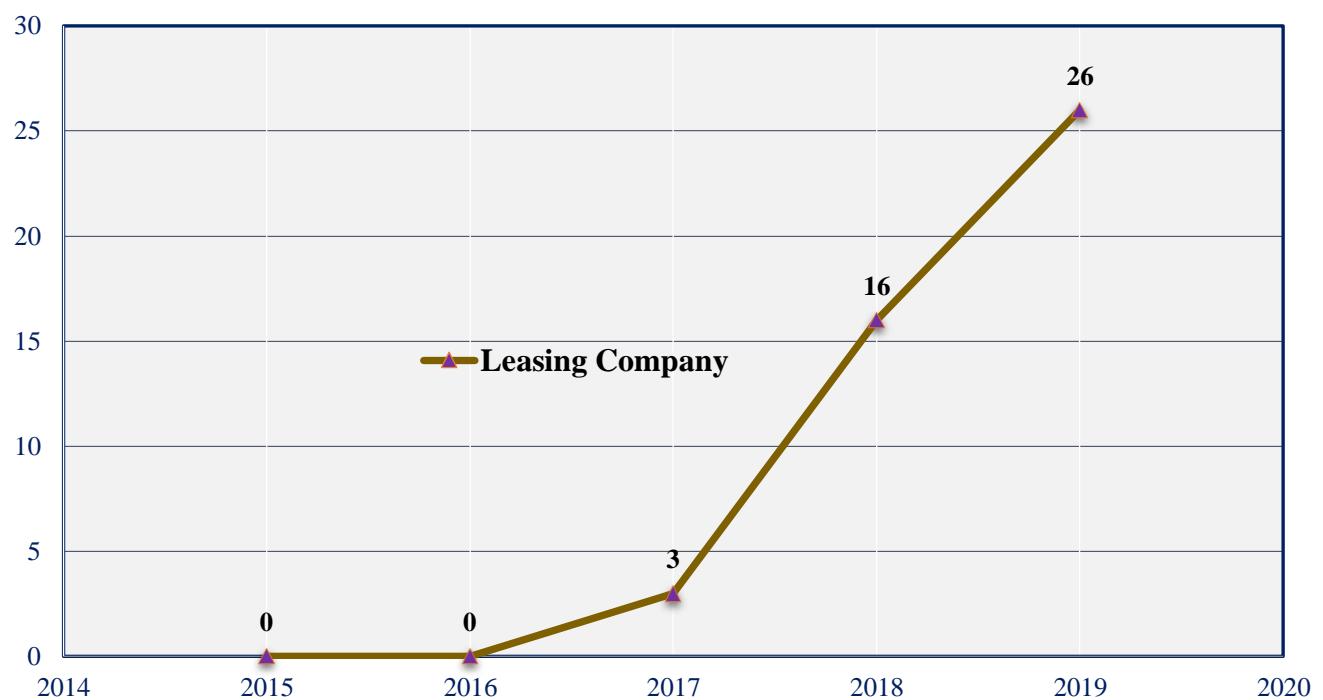
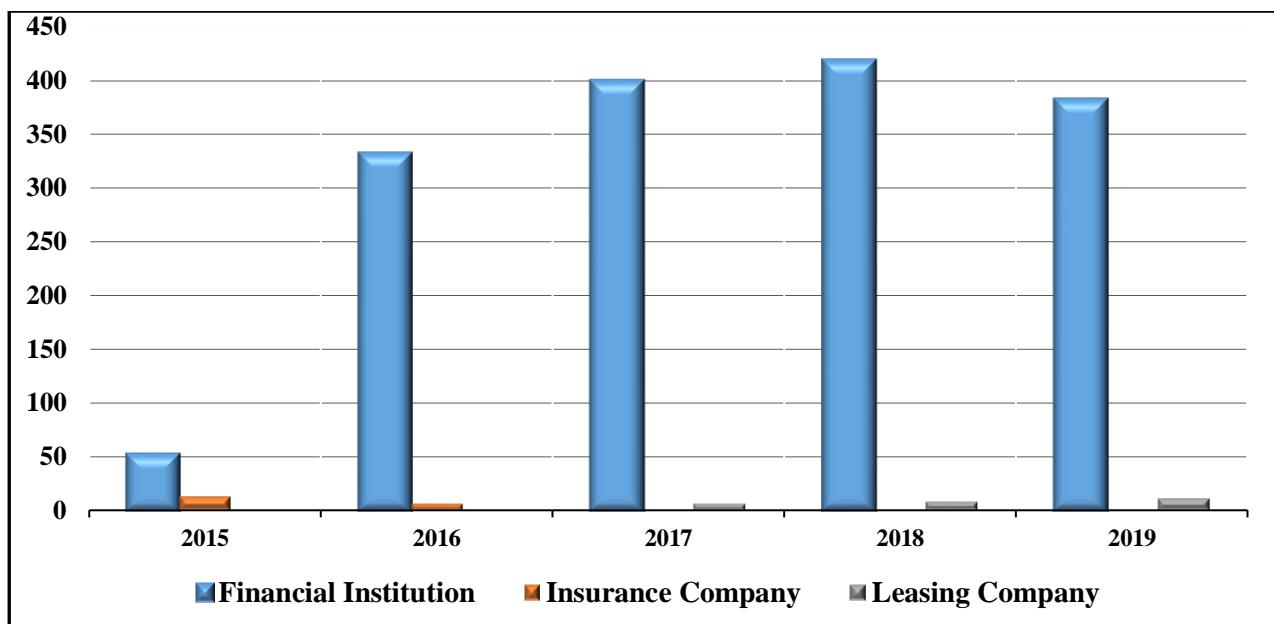


Figure 3.8: Statistics of Cash Transaction Report Submitted by Other FIs



3.6. How well do the supervisors promote a clear understanding by financial institutions and DNFBPs of their AML/CFT obligations and ML/TF risks?

153. AMLIO promoted a clear understanding by FIs and DNFBPs of their AML/CFT obligation through various form such as annual dissemination campaign, provide dissemination during the on-site inspection or upon request. Moreover, FIs and DNFBPs can also get accessed to the AMLIO website for associated information.

Table 3.18: Statistic of Dissemination Campaign for REs

Form of Dissemination	2015	2016	2017	2018	2019
Annual Dissemination ²³	1	4	4	5	7
Dissemination during the On-site Inspection	19	33	32	58	30
Upon Request	1	4	4	12	21

154. To ensure effectiveness outcomes, the dedicated supervisors have periodically issued notification letter encouraging those REs such as Banks, Securities, Insurance, MVTs and MFIs to strictly implementing their AML/CFT obligations. Respective supervisory bodies issued the notification letter to REs under their supervision such as Banks issued the letter No.102/CBSD, dated 02 March 2020; Securities No.0071/LSCO, dated 14 November 2019; Insurances No. 0243/EMID, dated 10 March 2020, MVTs No.549/PSD, dated 23 July 2020 and MFIs.

²³ Annual dissemination topic can be referred to IO.1.6

Immediate Outcome 4	Financial institutions and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.
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4.1. How well do financial institutions and DNFBPs understand their ML/TF risks and AML/CFT obligations?

155. Reporting entities have better understanding and perceived of AML/CFT risk associated with their sectors (as indicated in IO.3.2, par.132-133), and to promote and facilitate the AML/CFT implementation by REs, supervisory bodies issued numbers of legislations involved as indicated in IO.3.5, par.149. As a result, numbers of REs have put in place their internal policies, training, risk assessment and risk- based approach as well as reporting of suspicious transaction as table shows:

Table 4.1: Compilation of AML/CFT Implementation by REs

No.	Sectors	REs	Internal Policies	CO Appointed	Training Plan	Risk Assessment and RBA	Reporting Mechanism
1	Bank	43	42	42	42	38	42
2	Money Values Transfer Services	3	0	0	3	0	0
3	Micro-Financial Institution	122	9	16	1	9	9
4	Leasing Company	29	9	9	2	7	7
5	Securities Company	4	0	2	0	0	0
6	Insurance Company	24	4	6	2	3	4
7	Casino	3	1	0	0	0	0

156. Under the RE's internal policy in terms of staff training focus on AML/CFT implementation, diversify topic were included during the training session such as KYC/CDD, STR and CTR reporting procedures, financial sanction related to AML/CFT, internal risk management and other related topic with an aim to up-skills their own staff that in consequence reflected the gradual increase in terms of AML/CFT implementation under RE's obligation and rights from time to time. The progress can be measured under the onsite inspection process.

157.Moreover, REs also disseminates the ML/TF risk to the customers via brochure, video, questionnaire, billboard at the service point and etc.

4.2. How well do financial institutions and DNFBPs apply mitigating measures commensurate with their risks?

158.REs have undergone AML/CFT risk assessment based on their right and obligations , which enable them to identify a potential risk associated with the products, customers and geographical risk of operation or designated high-risk jurisdiction by identifying methodology and transaction procedure for instance in case where there is a higher-risk occurred then it is required to apply the following measures such as EDD, on-going monitoring, and annual risk review including customer information and characteristic of transaction, CO approval procedure in terms of business relationship and information collection, and other process as appropriated or in the case where there is a lower-risk then apply simplify measures instead.

159.Example: banking sector can identify priority of product risk, customer risk and geographic risk and then mitigate the risk as following:

- Product risk: identified potential procedure and mechanism of service, using CDD measure to customer who uses high risk product;
- Customer risk: identified such customer as high risk in which transaction shall be considered by CO or manager prior to provide service by using CDD including such customer shall be monitored continuously;
- Geographic risk: identified the customer from the specified region as high-risk customer to which each transaction shall be considered by CO and report, prior to provide service by using CDD and such customer shall be monitored continuously.

160.The three sectors that have undergone through RBA implementation conduced to better understanding on their own risk as indicated in the IO.3.3 par.133, within that the Banking sector has made the most promising progression by putting in place their risk mitigation plan.

Case Example on RBA outcomes

RBA outcomes (2 cases)

Case Example 1: Low-Risk

BCEL Bank is one of the state joint-venture bank found on 2 December 1975 operated as part of BOL and then on 1 November 1989, the bank itself had been transformed to state-owned bank under the registered capital of LAK 1,038,616,500,000 (USD 111,683,610 equivalent), there are 20 branches and 87 service units across the country. The RBA had been applied to BCEL through both off-site and on-site inspection in the end of 2019.

RBA outcomes has identified as following:

1. There shall be an independent AML/CFT Unit create explicitly to serve the area of AML/CFT task to which operate under the direction of manager in order to facilitate working process and ensure effectiveness, as well as ensure confidentiality of the work, on the other hand increasingly, in comparison with number of available service products

- and number of transaction that believe to be involved with ML. if possible the bank itself shall recruit more staff to handle with the work on AML/CFT area;
2. Enhancing its confidentiality internal policy in case where the bank receive notification on delayed the transaction sent by AMLIO, due to the current process contains too many layers prior approval as the information might spill out to non-relevant section within the bank, therefore the bank should minimize the said process;
 3. In order to increase effectiveness on AML/CFT performance, the bank shall increase number of on-site inspection over its braches and service units;
 4. In the case where there is a change of staff in the AML/CFT Compliace Unit, notification letter shall be sent to AMLIO;
 5. Increase monitoring process of legal person customer transaction in order to avoid the natural person account being used instead of legal person account.
 6. Every accomplished AML/CFT work shall be reported to AMLIO;
 7. Continue to up skill bank staff on AML/CFT through capacity building training cover diverse topics and appropriate with each profession. On top of that, there shall be a grade extend to staff who completely attended the training then such event shall be reported to AMLIO;
 8. AML/CFT work shall be considered to be included in every new product of bank prior launching, in order to ensure AML/CFT effectiveness.

Giving the RBA outcomes mentioned above, the BCEL had mostly complied the AML/CFT obligations which considered as low-risk. However, to response to the identified outcomes of RBA, the BCEL put in place its action plan as following:

1. BCEL is in the process of considering and establishing an independent AML/CFT Unit as suggested by RBA outcomes and a new recruitment of AML/CFT staff was included in the 2020 implementation plan of BCEL;
2. Recently, discussion within the bank in order to clearly allocate roles and function of each section had been made with an aim to avoid duplication of work, minimize the work layers to ensure stricter confidentiality after receiving notification from AMLIO by designating the Compliance Unit to consider and seek directorial level who in charge of AML/CFT work or the director general for approval;
3. BCEL includes AML/CFT work as part of their quarterly inspection agenda by adding checklist form in it, this measure applies across the BCEL including its entire branches and service units;
4. The above work plan (1-3) has been sent to AMLIO (report No.302/BCEL, dated 19 November 2019). In case of any change on above work plan, the BCEL is required to notify to AMLIO;
5. BCEL issued its internal Notice across sections to enhance and emphasize on AML/CFT work in particular the customer bank statement to ensure the consistency of each account type. On top of that, some customers had received a warning letter following their inconsistency of activities compare to each type of account opened. In order to use as reference prior to implement its internal work plan, the BCEL submitted letter No. 001/BCEL, dated 02 January 2020 to AMLIO to facilitate them in terms of coordination with respective competent authorities in terms of legal advice on characteristic of each

- type of account such as natural person or legal person who is legally able to utilize particular account, supervisory measure and measure against violator;
6. As of now, their work plan has fully completed and inform AMLIO as details stated cover letter No.009/BCEL, dated 20 January 2020;
 7. Regarding the selected AML/CFT CO will receive capacity building as follow: 1). 2 CO attended the ACAMS and received Certificate on Anti-Money Laundering Specialist from ACAMS; 2). 1 CO attended and received ACAMS Advance AML Audit Certificate in Australia; 3). 1 CO attended and received ACAMS Advance Risk Management Certificate. Internal AML/CFT training has also been set up regularly, in 2019 the BEL set up AML/CFT training follow by the test once the training is completed as per AMLIO advice.
 8. The BCEL included AML/CFT work in their internal policy as well as their newly service product. Moreover, every establishment of internal project committee will be composed of CO in it who will be in charge of AML/CFT risk management.

Monitoring and Inspection of Risk Mitigation Implementation of BCEL

- AMLIO issued Notice No.145/AMLIO, dated 31 January 2020 to BCEL to continue their improvement on AML/CFT implementation by advising that the BCEL should maintain its effectiveness on AML/CFT implementation, regularly conduct risk management, regularly conduct internal training. Moreover, AMLIO issue notice letter across commercial bank instructing them to address their own deficiencies in order to narrow down their gaps in terms of ML/TF risk and inform their result to AMLIO letter.
- The next RBA for BCEL is scheduled to be kick off in 2024.

Case Example 2: High-Risk

Bank for Investment and Commerce (BIC) is one of the private Bank, established on 08 October 2008, that changed from the previous name as International Commerce Bank on 08 November 2017 under registered capital of LAK 300,000,000,000 (USD 30,000,000 equivalent) consists of three branches across the nation.

RBA Outcomes

1. BIC required establish their annual AML/CFT plan as the basis for implementation;
2. It is required to designate dedicated AML/CFT CO to facilitate such work as per the requirement in the legislation;
3. Internal AML/CFT implementation should be assessed to find out merit, drawback and related deficiencies periodically;
4. Enhancing capacity building for staff in terms of AML/CFT knowledge in various topics by focusing on most needed area that might potentially being used by criminal for ML purpose.
5. To increase and focus more on AML/CFT implementation in particular on KYC/CDD over high-risk customer;
6. Actively report STR to AMLIO;

7. Enhancing ongoing monitoring of high-risk customer and consistent with the level of customer risk;
8. In every accomplishment of AML/CFT implementation shall be recorded in written form and report to AMLIO;

Giving the RBA outcomes mentioned above, the BIC had partially complied the AML/CFT obligations which considered as high-risk. Therefore, BIC had developed its action plan to address the deficiencies.

Action plan to address deficiencies of BIC (Lao):

1. AML/CFT committee of the bank act as a major player to put in place annual action plan and use it as a guideline in terms of implementation of which the annual itself allocated each work to be completed within the year such as action plan on deficiency mitigation, annual training plan and budget for spending and developing technology in AML/CFT aspect;
2. To ensure fully AML/CFT performance and independent are there, onsite inspection team of AMLIO advices that the bank shall designate the dedicated staff who will be responsible in this task lead by director general and comprise with diverse sections such as internal inspection unit, performance appraisal unit, head of branch and head of service unit.
3. In light of inspection aspect, the bank assessed by on-site inspection team of AMLIO in annual basis, and the bank itself also takes into consideration as advice to improve their working process and then inform AMLIO on the progress made;
4. The bank conducted AML/CFT trainings to their entire staff focus more staff who have most likely to be facing with the risk. The AML/CFT examination will be conducted on annual basis, of which contents and training topic will be considered based on current circumstance while the highest scorer will receive award.
5. In terms of AML/CFT, the bank emphasizes on KYC/CDD as this measure is applied as risk filter for the bank in particular service division and credit division staff. To ensure the two said divisions have a good level of AML/CFT literacy hence, they received KYC/CDD training more regularly. In addition, the bank also has a form and installed efficient filtering system such as Downjones and AML system;
6. The bank reports their CTR on monthly basis, STR (if any) including PEPs to AMLIO. The bank provides a good cooperation with AMLIO where the information of high-risk customer is needed;
7. For customers monitoring or implementation of KYC/CDD, the bank undertakes on the basis of risk level of customer by using mechanism indicated in the Decision on KYC/CDD No.01/NCC, dated 15 January 2016 and Guideline on AML/CFT Implementation No.002/BIC, dated 31 January 2018;
8. For every CTR, STR or PEPs the bank will keep the original version and put in safe place for AML/CFT future reference. Moreover, on other reports to AMLIO will also be sent in form of paper-based and online platform through www.amlio.gov.la.

Monitoring and Inspection of Risk Mitigation Implementation of BIC (Lao)

1. AMLIO issued Notice No.143/AMLIO, dated 31 January 2020 to BIC instructed them to address and improve their AML/CFT implementation such as AMLIO will take on-

site inspection in order to provide a more appropriated advice to ensure the bank's implementation alight on the existing regulation and actual circumstance, the timeframe has also been set up for risk mitigation implementation for the bank and followed by monitoring more closely by AMLIO. In the event that the bank remained failure to comply with the requirements then the warning letter will be made accordingly.

The next RBA for BIC is scheduled to be conducted in the year 2022.

161.The RBA implementation on remaining REs are underway as mentioned in (IO.1.2, par. 58-59).

4.3. How well do financial institutions and DNFBPs apply the CDD and record-keeping measures (including beneficial ownership information and ongoing monitoring)? To what extent is business refused when CDD is incomplete?

162.Based on the agreement on KYC/CDD No.01/NCC, dated 15 January 2016 stated that RE is required to undertake CDD measure when initial relationship with new customer; occasional customer with transaction exceeding the threshold of LAK100,000,000 (USD 12,000 equivalent) (customer with unusual transaction and inconsistent with customer profile); customer with occasional money transfer exceeding threshold of LAK 8,000,000 (USD 1,000 equivalent); and when there is a ground to believe that transaction is inconsistent with the customer income, profession, complex, conceal, counterfeit, high volume and etc.) and believed to be involve with ML/TF.

163.Regarding actual implementation, the bank has to ensure effective coordination and direct information accessing (information derive from customer filled out the form and from direct interview) and indirect form (information derive from respective sectors, available open source and other reliable sources) in order to verify the identification document of customer, identify BO, customer behavior as a basis of customer classification. The information will be updated regularly based on current customer status, and such information will be reviewed and revised on quarterly, semester and annually basis or depend on the internal policy of the bank itself. In the case where there is suspicion should be reported to AMLIO and the information shall be kept safely as indicated in the policy (the identification information kept shall be last for 10 years from the date of business relationship has been terminated, information of customer transaction shall be kept at least 5 years from the date of completion).

Table 4.2: Statistic of On-going Monitoring Customer

No.	Bank	2015 (customers)	2016 (customers)	2017 (customers)	2018 (customers)	2019 (customers)
1	State-owned Commercial Bank	17,678	20,948	23,601	29,109	35,479
2	Joint-Venture Bank	0	0	128	83	303
3	Private Bank	103	105	116	144	229
4	Subsidiary Bank	23	20	24	15	31

5	Foreign Commercial Bank Branch	1,351	1,497	1,675	1,565	694
Total		19,155	22,570	25,544	30,916	36,736

164. In the event that the customer is unable to provide adequate information as required in CDD measure as indicated in par.162, then RE is eligible to cease to provide the service to the customer or refuse to establish the business relationship with such customer and then file a STR to the AMLIO. The statistic of incomplete CDD as following:

Table 4.3: Statistic of Incomplete CDD.

No.	Bank	2015 (customers)	2016 (customers)	2017 (customers)	2018 (customers)	2019 (customers)
1	State-owned Commercial Bank	0	0	0	08	04
2	Joint-Venture Bank	03	01	10	16	10
3	Private Bank	0	0	0	0	01
4	Subsidiary Bank	0	58	42	11	17
5	Foreign Commercial Bank Branch	0	02	0	01	04
Total		03	61	52	36	36

4.4. How well do financial institutions, DNFBPs and VASPs apply the enhanced or specific measures for: (a) PEPs, (b) correspondent banking, (c) new technologies, (d) wire transfers rules, (e) targeted financial sanctions relating to TF, and (f) higher-risk countries identified by the FATF?

(a) Politically Exposed Person (PEP)

165. For PEPs customer will be automatically classified as high-risk customer and will be monitored continually as indicated in TC Rec.12.1. Number of commercial banks utilizing the said mechanism are as following:

Figure 4.4: Statistic of Identified High Risk Customer Associated with PEP by Commercial Bank

No.	Type of Bank	Banks	Bank that identified PEPs as high risk customer	
			Lao Nationality	Foreign Nationality
1	State-owned Commercial Bank	03 banks	03 banks	03 banks
2	Joint-Venture Bank	03 banks	03 banks	03 banks
3	Private Bank	08 banks	06 banks	06 banks

4	Subsidiary Bank	08 banks	06 banks	05 banks
5	Foreign Commercial Bank Branch	21 banks	20 banks	20 banks
	Total	43 banks	38 banks	37 banks

Correspondent Bank

166.Prior to making business relationship with corresponding bank, the commercial bank shall take into account their settlement network, reputation and trustworthy of that bank in order to ensure facilitation to be provided to customer internally and externally. Moreover, the bank will also focus on the existing of the potential selected of correspondent bank, business operation status and strictly comply with AML/CFT requirements by screening through checklist set by international requirement such as international sanction list, the used of Basel II and AML/CFT implementation that meet with the FATF requirements that should be reviewed on the annually basis.

Table 4.5: Statistic of Cooperation among Commercial Banks and Correspondent Banks of the Lao PDR.

No.	Type of Bank	Internal Correspondence	International Correspondence
1	State-owned Commercial Bank	29 banks	46 banks
2	Joint-Venture Bank	06 banks	16 banks
3	Private Bank	14 banks	23 banks
4	Subsidiary Bank	15 banks	23 banks
5	Foreign Commercial Bank Branch	10 banks	12 banks
Total:		64 banks	103 banks

Example: AML/CFT questionnaire for commercial bank or FI that will apply for corresponding membership of ICBC Vientiane Capital Branch.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA ANTI-MONEY LAUNDERING QUESTIONNAIRE		
I. General AML policies, procedures and organization	Yes	No
1. Are the Anti-Money Laundering (AML) policies and procedures of your institution approved by the Board of directors or Senior Management before entering into use?	<input type="radio"/>	<input type="radio"/>
2. Does your institution have specially designated department and staff responsible for coordinating and overseeing the AML program?	<input type="radio"/>	<input type="radio"/>
3. Does your institution require that its AML policies and practices be applied to all domestic and overseas offices?	<input type="radio"/>	<input type="radio"/>
4. Does your institution have fixed physical sites and provide authorized financial service in any jurisdiction?	<input type="radio"/>	<input type="radio"/>
II. Customer Identification		
5. Has your institution made and implemented Know Your Customer policies and practices approved by your Board of Directors or Senior Management in written form?	<input type="radio"/>	<input type="radio"/>
6. Has your institution implemented practices and procedures for identifying customers at account opening and transactions?	<input type="radio"/>	<input type="radio"/>
7. Does your institution collect information of corporate clients for assessing their AML policies and procedures?	<input type="radio"/>	<input type="radio"/>
8. Does your institution take measures to identify customers when they use electronic banking services like Telephone-Banking, Internet-Banking, ATM and other electronic service facilities?	<input type="radio"/>	<input type="radio"/>
9. Does your institution rank risk levels of customers according to customers' specialties or account features, and take region, business, industry, and important political figure into consideration?	<input type="radio"/>	<input type="radio"/>
10. Does your institution timely adjust customers' risk level on the basis of continuous concern?	<input type="radio"/>	<input type="radio"/>
11. Does your institution stipulate clearly any clause about the responsibilities on customer identification in agreements with other financial institutions when entrusting them to market financial services?	<input type="radio"/>	<input type="radio"/>
12. Does your institution open anonymous accounts or pseudonym account for customers?	<input type="radio"/>	<input type="radio"/>
13. Does your institution trade with any shell company?	<input type="radio"/>	<input type="radio"/>
14. Has your institution established blacklist system which includes terrorist entities and individuals defined by the UN resolutions?	<input type="radio"/>	<input type="radio"/>
15. Has your institution applied effective measures to prohibit any trade with entities or individuals defined by blacklist?	<input type="radio"/>	<input type="radio"/>
III. Large and Suspicious Transactions Reporting		
16. Has your institution made and applied written policies and procedures approved by the Board of Directors or Senior Management to monitor and report suspicious (and large) transactions?	<input type="radio"/>	<input type="radio"/>
17. Has your institution established computer technology system monitoring	<input type="radio"/>	<input type="radio"/>

suspicious (and large) transaction?		
18. Has your institution established systems to report suspicious (and large) transactions to the authorities?	<input type="radio"/>	<input type="radio"/>
19. Does your institution study and analyze suspicious (and large) transactions regularly and prepare analysis reports?	<input type="radio"/>	<input type="radio"/>
IV. Retention of Customer Identity Information and Transaction Records		
20. Has your institution established systems to record and retain customer identity and transactions information?	<input type="radio"/>	<input type="radio"/>
21. Will customer identity information and transaction records be retained for more than five years?	<input type="radio"/>	<input type="radio"/>
V. AML Training and Auditing		
22. Has your institution established training systems for relevant staff on recognizing and reporting suspicious (and large) transactions?	<input type="radio"/>	<input type="radio"/>
23. Does your institution conduct AML and Counter Terrorist Financing (CTF) training for the new recruited?	<input type="radio"/>	<input type="radio"/>
24. Does your institution timely organize trainings on new laws and regulations of AML and CTF?	<input type="radio"/>	<input type="radio"/>
25. Does your institution have an independent audit department or independent third party that assesses the comprehensiveness and effectiveness of AML policies and their implementation?	<input type="radio"/>	<input type="radio"/>
VI. Comprehensiveness of Law and Compliance		
26. Is the country or region in which the Head Office of your institution registered a member of the FATF?	<input type="radio"/>	<input type="radio"/>
27. Is the Financial Intelligence Unit of the country or region in which the Head Office of your institution registered a member of the Egmont Group?	<input type="radio"/>	<input type="radio"/>
28. Has the country or region in which the Head Office of your institution registered established laws designated to prevent money laundering?	<input type="radio"/>	<input type="radio"/>
29. Has the country or region in which the Head Office of your institution registered established Financial Intelligence Unit?	<input type="radio"/>	<input type="radio"/>
30. Can your institution make timely written report to the local supervisory and public security authorities on finding suspect criminal transactions?	<input type="radio"/>	<input type="radio"/>
31. Has your institution ever been subject to supervisory or criminal punishment caused by AML and CTF matters? If yes, please provide reason analyses, measures taken to compensate and the effects.	<input type="radio"/>	<input type="radio"/>

This Questionnaire is completed by:

Institution Name:	
Name of AML Officer:	
Position of AML Officer:	
Registered Address:	
Telephone:	
E-mail:	
Signature	
Date:	

(C) New Technology

167. For commercial banks that willing to issue their newly service product will have to seek approval and fully compliant with all requirements set out by CBSD of the BOL such as: accumulate lost less than one year, effectively compliant with capital accuracy ratio and the operating capital should come from the revolving fund. Furthermore, it is required to put in place its action plan that cover 1). Implementation in terms of sustainability; 2) risk assessment on newly service product by focusing on (characteristic, complexity, volume, target customer, channel and scope service) and other associated factors that might potentially lead to an adverse effect to the economy and AML/CFT standard is also concerned.

Table 4.6: Statistic of Commercial Bank that Granted to Issue New Feature (New Production)

No.	Type of Banks	2015	2016	2017	2018	2019
1	State-owned Commercial Bank	0	06	04	10	09
2	Joint-Venture Bank	02	01	15	02	08
3	Private Bank	0	0	0	01	02
4	Subsidiary Bank	0	0	0	01	02
5	Foreign Commercial Bank Branch	0	02	0	0	0
Total:		02	02	09	19	14

(d.) Wire Transfer Rule

168. Lao PDR is prohibited the operation of VASPs (details indicated in IO.31par 131). However, commercial bank and MVT operators are permitted to provide service in area of wire transfer and require to make record keeping on every customer who transfer money internally and externally for instance it is required to obtain both originator and beneficiary including purpose of sending. Money transferred by commercial bank and MVTs with amount exceeding threshold of LAK 8,000,000 (USD 1,000 equivalent) have been kept for future reference in customer continually monitoring and also provide to CBSD upon request.

Commercial Bank

Table 4.7: Statistic of Wire Transfers Transactions of Commercial Bank

No.	Type of banks	2015 (Transactions)	2016 (Transactions)	2017 (Transactions)	2018 (Transactions)	2019 (Transactions)
1	State-owned Commercial Bank	1,556,173	1,836,502	5,076,720	3,409,034	1,556,173
2	Joint-Venture Bank	67,528	54,661	55,588	55,385	67,528
3	Private Bank	33,692	21,355	26,308	30,586	32,368
4	Subsidiary Bank	32,939	10,431	12,032	14,937	33,692
5	Foreign Commercial Bank Branch	212,821	52,879	70,370	185,759	212,821
Total:		1,501,996	1,903,153	1,975,828	5,241,081	3,695,701

Money Value Transfers (MVTs)

Table 4.8: Statistic of Wire Transfers Transactions of MVTs

No.	MVTs	2015	2016	2017	2018	2019
1	Somchit Trading Company.	0	60,204	53,643	60,495	54,447
2	Xaikhong Trading Company LTD	44,220	38,378	36,582	43,510	37,936
3	Lao Post Enterprise	0	0	7,107	5,508	5,984
Total:		44,220	98,582	97,334	109,513	98,367

(e). Measure Apply to targeted Natural Person or Organization that links to TF

169. In parallel with CDD implementation in par.162, the commercial banks are obliged to screen over targeted natural person or organization that associated with TF through various source of information in diverse scope, purpose of activities and the capacity of commercial bank in establishing the system, apart from the existing internal list such as customer name list, list from AMLIO and from other respective authorities, for those liquidity commercial banks that capable of subscribing a modern screening system like Dowjones, World Check One, ACTIMIZE, Watch List, Siron KYC, Side Safe watch, Compass, new customer search, CSW, CNS, AML list, 1P and etc.

Table 4.9: Statistic of Commercial Banks that have International Screening System Installed.

No.	Type of Bank	Commercial Bank	International Screening System
1	State-owned Commercial Bank	03	02
2	Joint-Venture Bank	03	02
3	Private Bank	08	06
4	Subsidiary Bank	08	08
5	Foreign Commercial Bank Branch	21	20
Total:		43	38

(f). Designated High-Risk Jurisdiction by FATF

170. The high -risk jurisdictions under the FATF list are updated regularly and Notice of AMLIO will be disseminated to REs across nation in which both existing client or new customer will be undergone CDD measure, if the bank found that their customers have temporary or permanent address, occupation, source of fund or transaction related to the region or the country under FATF list then the bank must report STR to AMLIO immediately. During the year 2015-2019, commercial banks reported STR of natural person and legal person related to jurisdictions under FATF list to AMLIO in total 16 STRs and those reported customers were refused to proceed their transactions by the bank.

Table 4.10: Number of STR related FATF High-risk Region or Jurisdictions.

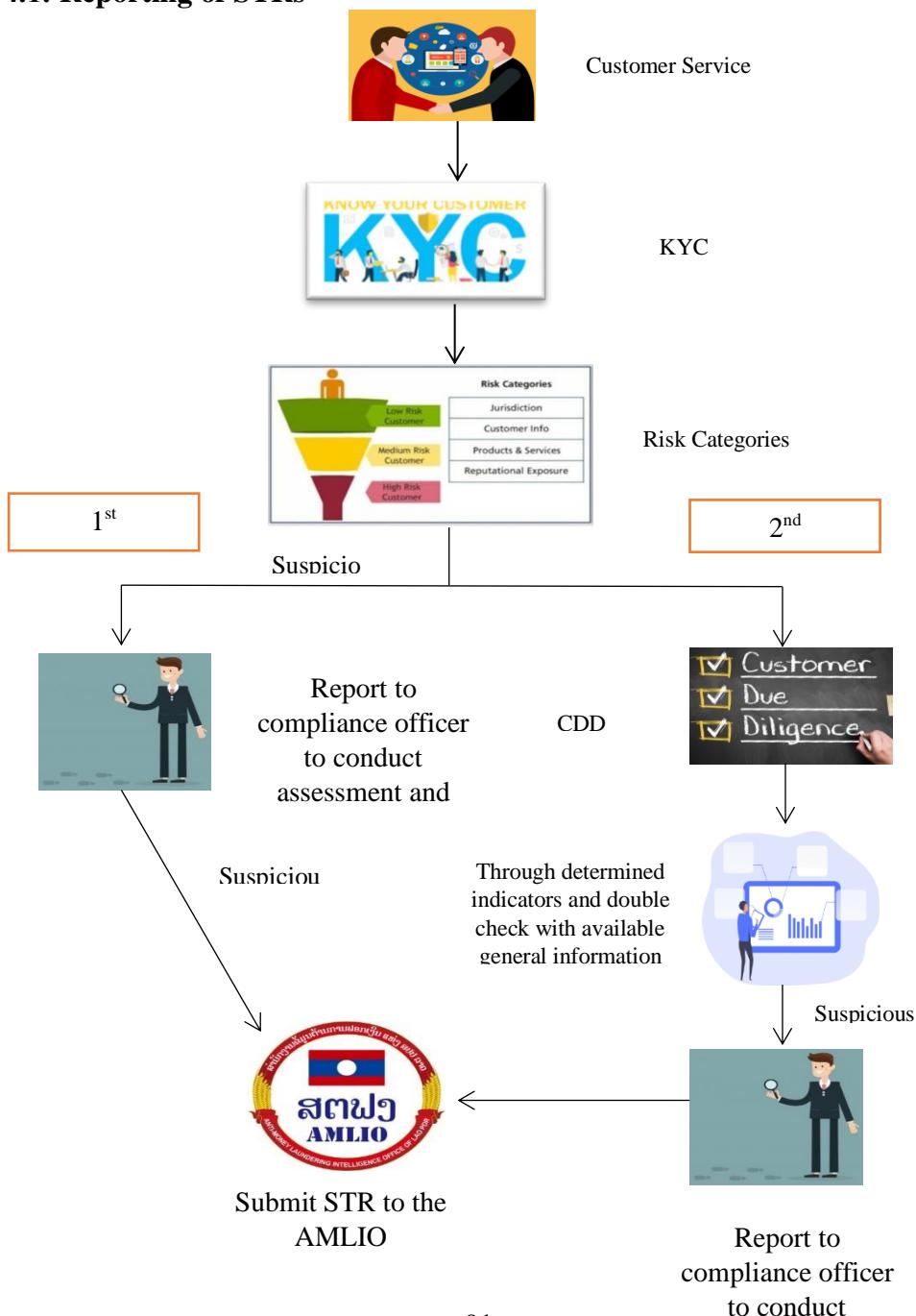
Year	2015	2016	2017	2018	2019	Total
Number	5	5	2	2	2	16

4.5. To what extent do financial institutions, DNFBPs and VASPs meet their reporting obligations on the suspected proceeds of crime and funds in support of terrorism? What are the practical measures to prevent tipping-off?

Suspicious Transaction Report (STR)

171. Commercial banks carried out their analysis through 2 analytic mechanisms for potential STR as indicated in the IO.4.3 par.163 and also utilize STR indicators as a benchmark for determination of threshold, volume and frequency in each of their service products, a single information of customer will be compared with a customer current transaction if found that behavior and transaction is inconsistent with customer profile then the bank will conduct analysis by seeking additional information from respective authorities in order to prove such inconsistency so, once there is a ground to believe this is suspicious transaction then the bank will report to AMLIO within 3 working days.

Figure 4.1: Reporting of STRs



172.Under the analysis process and if the STR is found then it must be reported to AMLIO as indicated in the figure 4.1 par.171, on the other hand, in the case where there is insufficient evidence to prove whether it is suspicious transaction then the activities of such customer will also be followed and store in the bank database.

Table 4.11: Statistic of Analysis Report and STR Submitted by REs

No.	Type of Bank	2015		2016		2017		2018		2019	
		Analyze	Report								
1	State-owned Commercial Bank	76	62	134	129	97	84	203	114	157	106
2	Joint-Venture Bank	2,110	4	2,386	1	3,322	16	4,723	34	3,380	61
3	Private Bank	6,863	23	6,647	32	6,288	12	5,787	46	2,320	39
4	Subsidiary Bank	54	43	47	38	64	44	52	46	34	23
5	Foreign Commercial Bank Branch	10	6	243	38	2,265	32	4,998	37	30,000	148
Total:		9,113	142	9,427	206	12,035	188	15,763	277	35,891	377

173.Majorities of STRs submitted by commercial bank are related to money transfers, deposit-withdrawal of cash on account of the Lao PDR is a cash-based economy.

4.6. How well do financial institutions, DNFBPs and VASPs apply internal controls and procedures (including at financial group level) to ensure compliance with AML/CFT requirements? To what extent are there legal or regulatory requirements (e.g., financial secrecy) impeding its implementation?

174.Each of commercial bank consists of internal inspection division that operates independently in relation to the sustainability of the bank to which conduct in quarterly, semester and annually basis. Moreover, the work on AML/CFT is also part of responsibilities of the said inspection division in which focus on the CO performance to ensure they perform in consistent with internal policy, regulation and respective legislations including internal risk management. Upon completion of inspection, the inspection division will submit the findings to board of director for endorsement and notify related division to put in place their action plan in dealing with indentified deficiencies.

175.In order to ensure effective performance of internal inspection division of the bank, AMLIO conducts inspection over internal inspection of each bank based on their finding of internal AML/CFT performance whether to prove that their actual performance was done in consitent with their findings.

Table 4.12: Statistic of Commercial Banks that Conducted Internal Inspection in terms of AML/CFT

No.	Type of bank	Bank	Banks that conducted Internal Inspection
1	State-owned Commercial Bank	3	01
2	Joint-Venture Bank	3	01
3	Private Bank	8	03
4	Subsidiary Bank	8	03
5	Foreign Commercial Bank Branch	21	07
Total:		43	15

Immediate Outcome 5	Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments.
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5.1 To what extent is the information on the creation and types of legal persons and arrangements in the country available publicly?

176. Recently, legal arrangements operation is yet to exist in the Lao PDR. However, pursuant to the legislation the term legal persons referred to entire enterprises which granted permission to operate business within Lao PDR, there are 4 types of business operation that has been given permission by the government as individual; state company; mixed and cooperative, and there are 3 different forms of enterprise such as personal; shareholding and company. General information of the said business operation is accessible via the National Enterprise Database) www.ned.moic.gov.la.

Table 5.1: Statistic of Enterprise Type

Type	2015	2016	2017	2018	2019
Enterprise in Lao PDR	10,542	11,502	11,780	11,444	14,954

177. Moreover, additional information is also available publicly through its website including Law and legislation, procedure, timeframe and detail on enterprise registry fees. Besides, the website also shows name of registered enterprise (Lao-English version), enterprise registry holder, enterprise code, enterprise statistic, enterprise registry form is also downloadable, enterprise location. Further details can also request in form of proposal letter through Department of Enterprise Registration and Management, MOIC. Additionally, the above-mentioned website can also link to miscellaneous information relate to specific sector.

5.2. How well do the relevant competent authorities identify, assess and understand the vulnerabilities, and the extent to which legal persons created in the country can be, or are being misused for ML/TF?

178. Throughout the NRA implementation that indicated in IO.1, ministries and associated agencies enable to identified, assessed and gained better understanding on risk exposure of legal person ²⁴ that might be used for money laundering and terrorism financing, as well as enable to identified 8 priorities sectorial risk related to ML, and clearly identified each sector vulnerabilities in which elaborate below:

²⁴ Details of Legal person can be referred to TC.Rec.24.2

Table 5.2: Prioritise Sectoral Vulnerabilities

No.	Sector	Vulnerabilities
1	Casino	<ul style="list-style-type: none"> Effectiveness of supervision/Monitoring and Inspection; AML/CFT Literacy of Casino employees; Perfection of AML/CFT Framework.
2	Banking	<ul style="list-style-type: none"> Effectiveness of Sanction Measures; AML/CFT Literacy of Insurance employees; Effectiveness of Reporting and Inspection of Suspicious Transaction.
3	Security	<ul style="list-style-type: none"> Policy and internal regulations; AML/CFT Literacy of Security employees; Effectiveness of Reporting and Inspection of Suspicious Transaction.
4	Insurance	<ul style="list-style-type: none"> Policy and internal regulations; AML/CFT Literacy of Insurance employees; Effectiveness of Reporting and Inspection of Suspicious Transaction.
5	Precious Metal and Antique Trading Agencies	<ul style="list-style-type: none"> Policy and internal regulations; AML/CFT Literacy of Security employees; Perfection of Law on AML/CFT framework.
6	Foreign Exchange Bureau	<ul style="list-style-type: none"> Policy and internal regulations; AML/CFT Literacy of Insurance employees; Effectiveness of Reporting and Inspection of Suspicious Transaction.
7	Real Estate	<ul style="list-style-type: none"> Effectiveness of supervision/Monitoring and Inspection; Effectiveness of AML/CFT implementation; Effectiveness of supervisory procedure and implementation.
8	Money Values Transfer Services	<ul style="list-style-type: none"> Effectiveness of AML/CFT implementation; AML/CFT Literacy of MVTS employees; Effectiveness of Reporting and Inspection of Suspicious Transaction.

5.3. How well has the country implemented measures to prevent the misuse of legal persons and arrangements for ML/TF purposes?

179. Lao PDR has in hand its preventive measures to protect natural person from being used by criminal for purpose of ML/TF by issuing relevant legislations as indicated in IO.3.5 par.149 Meanwhile, in order to ensure an in-depth implementation of specific sectors therefore, AMLIO in cooperation with dedicated supervisory sectors issued implementation plan including relevant AML/CFT legislations as indicated in IO.3.1 table 3.3-3.6 with referent to the existing legislations supervisors conduct monitoring and inspection over legal persons (FIs) as mentioned in IO.3.2 par.133 table 3.7 in which the result shown a satisfactory level in terms of AML/CFT implementation conducted by those legal persons as shown in IO.3.5 par.150-152.

5.4. To what extent can relevant competent authorities obtain adequate, accurate and current basic and beneficial ownership information on all types of legal persons created in the country, in a timely manner?

180. Supervisors enable to obtain general information as well as adequate, accurate and reliable information of BO in timely manner as indicated in IO.3.1, par.130. Upon approval those legal persons are required to make their business information up to date in yearly basis in particular when there is a change in company's structure (shareholder) such company must inform dedicated supervisor. Moreover, the competent authorities can also obtain information through request, MOUs and dedicated supervisor's website.

181.In the event that legal person was suspected to involve with criminal activities, associated investigation authority can obtain general information of BO through mechanism indicated in par.180. Besides, information can also be accessed directly via supervisor or indirectly via AMLIO as table shown below:

Table 5.3: Statistic of Information Request on General and BO's Infmation

Sector	2015	2016	2017	2018	2019
Investigation Authority and Supervisor	160	171	154	129	262
Investigation Authority and AMLIO	22	137	20	31	47

5.5. To what extent can relevant competent authorities obtain adequate, accurate and current beneficial ownership information on legal arrangements, in a timely manner?

182.Legal Arrangement in the Lao PDR is considered as a RE to which stipulated in Law on AML/CFT, Article 8, clause 7 in which required to comply with their obligation set out in the article 18-32. In practice, the legal arrangement is yet to operate in Lao PDR as indicated in Rec.10.3 of Second draft TC Annex.

5.6. To what extent are effective, proportionate and dissuasive sanctions applied against persons who do not comply with the information requirements?

183. There is a sanction measure against violated REs that failed to comply with their obligations such as failure to make record keeping, update, maintain and provide information upon request made by associated competent authorities as stated in the Decision on Administrative Measure against Violator No.09/NCC, dated 30 March 2016 and also the article 98 of the Law on Document as indicated in the TC. Rec. 24.4 of Second draft TC Annex. In practice, such measure is not yet utilized.

Immediate Outcome 6

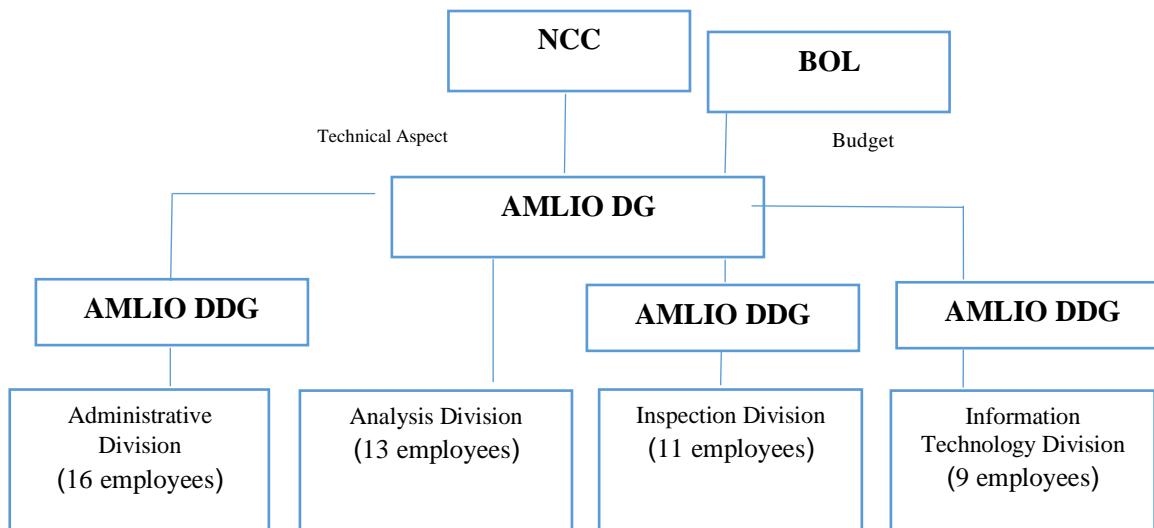
Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.

6.1. To what extent are financial intelligence and other relevant information accessed and used in investigations to develop evidence and trace criminal proceeds related to ML, associated predicate offences and TF?

184. Information collection, analysis, dissemination of FIR and other associated information to support investigation process to develop evidence and trace criminal proceeds related to ML, relevant predicate offense including TF is determined as the main AMLIO's role and function which holding a form as administrative type that operating its work independently, and perform as the main point of contact in the area of AML/CFT for both internal and international coordination.

185. There are 53 employees in AMLIO, consists of 4 divisions such as: Administrative Division, Inspection Division, Analysis Division and Information Technology Division.

Figure 6.1: AMLIO Organization Chart.



- 185.1 **Administrative Division:** in charge of general administration, revenue-expenditure management of AMLIO, study for potential AML/CFT legislations based on international requirement in each period including dissemination of relevant legislations to associated agencies, as well as conduct coordination and cooperation with both internal and international jurisdiction in terms of AML/CFT task.
- 185.2 **Information Technology Division:** to study, create, develop and maintain all existing system and electronic instruments to ensure its modernization and secure AML/CFT information in particular reporting system, information exchange, information management and database administration.

185.3 **Inspection Division:** in cooperation with RE's supervisory bodies and associated agencies to conduct on-site inspection over REs in order to ensure fully AML/CFT compliance and to put in place administrative sanction against violated RE that failed to comply with their obligations.

185.4 **Analysis Division:** receive and collect STRs, CTRs, CBRs and other transactions electronically, as well as in form of paper-based. Conduct STR analysis to file FIR and disseminate to associate investigative bodies in order to support their investigation, as well as providing financial information upon request. The entire above-mentioned information will be kept confidential. To ensure an effective performance of STR analysis prior to creation of FIR, analysts attended domestically and internationally numbers of capacity building campaigns, details shown in table below.

Table 6.1 : Capacity Building on Analytical Technique and Financial Investigation for AMLIO Employees

No.	Training Topics	2015	2016	2017	2018	2019	2020
1	ASEAN Regional Prosecutors, Judges and Investigators Workshop.	2					
2	Capacity Building on Monitoring and Capital Flow for TF Activities Protection.	1					
3	Financial Investigation Technique	1		1			
4	Joint APG/Egmont Group Seminar for FIU" and "2015 APG Typologies and Capacity Building Workshop.	1	1		1		
5	Combating of Wildlife, Aquatics, Forestry Crime and Money Laundering.	1					2
6	Training on AML/CFT Cooperation.	1	1	1			
7	AML/CFT Inspection Procedure and Financial Sector Analysis Skill.	1					
8	Examination Process for Anti-Money Laundering and Combating Terrorist Financing.	1					
9	Financial Investigation for Public Corruption		2	2	1		
10	AML/CFT Implementation Workshop			1	2		
11	National Money Laundering and Terrorist Financing National Risk Assessment "NRA"		1	1	1		
12	Seminar on Risk and Security of ATM System.		1				
13	Lesson Learned on SOP Implementation and Investigation Techniques.		1				
14	Risk and Compliance seminar.			1			
15	Implementing the AML/CFT Law, Regulation and AML/CFT International Standards.						
16	Risk-Based Approaches to AML/CFT.			1			
17	The 2017 APG Typologies Workshop.			1	1		
18	Cross Border Control and Combating of Cash Smuggling.			2			
19	TF Investigation Technique.			1			
20	Technique on Financial Investigation, AML and Asset Recovery related to Anti-Corruption.			1			
21	APG Assessor Training				1		
22	Certificate Course in Voice & Accent and MS-Office Skills				1		

23	Implementing the International AML/CFT Standards, Enhancing Entry Transparency				2		
24	Financial intelligence Analyst				1	1	
25	International counter terrorism legal framework, and its international cooperation aspects, against the financing of non-State actor acquisition of biological, chemical and nuclear (BCN) weapons, and related IMO legal instruments					1	
26	Asian Regional Transnational Crime Cooperation and Protection					1	
27	Implementing the International Anti-Money Laundering and Combating the Financing of Terrorism Standard					2	
28	Investigating Criminal Use of Crypto-currency					1	
29	Implementation of the International Standards in AML/CFT Sphere					1	
30	International Intelligence Analysis Technique					1	
Total		9	7	13	11	8	2

186. Apart from the capacity building training conducted in each period, AMLIO staff have also received other trainings related to AML/CFT in average 19 times per year.

Table 6.2: Capacity Building Training on AML/CF

No.	Topic	2015	2016	2017	2018	2019	2020
1	AML/CFT Inspection Technique (Principle, RE inspection mechanism and challenges);	2					
2	Recovering the Proceeds of Crime from Wildlife and Timber Crime;	1					
3	ASEAN Regional Prosecutors, Judges and Investigators Workshop;	1					
4	APG Regional Workshop on Implementing Targeted Financial Sanction Against Terrorism;	1					
5	Enhancing ability on monitoring and supervising source of fund of TF;	1					
6	AML/CFT supervision over REs	1			1	2	
7	2013 Assessment Methodology and National Risk Assessment;	1					
8	Financial investigation on ML/TF	1		3			
9	ASEAN Regional Prosecutors, Judges and Investigators Workshop;						
10	Implementing the Revised International AML/CFT Standards;	1					
11	(MENA FATF/APG Joint Typologies and capacity Building Workshop);	1	1		1		
12	APG Assessor training workshop;	1			1		
13	Countering of forestry, aquatic, wildlife and ML offense;	3					1
14	International trade and investment Law;	1					
15	Positive & Negative Approach on negotiation of financial free trade of banks;	1					
16	IT training conducted by Vietnam FIU, Bank of Vietnam;	1					
17	Joint Cooperation on AML/CFT;	1				1	

18	Supervision of buy-sale, import-export of precious metal for international settlement;	1					
19	Examination Process for Anti-Money Laundering and Combating Terrorist Financing;	1					
20	APG Workshop on Applying FATF Standards to Combat the Financing of Proliferation WMD;		1				
21	Financial Intelligence for Banking and Financial Institutions;		1				
22	Bali Process Following the Money Forum;		1				
23	Innovative approaches to Financial Disclosure;		1				
24	Financial Investigation for Public Corruption;		3	4	2	1	
25	AML/CFT implementation;		2	1	2		
26	Diploma in Communication English IT and Networking Skills		1				
27	Certificate of Proficiency in Graphic and Web Designing;		1				
28	The AML/CFT-Assessed Country Course;		1				
39	Establishment of commercial bank, inspection and shareholder information record keeping, manager and source of fund of commercial bank on the basis of AML/CFT requirements;		1			2	
30	National Money Laundering and Terrorist Financing National Risk Assessment "NRA";		2	1			
31	Risk and ATM security;		1				
32	Lesson learned on SOP and investigation technique;		1				
33	Monitoring of money market security through risk inspection in security exchange;		2				
34	Conflict of interest solution, investigation and security exchange prosecution;		1				
36	RE monitoring and inspection;			1			
37	Implementation of Designation of Persons and Entities Related to Terrorism under the United Nations Security Council Resolution (UNSCR) 1373;			1			
38	risk and compliance seminar			1	1		
39	Regional Workshop for Asian Insurance Supervisors: Crisis Management, Countering Fraud and Anti-Money Laundering;			1			
40	Implementing the AML/CFT Law, Regulation and AML/CFT International Standards;			1			
41	AML/CFT Consideration and Approaches for Financial;			1			
42	Risk Based Approaches to AML/CFT;			1			
43	the 2017 APG Typologies Workshop;						
44	Cross border supervision and anti-cash smuggling;			2			
45	Certificate Course in Voice & Accent and MS Office Skill;				1		
46	Implementing the International AML/CFT Standards, Enhancing Entry Transparency;				1	2	
47	The Investigating Use of Cryptocurrency; The Financial Investigative Technique;				1	2	
48	Financial intelligence Analyst Course;				1	5	
49	FATF Standards Training Course;				1	1	
50	APG Regional Pre-Mutual Evaluation Training;				1		

51	Flagship Conference on Illicit Finance and the Winder Trends of Cross Jurisdictional Criminality;				1		
52	Countering the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction;				1		
53	International counter terrorism legal framework, and its international cooperation aspects, against the financing of non-State actor acquisition of biological, chemical and nuclear (BCN) weapons, and related IMO legal instruments;				1		
54	The Casino Financial Investigations – Session 5;					1	
55	Implementing the International Anti-Money Laundering and Combating the Financing of Terrorism Standard.					1	
Total		21	21	17	17	18	1

187. With reference to cooperation between AMLIO and associated sector as indicated in IO.1.2 par.50-51 and implementation mechanism in place to ensure access to financial and access to suspicion natural person and legal person database as indicated in IO.6.4 par.200, over the year, AMLIO requested for financial information and other associated information such as detail of bank statement, proof of registry certificate, proof of land owner, proof of car registration, family book or ID and provide to investigation authorities as requested.

Table 6.3: AMLIO provides information to investigation authorities upon request.

No.	Investigation Organization	2015	2016	2017	2018	2019	2020
1	Investigation authority of Police, MOPS	10	14	17	19	24	67
2	Investigation authority of Customs Department, MOF					1	2
3	Investigation authority of State Inspection and Anti-Corruption Authority						1
4	Investigation authority of Forestry Inspection Department, MOAF				2	1	
Total		10	14	17	21	26	70

188. Moreover, Investigation authority itself can get accessed to information of other associated government bodies including REs in support of their case file, approximately 2,000 times per year.

Table 6.4: Statistics of Information requested by investigative bodies.

No.	Sector	2015	2016	2017	2018	2019	2020
1	Investigation organization and government bodies	1,321	2,036	1,532	1,207	1,609	152
2	Investigation organization and REs	1,102	1,345	1,031	908	943	146
Total		2,423	3,381	2,563	2,115	2,552	298

189.A majority of the information request among competent authorities was involved with narcotic offense.

6.2 To what extent are the competent authorities receiving or requesting reports (e.g., STRs, reports on currency and bearer negotiable instruments) that contain relevant and accurate information that assists them to perform their duties?

190.Analysis division of AMLIO received or request for information was stated in IO.6.1 and REs undertake STR analysis as indicated in IO.4.5, initially STR was reported in form of paper-based, to ensure more secure, faster and real-time, therefore the online platform was introduced such as In 2016, STR was reported through intranet that served only banking sector, in order to facilitate all REs to be able to report STR, hence 2019 AMLIO had enhanced the capability of the existing system by launching via online platform (Internet).

Table 6.5: Statistic of STR received by AMLIO

No.	Sector	2015	2016	2017	2018	2019	2020
1	Commercial banks	138	238	188	277	377	309
2	Leasing Companies	-	-	3	16	26	7
	Total	138	238	191	293	403	316
					1,579 STRs		

191.In principle, reporting entities submit their CTR report on monthly basis as per the given form pertaining cash transaction such as deposit or withdraw, buy-sale of cheque, transfer money exceeding threshold or equal to LAK 100.000.000 (USD12.000 equivalent).

Table 6.6: Table 6.5: Statistic of CTR received by AMLIO

No.	Sector	2015	2016	2017	2018	2019	2020	Total
1	Commercial Bank	176,408	423,706	461,978	356,843	367,268	381,997	2,168,200
2	Insurance Company	13	6	-	-	-	-	19
3	Microfinance institution	52	332	399	418	382	10	1,593
4	Leasing Company	-	-	6	8	11	19	44
	Total	176,473	424,044	462,383	357,269	367,661	382,026	2,169,856

192.Customs officer at border checkpoint responsible of inbound-outbound passenger carries cash, precious metal and negotiable financial instrument with amount equivalent to LAK 100.000.000 or above, customs officers required to submit CBR to AMLIO within 15 working days once they receive declaration form from passenger or upon randomly found non-declare passenger. On top of that in order to better secure, faster and real time, the Cross-Border Report Online system “CBR Online” was launched in 2019 and so far, 19 CBRs were sent to AMLIO electronically.

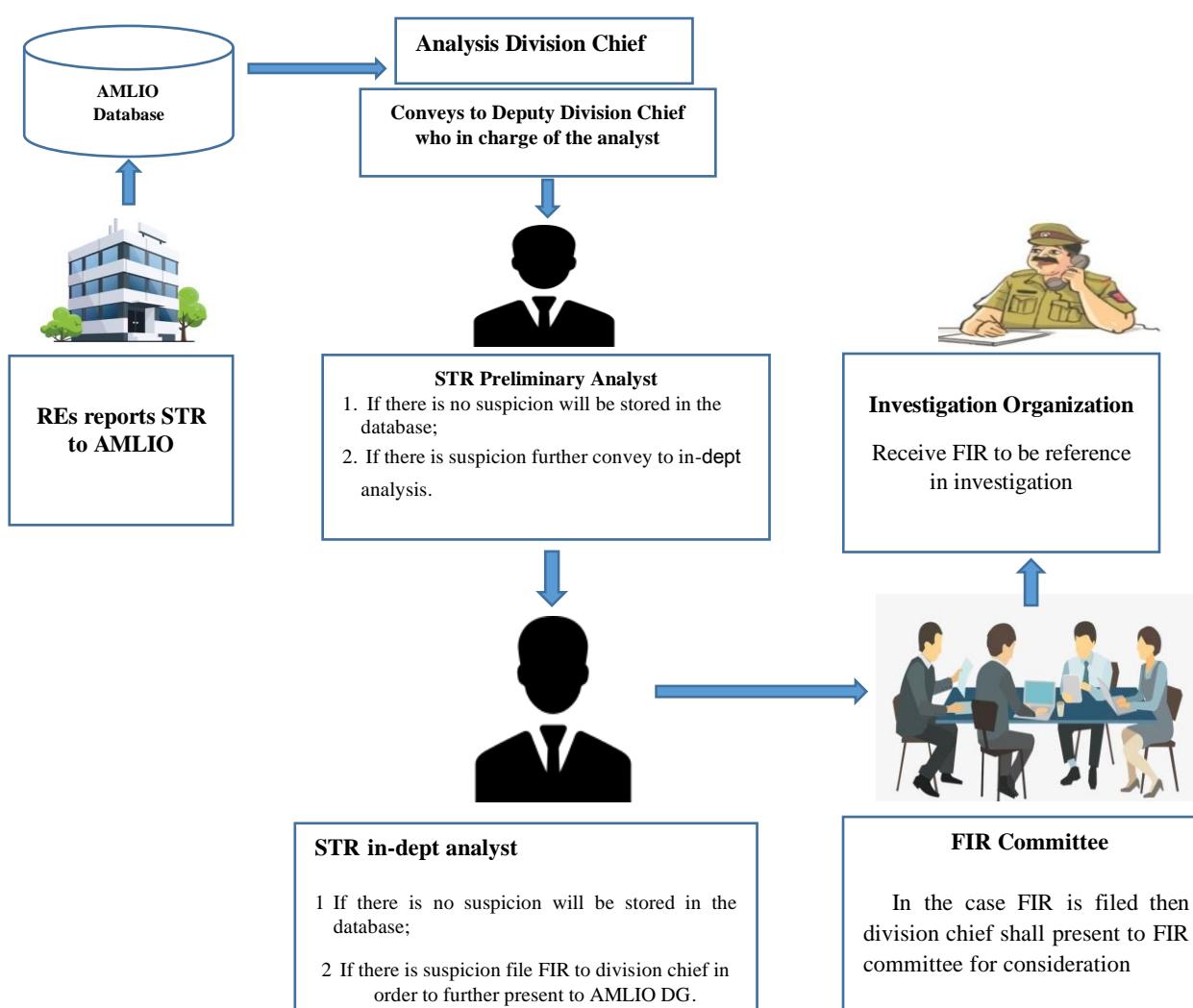
193.The entire report received by AMLIO as indicated in IO.6.1 and IO.6.2 (revocation of business registry certificate, bankruptcy, shell company and etc.) sent by competent authority or respective

sector will be installed in database and will be used as indicated in section III clause 2 of the SOP in particular type of transaction volume and etc that supports the financial analysis work, provide information to requesting competent authority upon request and for support of strategic report in order to identify trend and typology of ML/TF and also to support creation of AML/CFT action plan based on actual circumstance of the country.

6.3. To what extent is FIU analysis and dissemination supporting the operational needs of competent authorities?

194. Financial analysis undertakes as following procedure: STR received will be kept in the database as indicated in IO.6.2 par.189 and then further proceed to preliminary analyst, once the suspicion mostly met with ML potential indicators then such report will be further to in-dept analyst, in the case there is beyond reasonable doubt then analyst will file a FIR and disseminate to respective authority for further investigation. To demonstrate the procedure and the actual implementation of analysis, case example will be provided. However, some of the case has not been further conveyed to investigation authority due to insufficient evidence therefore, those names which are used in the following case will be fictitious.

Figure 6.2: Analysis Procedure



195.Preliminary Analysis will focus on accuracy, completion, ground for suspicious and analysis prioritization of STR and then compare with AMLIO database along side with World check One, as well as open source for instance Facebook, Google, newspaper, website, online medias and etc. Throughout the analysis process if suspicions were found then information will be put in preliminary form for in-dept analysis. In case where sufficient ground to believe this is not the case then all information will be stored in the database of AMLIO for future reference.

Case Example of incomplete preliminary analysis

Case Example of incomplete preliminary analysis (2 cases)

Case Example 1.

On 12 November 2019, AMLIO received STR from BCEB Bank on suspicion of Mr. Bounmy who regularly received money transfer for several times (USD 10,000-11,000 each time) and later such money will be transferred overseas immediately to account of Mr. Ton and Mr. Somchanh through the commercial bank in Vietnam.

The analyst initiates preliminary analysis through diverse information of suspicious person such as statement, AMLIO database (STR, CTR and CBR) and other available open sources. The finding illustrated that Mr. Bounmy is a businessman that imports apparel from Vietnam and sell in Laos along with authenticate document like invoice, apparel import certificate and bilateral contract signed. Upon scrutinize the case AMLIO found that this businessman legally operating his business and has no sense of ML involve hence, this STR was kept in AMLIO database for future reference.

Case Example 2.

On 1 February 2019, AMLIO received STR from BFL Bank on suspicion of Mr. Anousone an employee of company A running his business of cell phone and electrical appliance, to which in January 2019 he had made an unusual fortune from his business. As he received money transfer to his account from his own company for 3 times with amount of USD 5,000 each in total of USD 15,000, but those total amounts had been withdrawn immediately. Moreover, he conducted transaction under currency that in contrast with currency under his account opened meaning that he deposits in Baht currency and withdraw in US currency, deposit in LAK but withdraw in USD currency for 4 times with total amount of USD 14,000, all transaction had been done without indicating any reason, under the high volume transaction shows inconsistency compare with his current profession.

Preliminary Analysis:

The analyst initiates preliminary analysis through diverse information of Company A such as statement, identification document, transaction and information on KYC by BFL bank, AMLIO database (STR, CTR and CBR) and other available open sources for instance Facebook, Google, newspaper, website, online medias and etc. Throughout scrutiny analysis the result indicate that company A was newly established entity that operate an import of appliance overseas and sell locally to which Mr. Anousone is working as accountant in this company under the salary of LAK 2,945,000 (USD 300 equivalent).

Mr. Anousone used his own account to conduct transaction on behalf of his company in amount of USD 29,000, of which USD 15,000 was transferred from his company account and deposit in Baht and LAK currencies under his own account equivalent to USD 14,000 for settlement.

Throughout verification Mr. Anousone legally conducted above transaction under his own account which is not contradict with the bank regulation, regarding foreign exchange rate transaction under his own account for speculation purpose, due to the exchange rate of the commercial bank rate was lower than parallel market hence, there was insufficient evidence to support suspicious of ML later on such STR was stored in the database and kept as statistic of using service product loophole and further informed bank supervisory bodies to address these gaps in the future.

196. In-dept Analysis: upon preliminary report received, analyst will then find out a ground that cause suspicion in order to identify target, linkage and other associated information (business registry, operational license, ID, passport record, custom information, registration of land title and etc.) and other information base that AMLIO can get accessed to (Ministry of Industry and Commerce, MOPS, MOF, MONRE and etc.) and related information from foreign counterparts. Moreover, AMLIO will also find out more information throughout other source such as World Check One and other available open sources, double check, and evaluate all information obtains to proof hypothesis whether it is consistent with and ground to believe this case really related to ML/TF. In case where there is no proof of ML/TF case then all information will be kept in AMLIO database for future reference. On the other hand, if there is a ground to believe this is relate to ML/TF case then analyst will file FIR and send to respective investigation authorities for further investigation.

197. During the year 2015-Nov/2020, AMLIO file FIR and sent to respective investigation authorities in total of 20 reports.

Figure 6.7: Statistic of Financial Analysis

No.	Analysis Procedures	2015	2016	2017	2018	2019	2020	Total
1	Preliminary Analysis	138	238	191	293	403	251	1,514
2	In-dept Analysis	30	55	49	59	20	0	213
3	FIR	7	8	2	26	31	23	97

Figure 6.8: Statistic of FIRs sent to investigation authorities

No.	Sectors	2015	2016	2017	2018	2019	2020
1	MOPS	7	8	2	23	25	19
2	MOAF				2	2	1
3	MOF				1	2	2
4	State Inspection Organization					2	1
Total		7	8	2	26	31	23

Case Example of able and unable to submit FIR to investigation authorities

Case Example of able to submit FIR (2 cases)

Case Example 3.

On 28 Feb 2017, AMLIO received STR sent by ANZ bank under the suspicious transaction of Mr. Khonpasong that being scandle via media concerning his involvement of drug trafficking.

Preliminary Analysis: Analyst proceed with information collection as preliminary procedure and the finding shown that: Mr. Meexay is a businessman operating numbers of business such as care dealer including luxury car, hotel owner, operate a financial activity with high volume of money that consistent with his mass businesses. However, his financial activities were related with numbers of people involve with drug trafficking as media report hence, analyst decided to further conduct in-dept analysis over this case.

In-dept analysis: upon analysis over Mr. Khonpasong financial transaction indicated suspicion on high volume of cash activities such as Baht 1,100,000 was deposit in his own account without reason and then gradually spread such money to multi-accounts without reason therefore, analyst in contact with respective authority such as land department and registry department then the evidence prove that he is the owner of the luxury car dealer and hotel owner. However, the two business of Mr. Khonpasong might be opened to conceal his illegal activities as drug trafficking. In order prove his illegal activities, analyst further collect more insight evidence through drug-controlled police department and found that his activities were also being followed by the police hence, analyst filed FIR and sent to the FIR committee for consideration. Upon approval the FIR was sent to investigation organization.

Case Example 4.

On 4 July 2016, AMLIO received STR sent by BCEL bank reported on suspicious activities of Asian Face Trading Co.,LTD operated its business inconsistent with an approval business registry certificate.

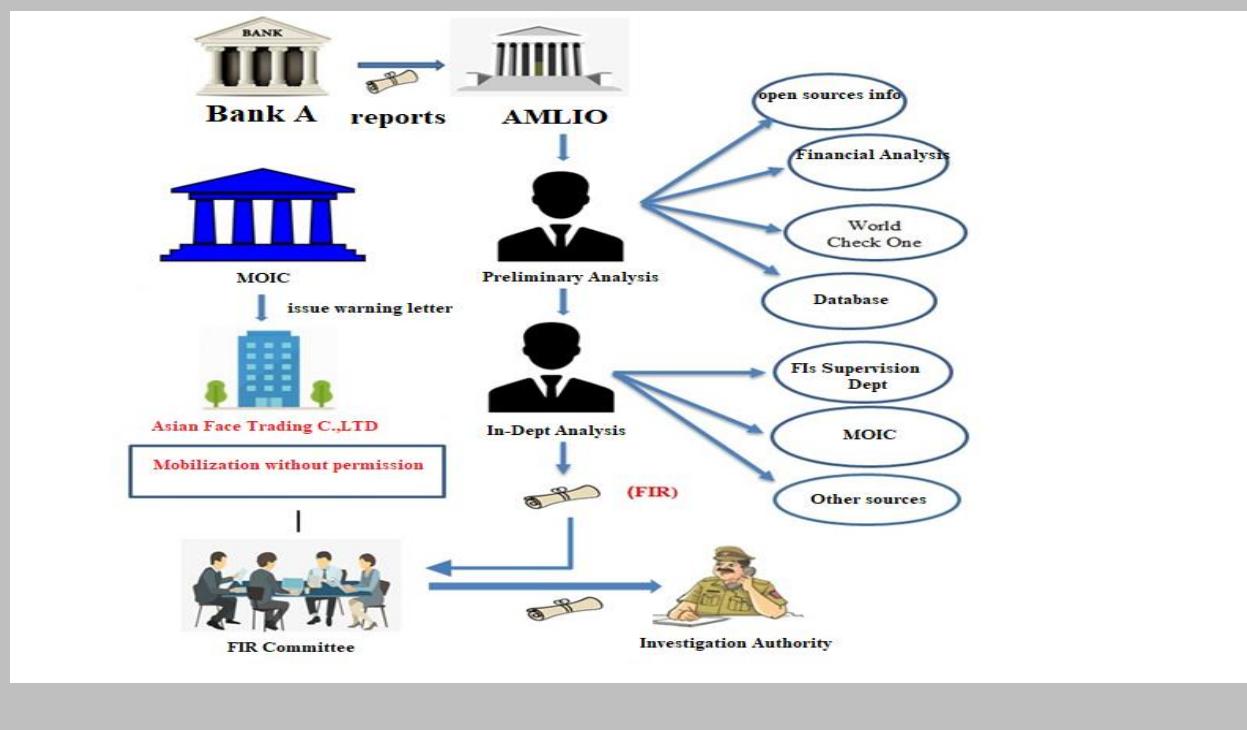
Asian Face Trading Co.,LTD was established in 2015 with its major role as a consultant of trading, exchanging of vehicle, land and house, but in practice, the company mobilized capital from people through media with a huge profit on the return as depositor will gain 9% a month or 108% a year, and for borrower to buy a car or land through leasing of this company will pay interest 3% a month or 36% a year, on top of that an agent including unregistered agent who bring customer to this company will receive 5% of the customer's total investment thus, under this fancy attractive scheme had brought in a huge people's interest in which in contrast with an approved nature of business stated in the business registry certificate.

The mobilization was done through BCEL bank, there were 2,283 accounts opened and operate unusual financial transaction with Asian Face by transferring money to account of the company monthly and those transferred money will be reversed to all transferrers with lower than original amount sent and later on BCEL found that the money sent by the company was for interest payment to depositors with 9% a month or 108% a year that worth USD 600,000, of which the company including its employee did not provide any reason while conducting transaction.

Preliminary Analysis: analyst initiated data collection based on procedure and found that

Asian Face Trading Co., LTD mobilized fund through media in order to persuade people with attractive return on interest, as a result merchant, farmer, retiree, and other brought in their cash to deposit and withdrawn with a huge amount. In this case, respective supervisors realized that the company operation with intention to commit fraud as it exaggeratedly promoting and mobilizing fund from public without BOL permission. Moreover, additional evidence also proved that the company had been received warning letter dated 18 May 2016 from MOIC to temporary suspend their misappropriate operation following their performance as microfinance.

In-dept Analysis: throughout the additional information collection by coordinating with respective commercial banks, FISD, registry department of MOIC and other associated sectors could prove that the company operating business in a form of foreign joint-venture with unidentified BO, and conducting mobilization of fund without permission with intention to commit fraud. Therefore, analyst file FIR and sent to FIR committee for consideration and further conveyed to investigation organization.



Case Example of unable to convey to Competent Authority

Case Example 5.

On 17 April 2018, AMLIO received STR from BCEL bank on the complexed layer of financial transaction of Mr. Khamdy.

Mr. Khamdy had been accounted from company A, then he transferred some of money to Kasikorn Thai Bank (through I-Bank located in Thailand) and some of money also transferred to account of Ms. Pavi and Mr. Vouthi who has account opened in BCEL bank. Upon the two persons received money then they immediately transferred to Kasikorn Thai Bank (through I-Bank located in Thailand). The said transferred circulation occurred regularly that triggered suspicion on financial layering.

Preliminary Analysis: analyst collected information through their bank statement, identification document, AMLIO database and other available open sources then found out that reported persons Mr. Vouthi and Ms. Pavi are related in which conduct high volume of transaction together regularly, complexity and without proof of source as well as BO was unknown. Therefore, in-dept analysis was required.

In-dept Analysis: the finding indicated that Mr. Khamdy running his business as road construction contractor and in a joint-venture for buy-sale of petrol with company B, therefore analyst made request for information to MOIC to verify the company B registry certificate and result shown that Mr. Tia is the head of company in which headquarter located in Xayyabuly province of Lao PDR and Mr. Somphong as head of branch located in Bokeo province and additional information shown that Mr. Somphong is importer of petrol at the 4th friendship bridge at Huayxay district, Bokeo province of company B, along with tax payment document issued by Bokeo customs authority.

Throughout the bank statement verification shown that such company made payment for import of petrol to Thailand through Kasikorn Thai Bank of Mr. Khamday account, later on he transferred money to Kasikorn Thai Bank with a description “Petrol settlement”, occasionally Mr. Khamdy assigned his relative to conduct transaction regarding company B’s import of petrol settlement to Thailand on his behalf. Therefore, all collected information shown transaction of company B was done in good faith, but just Mr. Khamdy undertake transaction by using his personal and relative account with an intention of using a service product’s loophole of the bank to which such transaction did not violate the bank regulation at that time, as a result the all above transaction circulation could neither be claimed as misconduct nor ML, therefore it was insufficient information to support FIR but this STR was stored in the database of AMLIO for future reference and cc respective supervisors to take into account in narrowing down the product gap in the future.

Case Example 6.

On 14 August 2019, AMLIO received STR from BCEL on the suspicious transaction of GG Shop that received two times of money transfer from Ms. Keota with amount of USD 166,000 and 190,000 and from foreign exchange bureau amount of USD 13,000 in total amount of USD 369,000 later on such lump sum money was transferred to Mr. Somsak account who is an employee of registry department of MOIC, based on above transaction triggered suspicious of ML especially money transferred to bureaucrat.

Preliminary Analysis: analyst collected information through their bank statement, identification document, AMLIO database and other available open sources to which indicated that GG shop and Mr. Somsak conducted transaction with unusual high volume, unidentified proof source and as well as BO, therefore in-dept analysis was required.

In-dept Analysis: analyst reached out for further information to MOIC to verify their registry certificate of GG shop and the result shown that Ms. Lee was the owner and as well as a spouse of Mr. Somsak and was the one who received all transferred. In addition, the analyst further request to a commercial bank to prove financial relationship of bank statement and figure out that 1). The BCEL bank was the only bank that of service with the owner of GG shop; 2). Transaction between GG shop and Ms. Keota was done on the purpose of land settlement with 600 M² amounted of USD 369,000 and 3). Mr. Somsak further transfer in numbers of person in his family such as

mother for USD 13.000, younger sister for USD 30.000, his wife for USD 30.000 and he spare some money to purchase new land worth of USD 10.000 and USD 52.000 for a new car and pay USD 2.000 per month as installment, and paid for home construction including labor payment worth of USD 12.000 sequences.

In consequence, there was insufficient evidence to support suspicious of their transactions relates to ML hence, the STR was kept in the database of AMLIO for further reference.

198.From 2015 until present, AMLIO disseminated FIRs to respective authorities as indicated in the IO.6.2 par.197; there were 65 FIRs provided crucial supports for investigation authorities.

Table 6.9: Statistic of FIRs used by Investigation Authorities.

No.	Offense	2015	2016	2017	2018	2019	2020
1	Produce and Trading of Narcotics	1	2	2	10	15	10
2	Cheque Counterfeiting, Utilization of Cheque or Other Illegal Bonds.		2				
3	Environmental Crime						
4	Thief						
5	Counterfeiting or Utilization of bank note						
6	Produce or Utilization of Document Forgery			2			
7	Fraud	3	3		6	5	4

Case Example of Utilization and not Utilization of FIR by Investigation Authority

Not Utilization of FIRs (1 case)

Case Example 7.

Pursuant to the FIR on the suspicion of Mr. Denvilai Thilavong No.819/AMLIU, dated 03 August 2015 given by AMLIO on the account of high volume transferred to the account of Mr. Thongdam regularly along with inconsistent description in their business operation, the total transferred amount within one-month worth of Baht 39,361,097 which could be categorized as following 08 January 2015 for Baht 7,567,080 , on 09 January 2015 for Baht 9,670,560, on 12 January 2015 for Baht 6,157,900, on 23 January 2015 for Baht 816,265. 28 January 2015 for Baht 1,718,612 and 29 January 2015 for Baht 13,120,100.

Based on the letter of investigation result No.1966/302, dated 29 December 2015 sent to AMLIU regarding suspicious on potential ML over Mr. Denvilai and Mr. Thongdam indicated that there was sufficient ground to believe that the joint-operation on financial activities among the two companies and along with tax payment were done legally.

Utilization of FIR (2 cases)

Case Example 8.

Based on the FIR of AMLIO dated 24 August 2016 pertaining the suspicion of potential ML of Asian Face Trading Co.,LTD that operated its business inconsistent with business registry certificate (details indicated in the case example 4).

Based on information compilation and investigation of respective authorities shown that Asian Face company truly conducted inconsistent activities based on their business registry certificate as information provided by AMLIO.

Asian Face company was found in 2015 owned by Cambodian citizen under joint-venture with a Lao citizen in which the company promoted, disseminated and persuade people to mobilize fund with ACT company located in Hongkong, China with high interest of 9-10% per month.

Asian Face company created its reputation and trustworthy by showing their legal business registry certificate along with elegant grand opening ceremony that captured an overwhelming interest from people.

At the end of 2015, Asian Face company notified their clients (depositors) on potential delaying in interest payment caused by its branch expansion, purchased of real estate (land), car and other assets into the company including personal used.

Based on above company inconsistent activities including the petition of 3,000 victims with civil damage worth of USD 8 millions could highly lead to intention of fraud, embezzlement and ML supported by company performance that in contrast with its business registry certificate and contradicted with BOL regulation.

Eventually the company could not manage to pay interest to clients or depositors as promise followed by misappropriate behavior of the company as above-mentioned, hence under the company activities it met with all indicators of crime components as per the article 120 “fraud”, article 121 “embezzlement” and article 64 “money laundering” of Criminal Law (amended edition 2005) therefore, the investigation authority submitted casefile to prosecutor to proceed further.

Case Example 9.

Pursuant to the FIR of AMLIO dated 16 March 2017 on suspicion of potential ML and drug trafficking offense over Mr. Khonepasong (details indicated in case example 3).

Throughout information compilation and investigation of authorities can concluded that Mr. Khonepasong truly conducted his financial activities in contrast with his business as reported by AMLIO.

Since Mr. Khonepasong was born on 15 May 1970, Lao nationality, recent home address: Khamhoun village, Xaythany district, Vientiane capital played a role as director of Soukkaserm Green Power Sole.Co.,LTD and the owner of Khonepasong hotel that operated unusual financial transaction as he deposited only one time a year with amount of Baht 1,100,000 and then gradually withdrawn and transferred money to numbers of people’s accounts and additional evidence shown that he was involved with trafficking of 230 bundles of narcotic, heroin 48Kg since February 2014 to 2016 in total 08 times.

On 13 September 2016, Mr. Khonepasong was arrested by police. In addition, further to his premise search had found parts of protected wildlife under his possession.

Based on above evidence proved that Mr. Khonepasong and his syndicates committed crime as per article 146 “narcotic trafficking” and 64 “money laundering” of Criminal Law (amended edition 2005); article 71 of Wildlife and Aquatic Law (2007) therefore, the investigation authority submitted casfile to prosecutor to proceed further.

199. To enhance the quality of FIR in better supporting investigation authority in area of financial investigation, AMLIO received feedback from investigation authority upon FIR submission, over the years, the feedback provided by investigation authority was commented on following aspects: FIR contained substantial information with satisfactory level, but comprehensive of the FIR is required; a majority of information share was mainly from FIs; and there was some delay on information provided; most of the FIRs received was helped with open case for predicate offense investigation for instance illegal utilization of cheque, utilization of counterfeit banknote and etc.

6.4. To what extent do the FIU and other competent authorities co-operate and exchange information and financial intelligence? How securely do the FIU and competent authorities protect the confidentiality of the information they exchange or use?

200. To strengthen cooperation among AMLIO and investigation authorities in area of information sharing including FIR, confidentiality and information safeguard, AMLIO modernized its information sharing with competent authorities through electronic platform as indicated in IO.1 par.61, 83, 84 and 85.

201. In actual implementation, information sharing was done on paper-based and to ensure a more security, faster and real time the information sharing was also done electronically via official e-mail, Fax, CADS and etc. Furthermore, in order to ensure the confidentiality on the information sharing, dedicated sender and receiver were assigned in which they are required to provide his/her details such as document number submission date and along with document destination each time. Regarding scope of use was indicated in the MOU and letter of proposal each time.

Table 6.10: Statistic of Information Sharing via MOUs

No.	Information Sharing	2015	2016	2017	2018	2019	2020
1	AMLIO Outward Requested	19	60	9	12	10	3
2	AMLIO Inward Received	3	1	1	2	5	69
Total:		22	61	10	14	15	72

Table 6.11: Statistic of Information Sharing with non-MOUs signed with inter-agencies

No.	Information Sharing	2015	2016	2017	2018	2019	2020
1	AMLIO Outward Requested	-	12	4	3	17	6
2	AMLIO Inward Received	0	2	6	14	15	22
Total:		0	14	10	17	32	28

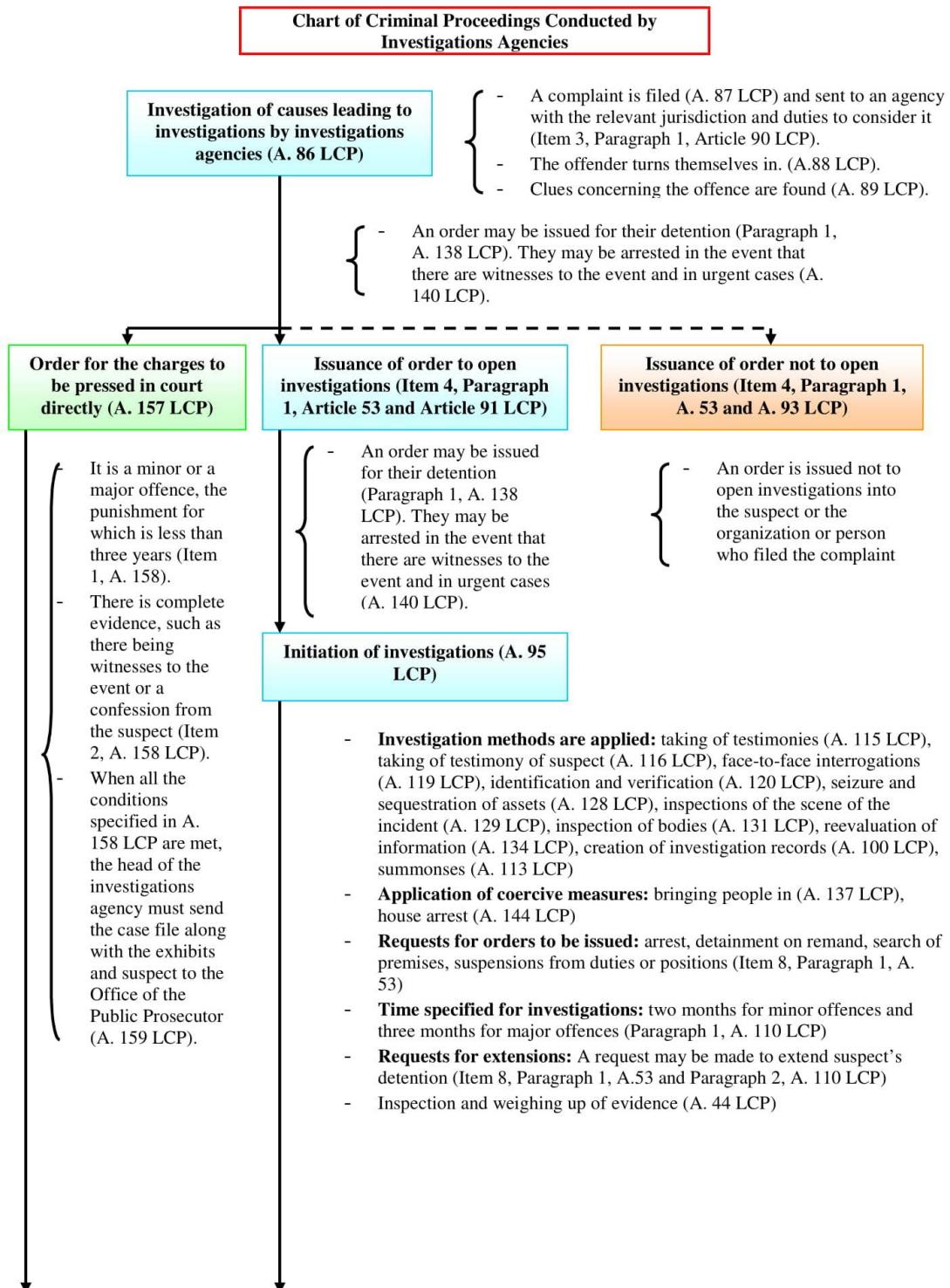
Immediate Outcome 7

Money laundering offences and activities are investigated and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions.

7.1 How well, and in what circumstances are potential cases of ML identified and investigated (including through parallel financial investigations)?

- 202.The investigation organization of the Lao PDR consists of police officer, forestry officer, customs officer, anti-corruption officer, military officer and other that holding right and power to undertake investigation as indicated in the Law on Criminal Procedure to which criminal proceeding mechanism can be seen in figure 7.1.
- 203.Investigation organization will open the investigation case unless perpetrator turned themselves in to the police, found trial offense, petition received from person, legal person or organization then investigation authority will scrutinize the case whether there is sufficient ground to believe there is one or more offenses committed by accused or suspected person, in the case there is beyond reasonable ground to believe that the offense occurred then investigation authority will issue investigation’s Order and notify People’s Prosecutor Office “PPO” within 24 hours or propose for approval prior to opening the case (as indicated in the blue highlight in the 1st step of figure below).
- 204.In case where there is insufficient evidence to believe then PPO will dismiss the case by issuing order back to investigation authority (as indicated in orange highlight), on the other hand, if there is sufficient evident then PPO or Investigation authority as per indicated in the blue highlight (2nd step).
- 205.In the case PPO obtained sufficient evidence (frontal offense or confession of defendant) then the PPO will prosecute directly as indicated in the green highlight and IO.8.
- 206.The investigation authority will strictly undertake investigation method and procedure over the accused or suspected person, or person involved through testimony, in person interrogation, forensics of incident site, forensics of corpse, search on premise, vehicle or person, seizure, freezing, evidence examine, identification and verification of culprit.
- 207.Investigation authority will carry out preventive measure against suspect or accused person by restraining, detaining, bail and temporary suspend duty or post in order to prevent suspected or accused person from being distractive criminal proceeding of investigation authority as indicated in the blue highlight 3rd steps.
- 208.During investigation process, investigation authority has power to undertake preventive measure with appropriated manner. Once there is other offense found then the authority is eligible to amend or issue additional investigation order on such newly found offense in order to ensure the fully prosecution and conviction against the defendant done by PPO and People’s Court.

Figure 7.1: Criminal Procedure Chart



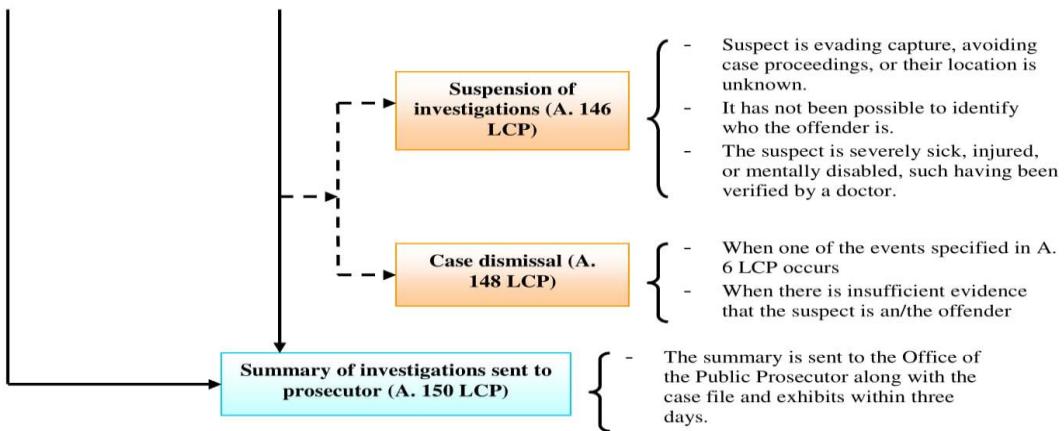


Table 7.1: Statistic of Predicate Offense Investigation during 2015-11/2020

No.	Offense	2015	2016	2017	2018	2019	2020
1	Fraud	211	280	200	211	219	122
2	Robbery	36	44	17	39	15	18
3	Thief	709	981	785	465	680	598
4	Murder	49	82	89	60	79	76
5	Physical attack	158	310	175	159	136	133
6	Kidnaping				1		
7	Detention						
8	Hostage	2					
9	Illegal Asset Trading	20	31	15	25	24	3
10	Producing and Utilization of Counterfeit Banknote	9			10	2	2
11	Producing and Utilization of Cheque	12		7			13
12	Creating or utilization of document forgery	33	27	33	23	29	22
13	Infringement of intellectual properties right.	1					
14	Corruption	4	2	12	2		11
15	Bribed and Bribery				1		
16	Illegal Prostitution						1
17	Child Prostitution						

18	Human Trafficking	14	7	15			8
19	Illegal Human Smuggling						7
20	Produce and Trading of Narcotic	1,604	2,589	2,404		2,747	2,115
21	Trading of Arms	21	2				24
22	Participation of live by night organization and extortion group						
23	Terrorism and Terrorist Financing						
24	Environmental Crime		8	20		6	30
25	Tax evasion						
26	Buying of insider information and market manipulation						
27	Violation of Customs Regulation					1	
28	Property gained by force						
29	Money laundering						
30	State embezzlement		2	1	1	2	
31	Embezzlement			2	1	4	1
32	Collusion		2				
33	Destroy of public cultivation			1			
34	Trading and transportation of prohibited goods			1	1		
35	Adultery and fornication				1		
36	Cyber crime					1	
Total		2,883	4,367	3,777	1,000	3,945	3,066

Predicate Offense

Predicate Offense (2 cases)

Case Example 1.

On 17 September 2018, the investigation authority of economic police department received petition on fraud sent by Ms. Khamlar Khamphavong as details below:

In 2017, Ms. Theppaphone borrowed money of Ms. Khamlar several time without written contract with amount of LAK 1,440,000,000 (USD 150,000 equivalent) under the promise to pay 10% interest a month, as Ms. Theppaphone claimed that the borrowed money will be lending to her colleagues and will be for rural development project bidding, she also promised to return money to Ms. Khamlar after winning the bidding on 4 July 2018 with amount of USD 100,000 and will withdraw money from cheque dated 4 July 2017 worth of LAK 328,000,000 (USD 34,000 equivalent).

Upon Ms. Theppaphone withdrawn money from her cheque as mentioned worth of LAK 328,000,000 (USD 34,000 equivalent) and received money from the project worth of USD 100,000, but she refused to pay back as promised. Therefore, two of them designed to sign minutes together stating to pay back money to Ms. Khamlar on 06 July 2018 with amount of LAK 130,000,000 (USD 15,000 equivalent) and second payment will be made on 6 September 2018 with amount of LAK 100,000,000 (USD 12,000 equivalent) and will pay off the remaining outstanding debt by LAK 130,000,000 (USD 15,000 equivalent) each month.

Based on the minutes that mutually signed on 6 July 2018, Ms. Theppaphone failed to pay back money as indicated in the minutes hence, Ms. Khamlar decided to request respective authority to put Ms. Thappaphone into justice.

After receiving indictment, investigation authority opened investigation and conducted criminal proceeding as following:

- Issued invitation letter to Ms. Khamlar (plaintiff) on 23 October 2018 and 06 November 2018, issued subpoena to Ms. Theppaphone (defendant) on 12 November 2018 and 11 December 2018; and 3 witnesses on 12 December 2018-25 February 2018 to interrogate and testimony between Ms Khamlar and Ms Theppaphone on 28 March 2019;
- Throughout evident collection and certified by respective sectors (BCEL bank certified on cheque CK-1551278 and bank statement of Ms. Thappaphone, certified from Investment Promotion Department of MPI on rural development project approval);
- Based on investigation finding proved that Ms. Theppaphone intended to commit fraud as following behavior:
 1. The rural development project did not exist;
 2. Intentionally showing invalid cheque CK-1551278.

Thus, the investigation authority can conclude that Ms. Theppaphone behavior had met all component of criminal offense as per article 233 of Penal Code and then investigation authority submitted casefile to PPO further judicial proceeding.

Case Example 2.

On 11 June 2019, the investigation of Forestry Officer received trail who anonymously reported wood smuggling to sawmill of Nongsa village, Naxaythong district, Vientiane capital.

on 12 June 2019, forestry officer conducted on-site inspection as reported, and found container with front number plate 73-3543 Chonbuly (Thailand) and carriage plate number 70-6161 Chonbuly (Thailand) driven by Mr. Somkhit Many, Thai nationality who transported the wood and had been pulled by the authorities to inspect wood transportation document. After inspection found that the container contained furnished wood (rosewood) that belong to Mr. Xaingern Nathavong and transport without permission from respective sector along with Mr. Somphavan Keoka, an accountant of Xaingern Import-Export Sole Co.,LTD who tied the lead and cabled to the container.

After that the authorities brought such container to the Forestry Inspection Section of Vientiane Agriculture and Forestry Division for further inspection and found out that there were 5,584 pieces of rosewood, volume of 26,740 m² and 6,382 tons of logs. Therefore, investigation authorities brought suspected person into justice.

Investigation authorities conducted a criminal proceeding followed by these procedures:

- Issued invitation to Mr. Xaingern Nathavong, Mr. Somphavan Keoka and Mr. Somkhit Many for testimony purpose;
- Conducted a field evidence collection and obtained testimony from 4 witnesses;
- Obtained evidence from respective sector at the First Friendship Bridge regarding approval document of number plate 73-3543 Chonbuly, carriage number 70-6161 Chonbuly (Thailand) and empty container number ZCSU 848558, as well as obtained testimony from state asset management authority to verify the proper of tied the lead and cabled.;
- Issued order to seize wood and the container No.75/FID dated 13 June 2019 from forestry authority.

Throughout the investigation and evidence corporate found that Mr. Xaingern Nathavong and Mr. Somphavan Keoka illegally conducted trading and transport of wood as shown below:

- 1) They conducted trading of wood without contract except receipt of LAK 164,000,000 (USD 18,000 equivalent);
- 2) There was no tax payment document;
- 3) Conducted wood transportation without approval document;
- 4) Conducted improper tied the lead and cabled (removable by hand).

Inconsequence, the authorities concluded that Mr. Xaingern Nathavong, Mr. Somphavan Keoka and Mr. Somkhit Many violated the Prime Minister Order No.15/PM dated 13 May 2016 and committed criminal offense on illegal transport of wood and wood products as per the article 327 of the Penal Code. Therefore, the investigation of forestry officer proposed to PPO for further criminal proceeding.

209. Investigation mechanism of competent authority was indicated in the IO.7.1 par.201-207 in which majority of investigation was related to predicate offense in parallel with financial investigation in particular source of fund, assets and items derived from offense in order to seize, freeze as per article 128 of Law on Criminal Procedure (details indicated in TC.Rec.3.5) and then confiscate to the state as stated in the article 52 and 53 and of Penal Code (details indicated in TC.Rec.3.4), based on the two existing legislation on determination of ML sanction and Decree on AML that not emphasized on ML offense investigation therefore, during 2007-2015 there was not conviction of ML exist besides, there was unclear ML definition, sanction on ML was not dissuasive by the offender.

210. Thus, during 2015-2020, Lao PDR put in place several AML/CFT legislations such as: Law on AML/CFT in 2014; Regulation on the Declaration of Cash, Precious metals and Bearer Negotiable Instruments While Entering/Exiting the Lao PDR No. 06/NCC dated 19 May 2015; Instruction on Application of Provisional Measures on Properties Relating to Money Laundering or Terrorist Financing No. 08/NCC dated 30 March 2016; Penal Code; Decree on Role and Responsibilities of National Coordination Committee for Anti Money Laundering and Countering of Financing Terrorism No.364/PM dated 13 October 2014; Directive on ML/TF Investigation (2020) to which numbers of dissemination campaign was conducted to respective

authorities and line ministries such as investigation authorities, prosecutors, judges and others associated sector nationwide.

Table 7.2: Statistic of AML/CFT Legislation Dissemination during 2016-2020

No.	Provinces	2015	2016	2017	2018	2019	2020	Participant
1	Champasak	24/08/2015	13-15/07/2016	3-6/04/2017	18-20/06/2018 15/10/2018		27/1/2020 27-28/8/2020 9-11/12/2020	504
2	Xekong	28/08/2015	13-15/07/2016	3-6/04/2017	19/10/2018			285
3	Attapeu	26/08/2015	13-15/07/2016	3-6/04/2017	22/10/2018			287
4	Salavanh	31/08/2015	13-15/07/2016	3-6/04/2017	25/10/2018			285
5	Luangprabang	12/10/2015			13-15/06/2018 15/10/2018		30/1/2020 6-7/8/2020 11-13/11/2020	352
6	Xayyabouly	13/10/2015			19/10/2018		21-22/10/2020	197
7	Phongsaly	26/10/2015			30/10/2018		17-20/10/2020	197
8	Luangnamtha	23/10/2015			01/11/2018		18-20 August 2020	201
9	Bokeo	21/10/2015			05/11/2018		20-22 August 2020	187
10	Vientiane Capital	15/03/2015 24/04/2015	30/06/2016		06-10/05/2018 16-20/09/2018 05/11/2018,	12-14/03/2019	8/1/2020, 17-20/2/2020, 8/6/2020, 11/8/2020, 21-24/9/2020, 29/10/2020, 18-20/11/2020, 01/12/2020	1,155
11	Vientiane Province	21/09/2015			08/11/2018			122
12	Oudomxai	19/10/2015			08/11/2018		15-18/08/2020	194
13	Savannakhet	07/09/2015			12/11/2018			127
14	Khammuan	09/09/2015			15/11/2018		13-15/10/202	186
15	Bolikhamxai	11/09/2015			19/11/2018			122
16	Xaysomboun	23/09/2015			19/11/2018			172
17	Xiengkhouang	05/09/2015			23/11/2018		11-14/10/2020	242
18	Huaphanh	28/09/2015			27/11/2018		15-16/10/2020	242

211. In addition, investigation authorities had also been upskilling on financial investigation techniques alongside with international support as indicated in IO.1.2 par.48 and the investigation authorities also received in-house training through various forms such as training, workshop, meeting as details demonstrates below:

Table 7.3: Statistic of Financial investigation Capacity Building of Respective Investigation Authorities during 2016-2020

No.	Topic	2016	2017	2018	2019	2020
1	Financial Investigation, ML and TF		3		3	
2	Anti-Money Laundering Techniques to Combat Wildlife and Forest Crime			1	1	
3	APG Workshop on Applying FATF Standards to Combat the Financing of Proliferation WMD	1				
4	Financial Intelligence for Banking and Financial Institutions	1				
5	Financial Investigation for Public Corruption	3	4	2	1	
6	The AML/CFT-Assessed Country Course (AML)	1				
7	SOP Analysis Technique, Investigation Method.	1				
8	Conflict, Investigation and Prosecution in Security Sector.	1				
9	Implementation of Designation of Persons and Entities Related to Terrorism under the United Nations Securities Council Resolution (UNSCR) 1373		1			
10	Regional Workshop for Asian Insurance Supervisors: Crisis Management, Countering Fraud and Anti-Money Laundering			1		
11	Implementing the AML/CFT Law, Regulation and AML/CFT International Standards		1			
12	Cross Border Supervision and Anti-Cash Smuggling.		2			
13	The Investigating Use of Cryptocurrency; The Financial Investigative Technique			1	2	
14	Countering the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction			1		
15	International counter terrorism legal framework, and its international cooperation aspects, against the financing of non-State actor acquisition of biological, chemical and nuclear (BCN) weapons, and related IMO legal instruments				1	
16	The Casino Financial Investigations - Session5				1	
17	Implementing the International Anti-Money Laundering and Combating the Financing of Terrorism Standard				1	
18	Money Laundering and Financing of Terrorism					02
19	World Customs Organization Asia/Pacific Regional Workshop on Anti-Money Laundering and Terrorism Financing				01	
20	World Customs Organization Anti-Money Laundering and Financing of Terrorism Workshop			1		
21	UNODC Customs Training in Intelligence Handling, Risk Assessment and Passenger Profiling					01
Total		8	12	6	9	3

212.Throughout the capacity building received, the investigation authority had better understand in using instrument and financial investigation technique in parallel with predicate offense investigation, as a result there were 15 convicted of ML during 2016-2020 on fraud, producing and trading of narcotic, embezzlement and etc.

ML Case Example

Money Laundering Case

Case Example 3.

In mid-2015, investigation authority received FIR from AMLIO and petitions from several victims on fraud against Mr. Sompasong and Mr. Hommueang the owner of Investment Consultant Company Sole Co.,LTD.

In 2014, the victims were trapped by receiving propaganda information conducted by company under the slogan “sustainability, concrete financial status, reliable guaranteed, operate business under the law, and vow to provide a dear prize on return to the customer or depositors with a high interest of (3% per month for 6 months fixed depositor and 3.5% per month for a 1 year fixed depositor) and depositors will receive lucky draw and eligible to withdraw money before the due date, the company will make use of the fund to purchase stock, monetary index and gold overseas” under these fantastic advertisement and conditions captured huge interest from people and a bulk of money had been transferred to the company account that open in BCEL bank under the name of Mr. Sompasong and Mr. Hommueang. At the early of 2015, some of depositors could withdraw money and some not, the company did not pay principle and interest to the depositors by claiming that the head quarter made lost on stock trading. Besides, Mr. Loryun Por and Mr. Wongyi Hua as director of company branch in Lao PDR fugitive themselves from the company.

Under the circumstance, the authority opened investigation and undertake preventive measure by detaining both Mr. Sompasong and Mr. Hommueang (defendants) who were the owner of the company. Based on testimony of the two defendants were that during 2013 Mr. Loryun Por and Mr. Wongyi Hua, Malaysian nationality who claimed themselves as company branch in Lao PDR and head quarter in Singapore that entered to establish company in Lao PDR under the name of Mr. Sompasong as owner with purpose to conceal its business operation that composed to marketing and back office staffs.

The operation of company was under the business operation certificate issued by Registry Management Department, MOIC that authorized to provide consultation on trading and investment through electronic platform, but in practice the company performed its roles in contrast with the approved certificate by assigning their marketing staff to create an investment scheme as above-mentioned that attract 1,500 depositors that could be calculated into USD 12,000,000 for total investment in which those fund had been allocated into six different banks in Lao PDR under the name of Mr.Sompasong and Mr. Hommueang who signed contracts with customers and mainly in charge of the wholly investment fund.

The two defendants continued expanding its business by using customers fund worth of USD 100,000 to purchased land to set up housing estate project, spent USD 600,000 to set up SKP Microfinance Company consisted of 9 stakeholders, spent LAK 4,000,000,000 (USD 430,000 equivalent) as collateral for company establishment and to pay interest to customers, salary, dividend and gradually withdrawn money for Mr. Loryun Por and Wongyi Hua to purchase stock overseas. Up to early-2015, the company could not pay principle and interest to their customers on account of company had no money left in account and branch company directors led back to their hometown.

Throughout the investigation and information corporate obtained from AMLIO, FISD, Land Management Department of MONRE and Enterprise Management Department of MOIC can conclude that Mr. Sompasong, Mr. Hommueang, Mr. Loryun Por and Mr. Wongyi Hua were intended to commit fraud and ML offense under the following behaviors:

1. Four of accused people were deliberately conducted business in contrast with the approved business operation certificate;
2. The company activities on fund mobilization through advertisement, using plot to deceive depositors to which inconsistent with Law on Enterprise and against the article 120 “Fraud” of Criminal Law;
3. Make use of illegal mobilized fund against approved business certificate such as purchase of land for housing estate, establishment of microfinance institution, interest payment made to depositors, dividend and salary;
4. During the investigation process Mr. Sompasong and Mr. Hommueang told the authorities that Mr. Loryun Por and Wungyi Hua had already fugitive themselves out of Lao PDR.

Based on the above-mentioned behavior of Mr. Sompasong and Mr. Hommueang had met with the component of criminal offense as per 233 “Fraud” and 130 “Money Laundering” of the Penal Code thereafter, investigation authorities submitted the casefile to PPO for further criminal proceeding.

7.2. To what extent are the types of ML activity being investigated and prosecuted consistent with the country’s threats and risk profile and national AML/CFT policies?

213. The investigation authorities conducted investigation procedure as indicated in IO.7.1 and it was consistent with the identified ML/TF risks as per NRA outcomes indicated in IO.1.1 par.8 as table shown below:

Table 7.4: Predicate Offense Prosecution on Identified Threats and Money Laundering Offense during 2018-2020

No.	Threats	2018			2019			2020		
		Predicate offense	ML		Predicate offense	ML		Predicatee Offense	ML	
			Casefile	Prosecution		Casefile	Prosecution		Casefile	Prosecution
1	Producing and Trading of Narcotics	2,101			2,747	3	3	3	2,115	7
2	Producing and utilization of counterfeit cheque or other utilization of counterfeit bond							13		
3	Environmental Crime	31			6			30		
4	Robbery	465			680			598	2	2
5	Producing and utilization of counterfeit banknote	10			2			2		
6	Producing and utilization of document forgery.	23			29			22		
7	Fraud	211	1	1	1	219	2	2	122	4
									1	1

7.3. To what extent are different types of ML cases prosecuted (e.g., foreign predicate offence, third-party laundering, stand-alone offence 101 etc.) and offenders convicted

214. The type of ML in Lao PDR was conducted by predicate offense as indicated in the IO.7.1.

7.4. To what extent are the sanctions applied against natural or legal persons convicted of ML offences effective, proportionate and dissuasive?

215. Recently, the Lao PDR has ML conviction against natural person or legal person and utilized proportionate and dissuasive sanction as shown below:

Table 7.5: Statistic on ML Offense Sanction

No.	Offense	Offenders	Fine Value	Deprive of Freedom
1	Fraud (Macky)	2	LAK 810,000,000 per each	15 years each
2	Fraud (Asian Face Trading Co.,LTD)	1	LAK 15,000,000 and USD 423,879	10 years
3	Fraud (Somchit Microfinance Institution)	2	defendant 1 fined of LAK52,000,000 and 3% of LAK 18,281,994,184 Defendant 2 fined of LAK 6,000,000 and 3% of LAK 1,534,504,000	defendant 1 = 8 years defendant 2 = 4 years and 6 months
4	Trading of Narcotic	1	LAK 7,000,000 and 3% of LAK 3,415,703,498	7 years
5	Trading of Narcotic and ML	1	LAK 500,000,000	18 years
6	Trading of Narcotic (Mr. Jatuavue and Ms. Lee Mua)	2	defendant 2 fined of LAK 300,000,000	defendant 1 death penalty defendant 2 15 years
7	Trading of Narcotic (Mr. Khonepasong)	10	defendant 3 fined of LAK 600,000,000, defendant 9 fined of LAK 601,000,000 defendant 10 fined of LAK 522,000,000	defendant 1, 2, 4, 5, 6, 7, 8 death penalty defendant 3 = 20 years, defendant 9 = 19 years defendant 10 = 13 years
8	Trading of Narcotic (Mr. Khamyor Muajongtua)	1		Death penalty
9	Trading of Narcotic (Mr. Bee and Mr. Aot)	1	LAK 510,000,000	7 years
10	Fraud and ML (PS company)	4	defendant 1 fined of LAK 1,856,000,000 and 3% of LAK 1,000,412,000,000; defendant 2 fined of LAK 1,846,000,000 and 3% of LAK 1,000,412,000,000 defendant 3 fined of LAK 6,000,000 and 3% of LAK1,000,412,000,000 defendant 4 fined of LAK and LAK 4,000,000 and 3% of LAK 1,000,412,000,000	defendant 1 and 2 = 10 years defendant 3 = 8 years and 3 months defendant 4 =7 years and 3 months
11	Trading of Narcotic (Mr. Tee Muavue)	1	LAK700,000,000	7 years
12	Trading of Narcotic and Arms	1	LAK 500,000,000	Life sentence
13	Robbery and ML	1	LAK 301,000,000	3 years and 3 months
14	Murdered	2	Defendant 1 fined of LAK 550,000,000 Defendant 2 fined of LAK 525,000,000	defendant 1 life sentence, defendant 2 = 20 years
15	Robbery and ML	1	LAK 303,000,000	3 years and 9 months

7.5. To what extent do countries apply other criminal justice measures in cases where a ML investigation has been pursued but where it is not possible, for justifiable reasons, to secure a ML conviction? Such alternative measures should not diminish the importance of, or be a substitute for, prosecutions and convictions for ML offences.

216. Government of the Lao PDR empowered the prosecutor office to act as key player on inspection over the legislations implementation of investigation organization, law enforced by the court and the final court's judgment implementation in order to ensure judicial system of all criminal proceeding procedure, details indicated in the IO.8.1 Figure 8.1 Criminal Prosecution conducted by Prosecutor Office.

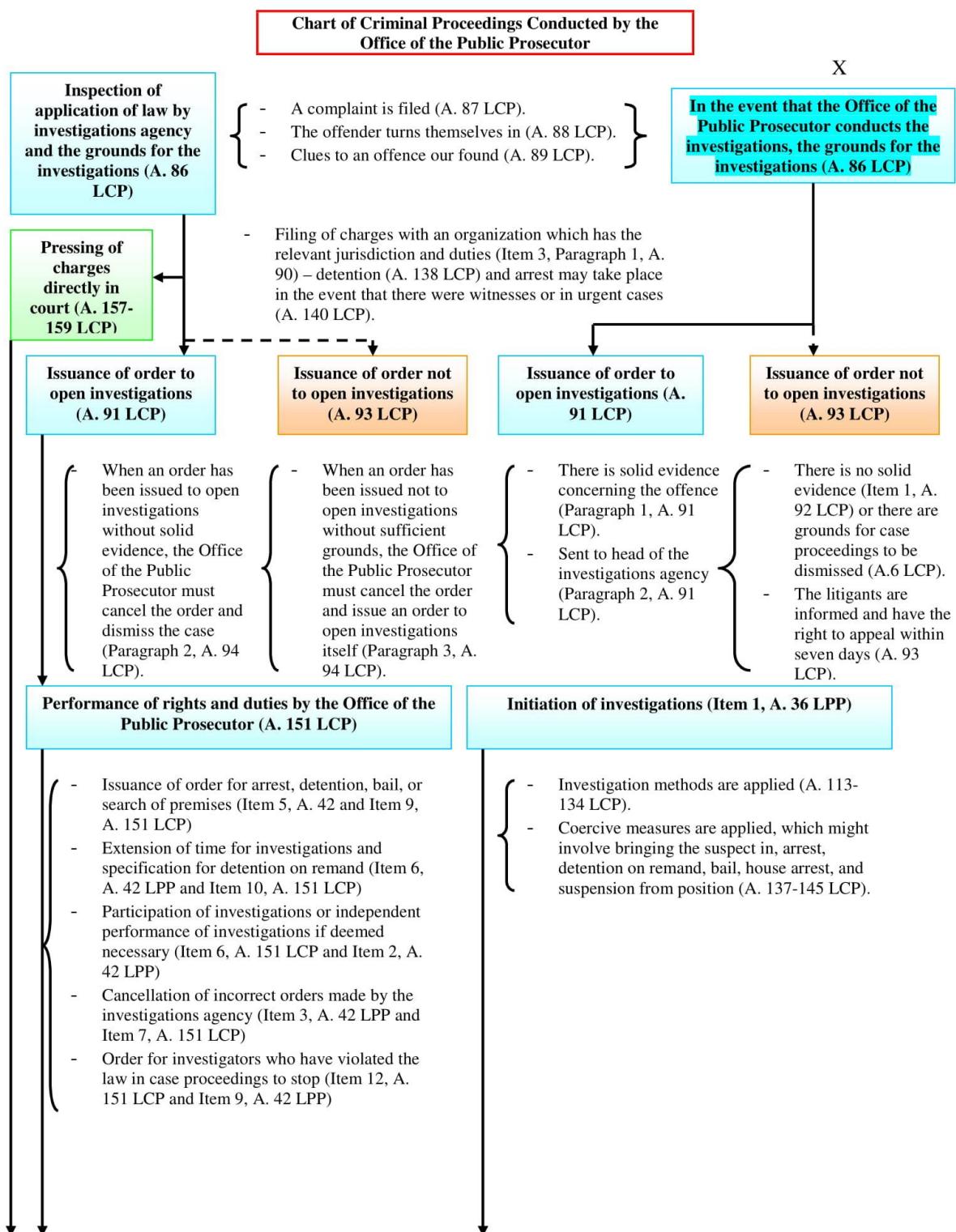
Immediate Outcome 8

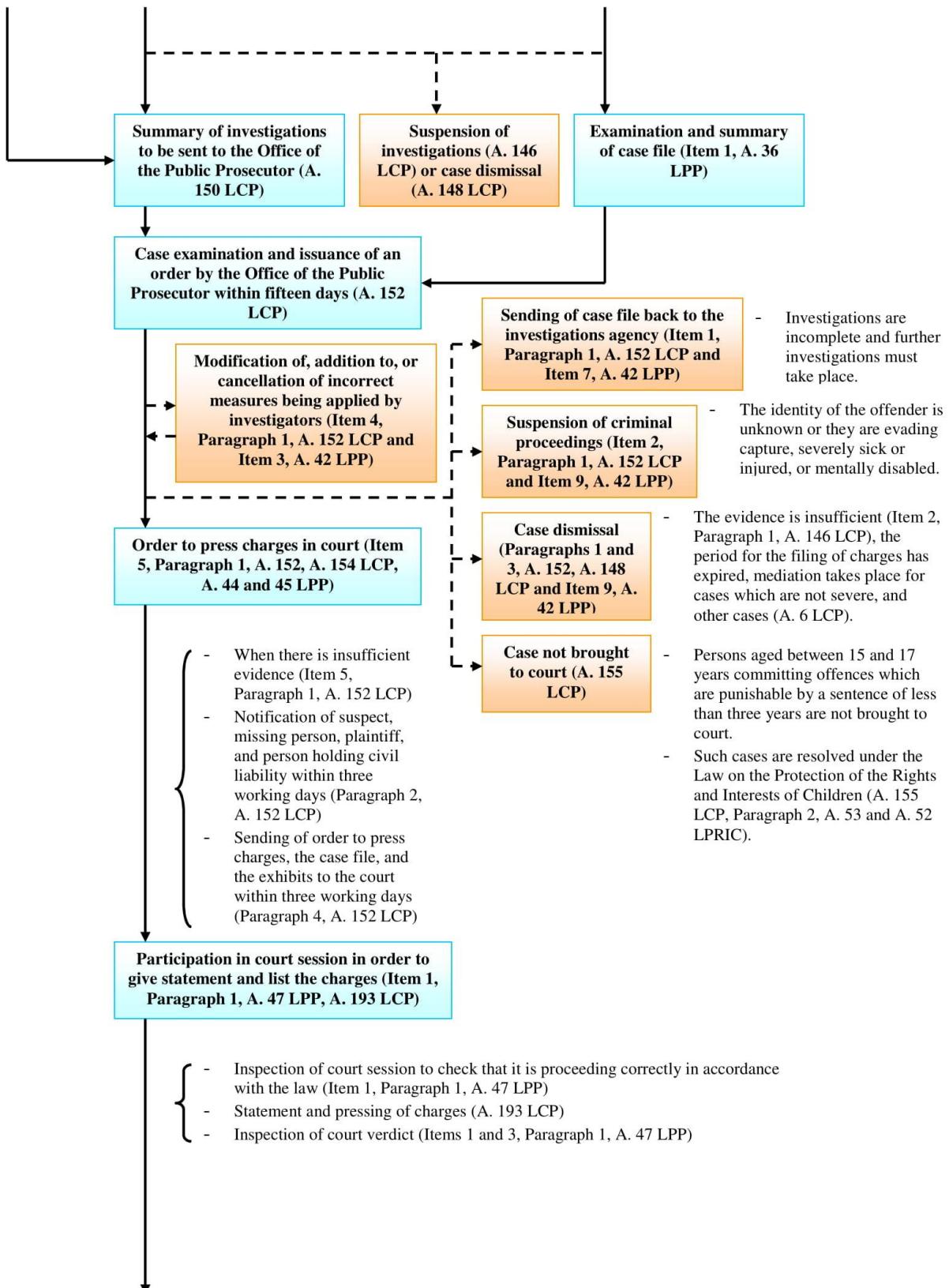
Proceeds and instrumentalities of crime are confiscated.

8.1. To what extent is confiscation of criminal proceeds, instrumentalities and property of equivalent value pursued as a policy objective?

217. The court will only consider the case after receiving indictment from the Prosecutor Office. Therefore, seizure, freezing, objects/items used to commit or derive from crime is consistent with Criminal Law to which all related Criminal Proceeding Organizations are eligible to undertake this procedure. Regarding the sanction on deprive of freedom, fine, confiscation of assets or subject/items that used to commit or derive from crime are undertaken on the basis of prudential and comprehensive evidence to which the court will discretely make decision as per relevant articles of law, to avoid potential prejudice incident therefore, head of Prosecutor Office was empowered to act as inspector over entire court's sentences in terms of legal consistency.
218. In Lao PDR, confiscation is categorized as one of the penalties hence, the court is the only organization that authorize to make confiscation sentence, the final court's sentence shall be strictly compliance.
219. Head of People's Prosecutor Office (PPO) shall consider the casefile received from investigation organization or from prosecutors within 15 days from the date of received. In terms of direct prosecution shall mean that the head of PPO directly prosecute defendant to court without having to open investigation, it shall be done within 48 hours from the dated of casefile received, in the case where all components are met as indicated in article 158 "Direct Prosecution Conditions" of Criminal Procedure Law amended 2017 edition.
220. During the process of considering the casefile if found that the use of investigation or preventive measure were insufficiently undertaking then the head of PPO is eligible to amend, add or repeal such measure. In case where casefile submitted by investigation authority believed to be insufficient then head of PPO shall return such casefile to investigation authority or prosecutor by indicating relevant point that need to be further investigated. In case where defendant hided, fugitive themselves from criminal proceeding or unidentified address, a true perpetrator is unknown, or defendant seriously wound or mentally ill certified by authorized state hospital then head of PPO will issue temporary order to suspend the case. In the event where all components of the case are met with criteria set in article 148 "Case Dismissal" of the Criminal Procedure Law (amended 2017 edition) then head of PPO will issue the dismissal order.
221. Upon the head of PPO made a decision on any case as above-mentioned then the defendant, victims, civil plaintiff, and civil defendant shall be informed by head of PPO within 3 working days from the date of order issuance. In case where discrete and sufficient evidence then head of PPO shall prosecute such defendant to court. Prosecutor shall submit indictment and casefile including evidence to the court within 3 working days or 7 working (for remote area) and the head of PPO shall take part of court interim meeting as invited by the court.

Figure 8.1. Criminal Proceedings Conducted by the OSPP





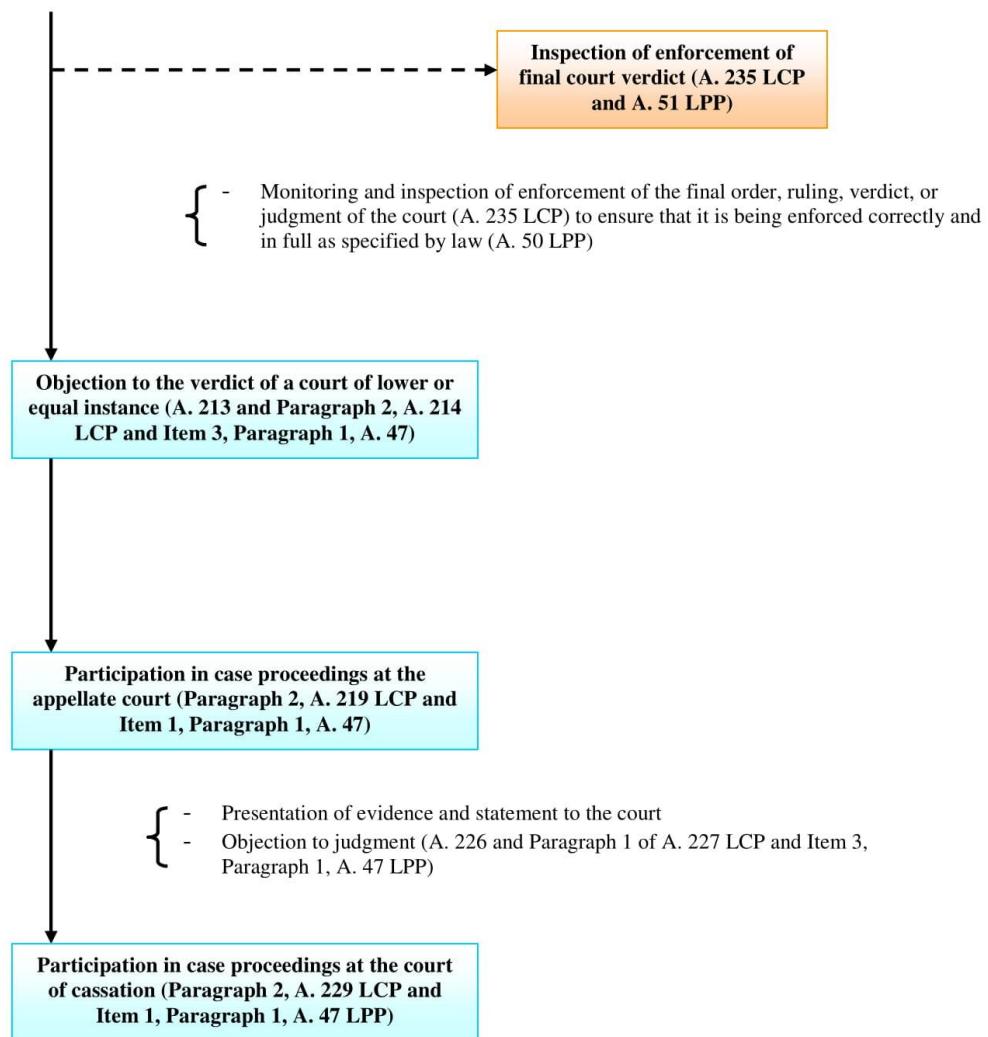


Table 8.1: Statistic of Seizure or Freezing Derived from Criminal Proceeding During 2017 - 2020

Type of Property	2017		2018		2019		2020	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Cash	3,772	LAK 18,498,462,784 (USD 2,000,000 equivalent)	3,133	LAK 22,000,000,000 (USD 2,400,000 equivalent)	3,938	LAK 33,000,000,000 (USD 3,500,000 equivalent)	3,175	LAK 39,198,000,000 (USD 4,208,000 equivalent)

Case Example of Prosecution made by PPO

Prosecution made by PPO

Case Example 1.

Pursuant to the investigation authority casefile of drug-controlled police of MOPS:

Mr. Khonethai Khotsombath purchased Amphetamine of Mr Kinoy Phaxai in February 2014 for volume of 20 bundles and in March 2015 for volume of 50 bundles (70 bundles in total) that cost Baht 60,000 per bundle (USD 1,800 equivalent) and sold to Mr. Ki Mounlasard for Baht 65,000 per bundle (USD 2,000 equivalent) in total of Baht 4,750,000 (USD 140,000 equivalent) on debt.

In April 2015, Mr. Ki Mounlasard used his Toyota Prado number plat 9779 Savannakhet Province worth of Baht 2,200,000 (USD 65,000 equivalent) as a debt payment for Amphetamine purchased including cash with Baht 1,500,000 (USD 45,000 equivalent) remains an outstanding debt then after Mr. Khonethai used such car to pay off his Amphetamine debt to Mr. Kinoy Phaxai. In April 2015 Mr Khonethai purchased 20 bundles of Amphetamine of Mr Kinoy Phaxai worth of Baht 60,000 (USD 1,800 equivalent) and he further sell it off to Mr Jeck for Baht 65,000 per bundle (USD 2,000 equivalent) to which Mr. Jeck paid Baht 500,000 in cash (USD 15,000 equivalent) and Baht 800,000 in debt (USD 24,000 equivalent). In April 2015, Mr Khonethai further purchased 40 bundles of Amphetamine of Mr. Kinoy Phaxai worth of Baht 60,000 (USD 1,800 equivalent) and further sell to Mr. Dam for Baht 65,000 (USD 2,000 equivalent) to which Mr. Dam paid 65,000 in cash and Baht 1,900,000 in debt.

In July 2015, Mr. Kinoy Phaxai asked for the remaining debt worth of Baht 3,500,000 from Mr. Khonethai in August 2015, Mr. Khonethai and Ms. Kipkeo (spouse) sold their own gold weight of 2,280 grams worth of Baht 3,500,000 to pay off their debt to Mr. Kinoy Phaxai.

Later on Mr.Khonethai and Ms. Kipkeo spent Baht 5,000,000 (derived from drug selling) established their tile roof factory in Salavan Province, purchased Toyota Vigo number plate 7930 Savannakhet, purchased Daehun number plat 8144 Savannakhet. The profit gained from the factory operation had been deposit in BCEL bank Savannakhet branch and used as down payment for Mitsubishi Pajiro number plate 0683 Savannakhet, in early 2016, they spent another 3,000,000 Baht for the expansion of their tile roof factory in Savannakhet province, purchased unregistered Toyota Vigo worth of Baht 250,000 from Thailand excluding tax payment.

Up until 24 January 2017, investigation authorities searched the premise of Mr. Khonethai and Ms. Kipkeo and found 4 bundles of Amphetamine therefore, the two were arrested on the account of drug trafficking, ML and violation of tax regulation.

Mr. Ki Mounlasard confessed that in 2014 he several times purchased Amphetamine of Mr Khonethai with volume of 20-50 bundles each time that cost Baht 65,000 per bundle and then sold to Ms. Mouk (Thai nationality) at the price of Baht 100,000-120,000 per bundle by using his Toyota Prado number plate 9779 Savannakhet for delivery.

In addition, he spent money gained from drug selling to purchase unregistered Toyota Vigo and avoid tax payment worth of Baht 350,000 from Thailand and sold at the price of Baht 450,000 to unknown purchaser in Salavan Province later on. On 25 January 2017, the authorities searched a premise of Mr. Ki mounlasard and found 1 pistol contained 8 bullets hence, he was arrested on the account drug trafficking, possession of illegal arm and violation of tax regulation.

Mr. Aphosit Maichalern (Jeck) confessed and implicated that in 2015 he received money worth of Baht 190,000 (without knowing the reason behind) and gave it to Mr. Khonethai. Thereafter, on 21 September 2018 he was arrested by the police.

Vientiane Capital People's Prosecutor Office indicted as following:

Mr. Khonethai Khodsombath (first offender) on charge of drug trafficking, ML and violation of tax regulation as per article 146 “produce, possession of drugs” of Criminal Law and 75 “Criminal measures”, 76 “measure against drug addicted person” of Law on Narcotic, article 66 “ML sanction” clause 2 par.1 of Law on AML/CFT and article 152 “violation of tax regulation” of Criminal Law amended 2005 edition.

Mr. Kipkeo Khodsombath (second offender) on charge of drug trafficking, ML and violation of tax regulation as per 146 “produce, possession of drugs” of Criminal Law and 75 “Criminal measures”, 76 “measure against drug addicted person” of Law on Narcotic, article 66 “ML sanction” clause 2 par.1 of Law on AML/CFT and article 152 “violation of tax regulation” of Criminal Law amended 2005 edition.

Mr. Ki Mounlasard (third offender) on charge of drug trafficking, ML, possession of illegal pistol and violation of tax regulation as per article 146 “produce, possession of drugs” of Criminal Law and 75 “Criminal measures”, 76 “measure against drug addicted person” of Law on Narcotic, article 3 “ML” and article 66 “ML sanction” clause 2 par.1 of Law on AML/CFT and article 76 and 152 of Criminal Law amended 2005 edition.

Mr. Aphosit Maichaluen (fourth offender) on charge of drug trafficking as per article 146 146 “produce, possession of drugs” of Criminal Law and 75 “Criminal measures”, 76 “measure against drug addicted person” of Law on Narcotic.

Type of Assets: the authorities seized and freeze assets and proposed to the court for confiscation to the state are listed as following:

Two unregistered Toyota Vigo, one Hyundai number plate 6430 Savannakhet, money Baht 210,000, gold, 3 cell-phone derived from drug selling, one pistol contained 8 bullets that illegally possessed by the third offender. Therefore, PPO proposed to the court to confiscate all listed assets and items to the state as per the article 34 “Confiscation of Assets and items” of the Criminal Law Amended 2005 edition and allocated to respective supervisor accordingly.

Regarding other assets that did not obtain from the offense will be proposed to the court for consideration and return to the owners.

222.Court will only accept and take into consideration the case unless the indictment submitted by the head of PPO, once the case accepted the court will spend no later than 30 days from the date of received on consideration process. Regarding the direct indictment, the court shall spend no later than 48 hours from the date of indictment received. The proposal for appeal shall be available in this case but ineligible for repeal.

223.During the court process, court is eligible to undertake investigation method and preventive measure such as testimony, search, seize and freeze asset, appoint subject matters expert to examine and review the information received, to take, detain, arrest, bail and temporary suspend duty or post.

224.Upon the court received indictment from PPO then head of court will assign the judge to discretely take into consideration the comprehensive of investigation procedure conducted by investigation authority, PPO and head of OPP indictment, after consideration the judge will proposed to the head of court to take judgement case by case as following:

224.1 Indictment received will be returned to PPO for reconsideration in the case where the court believe there was insufficient investigation over the casefile;

224.2 Indictment received will be returned to PPO for reconsideration in the case where the court believed there were another offense or person involved but had not been prosecuted;

224.3 Schedule the timing for court meeting if the procedure was done correctly and comprehensive.

225.Upon the decision made by the head of court as above-mentioned then defendant and other associated sectors shall be informed within 3 days from the date of issuance of the decision.

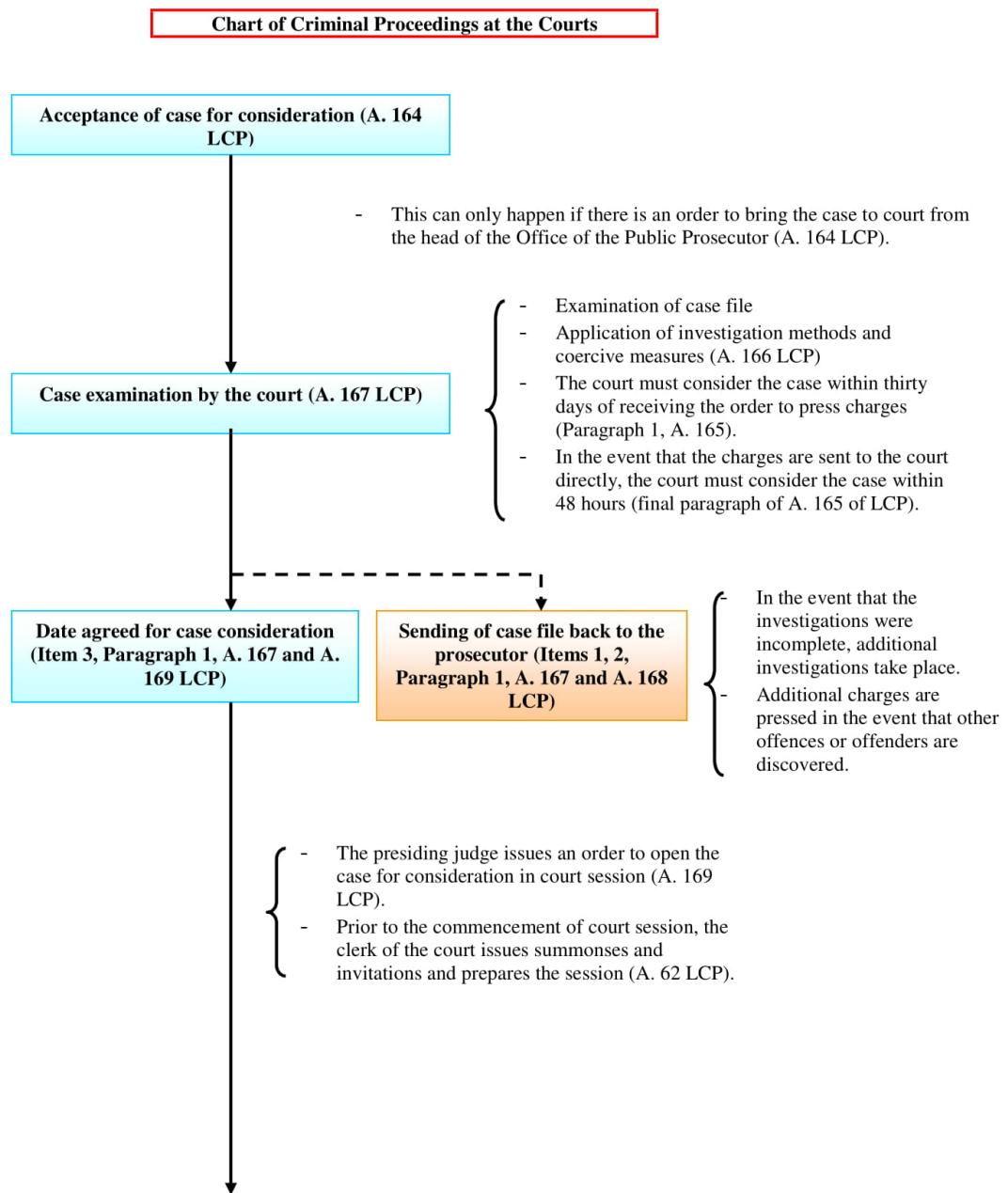
226.The general principle and components of the court's session shall consist of 3 judges from court of first instance to which one will be appointed as presiding judge and the two remained will be juries.

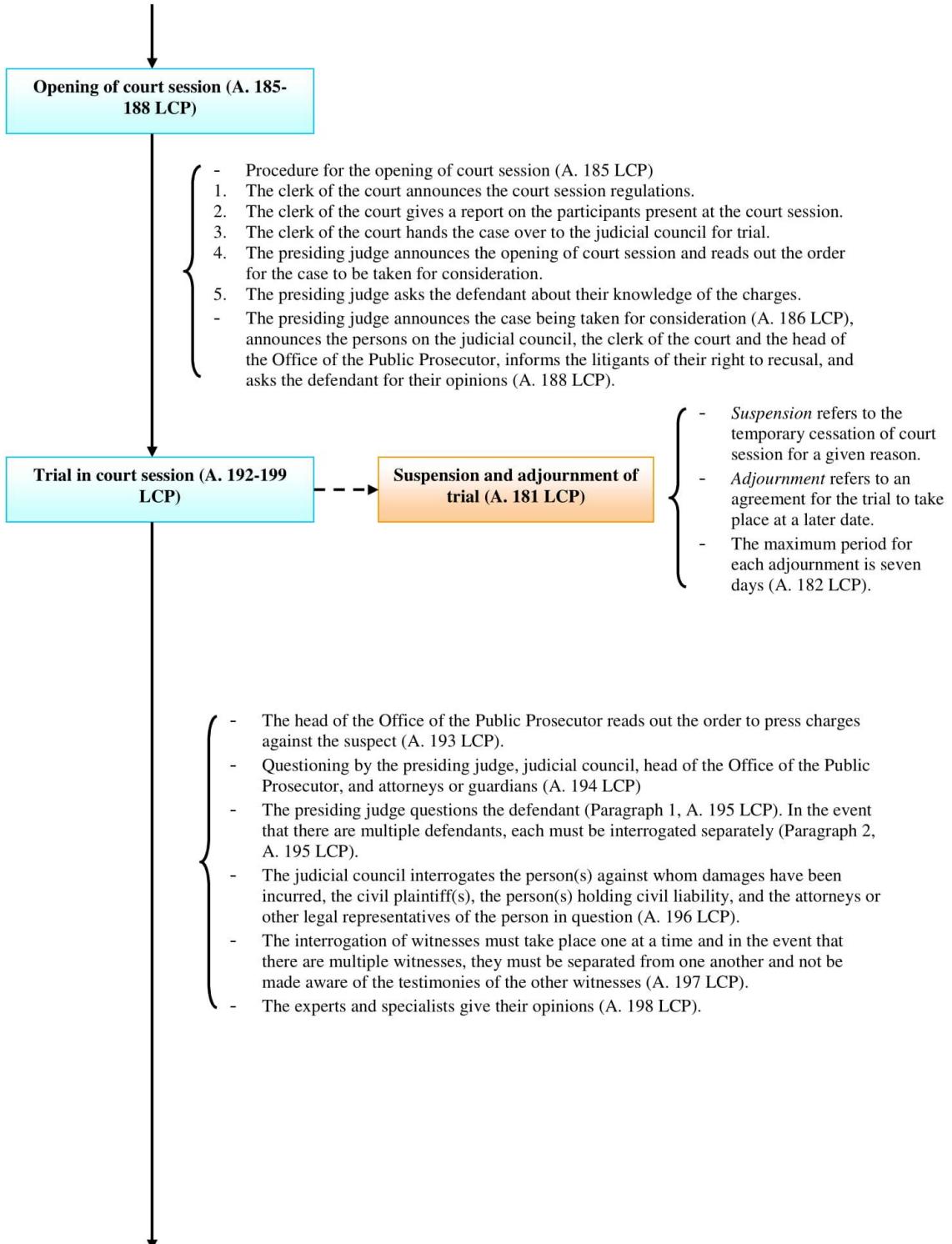
227.The judge who appointed presiding judge shall perform duty morally during the court session, the clerk of court shall inform rules of participant prior conducting meeting, hand over casefile to the court committee for further proceeding thereafter, the presiding judge will give opening remarks and bring the case for consideration, announce name and family name of jury, clerk of court and representative of PPO and objection right to the participant. Head of PPO will read out allegation of defendant, then presiding judge will inquire the defendant regarding his background, awareness on indictment and allegation, lawsuit, further inquire on unclear matters thereafter, will inquire victim, civil plaintiff, civil defendant, lawyer or legal arrangement, witness, testimony of subject matter expert or expertized person, as well as give the right to head of PPO, plaintiff, lawyer or participant to express comments on each evidence obtained.

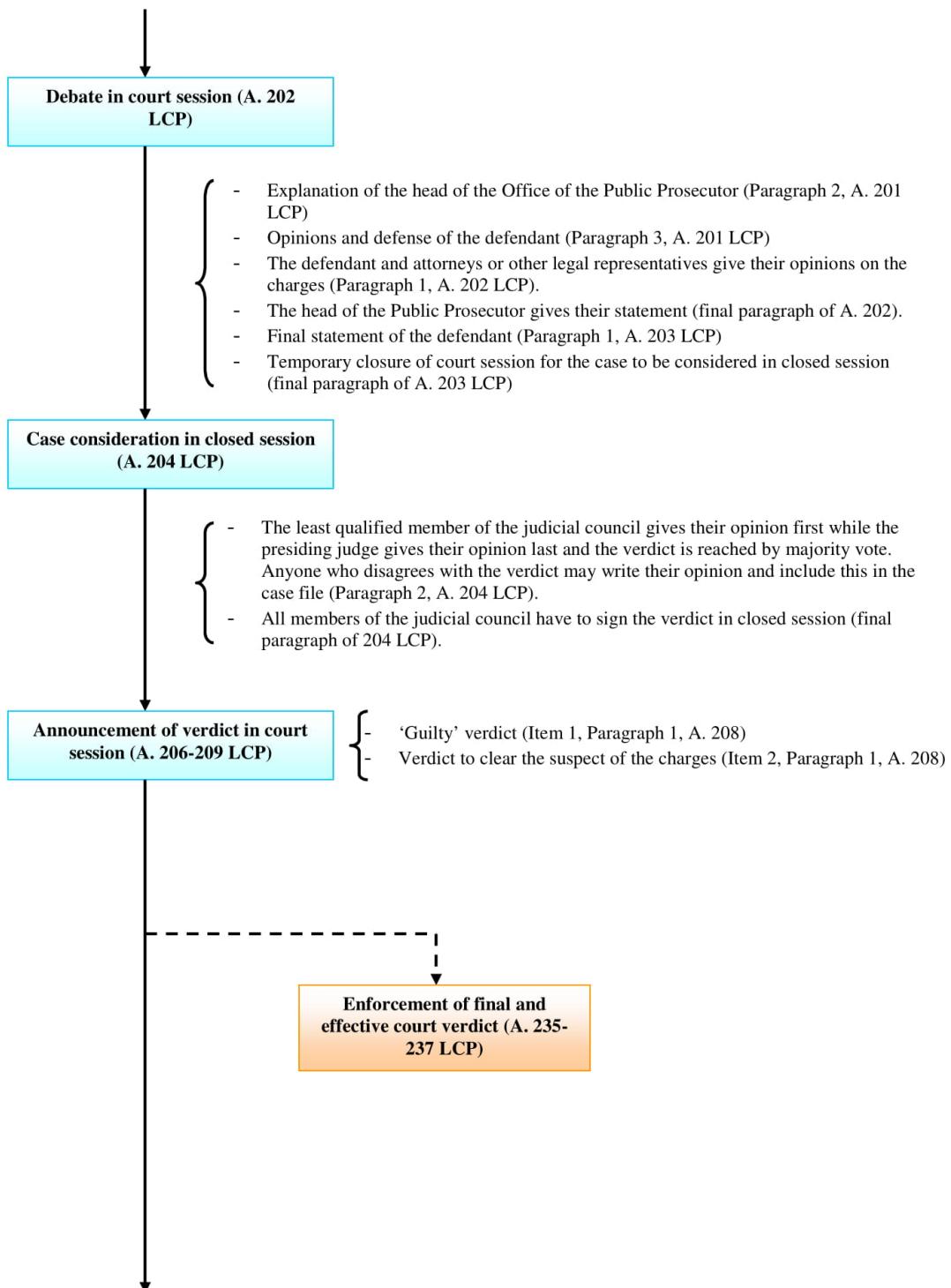
228.Upon completion of inquiry, the presiding judge will give a floor to participant for clarification, start off with clarification by head of PPO on evidence involved and responsible of defendant on civil damage to which the defendant shall hold the right to provide comment that protect themselves. In addition, civil plaintiff, civil defendant and other participant also hold their right on their protection and benefit. If those attend the controversy has no further comment or propose then presiding judge will close the controversy and hand over to head of PPO to make announcement to the court session and give the right for defendant to make final defense then the presiding judge will temporary pause the court session and will take into consideration on evidences and clarifications during the court session in the meeting room separately and in a short while will read out the court decision to the defendant on his/her offense, deprive of freedom duration, fine, confiscate of assets or object/items and other associate penalty as indicated in Penal Code.

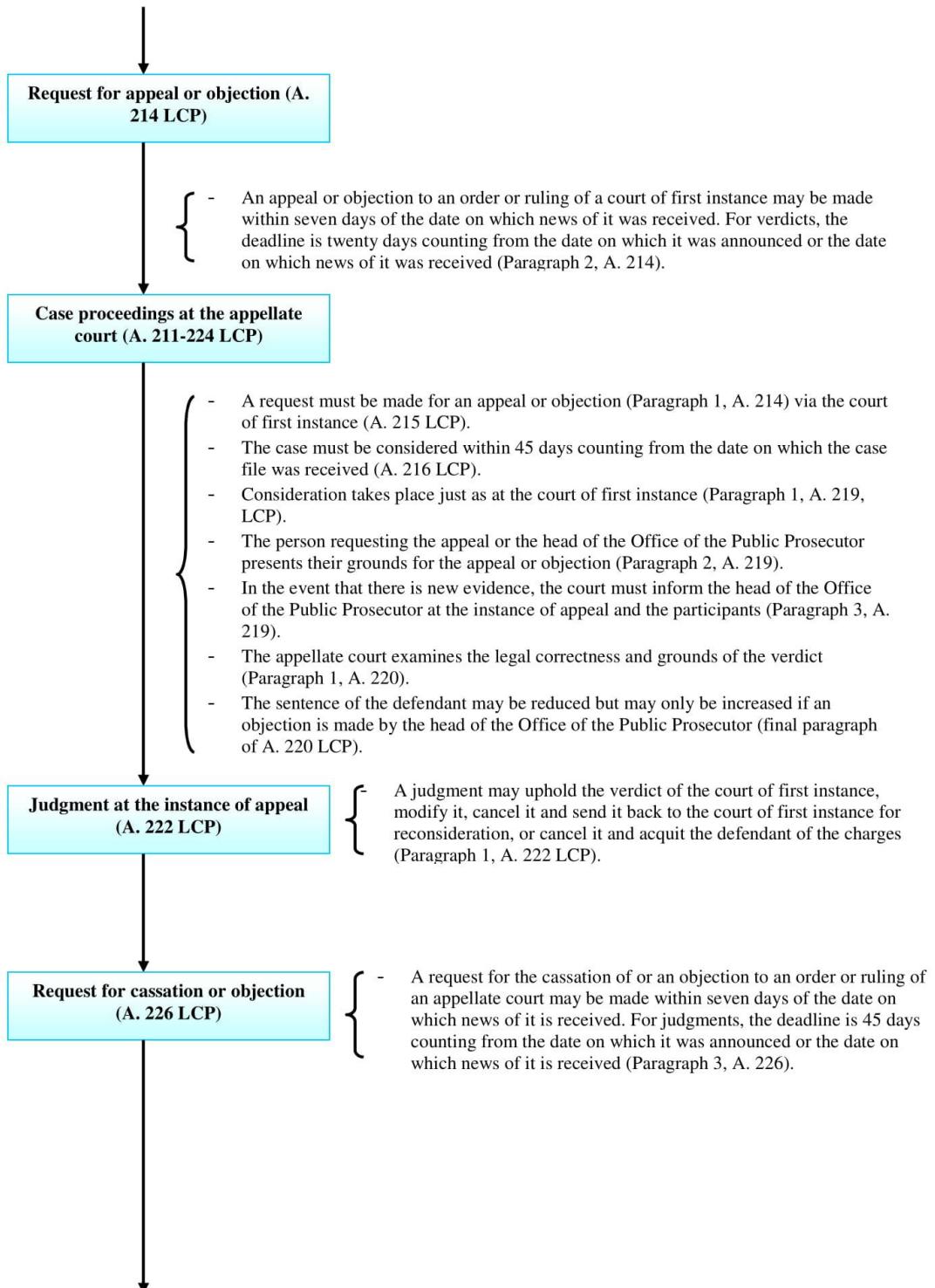
- 229.Regarding the court of first instance conviction, defendant, civil plaintiff, victims, civil liability person, lawyer or guardian has the right to appeal the court decision within 20 days, head of PPO has the right to oppose within 20 days from the date of court read out decision.
- 230.The appeal court will take into consideration only upon received of appeal letter or opposed proposal in which the appeal court shall make decision within 45 days from the date of casefile received.
- 231.The process of appeal court and court of first instance are identical, with regards to criminal proceeding, the appeal court will consider on the court decision whether it is made align on legal basis, as well as reason involved by referring to inquiry outcome obtained during the court of first instance or newly obtained evidence. The appeal court shall not only focus on the proposed appeal issue or opposed proposal but instead shall review the whole previous investigation procedure relating to the defendant in the same offense including a non-propose appeal defendant or non-oppose by head of PPO.
- 232.The appeal court has the right to decrease the punishment extend to defendant, but ineligible to increase the punishment except opposed proposal from the head of PPO occurred.
- 233.The sentence type of appeal court: reaffirm as decision made by court of first instance or amend some or whole decision that made by court of first instance, increase or decrease allegation to the decision that had been judged by court of first instance or abolish the decision return to court of first instance to appoint a new judge committee to reconsider the case. In the case that the existing judge committee yet to take consideration on or abolish the decision made by court of first instance then the appeal court is eligible to declare the defendant is not guilty.
- 234.Regarding the sentence made by appeal court, defendant, civil plaintiff, civil liability person, lawyer or guardians has their rights to propose for abolishment within 45 days.
- 235.There must be a request for cassation or an objection made via the appeal court by defendant, civil plaintiff, civil liability person, lawyer or guardians or the opposed proposal by head of PPO
- 236.The case must be considered within 45 days from the dated of casefile was received, and consider the cassation and objection proposal in the court session by having the head of PPO to present a ground for cassation or objection.
- 237.After opening of the court session, the presiding judge or member of judicial council who is responsible for the case reports on the circumstance of the case, on the content request for cassation or objection and presents their opinions, other member of the judicial council and head of PPO have their right to ask question to person who reporting on the case. The head of PPO give their statement and the presiding judge will announce the temporary close the court session, so the case may consider in closed session of after that the judgement is then announced in the court session. A judgement may reject a request for cassation or objection, cancel a request for cassation or objection, uphold the ruling of the appeal court, cancel the judgement of appeal court acquitting the defendant of the charges, or cancel the judgement of the appeal court in part or in full, and return the case to the same or a new judicial council of the appeal court for consideration.

Figure 8.2: Criminal Proceeding at the Court.









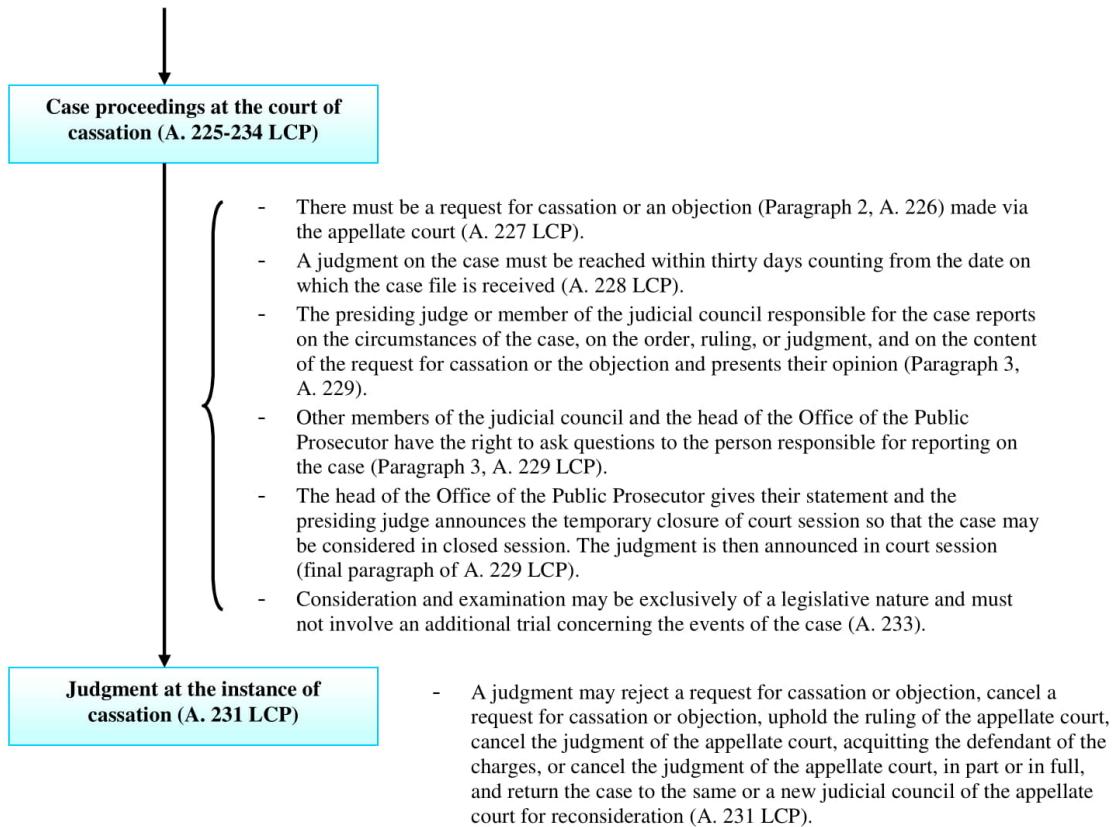


Table 8.2: Statistic of Fine and Type of Fine both Domestic and Overseas during 2015-2020Exchange rate: 1\$ = LAK 8.500

No	Offense	2015		2016		2017		2018		2019		2020	
		case	value	case	value	case	value	case	value	case	value	case	value
1	Fraud	211	LAK 64,000,000	280	LAK 42,600,000	200	LAK 117,650,000	211	LAK 104,700,000	219	LAK 231,200,000	122	274,500,000
2	Pillage	36	LAK 24,000,000	44	LAK 6,400,000	17	LAK 7,500,000	39	LAK 126,700,000	15	LAK 50,800,000	18	103,500,000
3	Robbery	709	LAK 190,425,000	981	LAK 165,102,000	785	LAK 444,585,000	465	LAK 336,400,000	680	LAK 502,952,000	598	697,000,000
4	Murder	49	LAK 16,500,000	82	LAK 119,700,000	89	LAK 48,050,000	60	LAK 16,830,000	79	LAK 145,500,000	76	139,500,000
5	Physical attack	158	LAK 20,059,000	310	LAK 39,100,000	175	LAK 28,050,000	159	LAK 24,300,000	136	LAK 111,950,000	133	398,750,000
6	Kidnapping							1	LAK 7,000,000				
7	Detention												
8	Hostage	2	LAK 600,000										
9	Illegal asset trading	20	LAK 8,800,000	31	LAK 28,800,000	15	LAK 7,000,000	25	LAK 4,350,000	24	LAK 25,800,000	3	24,000,000
10	Producing and utilization of counterfeit banknote	9	LAK 1,000,000					10	LAK 450,000	2	LAK 176,000,000	2	56,000,000
11	Producing and utilization of cheque or bond	12	LAK 3,000,000			7	LAK 2,144,000					13	45,000,000
12	Creating or utilization of document forgery	33	LAK 1,700,000	27	LAK 3,700,000	33	LAK 167,000,000	23	LAK 2,900,000	29	LAK 5,400,000	22	33,900,000
13	Infringement of intellectual property right	1	LAK 3,000,000										
14	Corruption	4	LAK 12,720,000	2	LAK 19,794,000 Baht 24,176	12	LAK 28,600,000	2	LAK 30,599,000			11	8,540,000
15	Bribed and bribery							1	LAK 227,225,000 Baht 510,000				
16	Illegal prostitution											1	1,000,000

Table 8.3: Statistic on Assets Confiscation during 2015-2020

No.	Offense	2015	2016	2017	2018	2019	2020
		Confiscation of money and items	Confiscation of money and items	Confiscation of money and items	Confiscation of money and items	Confiscation of money and items	Confiscation of money and items
1	Fraud	LAK 809,673,000, Baht 92,000, RMB 144,061, USD 158,400	LAK 1,083,679,000 Baht 2,338,040 RMB 163,623	LAK 7,252,266,760 Baht 3,968,000	LAK 10,055,700,000 Baht 11,955,000 USD 29,550	LAK 23,189,440,000, USD 8,365 Baht 7,393,680 USD 100,900	LAK 19,850,000 VND 4,500,000 Baht 8,000 2 cell phones
		4 motorbikes, 1 car, 1 mobile	1 motorbike		4 mobiles	10 motorbikes 1.2 ounce of gold	2 knives, 1 handcuff, 5 motorbikes
2	Pillage	LAK 62,625,000	LAK 58,484,000	LAK 2,131,729,000	LAK 72,020,000		LAK 36,515,000 Baht 21,000 14 motorbikes 12 cell phones 3 gold necklace 1 silver necklace 1 gun 1 knife
		3 rings	Baht 41,000				5 guns 5 knives
					3 mobiles		1 steel stick 2 knives
3	Robbery	LAK 1,931,508,000 RMB 1,400 Baht 69,920	LAK 367,984,000 Baht 5,255,900 USD 3,800	LAK 530,197,497 Baht 1,500,617 USD 55,600 VND 1,000,000	LAK 834,618,000 RMB 85,000 Baht 989,100 USD 580	LAK 713,078,000 RMB 1,760 Baht 77,000	
		Gold 3.96 Ounces 30 motorbikes, 1 pistol, 5 car's batteries, 2 notebooks 2 cows	1 car 22 motorbikes 2 cows 3 cell phones 1 gold ring 1 gold necklace	44 motorbike 1 car 4 cell phones 0.6 ounce of gold 12 cows	11 mobiles 20 motorbikes 0.6 ounce of gold 1 necklace 1 ring 8 cows 1 car	7 cell phones 32 motorbikes 0.6 ounce. 1 necklace 4 guns, 2 cars 2 cows	

4	Murder		LAK 35,500,000	LAK 127,460,000	LAK 700,000	LAK 375,302,000	
		2 knives	6 cell phones, 6 guns, 1 bike 1 knife	1 gun	1 mobile 3 guns	2 guns	LAK 13,360,000 Baht 3,000
5	Physical attack	LAK 43,083,000	LAK 115,029,000	USD 117,973,000	LAK 89,834,000	LAK 141,757,000	Counterfeit banknote of LAK 10,750,000, Counterfeit banknote of USD 24.100 Baht 53.000, 11 cell phones, 1 motorbike
		1 knife					
6	Kidnaping				LAK 60,000,000		
7	Detention						
8	Hostage						
9	Illegal assets trading	LAK 5,115,000	LAK 6,875,000	USD 2,300,000	LAK 8,080,000	LAK 35,390,000 Baht 6,000	
		2 cows				1 motorbike	
10	Produce and utilization of counterfeiting banknote.	LAK150,000 Counterfeit banknote of Baht 2,354,000 USD 100 LAK 1,300,000		Counterfeit banknote of USD 2,900	Counterfeit banknote of Baht 104,000	LAK 417,900,000 Counterfeit banknote of LAK 2,050,000 Counterfeit banknote of Baht 1,300	LAK 428,370,000 RMB1,540, Baht 68,350 USD 200 VND1,317,000, 182 cell phones 162 motorbikes, 49 cars, 27 guns, 14 pistols

							89 bullets, 2 wood cutter machine, 1 land, 1 land + house
		1 cell phone					LAK 7,350,000, Baht 15,770 CKC 2 guns, 2 pistols, 2 air guns, 2 shotguns, 90 bullets 1 bomb, 1 car, 6 cell phones
11	Produce and utilization of cheque or bond			LAK 535,000,000			
12	Creating or utilization of document forgery	LAK 94,600,000	LAK 8,450,000	USD 846,600		LAK 22,840,000	Wood of 25,434 m ³
13	Infringement of intellectual properties right	1 Hyundai truck					1 Toyota Fortuner, 4 Toyota Vigo
14	Corruption	LAK 641,405,700	LAK194,800,000	LAK 23,271,746,000 , Baht 900,000 USD 404,983	1 mobile	LAK 2,010,849,756 3 mobiles 9 cars	

						1 printer	
15	Bribed and bribery					LAK 19,850,000 VND 4,500,000 Baht 8,000 2 cell phones	
						2 knives, 1 handcuff 5 motorbikes	
16	Illegal prostitution					LAK 36,515,000 Baht 21,000 14motorbikes, 12 cell phones 4 gold necklaces 1 silver necklace 1 pistol, 1 knife	
						5 shotguns 5 knives 1 steel stick	
17	Child prostitution					1 steel stick and 2 knives	
18	Human trafficking	LAK 4,000,000 RMB 30,000	LAK 38,522,000 Baht 900	LAK135,000,000	RMB10,300	LAK 5,400,000 RMB10,000	
			1 cell phone	1 gun 29 bullets			
19	Illegal human smuggling					LAK 13,360.000, Baht 3,000	
			0.6 ounce of gold 139 cell phones 51 motorbikes 2 cars 1 truck 14 guns,			LAK 5,250,000, Counterfeit banknote of LAK 550,000, Counterfeit banknote of USD 24,100, Baht 53,000	

			20 bullets 1 car				11 cell phones, 1 motorbike
20	Produce and trading of narcotic	LAK 121,858,000 Baht 115,050	LAK 542,541,000	LAK 572,333,000, Baht 1,052,980	LAK 162,422,000 Baht 15,430 MYR 10, USD 12	LAK 283,199,000 Baht 7,375 413 cell phones 136 motorbikes 8 cars	
		93 cell phones 51 motorbikes 4 guns, 55 bullets		190 cell phones 95 motorbikes 8 cars	275 cell phones 113 motorbikes 4 cars 9 guns		
21	Illegal trading of arms and explosive items	LAK 5,550,000	LAK 1,000,000		LAK 8,000,000		
			1 gun 475 bullets	1 gun 3 bullets	1 gun 20 bullets		
22	Participation of live by night organization and extortion group						
23	Terrorism and terrorism financing						
24	Environmental crime			LAK 13,650,000			
							LAK 428,370,000, RMB 1,540, Baht 68,350, USD 200, VND 1,317,000 cell phones, 162 motorbikes 49 cars, 27 shotguns, 14 air guns, 1 shotgun, 89 bullets, 2 wood cutter machine, 1 land and 1 land + house

25	Tax evasion					LAK 7,350,000, Baht 15,770 2 CKC guns, 9 pistols, 2 air guns, 2 shotguns, 12 bullets, 1 bomb, 1 car 6 cell phones
26	Buying of insider information and market manipulation					
						Wood of 25,434 m ³
27	Violation of customs regulations				LAK 12,000,000	
				2 Toyota Fortuner 2 caps		
28	Properties gained by forced					4 Toyota Vigo 1 Fortuner

8. 2. How well are the competent authorities confiscating¹⁰² (including repatriation, sharing and restitution) the proceeds and instrumentalities of crime, and property of an equivalent value, involving domestic and foreign predicate offences and proceeds which have been moved to other countries?

238.Lao PDR authorized Ministry of Justice to confiscate assets in accordance with the final court's sentence as indicated in the IO.8.1.

239.In the final court's sentence, court shall clearly identify which seized or freeze assets is to be returned to the owner or for civil damage payment, and which assets or objects/items are to be confiscated to the state. In addition, the court shall also take into consideration on allocation of such confiscated assets on who to be handed over to, maintain, use or destroy. The court shall submit the final court's sentence to the court's sentence enforcement organization of MOJ within 30 days. The court enforcement organization shall issue subpoena to litigant within 10 days and encourage the such litigant to take action within 60 days, in terms of final court's sentence implementation, if authorities in charge of the enforcement found that the assets or properties of litigant is yet to seize or freeze then court's sentence enforcement organization is eligible to issue order on seizure or freezing of such assets in order to ensure the payment of civil damage as per the court sentence.

240.In the event that the court convicted to return the asset to the owner then the Court's sentence Enforcement Organization shall issue the Return of Asset Order to the owner. In the case of asset in the documentation form such as land title certificate or car registration the Court's sentence Enforcement Organization will issue the letter to respective supervisor of such document to hand over related document to Court sentence Enforcement Organization within 10 working days or as appropriate duration in order to return to the owner. In the case of assets allocation, Court's sentence Enforcement Organization will coordinate with respective sector such as police or PPO to pass on the remaining assets or subject/items that has not been given, in order to allocate asset as final sentence.

241.The Court's sentence Enforcement Organization of MOJ shall discretely and strictly enforce the final court's sentence over the assets or subject/items confiscation. The PPO is empowered to inspect court's sentence enforcement to ensure whether it is done correctly, effectively and comprehensively.

242.The implementation of court's sentence is the last stage of judicial procedure that supervised and inspected by the final court's sentence enforcement organization of MOJ on the basis on constitution and law such as Law on final court's sentence enforcement (2008 edition) and relates sub-legislation on the court's sentence enforcement that determine procedure, method and measures in terms of confiscated asset management and fine on implementation of criminal conviction to which the court shall convey conviction and final court ruling to the court's sentence enforcement organization within 30 days, upon received the court's sentence enforcement organization shall issue subpoena to the litigant within 10 days, as well as follow up action shall be taken place on the litigant implementation over final court's sentence within 60 days, in case such litigant failed to fully fulfil as indicated in the final court's sentence then

the court's sentence enforcement organization shall be in contact with respective sectors to inspect, evaluate and dispose such confiscated assets as debt repayment.

Case Example on Asset Confiscation Case

Assets Confiscation

Case Example 2.

Pursuant to the casefile from the investigation authority of police:

Mr. Somchit Boulnuean (first defendant) as a director and Mr. Inthawa Vongdala (second defendant) as deputy director of deposit-taking microfinance institution for development, they created document forgery such as loan contract, loan approval and withdraw receipt for agricultural development project at Thinyoung village, Viengkham district, Vientiane province by using the name of Mr Somchit's relatives (Mr.Punyasit "son", Ms. Chanxai "spouse" and Mr. Sengtavanh "nephew") as borrowers in which they conducted several loans in this institution (without knowing). From 08 August 2011 to May 2015 they made loan out of this institution worth of LAK 19,763,498,184 (USD 2,100,000 equivalent), based on the loan contract minutes of Mr. Somchit he confessed that the agreement was done on 15 March 2018 between him and institution board of directors, in which Mr. Inthawa actually received LAK 1,534,504,000 (USD 160,000 equivalent) and later on he used this money to purchase three piece of land that one at Perge village at the price of USD 14,000, at Houmbaeng village at the price of USD14,000 and Nakha village at the price of USD 6,000 in Naxaythong district, Vientiane capital. According to the defendant's behaviors was considered as a crime activity as per the article 153 "Abuse of Power", 161 "Forgery of Document or use of forgery of document", 110 "Embezzlement" and 64 "Money Laundering" of the Criminal Law (2005 amended edition).

The Vientiane Capital People's Prosecutor Office indicted that:

Mr. Somchit (first defendant) committed criminal crime on misappropriated, embezzlement and ML offense as per the article of 153 "Abuse of Power",110 "Embezzlement" and 64 "Money laundering" of the Criminal Law (2005 amended edition);

Mr. Inthawa (second defendant) committed criminal crime on misappropriated, embezzlement and ML offense as per the article of 153 "Abuse of Power",110 "Embezzlement" and 64 "Money laundering" of the Criminal Law (2005 amended edition);

The civil damage worth of USD 2,100,000 therefore, PPO proposed to the court to take into consideration in ordering the two defendants to pay back money to civil plaintiff as per the article 83 of Contract and Tort Law.

Vientiane Capital People's Court consider as following:

Agree with the statement submitted by Vientiane Capital PPO No.99/PPO.Vientiane Cap, dated 22 January 2019 stated that: the deposit-taking microfinance institution for development that established in 2011, located in Songpueay village, Naxaythong distict, Vientiane Capital that had Mr. Somchit (first defendant) as director and Mr. Khampasong Mounivong as manager under the agreement of stakeholders. Mr. Somchit (first defendant) in charge of implementation of internal policy and financial activities of institution. Until August 2011, Mr. Somchit (first defendant) and Mr. Inthawa (second defendant) colluded to create document forgery such as loan contract, loan approval and withdraw receipt under Mr. Somchit family as borrowers for agricultural development project for the (first defendant) located in Thinyoung village, Viengkham district, Vientiane

province. Later on (second defendant) created a fake loan contract, loan approval letter and withdraw receipt under the name of Mr. Punyasit Boulnueam (son of first defendant) for the amount of USD100,000 on first loan dated 8 August 2011 (without Mr. Punyasit knowing), and from 8 August 2011 until May 2015 the total amount of loan worth USD 650,000 but none of principle and interest had been made to institution, up until 2017, Mr. Somchit told Mr. Inthawa to create another fake loan contract, loan approval letter and withdraw receipt worth of USD USD 2,000,000 to which Mr. Somchit had previously borrowed money of institution worth of USD135,000 that means the two loan were in total USD 2,135,000. To avoid from being found, Mr. Somchit told Mr. Inthawa to create a book keeping without informing the FISD with an aim to conceal the income, to avoid tax payment and conceal his loan amount made.

Under this inappropriate lost, Mr. Somchit and Mr. Inthawa had been sentenced to pay back money to depositors, shareholders and other associated organization.

In addition, under the first defendant's behavior was considered as criminal offense on embezzlement, misappropriation and ML as per the article 110 "Embezzlement" par.2 of Criminal Law stated that: in case the offender embezzled in regular manner, as a group or pledge huge damaged will be sentence to deprive of freedom from 3 to 7 years and will be fined from USD 600-USD 1,600 and article 153 "Abuse of Power" par.2 of Criminal Law stated that: in the event of misappropriation that lead a huge damage will be sentenced to deprive of freedom from 2 years to 5 years and fine 100-USD 55,000 and article 64 "Money Laundering" par.2 of the Criminal Law stated that: in case money laundering in regular manner, as a group or pledge huge damaged will be sentence to deprive of freedom from 5 to 10 years and fine of 3% of total money laundered

Under second defendant's behavior was considered as criminal offense on embezzlement, creation of document forgery and ML as per the article 110 "Embezzlement" par.2 of Criminal Law stated that: in case the offender embezzled in regular manner as per the article 110 par.2 of Criminal Law stated that: in case the offender embezzled in regular manner, as a group or pledge huge damaged will be sentence to deprive of freedom from 3 to 7 years and will be fined from USD 600-USD 1,600 and article 161 "Forgery of Document or Use of Forgery of Document" par.2 of Criminal Law stated that: for those who knowing and deliberately utilizing document forgery will be sentenced to deprive of freedom from 3 months to 2 years and fine USD 25-USD 250 and article 64 "Money Laundering" par.2 of the Criminal Law stated that: in case money laundering in regular manner, as a group or pledge huge damaged will be sentence to deprive of freedom from 5 to 10 years and fine of 3% of total money laundered.

Under the behavior of Mr. Somchit (first defendant) and Mr. Inthawa (second defendant) shown that they committed several crimes in several articles hence, the court sentenced the two defendants as per the article 45 par.2 of the Criminal Law amended 2005 edition.

According to the court decision was that Mr. Somchit had been sentenced to spend 6 years in prison and USD 1,300 fined on embezzlement offense; and to spend 4 years in prison plus USD 4,100 fined on misappropriation; to spend 6 years in prison plus 3% fined from the total civil damage of USD 2,000,000 in consequence, Mr. Somchit (first defendant) will spend 16 years in prison and spend USD 5,400 fined plus to spend another 3% fined from the total civil damage.

According to the court decision was that Mr. Inthawa (second defendant) had been sentenced to spend 3 years in prison and USD 600 fined on embezzlement offense, to spend 1 year in prison and USD 150 fined on document forgery; to spend 5 years in prison and 3% fined out of total civil damage worth of USD 160,000. In consequence, Mr. Inthawa (second defendant) will spend 9 years in prison, USD 700 fined plus to spend another 3% fined out of total civil damage worth of USD 160,000.

Under the mentioned civil damage, the representative of FISD, BOL (civil plaintiff) submitted the proposed letter No.62/FISD, date 23 September 2019 to seek court consideration on the two civil defendants that embezzled to which the first defendant shall be liable for the loss of USD 2,000,000 and second defendant shall be liable for the loss of USD160.000. Upon discrete consideration, there was reasonable ground to believe the two defendants were truly committed crime thus, the court ordered the two defendants to pay back all civil damage amount to victims as proposed by FISD as per the article 83 “Caused Leading to Liability” of the Contract and Tort Law.

Under the confession of the two defendants that they are will to responsible for all amount of civil damaged and during the trial period Mr. Somchit (first defendant) was over 60 years of age hence, as per the article 10 “Usage of Criminal law”, 64 “Circumstance conductive to the Reduction of Penal Responsibilities” clause 1 in the last paragraph, article 77 “Prescription of Penalty on Offense having Circumstances Conducive to the Reduction and the Increase of Penal Responsibilities” and 78 “Prescription of Lighter Penalty than Those Legally Prescribed” par.3 of the Penal Code there was a ground for the court to minimize number of deprive of freedom period for them as following:

Sentenced Mr. Scomchit (first defendant) to spend 8 years in prison, USD 5,500 fined and charged 3% out of the total damaged of USD 2,000,000; sentenced Mr. Inthawa (second defendant) to spend 4 years and 6 months in prison, USD 700 fined and 3% charge out of total damage USD 160,000.

Regarding the three pieces of land as per the first land title certificate No.406, dated 13 March 2006 under the name of Ms. Jonsom; the second land certificate No. 162, dated 14 February 2007 under the name of Ms. Khamsy and the third land title certificate No. 670 dated 24 September 2008 under the name of Mr. Ounhuean that had been purchased by Mr. Inthawa using money laundered, therefore the court sentenced to confiscate the three pieces of land and give it to the state as per the article 52 “Confiscation of Assets” of Penal Code.

8.3 To what extent is confiscation regarding falsely / not declared or disclosed cross-border movements of currency and bearer negotiable instruments being addressed and applied as an effective, proportionate and dissuasive sanction by border/custom or other relevant authorities?

243.The Lao PDR, it is required that all passengers carry cash, precious metal, financial negotiable instruments with the amount of USD12,000 or above shall obliged to declare to the customs authorities in the border checkpoint and present approval letter from respective sectors. To ensure the corrective and effective declaration by passengers, customs authorities will discretely verify declaration document prior to bringing in-out cash, precious metal, financial negotiable instruments.

244.In addition, the customs authorities had also in hand their Customs-FIU Cooperation handbook, Customs Enforcement Guideline on AML/CFT, Risk Management compendium given by the world customs organization (WCO), and also has a modern system (Portable Backscatter X-ray) installed in the airport to scan passenger's belongings, there was also another system installed for elemental analysis including gemstone so-called XRF Analysers.

Table 8.4: Statistic of CBR during 2017-2019

Year	Passenger Declaration	Inspect	Numbers	Value
2017	0	3	3	307,500,000 (USD 32.000 equivalence)
2018	0	7	7	3,087,013,000 (USD 300.000 equivalence)
2019	0	5	5	4,281,587,088 (USD 32.000 equivalence)

245. In the case customs authority found or suspect on potential non-declaration of cash, precious metal, financial negotiable instrument or fault information then the customs authorities will immediately seize or freeze and conduct investigation to find out the source of fund. Recently the customs authorities received declaration on cash, precious metal and financial negotiable instrument as indicated in IO.6.2.

Case Example of declaration on cash, precious metal and financial negotiable instrument

Declaration on cash, precious metal and financial negotiable instrument

Case Example 3.

On 31 October 2018, the customs authorities found the foreign currencies (cash) smuggling out of Lao PDR in which hidden in the car bonnet (Ford Ranger) of Mr. Navy, Lao nationality and accompanied by 2 passengers (they all Lao nationality). The authorities conducted interrogation over the 3 defendants and searched on their bags hidden in the car and found foreign cash currencies as following:

1. USD170,000;
2. AUD 7,470;
3. EU 3,145.

In total of LAK1,529,136,700 equivalent.

According to the minutes was that the cash smuggled was done for exchange of Thai currency (Baht) with intention to allocate the exchanged Thai currency to foreign exchange bureaus in Vientiane Capital, Lao PDR and minutes also indicated that those defendants derived money from foreign exchange activities however, the customs authorities seized such money for further investigation.

On 1 November 2018, Mr. Navy Milamai the money owner met with the customs authorities and admitted that he was violated the customs regulation by bringing in-out cash without declaration and conduct without approval from BOL hence, he was charged following his misconduct as per the Law on Customs No.04/NA dated 20 December 2011, Law on Foreign Currencies Management No.55/NA, dated 22 December 2014 and the Regulation On the Declaration of Cash, Precious metals and Bearer Negotiable Instruments While Entering/Exiting the Lao PDR No. 06/NCC dated 19 May 2015 details as following:

- 50% fined worth of USD 72.000 equivalent;
- USD 15.000 fined on vehicle used against the Law on Customs;
- The total fined worth of USD 87.000 equivalent;
- The remaining money was returned to the owner as set out in the legislation;
- Mr. Navy (money owner) and his two companies were transferred to the police in order to put them into justice.

246.Throughout actual implementation, customs authorities also found non-declare goods or non-approval items from respective sector as table shown below:

Table 8.5: Statistic of goods smuggling to Lao PDR 2017-11/2020

Type of Goods	2016		2017		2018		2019		2020	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Appliance	3,704	43,888,585,298	4,574	79,469,867,160	4,072	228,742,545,013	4,737	132,645,782,055	1,837	61,203,851,145
Consumption	107	1,333,909,250	59	781,792,300	142	11,330,619,635	81	2,743,526,037	38	2,977,830,396

8.4 How well do the confiscation results reflect the assessments(s) of ML/TF risks and national AML/CFT policies and priorities?

247. Court confiscated assets as indicated in IO.8.1 and in comparision with identified threats shown in the NRA indicated in IO.1.1 par.8 demonstrated some consistencies with identified threats as following:

Table 8.6: Statistic of Asset Confiscation related to Predicate Offense and ML identified in threats during 2018-2020.

No.	Identified Threats	Assets Confiscation						Total	
		2018		2019		2020			
		Number	Value	Number	Value	Number	Value		
1	Produce and trading of narcotic			3	LAK 155,000,000 Baht 3,373,000 USD 105 13 necklace 1 ring, 1 pair of earing, 1 Toyota Fortuner 1 Toyota Vigo	5	LAK 500,000,000 Baht 5,993,000 USD 55,700 1 kg of gold, 1 land and house 2 motorbikes 2 cell phones 1 Toyota Land Cruiser		
2	Produce and utilization of cheque or illegal bond								
3	Environmental crime								
4	Robbery								

5	Produce or utilization of counterfeit bank note							
6	Creating or utilization of document forgery			1	3 pieces of land			
7	Fraud.	1	LAK 594,060,000 2 pieces of land, 1 land and house	2	LAK 12,002,081,498 Baht 7,931,150 USD 9,925,825	1	LAK 942,408,035,840	

Immediate Outcome 9

Terrorist financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions.

9.1. To what extent are the different types of TF activity (e.g., collection, movement and use of funds or other assets) prosecuted and offenders convicted? Is this consistent with the country's TF risk profile?

248. There is no terrorism or TF activity phenomenon ever happened in Lao PDR, which reflects in the NRA outcomes that demonstrated a low risk level in TF perspective as indicated in the IO.1.1 par.38-39. However, the country stays vigilance regarding this issue by criminalizing TF in which stipulated in Penal Code, as well as determined its definition and activities of terrorism and financing of terrorism in the Law on AML/CFT.

249. In order to fully safeguard potential TF activities, the Lao PDR put in place preventive mechanism and targeted financial sanction against natural person, legal person or organization that associated with terrorist and terrorism financing. In practice, after receiving the UNSCR Lao PDR immediately takes action as demonstrates in IO.10.1, figure 10.1-10.3.

9.2. How well are cases of TF identified, and investigated? To what extent do the investigations identify the specific role played by the terrorist financier?

250. Investigation authority of police (Investigation Department, General Police Department, MOPS) is accountable to identify and conduct TF investigation by coordinating with other investigation authorities and agencies involved for both domestic and international by means of mechanism indicated in the Order on increase attention for giving direction, leading, follow up, monitoring strictly in the investigation, prevention, anti and combating financing of terrorism No.17/Police, dated 17 December 2020 and the MOUs signed including treaty on mutual legal assistance in criminal matters in order to obtain possible wide range of information, evidence (physical, documents and personal) and to send people's prosecutor office the file for consideration and prosecute to court for further conviction.

251. Of which, the Investigation Department has also Vigilance Unit and Undercover Operation Unit working in consistent with TF Feasibility Plan (will be updated from time to time) regarding terrorism financing and terrorism investigation by utilizing an Interpol database, bilateral TF database between Lao-Russian Police and Reporting Entities.

252. In the case where there is a suspected fund of TF was found by Vigilance Unit then the case will be forwarded to Investigation Department authority to conduct further investigation by focusing on two main aspects such as financial investigation to identify source of fund and its final destination by coordinating with AMLIO and tracing on natural person, legal person or organization to identify original owner of fund as well as identify previous activities including potential illegal movement that might be associated with TF.

253. The received of information contributed by REs will then be investigated by Investigation Department to which perform under procedure as above-mentioned.
254. Throughout preliminary investigation as above-mentioned then investigation department will officially open investigation process and procedure as indicated in par.250 and IO.10.1.
255. In the case where actual TF or terrorist incident occurs, Lao PDR has so-called Special Task Force to counter, control and intercept potential situation as well as evaluating the circumstances, prepare and take action to make TF or terrorist incident under control.
256. Despite being rated as low risk on TF however, Lao PDR stays vigilant and monitor closely on any potential incident that might be related to TF couple with conduct capacity building for investigation authority and special task force including physical training in order to ensure dedicated unit stay ready to serve the situation and also technical aspect on CFT both domestic and international details demonstrate table below:

Table 9.1: Training on Counter Financing of Terrorism Technique of Investigation Authorities 2015-2020.

No.	Topic	2017	2018	2019
1	Training of the Trainer for Information administration of Interpol.	1	2	
2	Regional TF Investigation	1		
3	Evidence Forensics	1		
4	Combating Terrorism on Cyber	1		
5	Investigation of Computer forensic and related information	1	3	
6	Combating Cyber from being abused in TF and map training		1	
7	Incident site inspection and TF evidence		1	
8	Capacity building on fraud in telecommunication for ASEAN Interpol		1	
9	Role of Law Enforcement Agencies in Combating Terrorism Group		2	
10	New Technology of TF		1	
11	Combating TF and PF		1	
12	Capacity building on CTF skills for ASEAN Interpol		1	
13	Combating of Proliferation Risk		1	
14	Combating Terrorism in Cyber			1
15	Capacity building on Combating ASEAN TF and i2 Analyst Notebook Software			1
16	Cyber Attack			1
17	Combating activists and their syndicates			2
18	Capacity Building on Border Security and Enhancing CFT in transnational crime			1
19	Policy Development in Combating ASEAN Cyber Crime			1
20	Crime Investigation for Developing country.			1

9.3. To what extent is the investigation of TF integrated with, and used to support, national counter-terrorism strategies and investigations (e.g., identification and designation of terrorists, terrorist organizations and terrorist support networks)?

257.Lao PDR has in hand mechanism to list-delist natural person, legal person and organization related to terrorism and TF, that based on investigation outcome and consideration of authorized judicial organization, through collaboration among MOPS, MOFA and AMLIO that put into consideration an evidence related to behavior or activities involved terrorism and financing of terrorism as stated in the Law on AML/CFT, and (3) inward request made by foreign jurisdictions that must attach with comprehensive evidence that shows behavior or activities involved with terrorism and financing of terrorism as stated in the Law on AML/CFT In terms of implementation, Investigation Department, General Police Department, MOPS is played a major role as central point of contact in this perspective.

258.However, based on the actual circumstances, outlook and case that has occurred in Lao PDR as indicated in IO.9.1, as a result, there is no request for listing-delisting of natural person or legal person involving terrorism and financing of terrorism.

9.4. To what extent are the sanctions or measures applied against natural and legal persons convicted of TF offences effective, proportionate and dissuasive?

259.Lao PDR has in hand prudential sanction and related measures against natural person and legal person who committed crime on terrorism and financing of terrorism as stipulated in the Law on AML/CFT.

260.However, based on the actual circumstances, TF phenomenon has never occurred in Lao PDR as indicated in IO.9.1, as a result, there is no sanction against natural person or legal person involving terrorism and financing of terrorism.

9.5. To what extent is the objective of the outcome achieved by employing other criminal justice, regulatory or other measures to disrupt TF activities where it is not practicable to secure a TF conviction?

261.The government of Lao PDR empowers the People's Prosecutor Office to play roles and functions in monitoring and conduct inspection on consistency related to case file submitted by investigation authorities, convictions process made by court and monitoring the implementation of final court sentence in order to secure a criminal justice.

Immediate Outcome 10

Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.

10.1. How well is the country implementing targeted financial sanctions pursuant to (i) UNSCR 1267 and its successor resolutions, and (ii) UNSCR 1373 (at the supra-national or national level, whether on the country's own motion or after examination, to give effect to the request of another country)?

262. The Lao PDR has issued the Order on the Withholding, Freezing and Seizure of Funds relating to Terrorist or Financing of Terrorism, and assigned MOFA to monitor an announcement of UNSCR pursuant to targeted financial sanctions (TFS) in regular basis as well as distributed to MOPS and AMLIO without delay. Besides, there is also mechanism on listing/delisting of TFS available as indicated in IO9.3 par.257-258. In terms of name list distribution, MOPS will forward of such received name list to Postal Enterprise and AMLIO will also make distribution to REs without delay meanwhile, such name list can be accessible through AMLIO's website as well.

Figure 10.1: Procedure of Listing in 1373, Dissemination and Request made by another Country.

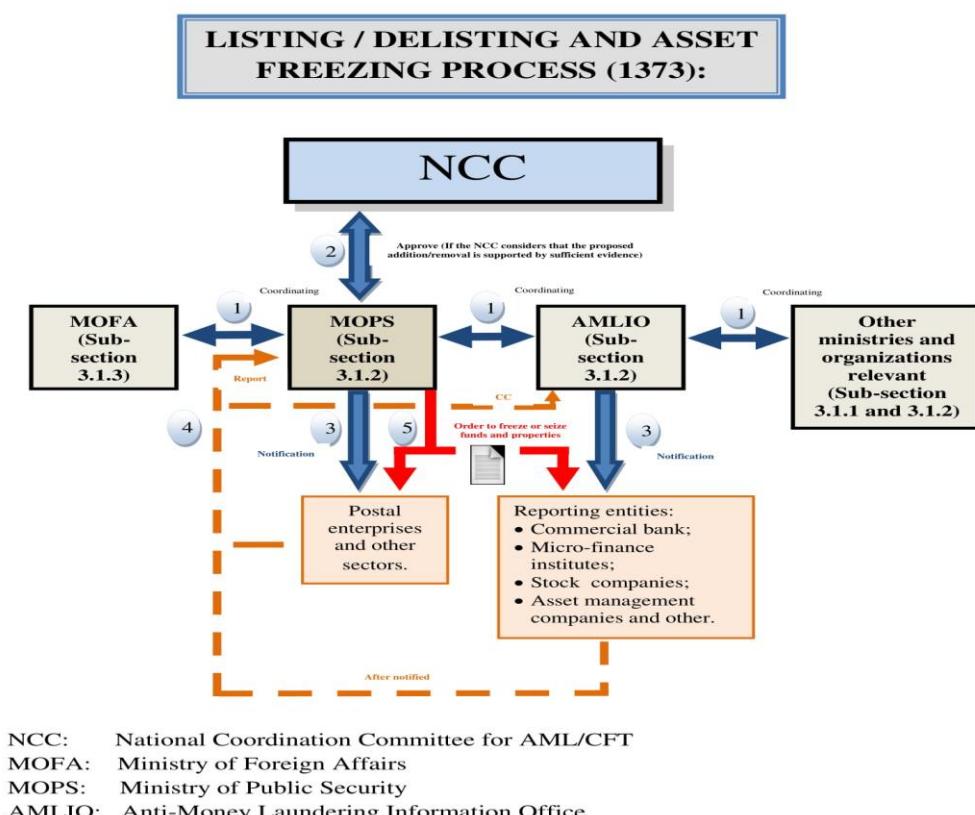


Figure 10.2: Procedure of Listing in 1267, Dissemination

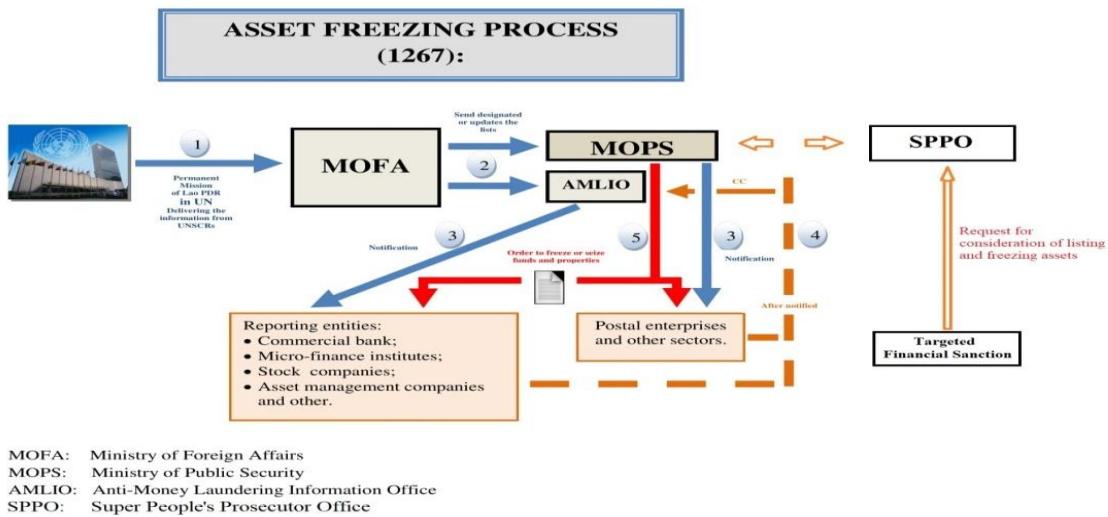
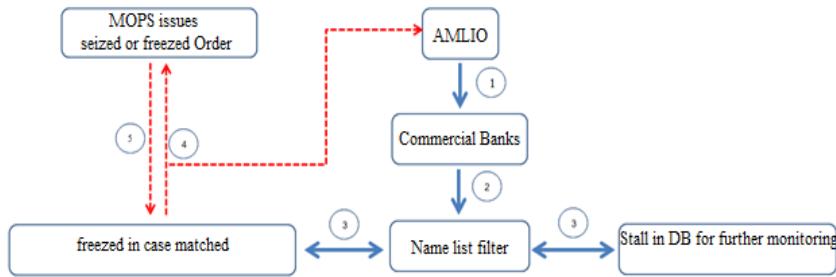


Table 10.1: Statistic on Dissemination of UNSCR 1267 Resolution to REs (Commercial Bank) and Postal Enterprise.

No.	Name of Resolution	Date/Month/Year			
		MOFA distributes to		AMLIO Distributes to REs	MOPS Distributes to Postal Enterprise
		AMLIO	MOPS		
2016					
1	Resolution (1267/1989)	5 January 2016	5 January 2016	7 January 2016	8 January 2016
2	SCA/2/16 (01)	19 January 2016	19 January 2016	21 January 2016	22 January 2016
3	S/RES/2270 (2016)	05 May 2016	05 May 2016	6 May 2016	7 May 2016
2017					
1	S/RES/2356 (2017)	14 June 2017	14 June 2017	16 June 2017	19 June 2017
2	SCA/4/17 (10)	12 July 2017	12 July 2017	14 July 2017	14 July 2017
3	SCA/2/17(17)	27 June 2017	27 June 2017	28 July 2017	29 July 2017
4	SCA/2/17(21), (22), (23)	1 August 2017	1 August 2017	2 August 2017	2 August 2017
5	Resolution 2371 (2017)	23 August 2017	23 August 2017	25 August 2017	25 August 2017
6	Resolution 2368 (2017)	24 August 2017	24 August 2017	25 August 2017	25 August 2017
7	Resolution 2375 (2017)	15 September 2017	15 September 2017	18 September 2017	19 September 2017
2018					
1	SCA/4/18 (07)	12 June 2018	12 June 2018	13 June 2018	14 June 2018
2	Resolution 1483 (2003)	17 July 2018	17 July 2018	19 July 2018	19 July 2018
2020					
1	Resolution 2231	7 October 2020	7 October 2020	9 October 2020	9 October 2020

263. After receiving of TFS distributed by AMLIO, banks rapidly screen on such received name list via their internal database, meanwhile, they also screen through available system such as (Dowjones, World Check One, ACTIMIZE, Watch List, Siron KYC and etc.). On top of that, such received name list will then be installed in the bank database for further monitoring to which will be conduct in regular basis. In case such name list were hit in the system then such bank will speedily apply the provisional measure to pause business relationship and withhold all account under the name and make notification to MOPS to issue freeze or seizure notices and AMLIO for awareness without delay.

Figure 10.3: Screening Name List Procedure of REs



264. Upon received TFS from MOPS, Postal Enterprise rapidly screens such name list and then stalls in the database to which will be monitored in regular basis.

10.2. To what extent, without disrupting or discouraging legitimate NPO activities, has the country applied focused and proportionate measures to such NPOs which the country has identified as being vulnerable to terrorist financing abuse, in line with the risk-based approach?

265. The Lao PDR has classified NPOs as Civil Society Organizations “CSOs” that composed of two types such as foundation and association to which the MOHA is responsible for business registry as well as business licensing. In terms of operation, the licensed CSOs is operates under monitoring, inspection and supervision of diversified agencies involved. An applicable penalty will be applied to those CSOs involves with the predicate offense as stipulated in the Penal Code; for the implementation mechanism was indicated in IO.9.1.

266. So far, there is no predicate offense ²⁵statistic committed by CSOs in the Lao PDR as reflected in the NRA outcomes in 2018.

267. In 2020, there are 160 associations, of which 81 of them are licensed and all 32 authorized foundations operating the Lao PDR, for those associations operate prior to the issuance of supervisory regulations are now required to be registered.

²⁵ TF is cartelized as one of the predicate offences as indicated in TC. Rec. 5.9

268. To ensure effectiveness of implementation under the CSOs obligations, relevant supervisory bodies conduct training and dissemination campaign to streamline CSOs capacity building in regular manner.

Table 10.2: Capacity Building for CSOs

Type of Operation	CSO		Number	Supervisor	Registration and Licensing
Not in the scope of FATF definition	Association	Type 1: Economic Association ²⁶	09	MOHA and associated sectors	MOHA
		Type 2: Professional, technical and creative association ²⁷	76		
			13		
Met with FATF definition		Type 3: Social welfare and development ²⁸	82	MOHA and associated sectors	
	Foundation		33		

269. In the event that CSO is involved with the predicate offense will be punished as stated in the Penal Code which the implementation mechanism and other related regulation was indicated in IO.9.1. In addition, pursuant to the threats identified in the NRA outcomes on ML/TF (2018) hence, there is no prosecution over CSO in Lao PDR.

270. To ensure the CSO's compliance with the regulation, MOHA as a dedicated supervisor of CSO in coordination with MOFA, MOPS, AMLIO and related sectors conducted capacity building campaign for CSO periodically.

Table 10.3: The Capacity Building Campaign for CSOs

No.	Topic	2015	2016	2017	2018	2019	2020
1	Decree on Foundation and Association	0	1	0	3	20	02
2	Anti-Money Laundering/Combating Financing of Terrorism				1	1	1

271. Furthermore, the action plan on improvement and creation of relevant legislation on establishment standard, inspection manual, sanction in order to ensure the effective AML/CFT implementation as below:

²⁶ Economic Associations refer to civil society organizations, the members of which are business units with business registration in production, trade and services in accordance with the laws; and individuals who voluntarily establish the associations as prescribed by laws;

²⁷ Professional, technical and creative associations refer to civil society organizations, the members of which are professionals, specialized in a specific area who voluntarily establish the associations with the view to promoting the professions, technical occupations and creativity

²⁸ Social welfare and development associations refer to civil society organizations, the members of which are voluntary, humanitarian and have high devotion of their funds, materials, intellectual, efforts to assist and develop the society, communities, the poor, vulnerable people, people with disabilities, elderly people, and victims of natural disasters or wars which required non-profit basis.

Table 10.4: AML/CFT Legislation Creation Plan of Public Administration Development Department, MOHA

No.	Legislation	Implementation Timeframe 2021-2022							
		2021				2022			
		1	2	3	4	1	2	3	4
I. Establishment of Standard Requirement									
1	Appointment of Committee	Yellow	Green						
2	Complete the first draft		Yellow	Green					
3	Brainstorming session			Yellow	Green				
4	Legislation Approval				Yellow	Green			
II. On-site Inspection Manual									
1	Appointment of Committee		Yellow	Green					
2	Complete the first draft			Yellow	Green				
3	Brainstorming session				Yellow	Green			
4	Legislation Approval					Yellow	Green		
III. Decision on Sanction Measure									
1	Appointment of Committee			Yellow	Green				
2	Complete the first draft				Yellow	Green			
3	Brainstorming session					Yellow	Green		
4	Legislation Approval						Yellow	Green	

- █ Implementation
- █ Completion

272. The Ministry of Home Affairs, in coordination with the AMLIO has been initial to conduct on Risk Base Approach (RBA) for Associations and Foundation. To begin with the seminars were completed for all foundations and associations in the 3rd form of CSOs as indicated in the IO.10.2 table 10.1, which meet with the FATF definition and could be at risk of being vulnerable to terrorist financing abuse, with attendance 40 CSOs in the central level. Recently, 25 out of 40 CSOs had submitted their information as per the indicators of RBA Manual, the initial result assessed as shown below:

- Medium-High Level: 4 Places
- Medium Level: 7 Places
- Medium-Low: 2 Places
- Low-Medium Level: 7 Places
- Low Level: 5 Places

Regarding the remaining CSOs are under the process of information collection.

273. Apart from the CSOs mentioned above, International Non-Governmental Organizations “INGOs” are operating in Lao PDR with total registered of 178 INGOs. INGO Supervision Committee ²⁹ functioned to supervise INGOs. The INGO Supervision Committee in coordination with line-ministries or involving agencies to encourage them on the implementation of their

²⁹ The INGO Supervision Committee referred to article 20 “committee on management and coordination of INGOs” and 22 “secretariat of committee on management and coordination of INGOs” of the Decree on INGO, 1st Annex 20.

duties. the INGO categorized as legal entities with an aim to develop social-economy, poverty eradication, social welfare, and non-profit basis. The said organization has sustained financial status, legitimate source of fund and transparency operating under the development strategy of the Lao PDR.

10.3 To what extent are terrorists, terrorist organizations and terrorist financiers deprived (whether through criminal, civil or administrative processes) of assets and instrumentalities related to TF activities?

274. The Lao PDR has in hand its seizure mechanism on assets and instrumentalities related to TF activities, terrorist organization or terrorist financier as well as criminal offense was also defined in IO.7.1 and IO.9.1 par.248-249. However, there is currently no statistic on freeze or seize, criminal, civil and administrative sanction.

10.4. To what extent are the above measures consistent with the overall TF risk profile?

275. An available measure against terrorism financing of dedicated competent authorities in particular measure on monitoring, investigation, prosecution was stipulated in the Instruction on Implementation of AML/CFT No.2767/MOPS, dated 16 December 2019 as well as the criminal, civil and administrative sanction was stated in IO.7.1 and IO.9.3. However, as the consequence of NRA shown low level of TF risk in the report which is consistent with actual circumstances within the country, therefore such above-mentioned measures are yet to be implemented.

Immediate Outcome 11

Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant UNSCRs.

11.1 How well is the country implementing, without delay, targeted financial sanctions concerning the UNSCRs relating to the combating of financing of proliferation?

276. Previously, the Lao PDR has no specific legislations on targeted financial sanctions without delay against natural person and legal person concerning the UNSCRs relating to the combating of financing of proliferation. In practice, the implementation is done based on Order on the Withholding, Freezing or Seizure of Funds Relating to Terrorists or Financing of Terrorism as indicated in IO.10.1. Throughout the implementation, the Lao PDR has in hand the legislation against country involved with the PF (details can be referred to IO.9.2, Table 9.1).

277. To ensure the Lao PDR can fully safeguard the implementation of PF, Lao PDR issued the Prime Minister's Order on the Withholding, Freezing or Seizure of Funds Relating to Financing of Proliferation No.20/PM, dated 26 November 2020.

278. The said Order contains mechanism on freezing, seizure without delay on funds or asset of natural person, legal person or organisations against designated lists related to proliferation and financing of proliferation in consistent with the UNSCR. After receiving of TFS relating PF distributed by AMLIO, banks rapidly screen on such received name list; in case such name list were hit in the system then such bank will speedily apply the provisional measure to pause business relationship and withhold all account under the name and make notification to MOPS to issue freeze or seizure notices and AMLIO for awareness without delay.

11.2. To what extent are the funds or other assets of designated persons and entities (and those acting on their behalf or at their direction) identified and such persons and entities prevented from operating or from executing financial transactions related to proliferation?

279. Identification and proof of funds or assets of designated natural person and legal person with an aim for interrupting and preventing them from conducting any transaction related to PF was indicated in IO.11.1 par.277-279, REs shall undertake preliminary measures to end transaction as well as withhold such fund immediately once they on-boarding with PF designated customer or suspicious transaction related to PF and parallel with report to MOPS and AMLIO without delay.

11.3. To what extent do financial institutions, DNFBPs and VASPs comply with, and understand their obligations regarding targeted financial sanctions relating to financing of proliferation?

280. As per mechanism indicated in IO.11.2 par.280, REs are obliged to conduct their screening of such received name list as mentioned in IO.10.1. Throughout the year, commercial bank undertake screening once received AMLIO's Notice as indicated in IO.4.4 par.169.

11.4. How well are relevant competent authorities monitoring and ensuring compliance by financial institutions, DNFBPs and VASPs with their obligations regarding targeted financial sanctions relating to financing of proliferation?

281. Supervisory bodies have in hand their mechanism to monitor and ensure substantially compliance by REs under the setout law and other relevant regulations as stated in IO.3.5. Occasionally, supervisor conducts inspection over targeted natural person or organization that suspect for PF involvement as per AMLIO's Notice. Throughout actual implementation, REs complied with their obligation as shown in the table 11.2 of IO.11.3.