



# Department of the Treasury Financial Crimes Enforcement Network

## Advisory

**FIN-2011-A014**

**Issued:** November 15, 2011

**Subject:** Guidance to Financial Institutions Based on the Financial Action Task Force Publication on Anti-Money Laundering and Counter-Terrorist Financing Risks posed by Algeria; Angola; Antigua and Barbuda; Argentina; Bangladesh; Brunei Darussalam; Cambodia; Ecuador; Ghana; Honduras; Kyrgyzstan; Indonesia; Mongolia; Morocco; Namibia; Nepal; Nicaragua; Pakistan; Paraguay; Philippines; Sudan; Tajikistan; Tanzania; Thailand; Trinidad and Tobago; Turkmenistan Venezuela; Vietnam; Yemen; and Zimbabwe; and the substantial AML/CFT improvements in Ukraine.

---

The Financial Crimes Enforcement Network (FinCEN) is issuing this advisory to inform banks and other financial institutions operating in the United States of the money laundering and financing of terrorism (ML/FT) risks associated with jurisdictions identified by the Financial Action Task Force (FATF)<sup>1</sup> on October 28, 2011, as having strategic deficiencies in their anti-money laundering and counter-terrorist financing (AML/CFT) regimes, for which each jurisdiction has provided a high-level political commitment to address the strategic AML/CFT deficiencies.<sup>2</sup> This advisory also includes information on the substantial AML/CFT improvements made by Ukraine and its subsequent removal from this FATF review process. Also, FinCEN is issuing a complementary advisory today, FIN-2011-A015,<sup>3</sup> which addresses a separate but related FATF document identifying jurisdictions with strategic AML/CFT deficiencies that have either not made sufficient progress, not provided a political commitment to address AML/CFT deficiencies, or are subject to FATF's call for countermeasures.

The FATF publication comes in response to the G-20 leaders' call for the FATF to reinvigorate its process for assessing countries' compliance with international AML/CFT standards and to publicly identify high risk jurisdictions.<sup>4</sup> Also, in June and November 2010, the G-20 leaders

<sup>1</sup> The FATF is a 36-member inter-governmental policy-making body whose purpose is to establish international standards and develop and promote policies, both at national and international levels, to combat money laundering and terrorist financing. See [www.fatf-gafi.org](http://www.fatf-gafi.org). The United States is a member of the FATF. See also, previous FATF statements of October 11, 2007; February 28, 2008; June 20, 2008; October 16, 2008; February 27, 2009; June 29, 2009; October 16, 2009; February 22, 2010; June 28, 2010; October 22, 2010, February 25, 2011, June 2011, and October 2011. All of FATF's public statements are available, at [http://www.fatf-gafi.org/findDocument/0,3354,en\\_32250379\\_32236992\\_1\\_33632055\\_1\\_1,00.html](http://www.fatf-gafi.org/findDocument/0,3354,en_32250379_32236992_1_33632055_1_1,00.html).

<sup>2</sup> The FATF issued two documents: (i) a public statement, [http://www.fatf-gafi.org/document/55/0,3746,en\\_32250379\\_32236992\\_48966519\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/document/55/0,3746,en_32250379_32236992_48966519_1_1_1_1,00.html); and (ii) a publication entitled "Improving Global AML/CFT Compliance: on-going process," at [http://www.fatf-gafi.org/document/42/0,3746,en\\_32250379\\_32236992\\_48966698\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/document/42/0,3746,en_32250379_32236992_48966698_1_1_1_1,00.html).

<sup>3</sup> [FIN-2011-A015](#)

<sup>4</sup> See "Declaration on Strengthening the Financial System: London Summit, April 2, 2009," at <http://www.pittsburghsummit.gov/resources/125091.htm> and "Leaders' Statement: The Pittsburgh Summit, September 24 - 25, 2009," at <http://www.pittsburghsummit.gov/mediacenter/129639.htm>.

called for FATF to issue regular updates on jurisdictions with strategic deficiencies.<sup>5</sup> The text highlights jurisdictions with strategic AML/CFT deficiencies, for which each jurisdiction has provided a high-level political commitment to address the strategic AML/CFT deficiencies. FATF explains its specific concerns regarding each of the jurisdictions and notes it will continue to monitor the implementation of each jurisdiction's action plan for addressing the deficiencies. On an ongoing basis, FATF will continue to update information on these and other jurisdictions that pose a risk to the international financial system.

Please note that the countries on this advisory have changed since FinCEN's Advisory, dated July 13, 2011. In particular, Algeria and Kyrgyzstan have been added to this document. This advisory also includes FATF's update on the substantial AML/CFT improvements in Ukraine, which has been removed from the FATF monitoring process.

### **Improving Global AML/CFT Compliance: on-going process - 28 October 2011<sup>6</sup>**

As part of its on-going review of compliance with the AML/CFT standards, the FATF has to date identified the following jurisdictions which have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF. While the situations differ among each jurisdiction, each jurisdiction has provided a written high-level political commitment to address the identified deficiencies. The FATF welcomes these commitments.

A large number of jurisdictions have not yet been reviewed by the FATF. The FATF continues to identify additional jurisdictions, on an on-going basis, that pose a risk to the international financial system. The FATF has additionally begun initial reviews of a number of other jurisdictions as part of this process and will present its findings next year.

The FATF and the FSRBs will continue to work with the jurisdictions noted below and to report on the progress made in addressing the identified deficiencies. The FATF calls on these jurisdictions to complete the implementation of action plans expeditiously and within the proposed timeframes. The FATF will closely monitor the implementation of these action plans and encourages its members to consider the information presented below.

#### **Algeria**

In October 2011, Algeria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies.

Algeria has taken steps towards improving its AML/CFT regime. However, the FATF has determined that certain strategic AML/CFT deficiencies remain.

Algeria will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendations I and II); (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets (Special

---

<sup>5</sup> See "The G-20 Seoul Summit Leaders' Declaration, November 11-12, 2010," at [http://www.g20.org/Documents/2010/11/seoulsummit\\_declaration.pdf](http://www.g20.org/Documents/2010/11/seoulsummit_declaration.pdf) and "The G-20 Toronto Summit Declaration, June 26-27, 2010," at [http://www.g20.org/Documents/g20\\_declaration\\_en.pdf](http://www.g20.org/Documents/g20_declaration_en.pdf).

<sup>6</sup> The text makes reference to the relevant FSRBs with whom FATF will continue to work to address the deficiencies identified. These FSRBs include: Caribbean Financial Action Task Force (CFATF); the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL); Financial Action Task Force of South America Against Money Laundering (GAFISUD); Asia/Pacific Group on Money Laundering (APG); Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG); Middle East & North Africa Financial Action Task Force (MENAFATF); Eurasian group (EAG); and Intergovernmental Anti-Money Laundering Group in Africa (GIABA).

Recommendation III), (3) improving and broadening CDD measures and ensuring that they apply to all financial institutions (Recommendation 5); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit, in particular addressing the operational autonomy of the FIU and the authority of the FIU to request and access information (Recommendation 26); and (5) enacting and implementing appropriate mutual legal assistance legislation (Special Recommendation V). The FATF encourages Algeria to address its deficiencies and continue the process of implementing its action plan.

### **Angola**

In June 2010, Angola made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since June 2011, Angola has taken steps towards improving its AML/CFT regime, including by issuing CDD regulations to banks. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Angola should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (3) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets (Special Recommendation III). The FATF encourages Angola to address its remaining deficiencies and continue the process of implementing its action plan.

### **Antigua and Barbuda**

In February 2010, Antigua and Barbuda made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since June 2011, Antigua and Barbuda has taken steps towards improving its AML/CFT regime, including by commencing off-site inspections of its financial institutions. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Antigua and Barbuda should continue to work on implementing its action plan to address these deficiencies, including by: (1) implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); and (2) continuing to improve the overall supervisory framework (Recommendation 23). The FATF encourages Antigua and Barbuda to address its remaining deficiencies and continue the process of implementing its action plan.

### **Argentina**

In June 2011, Argentina made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since then, Argentina has taken steps towards improving its AML/CFT regime, including by addressing some of the concerns the FATF expressed regarding its June 2011 amendments to its AML legislation, submitting draft CFT legislation to National Congress, issuing a decree dealing with evaluating effectiveness of its AML/CFT measures; and issuing an FIU Resolution enhancing CDD measures for the financial and foreign exchange sectors. The FATF has determined that strategic AML/CFT

deficiencies remain. Argentina will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing and addressing the remaining deficiencies with regard to the criminalisation of money laundering (Special Recommendation II and Recommendation 1); (2) establishing and implementing adequate procedures for the confiscation of funds related to money laundering and identifying and freezing terrorist assets (Recommendation 3 and Special Recommendation III); (3) enhancing financial transparency (Recommendation 4); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit and improving suspicious transaction reporting requirements (Recommendation 13, Special Recommendation IV and Recommendation 26); (5) implementing an adequate AML/CFT supervisory programme for all financial sectors (Recommendations 17, 23 and 29); (6) improving and broadening CDD measures for the non-banking or non-foreign exchange sectors (Recommendation 5); and (7) establishing appropriate channels for international co-operation and ensuring effective implementation (Recommendation 36, Recommendation 40 and Special Recommendation V). The FATF encourages Argentina to address its remaining deficiencies and continue the process of implementing its action plan.

### **Bangladesh**

In October 2010, Bangladesh made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since June 2011, Bangladesh has taken steps towards improving its AML/CFT regime, including by issuing AML/CFT guidance notes for the insurance sector. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Bangladesh should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (5) improving suspicious transaction reporting requirements (Recommendation 13 and Special Recommendation IV); and (6) improving international co-operation (Recommendations 36 and 39 and Special Recommendation V). The FATF encourages Bangladesh to address its remaining deficiencies and continue the process of implementing its action plan.

### **Brunei Darussalam**

In June 2011, Brunei Darussalam made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since then, Brunei Darussalam has taken steps towards improving its AML/CFT regime, including by enacting an Anti-Terrorism Order in July 2011. However, the FATF has determined that strategic AML/CFT deficiencies remain. Brunei Darussalam should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2)

establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) establishing and implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); (4) improving suspicious transaction reporting requirements (Recommendation 13 and Special Recommendation IV); (5) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (6) enacting and implementing appropriate mutual legal assistance legislation (Recommendation 36 and Special Recommendation V). The FATF encourages Brunei Darussalam to address its remaining deficiencies and continue the process of implementing its action plan.

### **Cambodia**

In June 2011, Cambodia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. The FATF has determined that strategic AML/CFT deficiencies remain. Cambodia should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) establishing and implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (5) establishing and implementing effective controls for cross-border cash transactions (Special Recommendation IX). The FATF encourages Cambodia to address its remaining deficiencies and continue the process of implementing its action plan.

### **Ecuador**

In June 2010, Ecuador made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies. The FATF has determined that certain strategic AML/CFT deficiencies remain. Ecuador should continue to work on implementing its action plan to address these deficiencies, including by: (1) ensuring adequate criminalisation of terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); and (4) reinforcing and improving co-ordination of financial sector supervision (Recommendation 23). The FATF encourages Ecuador to address its remaining deficiencies and continue the process of implementing its action plan.

### **Honduras**

In October 2010, Honduras made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since that time, Honduras has demonstrated progress in improving its AML/CFT regime, including by adopting legislation that aims to address issues relating to criminalisation of terrorist financing and freezing of terrorist assets and

implementing resolutions that aim to improve CDD measures. The FATF will conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

### **Kyrgyzstan**

In October 2011, Kyrgyzstan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. Kyrgyzstan has taken steps towards improving its AML/CFT regime. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Kyrgyzstan will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets (Special Recommendation III) (3) establishing and implementing adequate measures for the confiscation of funds related to money laundering (Recommendation 3); (4) establishing effective CDD measures for all financial institutions (Recommendation 5); and (5) implementing an adequate and effective AML/CFT supervisory programme for all financial sectors (Recommendation 23). The FATF encourages Kyrgyzstan to address its deficiencies and continue the process of implementing its action plan.

### **Mongolia**

In June 2011, Mongolia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. The FATF has determined that strategic AML/CFT deficiencies remain. Mongolia should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) establishing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); (4) establishing suspicious transaction reporting requirements (Recommendation 13 and Special Recommendation IV); (5) establishing a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (6) demonstrating effective regulation of money service providers. The FATF encourages Mongolia to address its remaining deficiencies and continue the process of implementing its action plan.

### **Morocco**

In February 2010, Morocco made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since then, Morocco has demonstrated progress in improving its AML/CFT regime, including by adopting amendments to extend the scope of the money laundering and terrorist financing offences; to broaden customer due diligence requirements and taking steps to operationalise the Financial Intelligence Unit. However, the FATF has determined that certain strategic AML/CFT deficiencies remain.

Morocco should continue to work on implementing its action plan to address these deficiencies, including by adequately criminalising terrorist financing (Special Recommendation II).

### **Namibia**

In June 2011, Namibia made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. Namibia has taken steps towards improving its AML/CFT regime, including by securing the information held in the FIU. However, the FATF has determined that strategic AML/CFT deficiencies remain. Namibia should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) implementing an adequate AML/CFT supervisory programme with sufficient powers (Recommendation 23 and 29); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit, in particular addressing the operational autonomy of the FIU (Recommendation 26); (5) implementing effective, proportionate and dissuasive sanctions in order to deal with non-compliance with the national AML/CFT requirements (Recommendation 17); and (6) implementing the 1999 International Convention for the Suppression of Financing of Terrorism (Special Recommendation I). The FATF encourages Namibia to address its remaining deficiencies and continue the process of implementing its action plan.

### **Nepal**

In February 2010, Nepal made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since June 2011, Nepal has taken steps towards improving its AML/CFT regime, including by approving an AML/CFT National Strategy. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nepal should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); and (4) enacting and implementing appropriate mutual legal assistance legislation (Recommendation 36). The FATF encourages Nepal to address its remaining deficiencies and continue the process of implementing its action plan.

### **Nicaragua**

In June 2011, Nicaragua made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since then, Nicaragua has taken steps towards improving its AML/CFT regime, including by establishing an agency responsible for regulating and supervising the microfinance industry. However, the FATF has determined that strategic AML/CFT deficiencies remain. Nicaragua should continue to work on

implementing its action plan to address these deficiencies, including by: (1) establishing effective CDD measures and record-keeping requirements, in particular entities not currently regulated by the supervisory authority (Recommendation 5 and Recommendation 10); (2) establishing adequate STR reporting obligations for ML and FT (Recommendation 13 and Special Recommendation IV); (3) implementing an adequate AML/CFT supervisory programme for all financial sectors (Recommendation 23); (4) establishing a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (5) establishing adequate procedures for identifying and freezing terrorist assets (Special Recommendation III). The FATF encourages Nicaragua to address its remaining deficiencies and continue the process of implementing its action plan.

### **Paraguay**

In February 2010, Paraguay made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies. Since that time, Paraguay has taken steps towards improving its AML/CFT regime, including enacting CFT legislation and issuing regulations prohibiting anonymous accounts. The FATF will conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

### **Philippines**

In October 2010, the Philippines made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since June 2011, the Philippines has taken steps towards improving its AML/CFT regime, including by capacity building in the areas of supervision and regulation. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. The Philippines should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) implementing adequate procedures to identify and freeze terrorist assets and confiscate funds related to money laundering (Special Recommendation III and Recommendation 3); (3) enhancing financial transparency (Recommendation 4); and (4) extending coverage of reporting entities (Recommendations 12 and 16). The FATF encourages the Philippines to address its remaining deficiencies and continue the process of implementing its action plan.

### **Sudan**

In February 2010, Sudan made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since June 2011, Sudan has taken steps towards improving its AML/CFT regime, including by improving the overall infrastructure of the FIU and the supervisory framework. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Sudan should continue to work on implementing its action plan to address these deficiencies, including by: (1) implementing adequate

procedures for identifying and freezing terrorist assets (Special Recommendation III); (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (3) ensuring that financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT (Recommendation 13 and Special Recommendation IV); and (4) implementing a supervisory programme for the regulators to ensure compliance with the provisions of the new law and regulations (Recommendation 23). The FATF encourages Sudan to address its remaining deficiencies and continue the process of implementing its action plan.

### **Tajikistan**

In June 2011, Tajikistan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. The FATF has determined that strategic AML/CFT deficiencies remain. Tajikistan should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures for the confiscation of funds related to money laundering and identifying and freezing terrorist assets (Recommendation 3 and Special Recommendation III); (3) enhancing financial transparency (Recommendation 4); (4) ensuring a fully operational, and effectively functioning Financial Intelligence Unit and improving suspicious transaction reporting requirements (Recommendation 13, Special Recommendation IV, and Recommendation 26); and (5) improving and broadening CDD measures (Recommendation 5). The FATF encourages Tajikistan to address its remaining deficiencies and continue the process of implementing its action plan.

### **Turkmenistan**

In June 2010, Turkmenistan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. Since June 2011, Turkmenistan has taken steps towards improving its AML/CFT regime, including by establishing a legal framework to freeze terrorist assets. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Turkmenistan should continue to work on implementing its action plan to address these deficiencies, including by: (1) developing collaboration between the FIU and domestic counterparts, including supervisory authorities; and (2) strengthening international co-operation in the areas of investigation and confiscation/repatriation of funds. The FATF encourages Turkmenistan to address its remaining deficiencies and continue the process of implementing its action plan.

### **Trinidad and Tobago**

In February 2010, Trinidad and Tobago made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since June 2011, Trinidad and Tobago has taken steps towards improving its AML/CFT regime, including by completing the registration process of the listed businesses and initiating the supervision of the listed entities.

However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Trinidad and Tobago should continue to work on implementing its action plan to address these deficiencies, including by (1) implementing adequate procedures to identify and freeze terrorist assets without delay (Special Recommendation III); and (2) establishing a fully operational and effectively functioning Financial Intelligence Unit, including supervisory powers (Recommendation 26). The FATF encourages Trinidad and Tobago to address its remaining deficiencies and continue the process of implementing its action plan.

### **Venezuela**

In October 2010, Venezuela made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since then, Venezuela has taken steps towards improving its AML/CFT regime, including by improving the independence of the FIU and the regulations for the banking and securities sectors. However, the FATF has determined that certain strategic deficiencies remain. Venezuela should continue to work with the FATF and CFATF on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendations I and III); (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (4) implementing adequate CDD guidelines for all sectors (Recommendation 5); and (5) establishing adequate STR reporting obligations for ML and FT (Recommendation 13 and Special Recommendation IV). The FATF encourages Venezuela to address its remaining deficiencies and continue the process of implementing its action plan.

### **Vietnam**

In October 2010, Vietnam made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. The FATF has determined that certain strategic AML/CFT deficiencies remain. Vietnam should continue to work with the FATF and APG on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) making legal persons subject to criminal liability in line with FATF Recommendation 2 or demonstrating that there is a constitutional prohibition to prevent this; (4) improving the overall supervisory framework (Recommendation 23); (5) improving and broadening customer due diligence measures and reporting requirements (Recommendation 5, 13, and Special Recommendation IV); and (6) strengthening international co-operation (Recommendations 36, 40). The FATF encourages Vietnam to address its remaining deficiencies and continue the process of implementing its action plan.

### **Yemen**

In February 2010, Yemen made a high-level political commitment to work with

the FATF and MENAFATF to address its strategic AML/CFT deficiencies. The FATF has determined that certain strategic deficiencies remain. Yemen should continue to work on implementing its action plan to address these deficiencies, including by: (1) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (2) conducting outreach to sensitise reporting institutions of their AML/CFT obligations (Recommendation 25); (3) developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the FIU, to ensure compliance by financial institutions with their STR obligations, especially in relation to FT (Recommendation 23); and (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26). The FATF encourages Yemen to address its remaining deficiencies and continue the process of implementing its action plan.

### **Zimbabwe**

In June 2011, Zimbabwe made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. The FATF has determined that strategic AML/CFT deficiencies remain. Zimbabwe should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation I and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (4) ensuring that financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT (Recommendation 13 and Special Recommendation IV); (5) enacting and implementing appropriate mutual legal assistance legislation (Special Recommendation V); and (6) implementing the 1999 International Convention for the Suppression of Financing of Terrorism (Special Recommendation I). The FATF encourages Zimbabwe to address its remaining deficiencies and continue the process of implementing its action plan.

### **Ukraine**

The FATF welcomes Ukraine's significant progress in improving its AML/CFT regime and notes that Ukraine has largely met its commitments in its Action Plan regarding the strategic deficiencies that the FATF had identified in February 2010. Ukraine is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Ukraine will work with MONEYVAL as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report, and further strengthen its AML/CFT regime.

### **Jurisdictions not making sufficient progress**

The FATF is not yet satisfied that the following jurisdictions have made sufficient progress on their action plan agreed upon with the FATF. The most significant action plan items and/or the majority of the action plan items have not been addressed. If these jurisdictions do not take sufficient action to

implement significant components of their action plan by February 2012, then the FATF will identify these jurisdictions as being out of compliance with their agreed action plans and will take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with the jurisdiction.

### **Ghana**

Despite Ghana's high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Ghana has made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Ghana should work with the FATF and GIABA on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate measures for the confiscation of funds related to money laundering (Recommendation 3); (3) establishing effective CDD measures (Recommendation 5); (4) establishing a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (5) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III). The FATF encourages Ghana to address its remaining deficiencies and continue the process of implementing its action plan.

### **Indonesia**

Despite Indonesia's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Indonesia has made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Indonesia should work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); and (3) amending and implementing laws or other instruments to fully implement the 1999 International Convention for the Suppression of Financing of Terrorism (Special Recommendation I). The FATF encourages Indonesia to address its remaining deficiencies and continue the process of implementing its action plan.

### **Pakistan**

Despite Pakistan's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Pakistan has made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Pakistan failed to provide a satisfactory response to the FATF's particular concern about the lack of implementation regarding Pakistan's terrorist financing offence expressed in June 2011 and its calls upon Pakistan to demonstrate specific action in this regard. Pakistan should work on implementing its action plan to address these deficiencies, including by (1) demonstrating adequate criminalisation of terrorist

financing and addressing the remaining deficiencies with regard to the criminalisation of money laundering (Special Recommendation II and Recommendation 1); (2) demonstrating adequate procedures to identify, freeze and confiscate terrorist assets (Special Recommendation III); (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (4) demonstrating effective regulation of money service providers, including an appropriate sanctions regime, and increasing the range of ML/FT preventive measures for these services (Special Recommendation VI); and (5) improving and implementing effective controls for cross-border cash transactions (Special Recommendation IX). The FATF encourages Pakistan to address its remaining deficiencies and continue the process of implementing its action plan.

### **Tanzania**

Despite Tanzania's high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Tanzania has made sufficient progress in implementing its action plan, and certain strategic deficiencies remain. Tanzania should work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets as well as implementing the UNSCR 1267 and 1373 through law, regulations or other enforceable means (Special Recommendation III); (3) establishing effective CDD measures (Recommendation 5); (4) establishing adequate record-keeping requirements (Recommendation 10); (5) establishing a fully operational and effectively functioning national Financial Intelligence Unit (Recommendation 26); and (6) designating competent authorities to ensure compliance with AML/CFT requirements (Recommendation 23). The FATF encourages Tanzania to address its remaining deficiencies and continue the process of implementing its action plan.

### **Thailand**

Despite Thailand's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Thailand has made sufficient progress in implementing its action plan, and certain strategic deficiencies remain. Thailand should work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); and (3) further strengthening AML/CFT supervision (Recommendation 23). The FATF encourages Thailand to address its remaining deficiencies and continue the process of implementing its action plan.

U.S. financial institutions should consider the risks associated with the AML/CFT deficiencies of jurisdictions in the FATF publication entitled, "Improving Global AML/CFT Compliance: update on-going process;" Algeria; Angola; Antigua and Barbuda; Argentina; Bangladesh; Brunei Darussalam; Cambodia; Ecuador; Ghana; Honduras; Indonesia; Kyrgyzstan; Mongolia; Morocco; Namibia; Nepal; Nicaragua; Pakistan; Paraguay; Philippines; Sudan; Tajikistan; Tanzania; Thailand; Turkmenistan; Trinidad and Tobago; Venezuela; Vietnam; Yemen; and Zimbabwe. With respect to these jurisdictions, U.S. financial institutions are reminded of their obligations to comply with the general due diligence obligations under 31 CFR § 1010.610(a).

As required under 31 CFR § 1010.610(a), covered financial institutions should ensure that their due diligence programs, which address correspondent accounts maintained for foreign financial institutions, include appropriate, specific, risk-based, and, where necessary, enhanced policies, procedures, and controls that are reasonably designed to detect and report known or suspected money laundering activity conducted through or involving any correspondent account established, maintained, administered, or managed in the United States.

Additionally, as required under 31 CFR § 1024.320, 31 CFR § 1025.320, 31 CFR § 1026.320, 31 CFR § 1020.320, 31 CFR § 1023.320, 31 CFR § 1022.320, 31 CFR § 1021.320, if a financial institution knows, suspects, or has reason to suspect that a transaction involves funds derived from illegal activity or that a customer has otherwise engaged in activities indicative of money laundering, terrorist financing, or other violation of federal law or regulation, the financial institution shall then file a Suspicious Activity Report.