



I FORO LATINOAMERICANO
GOBERNANZA, RIESGO Y CUMPLIMIENTO
EN EL SECTOR DE PETRÓLEO Y GAS
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GUYER & REGULES
LEGAL ACCOUNTING & TAX REAL ESTATE

CONCEPT

- **Conversion or transfer** of property, knowing that it derives from a crime or the participation in a crime, with the **purpose to hide or dissimulate** the **illicit origin** of the property or help a third party involved in a crime to avoid the legal consequences of its acts.
- It is also considered money laundering the **financing of terrorism, regardless of the money coming from an illicit origin or not.**

CONCEPT

Money laundering is a “**process**” which is instrumented through a progressive way into the economic systems, taking advantage of its operative complexity with the purpose to camouflage the illicit origin of the wealth.

PROCESS

1. **Placement**
Introducing illegal funds into the financial system.
2. **Layering**
Transferring it to other institutions to separate the criminal origin.
3. **Integration**
Integration of the illegal funds into the legal economy through the purchase of assets, like, real estate, financial assets or luxury goods.

Know your counterparty

- Who they are?
- What is their business?
- What product?
- What is their performance?
- In which countries they work?
- What is their interest in your business?
- Doing business with the counterparty?

RISKS

- Reputational Risk – loss of clients
- Operational Risk – loss resulting from a defect in the processes, personnel and/or internal or external situations.
- Legal Risks – not complying with law, not performing a due diligence, criminal offence.

HOW IT STARTED

- Drug traffic
- Terrorism financing
- Corruption
- Tax evasion

Europe

- 1977: Convention related to the diligence duty of the banks within the Swiss Association of banks. Self regulatory. Identification of clients and beneficial owner.
- 1980: Recommendation of the Europe Council related to the transfer and custody of criminal funds.
- 1988: Basilea Declaration of Principles. Identification of clients, follow up of transactions, keeping documents, cooperation between authorities, etc.
- 1988: UN Convention against illicit traffic of narcotics.
- 1990: Europe Council Convention on identification, embargo and seizing of the economic benefits of crimes.

Europe

- 1991: Directive Proposal of the European Union. It defines money laundering; requirements to identify clients; obligation to report suspicious transactions; collaboration among authorities.
- 1991: Addendas to the Basil Principles. Diligence duties changed from being self regulatory to public policy. Banks are now responsible for controlling the activities which were the Government duties.
- 2010: The UK Bribery Act.

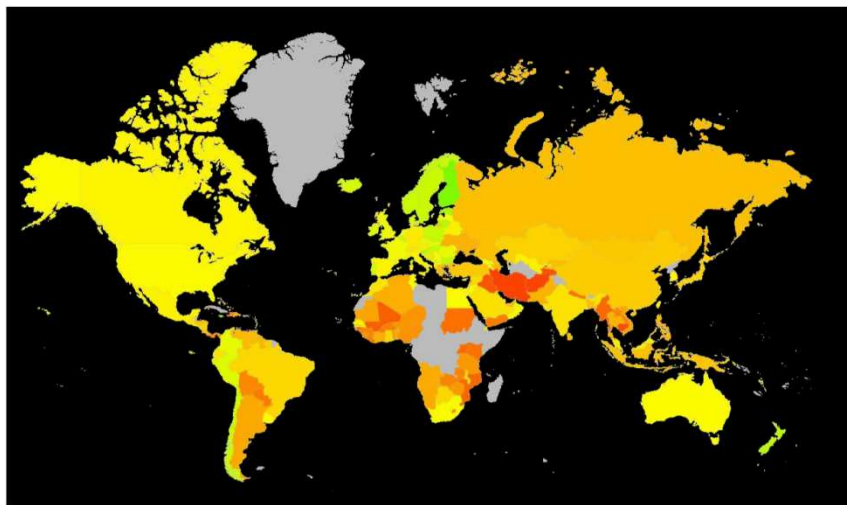
Americas

- 1970: Organized Crime Control Act.
- 1970: Currency Transaction Act, which aims to know the origin, volume and movements of dollars which get in and out of the United States.
- 1977: The Foreign Corrupt Practices Act of 1977 (FCPA). Two main provisions, one that addresses accounting transparency requirements under the Securities Exchange Act of 1934 and another concerning bribery of foreign officials.
- 1986: Control of Money Laundering Act. Include criminal sanctions to the Federal Criminal Code for money laundering.
- 1988: Law on Bank transfers by electronic means.

Americas

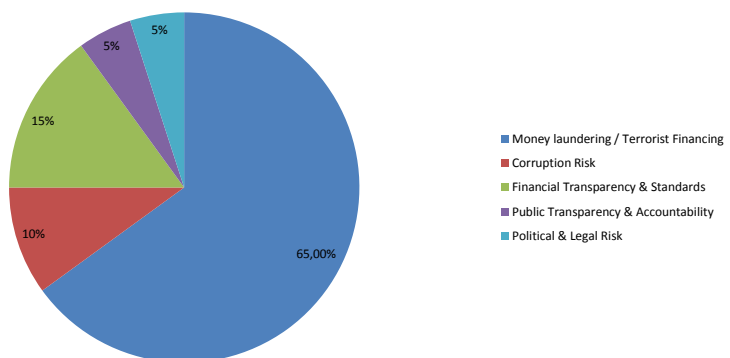
- 1988: The Kerry Amendment. This extends the consequences of violating the US regulations to foreign countries, allowing the Federal Agencies to intervene outside the US.
- 1990 – 1992: Money Laundering Model of OEA. Establishes a uniform regulation on money laundering.
- 1993: A compilation is made of all criminal regulations on Money laundering.
- 1996: The law on Banking Secrecy is regulated establishing the obligation to report suspicious transactions. Remember that in Europe started in 1991.
- 2001: Patriot Act. The control system is extended particularly for all which has to do with the international terrorism.

The 2014 Basel AML Index

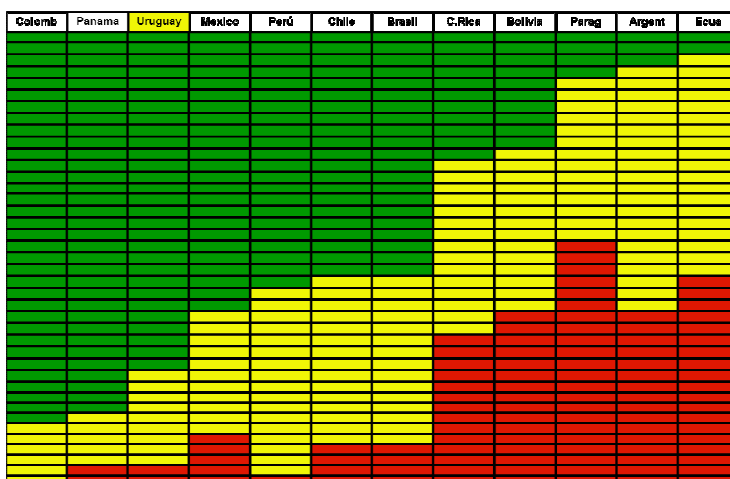


2014 Public Basel AML Index Methodology

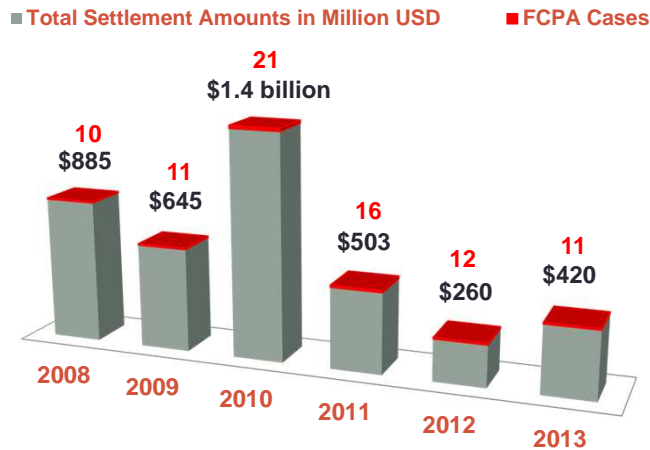
Weighting scheme










GAFISUD: Money laundering



FCPA Fines 2008 - 2013



FCPA Fines and penalties

Company	Year	Matter	Fine
	2008	Siemens, German-based manufacturing company, engaged in systematic efforts to bribe government officials and falsify its corporate books and records to disguise bribe payments	\$800 million
	2009	KBR, US based Construction Company, Technip SA, French Engineering Company, ENI/Snamprogetti and JGC were charged with bribing Nigerian Government Officials.	\$579 million
	2010	UK based defense contractor charged with bribery of government officials in Saudi Arabia, Czech Republic and Hungary to secure defense Contracts.	\$400 million
	2013	French-based oil and gas company charged with bribing intermediaries of Iranian official who exercised influence to help company obtain valuable contracts	\$398 million
	2014	Global aluminum producer charged with making payments to Bahraini officials to influence Contract negotiations with government-operated aluminum plant.	\$384 million
	2010	ENI/Snamprogetti, a Dutch engineering Company, Technip, KBR, and JGC Were charged with bribing Nigerian Government Officials.	\$365 million
	2010	Technip, SA French Engineering Company, KBR, ENI/Snamprogetti and JGC were charged with bribing Nigerian Government Officials.	\$338 million
	2013	Swiss Based oilfield services company charged with authorizing bribes and improper travel and entertainment for foreign officials in the Middle East and Africa to win business.	\$250 million
	2011	JGC, Japanese Construction Co., Technip, KBR, and ENI/ Snamprogetti were charged with bribing Nigerian Government Officials	\$218 million
	2011	German auto maker charged with bribery of Russian, Croatian and Chinese Government Officials to win contracts for the purchase of Fire Trucks and other commercial vehicles	\$185 million

Compliance costs

- Compliance costs have increased in past years.
- In some cases they have been triplicated or more.
- Avoid Risk of being penalized.
- Avoid Reputational risk
- Avoid Loosing job.

Conclusions

- Compliance
- No way back
- Increase controls
- Due diligence
- Know your people
- Know your counterparty



MARKET EXPERTS ON YOUR SIDE
UN EQUIPO DE EXPERTOS DE SU LADO

A GREAT TEAM. A GREAT FIRM. MORE THAN 100 YEARS FOCUSED ON YOUR BUSINESS.
UN GRAN EQUIPO. UN GRAN ESTUDIO. MÁS DE 100 AÑOS ENFOCADOS EN SU NEGOCIO.