

TRANSLATION



SUPERINTENDENCY OF BANKS OF PANAMA

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FATF's New Recommendations for Detecting the Financing of Terrorism and Money Laundering

In its first meeting of 2006, the Financial Action Task Force (FATF) provided a letter explaining and clarifying its recommendation for non-profit organizations.

According to the letter, countries must first evaluate their non-profit organizations and identify their activities and characteristics. This assessment must be made periodically and must be used to detect vulnerabilities related to the financing of terrorism and money laundering.

Despite the fact that FATF believes there are many ways of combating the abuse of charity organizations to commit illegal activities, it says that all countries must take into account the following factors: arrival in the sector, monitoring or supervision, gathering information, investigation and mechanisms for international cooperation.

FATF is an inter-governmental body whose objective is to provide the best standards for preventing money-laundering and the financing of terrorism. In October 2001, this body issued special recommendations on the financing of terrorism. The eighth recommendation provides suggestions and advice on how to keep terrorism funds away from charity organizations.

With regard to monitoring, the document states that countries must ensure that these organizations publish information on their purpose and objectives, as well as the identity of their owners, directors or those controlling their activities. This information must be maintained by the charity organization for at least five years.

Non-profit organizations must also issue annual financial statements and must be registered or have some type of license. According to FATF, the requirement to be registered need not be specific to money-laundering issues, but could be, for example, met by registration on tax rolls,

FATF also recommends that organizations have controls to track all the funds collected and ensure that they are being used for the objectives of the organization. The document indicates that the beneficiaries – whether persons or entities – and their international branches should be identified.

The body recommended cooperation and coordination among the competent authorities and encouraged countries to ensure that there are resources available for the investigation of non-profit organizations.

For further information, please visit the body's website <http://www.fatf-gafi.org/redirect/>