

# TRANSLATION

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No 26497

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1

## Republic of Panama

### MINISTRY OF THE PRESIDENCY

#### EXECUTIVE DECREE N° 266

dated 23 March 2010

**Whereby Executive Decree 1 dated 3 January 2001, which regulates Law 42 dated 2 October 2000 and other provisions, is amended**

#### THE PRESIDENT OF THE REPUBLIC

in use of his legal powers, and

#### WHEREAS:

By means of Law 42 of 2 October 2000 the measures for the prevention of the crime of laundering of capitals were established.

By means of Executive Decree 1 of 3 January 2001 Law 42 of 2 October 2000 was established.

It was necessary to amend the provisions included in the Executive Decree 1 of 3 January 2001 in order to adapt and strengthen the development and implementation of the measures ordering the legal provisions that regulate the prevention of Money Laundering.

It is the duty of the Executive Branch, according to number 14 of article 184 of the Political Constitution of the Republic of Panama, to regulate laws to better compliance.

#### DECREES:

**Article 1. Article 3 of Executive Decree 1 of 3 January 2001, is as follows:**

“**ARTICLE 3:** In order to prevent that any operations be carried out with or on funds from unlawful activities related to Money Laundering, whether to hide the unlawful source of such funds or to ensure a benefit thereof by any person, each reporting entity should:

1. Record the following, on the forms established thereto by the Financial Analysis Unit (UAF):
  - a. Payments or Collections in cash or quasi-cash for the amount of or over ten thousand balboas (B/.10,000.00).

# TRANSLATION

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- b. Deposits or withdrawals in cash or quasi-cash for the amount of or over ten thousand balboas (10,000.00).
  - c. Change of notes, lottery tickets, checks, draft's checks, traveler's checks or payment orders or checks of low denominations for others of high denominations, for the amount of or over ten thousand balboas (B/.10,000.00).
  - d. Change of checks (draft's, traveler's or others), and payment orders to be drawn by the bearer, with blank endorsements and issued in the same date or close-by dates and/or drawn at the same place, for the amount of or over ten thousand balboas (B/.10,000.00).
2. Verify, at the end of each work week, if several successive close-by operations as referred to in paragraphs a, b, c, and d of number 1 of this Article, for less than ten thousand balboas (B/.10,000.00) when considered individually, add up in total more than ten thousand balboas (B/.10,000.00) and if so, the reporting entity shall draw up a Record of the Accrued Value thereof at the end of each work week and on the forms established thereto, about the operation(s) referred to in those paragraphs, respectively.

The amounts corresponding to the transactions that have to be reported, coming from collections made abroad by a reporting entity or, when acting on behalf of the same, its executives, employees, agents or representatives or third parties, shall be included by the reporting entity itself in the corresponding record for the work week in which the respective amounts were received in Panama.

**Paragraph 1.** These forms should be filled out for each operation that qualifies according to this Article. The form shall be filled out for each operation or item.

**Paragraph 2.** Reporting entities shall submit to the Financial Analysis Unit (UAF) for the prevention of Money Laundering Crimes, within the first 5 days of each month, a report on the aggregate amount of monthly transactions that qualify according to this Article, with details indicating the general information of the person carrying out the transaction and beneficiary's general information, transaction number, date, and amount of corresponding invoices, on the forms established thereto by the Financial Analysis Unit for the prevention of Money Laundering Crimes. The oversight and control bodies shall submit this information to the Financial Analysis (UAF) for the Prevention of Money Laundering Crimes, in the terms and conditions established by this Unit, maintaining diligently each Declaration for Cash or Quasi-Cash transactions and documentation

# TRANSLATION

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sustaining each transaction for a period no less than 5 years, as from the date of the respective form or document, as may be the case.”

**Article 2. Article 3-A is added to the Executive Decree 1 of 3 January 2001, as follows:**

**ARTICLE 3-A:** The reporting entities that do not carry out transactions in accordance with paragraphs a, b, c, d of number 1 of article 3 of this Decree, shall inform to the UAF the non-performance of these transactions on the Report Control forms, approved by this Unit.

**Article 3. Article 3-B is added to the Executive Decree 1 of 3 January 2001, as follows:**

**ARTICLE 3-B:** The oversight and control bodies and the reporting entities shall have a period of three business days to provide to UAF the information and documents requested by the latter, in connection with the provisions of article 2 of Law 42 of 2 October 2000. UAF is duly empowered to whether authorize or not the extension request submitted by the oversight and control bodies and the reporting entities, the extension, in case of being admitted, will be for the period that UAF determines, which will not exceed 20 calendar days.

**Paragraph 1.** The oversight and control bodies and/or reporting entities shall submit to UAF the extension requests referred to above via email or by a letter addressed to the latter within 3 business days, from the date in which the information or documents request was informed. In case of extension requests sent by email, the oversight and control bodies and the reporting entities shall formalize the extension request above to the UAF in a period no longer than 48 hours, from the submittal of the extension request sent by email.

**Article 4. Article 3-C is added to the Executive Decree 1 of 3 January 2001, as follows:**

**ARTICLE 3-C:** The reporting entities are bound to inform directly to UAF, the information referred to in number 5 of article 1 of Law 42 of 2 October 2000, in the form and according to the parameters established in the Suspicious Operations Reports (SOR) and other forms implemented by the Unit to that purposes.

**Article 5. Article 3-D is added to the Executive Decree 1 of 3 January 2001, as follows:**

**ARTICLE 3-D:** The noncompliance with the obligations provided for in this Decree will be subject to the provisions set forth in article 8 of Law 42 of 2 October 2000, without prejudice of the criminal sanctions or of other nature that were in place.

# TRANSLATION

---

No 26497

Official Gazette Online, Thursday, March 25, 2010

4

**Article 6.** This Decree Law amends Article 3 of Executive Decree 1 of 3 January 2001 and adds articles 3-A, 3-B, 3-C, and 3-D to Executive Decree 1 of 3 January 2001.

**Article 7.** This Executive Decree shall come into effect from its promulgation.

**LET IT BE KNOWN AND ENFORCED.**

Given in the city of Panama on twenty-third March, two thousand ten (2010).

**RICARDO MARTINELLI BERROCAL**  
President of the Republic

**DEMETRIO PAPADIMITRIU**  
Minister of the Presidency