

ORGANIZATION OF AMERICAN STATES



INTER-AMERICAN DRUG ABUSE CONTROL COMMISSION

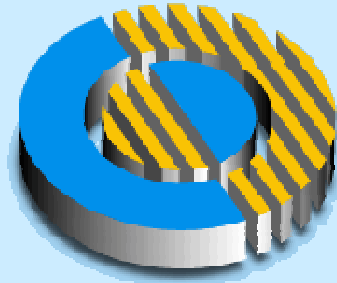
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THIRTY-EIGHTH REGULAR SESSION
December 6-9, 2005
Washington, D.C.

OEA/Ser.L/XIV.2.38
CICAD/doc.1476/05
7 December 2005
Original: English

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

Brazil

**COAF****Council for Financial
Activities Control**

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Brazil

MAIN TOPICS

ØCOAF - The Brazilian F.I.U.

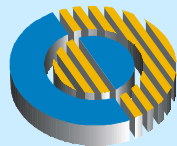
ØCOAF and the International Cooperation on AML

ØCOAF as a Recipient in the CICAD Project

ØCOAF as a Provider in the CICAD Project

ØCOAF – Present and Future Needs

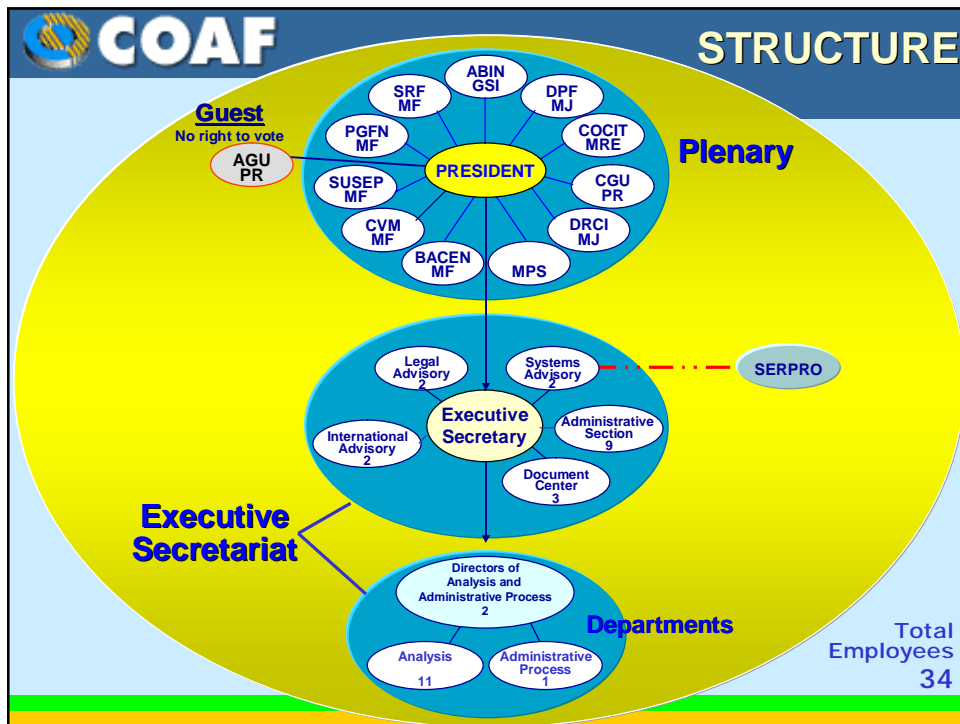
INSIDE

**COAF****COUNCIL FOR FINANCIAL
ACTIVITIES CONTROL**

LAW No. 9.613, of March 3, 1998

ØThis Law addresses:

- ü crimes related to money laundering;**
- ü measures to prevent money laundering; and**
- ü creation of the Council for Financial Activities Control (COAF) – the Brazilian FIU**



COAF **LEGAL BASIS**

Law 9.613/1998

Art. 1 – Money Laundering Definition

To conceal or disguise the true nature, origin, location, disposition, movement, ownership of assets, rights and valuables that result directly or indirectly from the following crimes:

- I – drug trafficking;
- II- terrorism;
- III- smuggling or trafficking in weapons, ammunitions or materials used for their production;
- IV – extortion through kidnapping;
- V – acts against the public administration (corruption);
- VI – acts against the Brazilian Financial System;
- VII – acts committed by criminal organization;
- VIII – acts committed by individuals against foreign public administrations.

Art. 14 – Creation of COAF

This Law creates the Council for Financial Activities Control (COAF), under the jurisdiction of the Ministry of Finance, for the purpose of regulating, applying administrative sanctions, receiving pertinent information, examining and identifying any suspicious occurrence of illicit activities defined in this Law.

The actions of COAF shall not conflict with the jurisdiction of other agencies.

Art. 15 - Notification

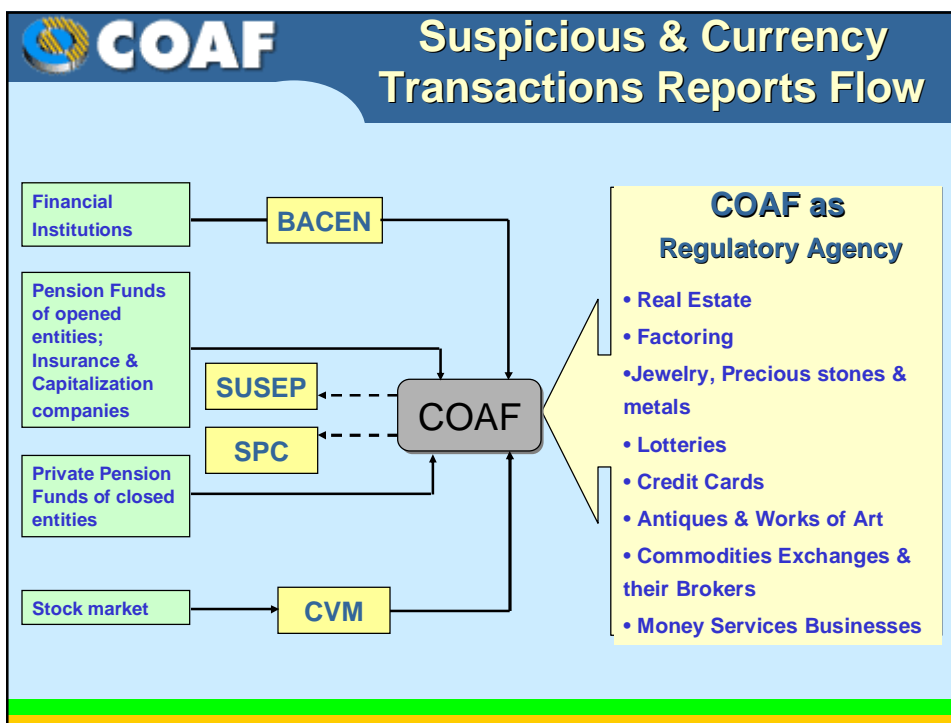
COAF shall notify the competent authorities whenever it finds evidence of the crimes defined in this Law or of any other illicit activity, so as to enable such authorities to take the appropriate legal measures.

I - REGULATORY AGENCY

- Ø **Residual Jurisdiction** (Art. 11,§ 3 & Art.14,§1)
- Ø **Administrative Sanctions** (Art. 12 & Art.14)
 - ü Warning
 - ü Monetary fine
 - ü Temporary prohibition to manage entities
 - ü Cancellation of the authorization to operate

II - FINANCIAL INTELLIGENCE AGENCY

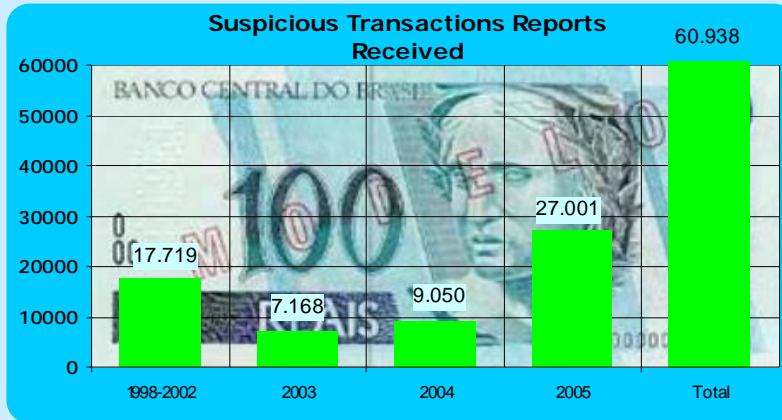
- Ø **Receives STR´s & CTR´s** (Art.14);
- Ø **May request for further information** (Art.14,§3)
- Ø **International cooperation** (Art. 8)
- Ø **Report to investigative authorities** (Art.15)
 - ü Public Prosecutor & Federal Police Dept.



COAF STR & CTR STATISTICS BY SECTOR

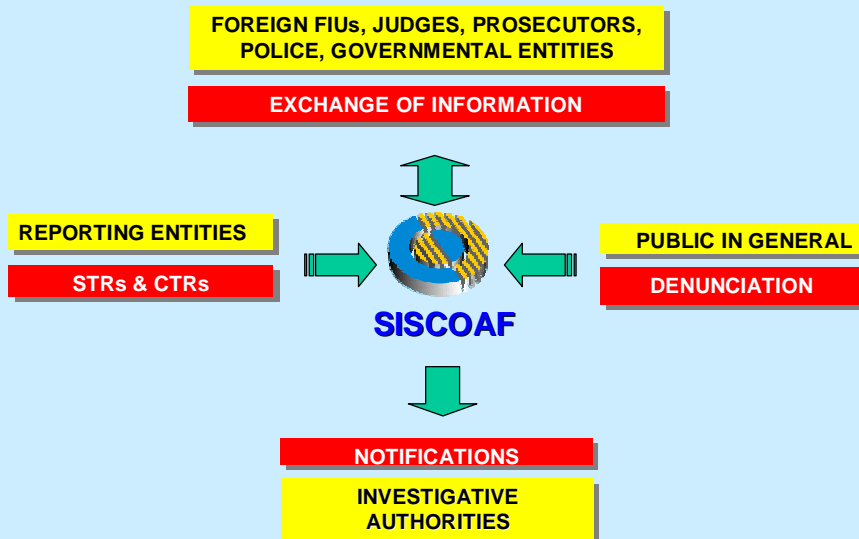
STR and CTR Received					Ref. Date: 11/30/2005
	1998-2002	2003	2004	2005	Total
1 – Suspicious Transaction Reports					
1.1 – COAF regulated sectors					
Bingos	2,454	19	7	0	2,480
Real Estate	2,287	619	630	663	4,199
Factoring	84	1	27	12,137	12,249
Jewelry, Precious stones & metals	9	0	1	0	10
Lotteries	382	140	84	94	700
Objetos de Arte e Antiguidades	1	1	2	0	4
Subtotal COAF	5,217	780	751	12,894	19,642
1.2 – Sectors with monitoring bodies					
Financial System (Central Bank - BACEN)	12,198	5,494	7,090	11,492	36,274
Insurance (SUSEP)	275	879	1,169	2,364	4,687
Stock Market (CVM)	20	13	12	178	223
Private pension funds of closed entities (SPC)	9	2	28	73	112
Subtotal	12,502	6,388	8,299	14,107	41,296
Total STR's (1.1 + 1.2)	17,719	7,168	9,050	27,001	60,938
2 – Currency Transactions Report					
2.1 – Sectors with monitoring bodies					
Financial System (Central Bank - BACEN)	0	33,358	76,102	113,450	222,910
Total (1+2)	17,719	40,526	85,152	140,451	283,848

STRs RECEIVED



Ref. Date: 11/30/2005

WORKFLOW & PRIMARY SOURCES



∅ WITHIN SISCOAF:

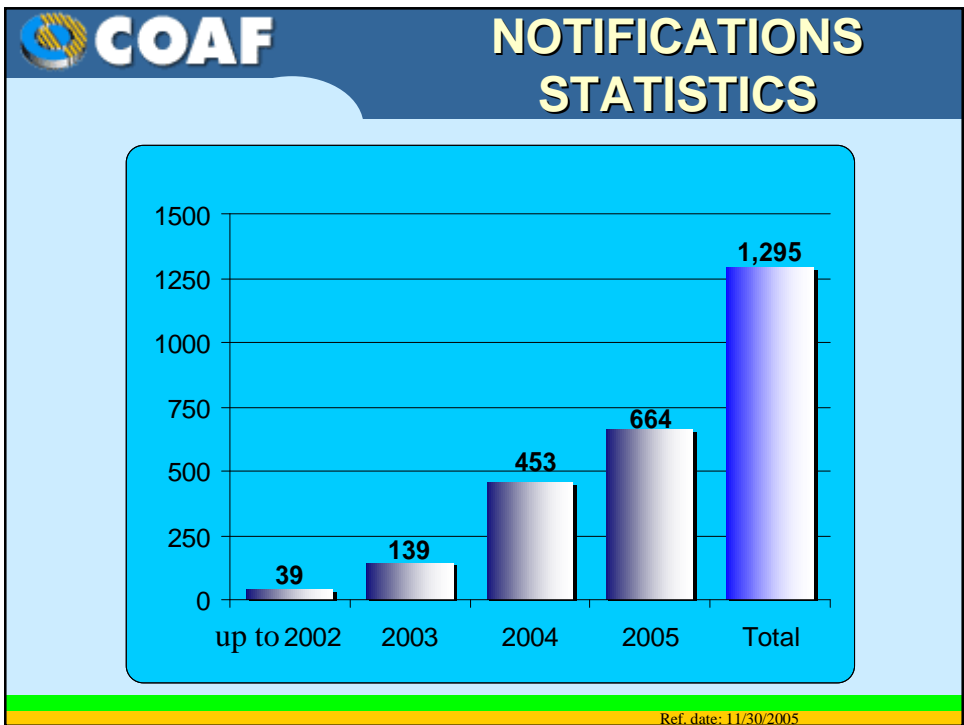
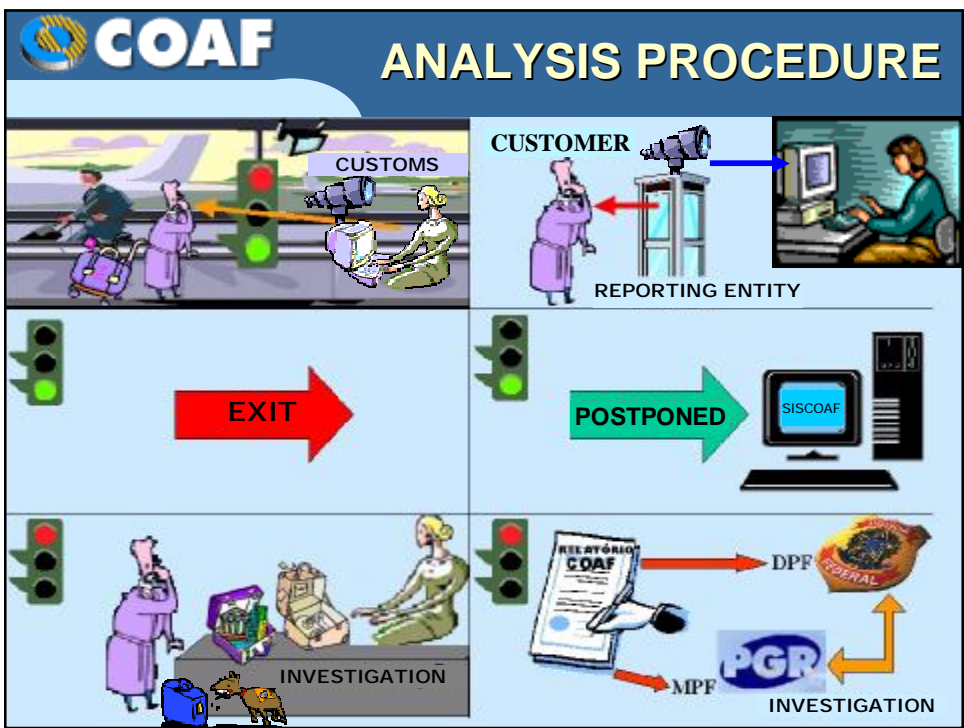
- ü Real estate, vehicles and weapons ownership
- ü Shareholders and companies data
- ü Taxpayers identification (National ID number)
- ü Civil Servants data – Federal Executive Branch

∅ OTHER SOURCES:

- ü Criminal records (Federal and State Levels)
- ü Foreign trade records by company...
- ü and ... *THE INTERNET*

**SISPED****Exchange Information System**

Allows exchange of information among COAF and the authorities in charge of investigations on money laundering in a **Safe and Fast Way**.



Country	Total STRs	Notifications to Authorities	Percentage
Canadá (+)	20,915	103	0.49%
United States (+)	523,193	5,000	0.96%
France	6,896	291	4.22%
Brasil	7,008	139	1.98%
BRASIL up to Nov/2005	27,001	664	2.46%

(+) Estimates

Ø International cooperation (Law 9.613 – Art.8, §1):

- ü based on reciprocity; or
- ü agreement, if required by other Party
- ü MoU with 13 countries (4 within CICAD members)
- ü 6 MoU's under negotiation (1 CICAD member)

Ø Egmont Group:

- ü Fast and secure network for information exchange among FIU's;
- ü Brazil is member - and COAF is the representative - since 1999.

Ø Expertise exchanges sponsored by Brazil

- ü Indonesia – Nov/2004
- ü Portugal – Nov/2005
- ü PALOP (portuguese speaking african countries) - 2006

INFORMATION EXCHANGE WITH OTHER FIU's & FOREIGN AUTHORITIES

Ref. Date: 11/30/2005

	1998/1999	2000	2001	2002	2003	2004	2005	TOTAL
Inward Requests for Information and Denunciations	22	19	45	99	80	78	77	420
Outward Requests for Information and Denunciations	4	54	46	57	96	137	70	464
TOTAL	26	73	91	156	176	215	147	884

Ø Technological updating - hardware & software:

- ü aprox. 25 workstations
- ü 4 notebooks
- ü 3 scanners
- ü 1 fax-scanner
- ü 1 laser printer
- ü Visual Links (3 licenses)

Ø Capacity building:

- ü Colombian FIU - 2004
- ü FinCEN / USA – Nov/2004
- ü Tracfin / France – Apr/2005
- ü CICAD/CICTE “Training of Trainers” Program – Nov/2005

Ø Transfer of technology – systems & procedures:

ü Argentinian FIU – 2004

ü Chilean FIU – Sep/2005

ü Colombian FIU – Nov/2005

Ø Postgraduate studies and training on AML/CFT

Ø Permanent expertise exchange among FIU's

Ø Technological updating plus training

Ø Improvement of physical security measures

**Thank You
for your attention!**



COAF

**Council for Financial
Activities Control**

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