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Secretariat for Multidimensional Security

**XLVII MEETING OF THE GROUP OF EXPERTS
FOR THE CONTROL OF MONEY LAUNDERING
September 24 to 25, 2019.
Bogota – Colombia**

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**PRESENTATION
CORRUPTION AND PEP GUIDES
SECRETARIAT OF TRANSPARENCY**

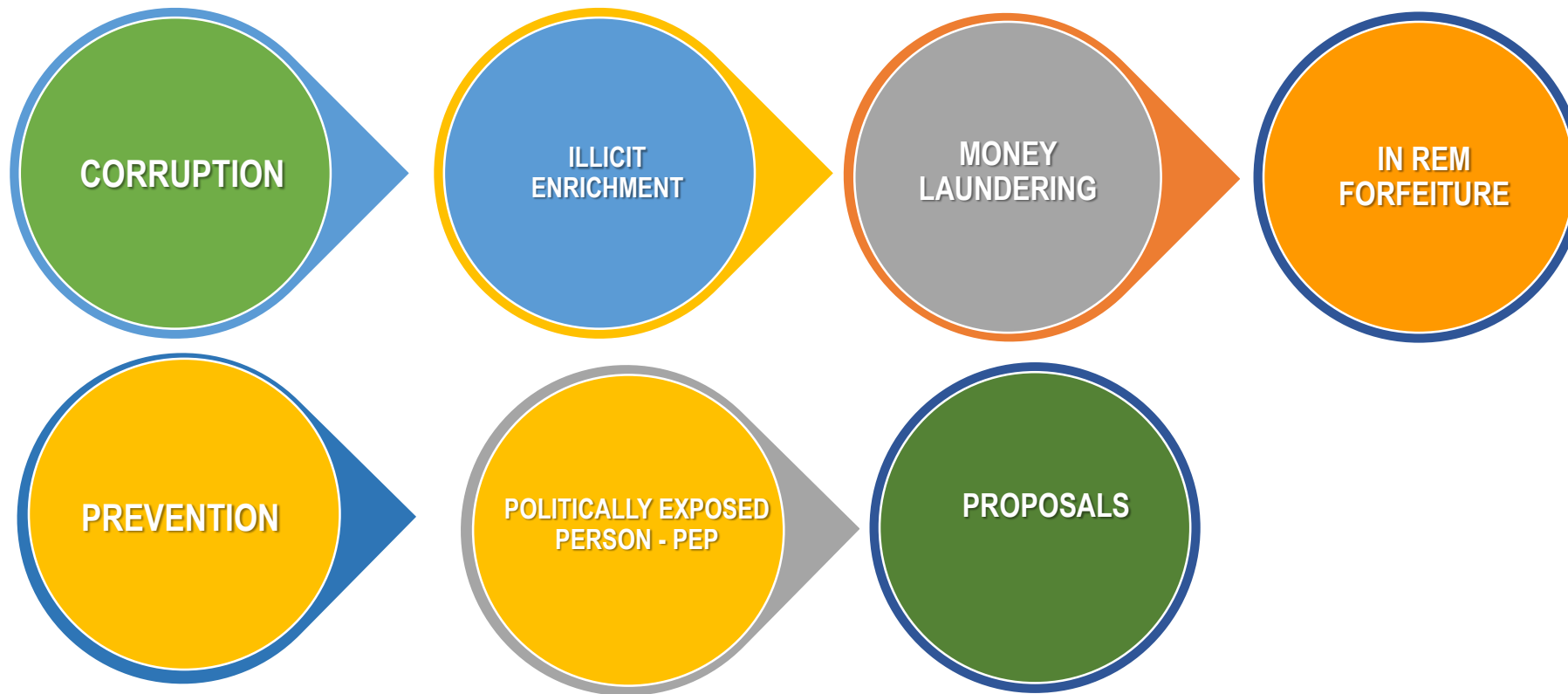
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CORRUPTION: NATIONAL, REGIONAL AND GLOBAL PROBLEM



Corruption shows great presence in **two thirds** of the 180 countries in the world. *(Transparencia Internacional)*



In 2018, Colombia ranked the **99/180** in the global ranking in corruption perception. It ranks three positions lower than 2017 *(Transparencia Internacional)*



73% of all corruption cases are administrative. *(Transparencia por Colombia)*



In open budget, Colombia obtained a grade of **50/100**, that is, the public is provided with limited budgetary information *(Inter. Budget Index)*



The most affected sectors are **education, health, transport and infrastructure**. *(Transparencia por Colombia)*



87.1% of all sanctions for crimes related with corruption are related with Crimes against the Public Administration. *(Observatorio Anticorrupción)*



Of all crimes against the public administration, **49.7%** are for Bribery, **23%** for Embezzlement, **12.9%** for Extortion *(Observatorio Anticorrupción)*





The costs of corruption





Discouraging the criminals

“Criminals respond to changes in opportunity costs, in arrest probability, in the severity of the punishment and in other relevant variables as if they were rational calculators of the economic model and this independent of the crime being committed for economic gain or passionate impulse, or by educated people or poorly educated or by minors”

“What is then the best combination of probability and severity of the punishment to impose on a criminal the desired expected cost of the punishment?”

Richard Posner, Economic Analysis of Law



WHAT IS THE SECRETARIAT OF TRANSPARENCY DOING TO PREVENT CORRUPTION?

- ✓ Protection to plaintiffs
- ✓ Registry of final beneficiary
- ✓ Institutional strengthening and coordination – National Commission of Moralization
- ✓ Promotion of the “C LIST”
- ✓ Creation of the Prevention System, Risk Control and Mitigation and Good Governance Codes.
- ✓ Open Government Initiatives – Anticorruption System
- ✓ Politically Exposed Persons



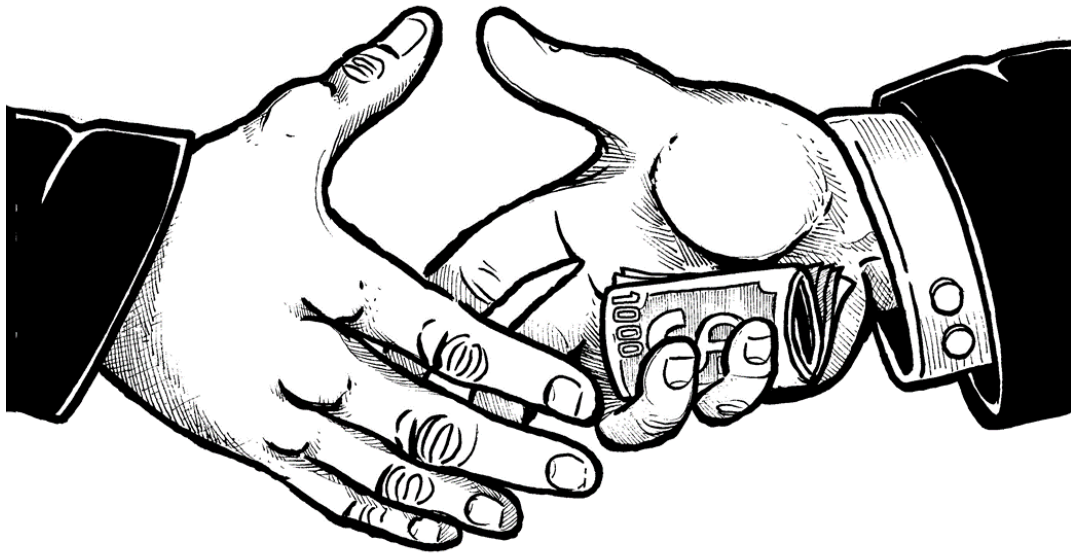
LIST OF CORRUPTS – “C LIST”



- **Objective:** identifying and exposing natural and legal persons that have been convicted or sanctioned for committing crimes of money laundering, contemplated in Article 323 of the Criminal Code.
- Establish indicators to detect, prevent and end the impunity of acts of corruption.
- Cooperate with the Exchange of information and practices in order to know on time and be presented before the authorities.



EXPECTATIONS OF THE SECRETARIAT OF TRANSPARENCY



By improving the identification and control of PEPs, it is expected:

- Mitigate the risks of acts of corruption.*
- Contribute to the correct prosecution of the crime of money laundering and the pursuit of illicitly obtained assets.*

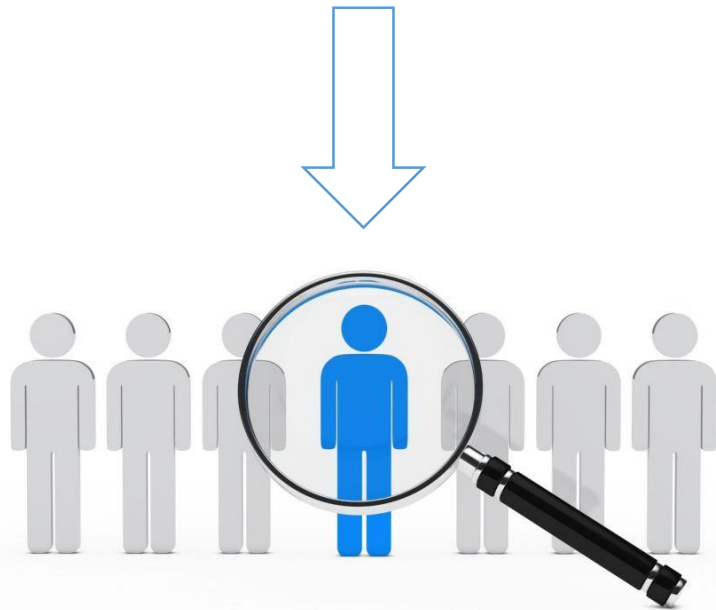


POLITICALLY EXPOSED PERSONS



INTERNATIONAL INSTRUMENTS

**PERSONAS
EXPUESTAS POLITICAMENTE**



- ✓ *United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Law 67 of 1993)*
- ✓ *Inter-American Convention against Corruption (Law 412 of 1997)*
- ✓ *United Nations Convention against Transnational Organized Crime (Law 800 of 2003)*
- ✓ *International Convention for the Suppression of the Financing of Terrorism (Law 808 of 2003)*
- ✓ *United Nations Convention against Corruption (Law 970 of 2005)*
- ✓ *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (Law 1573 of 2012)*



UNITED NATIONS CONVENTION AGAINST CORRUPTION

Generated the obligation of states parties to adopt measures towards demanding financial entities to verify and intensify scrutiny on people who hold or have held public functions, their relatives and close collaborators.



DEFINITION PEPs IN CONPES 3793 OF 2013

- ✓ Foreign PEPs: individuals that exercise or have been invested public functions in a senior position in another country.
- ✓ Domestic PEP are individuals that exercise or have been invested public functions in a senior position.



FATF RECOMENDATION 12

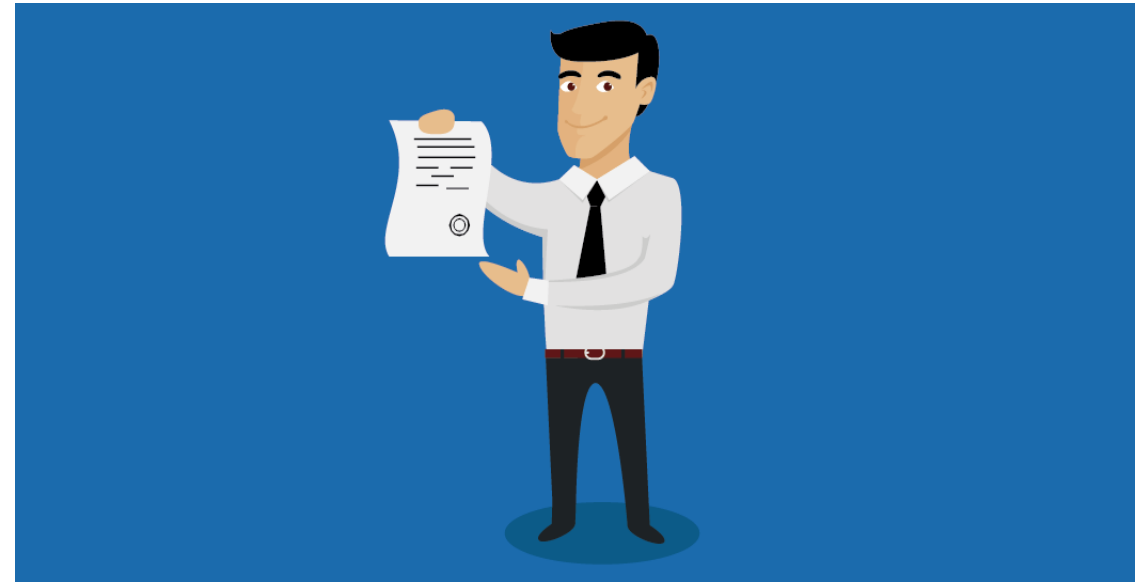


Financial entities must:

- Execute measures of due diligence
- Risk management systems
- Measures to establish sources of wealth
- Constant monitoring of financial products of PEP.
- Apply these four previous measures to the relatives and close associates of the PEP



DECREE 1674 OF 2016



- Contains a first list of the Politically Exposed Persons – PEPs-
- Regulates the collaboration of UIAF in the obtaining of information in products and services of PEPs.
- Exchange of information with other countries for the international cooperation in the fight against: money laundering, financing of terrorism, illicit enrichment, contraband and corruption.



COMPLIANCE WITH INTERNATIONAL STANDARDS

According to the GAFISUD report for Colombia (Nov. 2018), the country counts with a high level of compliance of international standards, however, it is necessary to improve in:

- ✓ Regulating criminal responsibility of legal persons.
- ✓ Incorporating in the criminal definition of money laundering the evasion of taxes and the verbs of “possession and use”.



PROPOSALS OF THE SECRETARIAT OF TRANSPARENCY FOR PEPs



1. Incorporate to the list of PEPs:

- Legal representatives of international organizations
- Legal persons of private nature, as beneficiaries.
- Contractors

2. Define the time of exercise of functions to consider an individual as PEPs





REGISTRO

3. Create a PEPs registry



4. Modify obligations so PEPs declare information of relatives and people close to them



5. Update of declaration of goods and incomes of senior public officials.



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