

PREVENTION OF MONEY

LAUNDERING

What is Money Laundering?

A worldwide body, the Financial Action Task Force (GAFI), has outlined the concept of money laundering as; the activity carried out by a person or groups of people to:

- Convert or transfer
- Conceal the true nature, source, location, disposition, movement, ownership and/or
- Cover up the acquisition, possession or use of a property knowing that it originates from a criminal activity.

In this way, it is about disguising the crime to help, precisely, that the offender is not discovered and evades the legal consequences.

Who Commits the Illicit?

All those people who directly or indirectly carry out the following activities:

- They have, acquire, transfer, manage, use, maintain, safeguard, deliver, transport, convert or benefit from assets of illicit origin.
- Hide, disguise or prevent knowing the origin of said assets.
- They lend their name or that of the company or company, of which they are partners or shareholders, to commit the crime.
- In the same way, they organize, manage, advise, participate in or finance crime.
- They carry out by themselves or by third parties, operations and financial or economic transactions, to camouflage the laundering activities under legality.
- Money of illicit origin enters or withdraws from the country.



Ways To Launder Money

Money laundering networks every day create new ways to evade controls around the world. However, in general, there are 6 basic forms:

- Purchase and sale of goods or monetary instruments, at prices well below those of the market or appraisal. The seller participates since he gets a commission. Then the launderer sells what he has acquired at the market price.
- Creation of ghost companies, legally constituted under a commercial activity.
- Participation of public officials, who fail to report irregular transactions or activities.
- Use of the company to mix legal and illegal money and report it as profit for the fiscal year.
- Use of a large group of people to carry out operations for amounts lower than those that are subject to money laundering control.
- Use natural persons interposed, or phantom or supposed legal persons, residents in Peru or in any other jurisdiction, in order to evade compliance with tax obligations.

Who Controls Laundering In The Country?

The Monetary and Financial Policy and Regulation Board is in charge of preventing money laundering. And the Financial and Economic Analysis Unit (UAFE) is its executing body, to whom they report:

- The Superintendency of Banking, Insurance and AFP (SBS)
- The National Customs Service of Peru
- The State Attorney General's Office
- The National Police
- The Financial Intelligence Unit of Peru (FIU)



What is the role of an auditor?

The institutions of the financial and insurance system are in charge of reporting to the UAE the necessary information to determine if unusual activities are carried out, as well as:

- Accompany each of its clients' processes. So that it allows the integration of a structure capable of specializing each of the advisory stages.
- Alert on possible suspicious activities and decipher all the possible channels by which they could have leaked.
- Supervise and audit, based on financial and market information, compliance with the rules imposed by the control entities, understanding the environment of each company.

SIMPLIFIED SCHEME



