

December the 6th of 2016, Autonomous City of Buenos Aires, Argentina

Financial Action Task Force (FATF)

President

Mr. Juan Manuel Vega-Serrano

Dear Mr. Vega-Serrano,

My name is Agustín Carrara and I am the Executive Director of the Center for Research and Prevention of Economic Crimes (CIPCE, by its Spanish acronym). I am writing to you **to express our deep concern regarding the current Argentina's National Government policies for the prevention and prosecution of money laundering**, related to the measures implemented this last year.

CIPCE is a nongovernmental organization dedicated since 2003 to the development of policies for prevention and prosecution of economic crimes. Our main objective is to promote the investigation of economic crime, as well as to promote the development of mechanisms for asset recovery and a transparent administration of these assets. In this sense, public policies regarding prevention and prosecution of money laundering are a crucial concern in our everyday activities.

During the last year, the Financial Information Unit –and the Executive Branch of the National Government– have been promoting a set of decisions with extremely negative effects regarding the prevention of money laundering.

One of the most recent actions is the Decree 1206/16 of the Executive Branch related to the law 27.260, which regulates a **voluntary tax compliance program**. One should take in account that this law forbids public servants to benefit from this program (article 82). It also forbids family members of public servants to access the program (article 83). However, through out this Decree, the Government has allowed family members to enter the voluntary tax compliance program, by only fulfilling minimum requirements. Therefore, the Government has violated the spirit of the bill passed by the National Congress. This way, **the Executive Branch is providing an amnesty for economic crimes despite the Legislative Branch had established a specific prohibition to this matter**.

This is connected to the course of action that Argentina's Financial Information Unit (UIF, by its Spanish acronym) has followed during the last year **regarding the prosecution of tax crimes**. In our country, tax evasion is a predicate offense to money laundering. That is why the UIF has the legal obligation to investigate and prosecute these cases. This is along the same line with international recommendations. However, **regarding the prosecution of tax evasion and capital flight, the president of the Financial Information Unit has publicly expressed a**

position that arises deep concerns. Moreover, Mariano Federici (chair of the UIF) has sustained that:

“The decision of many Argentinean savers to protect their wealth and savings in safer laws or more stable currencies [in this case referring to tax evasion and capital flight] ends up being, both from a legal and economic point of view, an understandable and reasonable decision given our context even when these practices, from a technical-juridical point of view, put these people in an irregular situation regarding our Internal Revenue Service”¹.

We can point out another set of alarming measures. For starters, since December of 2015 the Financial Information Unit has been directed by a group of people that until recently had been working as defenders and advisors for professionals and companies investigated and sanctioned for money laundering. Thus creating a clear **conflict of interests**. Afterwards, there were another measures in the same line: **massive dismissals of employees** of the Unit; a **sudden transference** of the UIF to the Ministry of Public Finance with no public reason; the **progressive shortening of functions** taking into account by the UIF and, in consequence, a **reduction of controls** on economic crimes. In addition, this sustained dismantling of our money laundering prevention system is complemented by **the absence of a National Risk Assessment for Money Laundering** and Terrorism Financing, which must be done by the UIF (Resolution Nº 473/2014).

That is why from CIPCE we evaluate with great concern the policies that the Argentine State has taken into matter during the past year. We should recall that in 2014 Argentina finally left the lists of countries subject to intensive follow-up controls in order to comply with the international anti-laundering recommendations. As we understand that **all these actions generate a clear risk for Argentina to re-integrate the lists of countries that do not fulfill the international anti-laundering obligations**, we ask the FATF to request to the Argentine Executive Power to comply with international standards in the field of money laundering prevention.

If you have any request for data information regarding this matter please do not hesitate to contact us.

Sincerely,



Agustín Carrara
Director Ejecutivo
CIPCE

¹ <http://www.eldestapeweb.com/el-audio-del-titular-dela-uif-justificando-la-evasion-fiscal-n21632>