



Anti-money laundering and counter-terrorist financing measures

Argentina

Mutual Evaluation Report

December 2024





The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CTF) standard.

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(fax: +33 1 44 30 61 37 or e-mail: contact@fatf-gafi.org).

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Executive Summary

1. This report summarises the AML/CFT measures in place in Argentina as at the date of the on-site visit in March 2024. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Argentina's AML/CFT system and provides recommendations on how the system could be strengthened.

Key Findings

- a) Argentina has a developing understanding of its money laundering (ML) risks and a general, albeit uneven, understanding of its terrorist financing (TF) risks, as reflected on its ML and TF national risk assessments (NRAs). There are some important shortcomings in both ML and TF risk understanding, including the lack of in-depth understanding of ML risks stemming from informality and corruption. Competent authorities and reporting entities have a good understanding of geographic ML/TF risk and some key stakeholders have a stronger general understanding of TF risk than others.
- b) Argentina has generally effective national coordination and cooperation mechanisms for ML and TF, including a national AML/CFT/CPF Coordination Committee and a National Coordination Program. Argentina's Financial Intelligence Unit (FIU) plays a very important role in national coordination, as the lead for operational matters and the main AML/CFT supervisor. All relevant stakeholders communicate frequently and address common concerns, as needed, through *ad hoc* working groups (*mesas de trabajo*), though operational coordination is not guided by standard operating procedures where circumstances would require it (see IO.7, IO.9). The policies, objectives and activities of competent authorities are in line with the country's assessments and understanding of ML/TF risks to a large extent, and this materialises through the creation of specialised units; the expansion of provincial offices according to risks, and the focus on the Tri-Border Area (TBA).
- c) Law enforcement authorities (LEAs, public prosecutors, and investigative judges) access and use financial intelligence from a broad range of sources, including the FIU, which extensively support their ML, predicate offences, and to a lesser extent TF investigations. The FIU's prioritisation and analysis processes are robust, allowing for quality disseminations, which trigger half of the investigations in the prosecutor's dedicated financial crime unit PROCELAC. However, the low or inexistent STR reporting from high-risk sectors (real estate, securities, VASPs and lawyers), significant quality issues in STRs, the limited use of intelligence from cross-border cash movements, and the low numbers of TF-related intelligence are significant

gaps. The FIU's disseminations are relatively in line with the country's risk profile, although to a lesser extent as regards tax offences and corruption. In a few, but notable instances, the AT questions the independence of the FIU in corruption-related cases.

- d) Argentina has invested significant efforts to enhance the identification, prosecution, and conviction of ML cases. Argentina achieved some remarkable convictions over the review period, though the number (91) is relatively low for a country the size of Argentina and most convictions feature relatively simple ML schemes, only partially in line with Argentina's risk profile. Although PROCELAC is a significant asset in pursuing ML cases, there is no mechanism to ensure that they contribute to all relevant cases. The concept of parallel financial investigation is not yet integrated by all LEAs and the length of ML cases at various stages is a concern. Sanctions are generally proportionate and dissuasive.
- e) Argentina has been increasingly focusing on asset recovery for the past decade, making it a policy objective and consequently expanding its legal and practical toolkit, and is confiscating the proceeds and instrumentalities of crime to some extent. However, this paradigm shift has not yet been fully internalised countrywide. The few confiscation results regarding proceeds of crime moved abroad, and confiscation of falsely or undeclared currency and detection of illicit cross-border cash, are not in line with Argentina's risk and context. In addition, challenges in collecting statistics are undermining the establishment of policies.
- f) Argentina has a regulatory framework that, despite minor deficiencies, is overall adequate to identify, investigate, prosecute, and sanction TF. The Public Prosecutors Office (PPO) and the Judiciary are responsible for investigating TF and the PPO has a specialised office competent to initiate preliminary investigations and file TF criminal complaints. Argentina has conducted six TF investigations that are broadly in line with its risk profile. However, the limited number of investigations, the lack of prosecutions and the absence of TF convictions do not appear entirely consistent with the country's medium-low risk profile. Argentina identifies TF cases mainly through TF-related suspicious transaction reports (TFTRs) submitted by reporting entities, which are primarily related to targeted financial sanctions related to TF (TF-TFS) checks and information from foreign partners. TF strategic analysis, other proactive detection work, and outreach to the reporting entities, are still very limited. There have been no convictions for TF in Argentina, hence, it is not possible to assess the effectiveness of criminal penalties for TF. Argentina has applied some alternative measures to disrupt possible TF activity.
- g) Over the review period, Argentina has implemented TFS related to TF pursuant to United Nations Security Council Resolution (UNSCR) 1267 and has listed nine natural persons and two legal persons pursuant to UNSCR 1373. The country's TFS framework has resulted in the freezing of funds and assets associated with designated persons. Argentina mainly relies on the use of national designations and administrative freezing orders to counter TF, although, some technical deficiencies limit its effectiveness.

Argentina has not clearly identified the sub-set of non-profit organisations (NPOs) that meet the FATF definition and took a broad approach to NPOs during the review period, not in line with a risk-based approach. Argentina considered risks to the sector in a TF risk assessment in 2023 and conducted some outreach.

- h) Financial institutions; designated non-financial businesses and professions and virtual assets services providers (FIs, DNFBPs and VASPs) and other persons and entities in Argentina are not required to implement targeted financial sanctions related to proliferation financing (PF-TFS), and, during the reviewed period, the country lacked a competent authority responsible for implementing and enforcing PF-TFS and related requirements. This compromises the country's ability to identify persons and entities designated by the UNSCRs on weapons of mass destruction, deprives them of resources and prevents them from raising, moving, and using funds or other assets for the financing of proliferation. This critical deficiency is amplified by gaps in PF expertise and awareness in the private and public sectors and shortcomings in Argentina's AML/CFT framework associated with commonly used methods by the Democratic People's Republic of Korea (DPRK) to raise or move funds.
- i) FIs are mostly aware of ML/TF risks and have an overall good understanding of ML risks and an uneven understanding of TF risk, with an uneven application of mitigation measures. Due to the legal and regulatory constraints imposed on foreign exchange transactions, as well as restrictions and limitations to sending money abroad, some sectors such as money remitters have had their activities drastically reduced, leading to a lower exposure to risk but growing informality in some sectors. The application of risk-based mitigating measures is still uneven across reporting entities, and there are some important challenges in quantity and quality reporting.
- j) Argentina has a well-designed AML/CFT supervision framework that combines the expertise and workforce of specific oversight bodies (SOBs) and the FIU to conduct AML/CFT supervision, as well as leveraging external auditors. Supervisors are equipped with appropriate powers, some good tools (e.g. risk matrices), and experience. This supervision is risk-based to some extent but does not achieve greater effectiveness because of serious human and information technology (IT) resource constraints given the large number of reporting entities, especially in the case of the FIU. Generally, all supervisors apply good market entry controls and detect unauthorised activity, with some having more robust controls, such as the BCRA. Supervisors have a developing understanding of ML and TF risks and continuously strive to improve them. VASPs, company services providers (CSPs) and lawyers were not supervised until the on-site visit. Annual sector coverage combining remote and on-site examinations is generally good for SOBs, in particular Argentina's Central Bank (BCRA) and the Securities Commission (CNV), but quite low for the FIU considering the volume of reporting entities. The sanctioning regime is not dissuasive, and the detection and sanctioning of informal exchange and money value

transfer service providers is inadequate given the country's context.

- k) LEAs adequately obtain basic and beneficial ownership (BO) information on legal persons and arrangements from competent authorities (Public Registries of Commerce, the Federal Administration of Public Revenue (AFIP), the Institute of National Associations and Social Economy (INAES) and the FIU), from banks and to some extent DNFBPs, but this information is not accurately verified and not always up to date. Authorities have assessed and have a good empirical understanding of the ML/TF risks of legal persons and arrangements, but there are some shortcomings. Authorities have implemented several measures to prevent their misuse. Trustees of foreign-established trusts are not under an obligation to disclose their condition to FIs, making it more difficult to ascertain their identification. Argentina is applying available sanctions for failures to declare basic and BO information to competent authorities to a limited extent.
- l) Argentina provides constructive legal assistance and extradition to a large extent. Argentina seeks mutual legal assistance (MLA) and extradition to some extent. : Outgoing requests, especially for asset recovery purposes, are not fully in line with Argentina's risk profile. However, the use of joint investigative teams has had a direct impact on the need to seek more MLA requests for gathering evidence and asset-recovery. The emphasis on pursuing cross-border aspects of ML and predicate crime investigations is recent and still developing across federal and local prosecutors. Regarding other forms of cooperation, AFIP actively seeks and provides international assistance for both tax and customs information, but not for cross-border cash movements. LEAs and security forces regularly cooperate through various channels, dedicated task forces (e.g., *Comando Tripartito*) and joint investigative teams. The FIU actively shares spontaneous disclosure with its counterparts and prioritises incoming requests where the urgency appears "obvious" to the FIU, but is not proactively seeking enough international assistance for STR analysis. SOBs cooperate internationally only within their prudential supervision responsibilities, as the requirement to channel cooperation requests through the FIU is inefficient and has not been used successfully .

Risks and General Situation

2. The Argentine Republic (referred to as Argentina) is the eighth largest country in the world and the second in South America. Argentina has over 15,000 km of borders, notably shared with Brazil (1132 km), Bolivia (742 km), Chile (5308 km), Paraguay (1699 km), and Uruguay (495 km). Argentina also shares an important waterway with Brazil, Bolivia, Paraguay and Uruguay, the Paraná-Paraguay waterway, which serves as a corridor for 80% of Argentina's exports and a gate to the Atlantic Ocean.¹ Argentina also shares an important physical intersection with Brazil (Foz do Iguazu) and Paraguay (Ciudad del Este), referred to as the Tri-Border Area (TBA).

3. Argentina faces important ML risks, despite the overall ML risk level being self-assessed by Argentina as a medium. ML risks derive primarily from domestic threats with proceeds laundered both in the country and abroad. The main predicate offences are drug trafficking, tax evasion, corruption, smuggling, fraud, and human trafficking. Crimes including drug trafficking are committed primarily by clan-based organisations, which commonly use the purchase of real estate and high-value goods, as well as shell companies, as a front for illicit activities and laundering of proceeds. Argentina detected the presence of important organised criminal groups from neighbouring jurisdictions especially in the areas of Rosario and the TBA, but major organised criminal groups (OCGs) are not prevalent in the country. Criminals also exploit the widespread use of cash, the banking system through the opening of multiple accounts, as well as informal money value transfer, foreign exchange channels and, more recently, the purchase of virtual assets (e.g., purchase of bitcoin withdrawn in USD in Argentina) and trade-based ML (TBML, e.g., companies are created abroad, to misrepresent or fake the export of grains or other goods).

4. Argentina assesses its TF risk as overall medium-low, especially considering the presence of transnational organisations in neighbouring jurisdictions (e.g., individuals sympathetic or related to Hezbollah, designated as a terrorist organisation by Argentina) which take advantage of the country's long and porous borders, including the TBA, to move in and out of Argentina and could use the jurisdiction to fund their activities. According to authorities and the TF NRA, there are no reports of UN designated terrorist groups operating in Argentina or actively using Argentina as a source of funds or recruits, although Argentina's NRA indicated that there could be ISIS sympathizers, lone wolves, and right-wing extremism sympathizers in the country.

Overall Level of Compliance and Effectiveness

5. Argentina has significantly strengthened its AML/CFT legal framework since its previous mutual evaluation in 2010. Argentina had a number of FATF Recommendations rated non-compliant and has now only one area needing major improvement in relation to targeted financial sanctions related to proliferation (R.7). Argentina has achieved the most expected outcomes regarding effectiveness of its AML/CFT framework to a moderate extent. Some important regulatory improvements took place only recently, e.g., during the on-site visit in March 2024 (such as formally including VASPs and lawyers as reporting entities) and require time to increase the effectiveness of the overall system. Other nascent improvements, such as the shift to a greater focus on financial investigations and asset recovery, have started to show initial results.

¹ Argentina's National Risk Assessment, p. 27.

Assessment of risk, coordination, and policy setting (Chapter 2; IO.1, R.1, 2, 33 & 34)

6. Argentina assesses its ML/TF risks primarily through its NRAs. Argentina concluded its first ML NRA in September 2022 and a separate National TF and PF Risk Assessment in 2019, updated in 2022. The NRAs gathered a range of participants from the public and private sectors and broad qualitative and quantitative information. Argentina maintains statistics on matters relevant to the effectiveness of its AML/CFT system through different mechanisms some of which are not yet fully effective.
7. Argentina has a developing understanding of its ML risks and a general, albeit uneven, understanding of its TF risks, as reflected in its ML and TF NRAs. Ongoing work in the framework of its National AML/CFT Committee and National Strategy, as well as typologies and red flags disseminated by the FIU, PROCELAC and AFIP also contribute to ML/TF risk understanding. Competent authorities and reporting entities have a good understanding of the geographical ML/TF risk. However, the understanding of ML/TF risks in terms of sectors, products and services, international financial flows, and ML/TF techniques are still developing and uneven across the participants of the AML/CFT system (e.g., for TF, reporting entities focus on TF-TFS-related reporting). In addition, there are some important gaps in assessing and understanding ML risks mainly related to informal financial services, corruption, TBML, and sectoral risks, including but not limited to risks of VASPs and lawyers and to its international dimension.
8. Argentina has in place good mechanisms for national coordination, in which its National Coordination Committee leads the coordination of policy and strategy and the Coordination Program leads the operational coordination, though operational coordination is not guided by standard operating procedures where circumstances would require it (see IO.7, IO.9). The FIU also has key role in coordinating operational work and policies. All authorities communicate frequently and effectively to address common issues including through *ad hoc* working groups (*mesas de trabajo*). Activities of competent authorities are aligned with main geographic ML/TF risks and most major predicate offences especially drug trafficking.

Financial intelligence, ML investigations, prosecutions, and confiscation (Chapter 3; IO.6, 7, 8; R.1, 3, 4, 29–32)

Use of Financial Intelligence

9. In Argentina, federal LEAs (public prosecutors and investigative judges) lead ML/TF investigations. Traditional investigative forces (the Argentina Federal Police, the Argentine National Gendarmerie, the Argentine Coast Guard, and the Airport Security Police) do not independently investigate ML but assist the prosecutor or investigative judge as auxiliary forces, besides carrying out precautionary measures in the framework of their competencies and have specialised or dedicated ML resources. They are important triggers of ML investigations.
10. LEAs regularly access and use a vast array of financial intelligence and other information to support ML and related predicate offences investigations both from their sources and the FIU, including for the tracing of assets for confiscation – but to a lesser extent TF investigations. The FIU's analysis processes are robust, allowing for quality dissemination, although they are mostly reactive. However, there are some concerns regarding the independence of the FIU in a few, but notable, corruption related ML cases.

Investigation and prosecution of ML

11. Over the past decade, Argentina has strengthened its legal and institutional framework to investigate, prosecute and convict ML and is pursuing ML, and especially its main predicates to

some extent. LEAs are increasingly applying a “follow the money approach” closely linked to their pursuit of asset recovery. LEAs have also increasingly conducted parallel financial investigations in the last years, mostly led by the prosecutor’s dedicated financial crime unit PROCELAC, though numbers seem to indicate that it is not yet systematic and uneven across LEAs. Argentina investigates all types of ML and uses special investigative techniques and joint investigation teams where appropriate. Argentina’s ML investigations are only partially in line with its risk profile, with drug-trafficking being the main predicate offence, followed by tax offences, and to a lesser extent corruption. However, tax crimes and corruption feature a very low number of convictions, which is not in line with the country’s risk profile. False or undeclared cash did not yield any ML investigations in the past five years, which is also not in line with Argentina’s risk profile. Sanctions are found to be overall effective, dissuasive, and proportionate.

Confiscation

12. Confiscation has been pursued as a policy objective, including by increasingly seeking to identify assets moved abroad. Argentina secured confiscation of both proceeds and instruments of crime in almost all cases in which a ML conviction was achieved, which is commendable, although recovered amounts are modest. Argentina also pursued confiscation without conviction in some ML cases. Available data tends to demonstrate that confiscation is pursued in especially drug-related cases to some extent, but confiscated amounts are scarce. The number of false/non-declarations identified by Customs and proceedings conducted by security forces to seize cash are inconsistent with the widespread presence and use of cash (especially USD), the informal economy, and the porous long borders, which the NRA identifies as a medium-high vulnerability. Few cases were prosecuted for ML and resulted in a conviction.

Terrorist and proliferation financing (Chapter 4; IO.9, 10, 11; R. 1, 4, 5–8, 30, 31 & 39.)

13. Argentina has a general understanding of its TF risk with areas for further enhancement. TF risk understanding is based primarily on the NRA findings, which highlighted risks in the Tri-Border Area and networks linked to Hezbollah. According to the TF NRA, Argentina’s TF risk is medium-low. Argentina has conducted some TF investigations, which are mostly reactive, and the FIU depends heavily on TF-related STRs for detection. While the few investigations are mostly in line with the country’s risk profile, the lack of prosecutions and the absence of TF convictions are not entirely consistent with the TF risk level due to Argentina’s exposure to some TF activity, long and porous borders, and the presence of informal financial services. Expertise and capabilities to effectively conduct TF investigations lie with PROCELAC, but they have not been involved in all TF cases.

14. Although Argentina has no TF convictions and thus no confiscation, nor seized assets in TF investigations, Argentina has a legal framework to implement TF-TFS, and national designations and administrative freezes have resulted in frozen assets, including bank accounts, and real estate property.

15. Argentina mainly relies on these measures to counter TF. However, some technical and practical deficiencies limit the effectiveness of Argentina’s framework, including delays in implementation and the limited scope of TFS obligations. Additionally, there have been several cases in which reporting entities have been sanctioned by regulators for failing to comply with their TFS obligations.

16. Argentina has not clearly identified the sub-set of NPOs that meet the FATF definition, although the country’s risk assessment identified some activities in the not-for-profit sector that

posed TF risk and has engaged with the not-for-profit sector since concluding its NPO risk assessment in 2023. The broad approach to the sector taken during the review period limits the authorities' ability to take a focused, proportionate, and risk-based approach to NPOs.

17. FIs, DNFBPs, VASPs and other persons and entities in Argentina are not required to implement PF-TFS. Argentina lacked a competent authority responsible for implementing and enforcing PF-TFS and related requirements during the review period.

Preventive measures (Chapter 5; IO.4; R.9–23)

18. Banks, insurance companies, remittance, and complementary financial services companies such as payment services providers show greater robustness in the application of preventive measures, especially in terms of due diligence measures, BO identification and ongoing monitoring. For the rest of the sectors, the preventive measures applied are still uneven and, in some cases, more focused on pure compliance without appropriately applying a risk-based approach.

19. The application of risk-based mitigating measures is still uneven throughout the Argentinean obligated entities, which is to be expected in such a diverse and extensive market. Although some sectors present a more robust risk-based approach to compliance, especially related to ML, there is still room for improvement particularly related to TF monitoring and reporting obligations. There are some important challenges in quantity and quality reporting across reporting entities.

20. The general understanding of TF has some room for improvement, even considering Argentina's medium-low-risk profile, as identified by the NRA. Aside from list-checking, not many measures for detecting and eventually reporting TF-related suspicious activity have been presented, not even by those sectors with stronger AML/CFT controls such as banks.

Supervision (Chapter 6; IO.3; R.14, R.26–28, 34, 35)

21. The FIU has the primary responsibility for supervising all reporting entities and shares this authority with Specific Oversight Bodies (SOBs) for the core principles institutions and cooperative and mutual associations sector, each of which has a risk-based approach for AML/CFT supervision. The FIU benefits from the business knowledge and experience of long-standing prudential supervisors. The FIU and SOBs communicate frequently and use *ad hoc* working groups (*mesas de trabajo*) to address common issues. Until the recent amendment of the law, VASPs, CSPs, and lawyers were not covered in the AML/CFT supervisory regime of the country.

22. Generally, all supervisory authorities have market entry controls to prevent criminals from being the BO or holding a management function in supervised entities. SOBs, and in particular BCRA, have all taken steps to identify unauthorised/unlicensed financial activity. The absence of FIU action to identify and sanction unlicensed MVTs activities is concerning, especially since such schemes appear in some ML cases. The FIU does not have adequate human resources to police the market sufficiently.

23. AML/CFT supervisors have a developing understanding of ML/TF risks. Supervision risk matrices are well-designed and continuously improved. Indicators used in risk assessment and ratings of institutions are generally reasonable. Risk-based supervision and/or monitoring by the FIU and SOBs is not fully aligned with the risks identified in the NRAs, typologies, and ML schemes emerging in ML prosecutions. Coverage of TF in supervisory activities is not expanded beyond the implementation of TFS. The staff of the FIU supervision divisions is qualified, but the number of examiners is inadequate to cover the huge volume of reporting entities.

24. Sanctions for non-compliance with AML/CFT obligations lacked dissuasiveness until the recent amendments in the AML/CFT Law (during the on-site visit). Although the issues in the legislative framework have been addressed, implementation and effectiveness of sanctions require urgent attention of the competent authorities. The limitations in the sanctioning regime are partially compensated by relatively effective follow-up and implementation of remedial actions.

Transparency and beneficial ownership (Chapter 7; IO.5; R.24, 25)

25. Information on the creation, nature, and obligations of the different types of legal persons and arrangements is publicly available in Argentina.

26. Express trusts cannot be formed under Argentina's law; however, foreign trusts/trustees can operate in the country subject to registration and their trustees are not yet required to disclose their condition to FIs and DNFBPs when establishing business relationships or conducting occasional transactions. The *fideicomisos* are a type of legal arrangement widely used in Argentina.

27. Argentina has developed a first assessment of the ML/TF risks of legal persons and arrangements in its 2022 NRA and associated mitigating measures. While this is a good step, it lacks depth and does not capture important features. Competent authorities demonstrated a better empirical understanding of these risks. However, they did not fully consider the potential risks associated with irregular or *de facto* companies, as well as the so-called inactive companies.

28. Argentina holds basic and some beneficial ownership in 24 provincial registries which are not uniform or interconnected. However, except for Simplified Joint Stock Companies (*Sociedades por Acciones simplificadas*, SAS), notaries collect and verify ownership information including BO information as part of the registration process of legal persons and arrangements when its creation involves the preparation of a public deed. In cases where the constitution of the legal person or legal arrangements does not require a public deed, the intervention of the notaries is rather limited, which is a major deficiency since BO and other information are supported by affidavits.

29. LEAs and the FIU can nevertheless obtain timely information on BO by requesting it from the different authorities holding it and have demonstrated their ability to identify the actual BOs in some cases (see IO.7) where the information was not accurate in the relevant Registry. Argentina does not allow bearer shares/warrants or nominee shareholders or directors, though the use of frontmen has been observed in some ML/TF cases.

30. Although available in law, Argentina is applying sanctions for failures to comply with the requirements regarding disclosure of basic and BO information to a limited extent.

International cooperation (Chapter 8; IO.2; R.36–40)

31. Argentina provides constructive legal assistance and extradition to a large extent. In particular, their execution is usually slowed down in the judicial phase. Argentina has two central authorities (DAJIN and DNAI) to channel MLA requests, which are well staffed and efficiently perform their duties though they prioritise and monitor requests to varying degrees.

32. Argentina seeks MLA and extradition to some extent and not completely in line with the country's risks. While the majority of ML/TF cases in Argentina have international elements, the emphasis on pursuing cross-border aspects of the investigations is still developing, especially for asset recovery purposes. However, the use of joint investigative teams has had a direct impact on

the need to seek more MLA requests for gathering evidence and asset-recovery. Feedback from the global network underlined that the quality of requests issued was generally good.

33. Other forms of international cooperation are also important in the context of Argentina, with strong regional and international partners and are pursued to varying degrees. The FIU actively shares spontaneous disclosures with its counterparts but is less proactive when it comes to seeking information for its STR analysis (see IO.6 on proactive dissemination).

34. The FIU has improved its response time, and prioritises incoming requests where the urgency appears “obvious” to the FIU. Feedback on the quality and timeliness of assistance it provides is good. AFIP actively seeks and provides international assistance for both tax and customs information, with the exception of active cooperation on cross-border movements of cash. The exchange of information between the securities forces, PPO and foreign counterparts is effective and mostly conducted through various channels, including Interpol, asset recovery networks, dedicated task forces, joint investigative teams, and bilateral and multilateral agreements.

35. The FIU, in its capacity as the sole AML/CFT supervisor for the entire DNFBP sector and some FIs, has never sought or provided international cooperation for AML/CFT supervision purposes. The requirement for the SOB to channel cooperation requests through the FIU is inefficient. Argentina responded to some requests made by foreign authorities regarding basic and BO of legal persons, although shortcomings identified in IO.5 regarding accuracy and updating of BO information affect the quality of the assistance provided to some extent.

Priority Actions

- a) Argentina should keep improving the assessment, understanding and mitigation of its ML and TF risks by addressing the gaps identified in this report, especially regarding the modus operandi of ML schemes, the proceeds of corruption, ML risks related to the informal economy and financial services, the abuse of sectors, legal persons, and products. Argentina should develop risk-based policies and action plans to suppress or formalise informal money service providers and to prevent their potential abuse for ML/TF purposes.
- b) Argentina should focus on investigating and prosecuting ML cases to a greater extent and in line with its risk profile. This should include more focus on high ML threats such as corruption, tax evasion, human trafficking, and specific threats such as unauthorised financial intermediation and illegal currency exchange.
- c) Argentina should ensure that PROCELAC is involved in all major ML or related predicate offence cases, either as a lead or as *coadyuvante*, where relevant, by developing a standard operating procedure or protocol and conducting outreach activities to all LEAs. In parallel, Argentina should strengthen the understanding and use of parallel financial investigations across all LEAs, raising awareness about the work of PROCELAC and DAFI and fostering cooperation among the relevant units, to systematise their involvement whenever a financial component is identified in a predicate offence investigation.
- d) Argentina should reconsider the role of the FIU as *querellante* and ensure that there are clear safeguards when they exercise this function.
- e) In line with its risk and context, Argentina should fully assess the risks related to outgoing cross-border movements of cash, focusing on key border regions with higher criminal threats. Argentina should increase and streamline controls to detect and seize undeclared cash, also at unauthorised border crossings. Argentina should also step-up its recently initiated efforts to recover assets abroad.
- f) Argentina should consider developing a national CT strategy in line with its risk and context, which concretely integrates TF to enhance cooperation and add more cohesion to the approach of all relevant authorities (including the FIU, LEAs, the intelligence directorates as well as the judiciary). Argentina should ensure that PROCELAC intervenes in all TF cases.
- g) Argentina should develop other means and procedures for identifying TF activity, besides relying on TF-STR reporting, and pursuing incoming TF leads from foreign partners, including: (i) closer coordination and regular meetings with intelligence directorates; (ii) the issuance of an action protocol that, when the situation calls for it, involves all competent authorities (task force) to proactively scan and investigate leads from all sources; (iii) when feasible, using special investigative techniques; (iv) monitoring known individuals and (v) engaging in outgoing international cooperation to improve the tracking of persons with connections to Argentina and to follow funds that flow out of the country that may be directly or indirectly supporting terrorism/terrorists.
- h) Authorities must strengthen the RBA understanding among all obligated sectors,

with a special focus on the newly regulated or those sectors with new requirements (e.g., VASPs and lawyers are new reporting entities; accountants were not required to conduct a risk assessment until the on-site visit). Authorities need to address the issues in quantity and quality of STRs, in particular, for DNFBPs. Relevant authorities need to better support the private sector to enhance its understanding of TF and TF-related risks and generate better quality and more threat-based TFRs.

- i) Argentina should strengthen the implementation of its risk-based AML/CFT supervision by (i) ensuring balance between the scope of reporting entities covered and the resources they require; (ii) improving its alignment with broader information on ML/TF risks; (iii) allocating additional resources to FIU's registration and supervision teams; (iv) implementing rapidly effective risk-based supervision of VASPs and lawyers; (v) implementing effective, dissuasive and proportionate sanctions; and (vi) developing and delivering country and sector-specific guidance.
- j) Argentina should address the technical compliance deficiencies in R.6 and R.7 and ensure adequate implementation of its TFS framework both for TF and PF. Argentina should identify which not-for-profit sector participants fall under the FATF definition of NPOs, assess the TF risks they are exposed to and develop appropriate measures to prevent TF in line with it, including targeted outreach.
- k) Argentina should develop a robust system of verification of basic and BO information of legal persons and arrangements. To this end, Argentina should (i) digitalise and interconnect its Public Registries of Commerce, (ii) speed up the completion of the National Company Registry and (iii) ensure that the newly created BO registry contains exhaustive and up-to-date information.
- l) In line with Argentina's risk profile, the FIU should be more proactive in seeking international assistance for STRs analysis involving international elements; and the prosecutors and investigative judges should enhance the active use of formal international cooperation in a systematic manner, with a focus on recovering proceeds of crime being moved and laundered abroad.

Effectiveness & Technical Compliance Ratings

Table 1. Effectiveness Ratings

IO.1 - Risk, policy and co-ordination	IO.2 International co-operation	IO.3 - Supervision	IO.4 - Preventive measures	IO.5 - Legal persons and arrangements	IO.6 - Financial intelligence
Moderate	Substantial	Moderate	Moderate	Moderate	Moderate
IO.7 - ML investigation & prosecution	IO.8 - Confiscation	IO.9 - TF investigation & prosecution	IO.10 - TF preventive measures & financial sanctions	IO.11 - PF financial sanctions	
Moderate	Moderate	Moderate	Moderate	Low	

Note: Effectiveness ratings can be either a High- HE, Substantial- SE, Moderate- ME, or Low – LE, level of effectiveness.

Table 2. Technical Compliance Ratings

R.1 - assessing risk & applying risk-based approach	R.2 - national co-operation and co-ordination	R.3 - money laundering offence	R.4 - confiscation & provisional measures	R.5 - terrorist financing offence	R.6 - targeted financial sanctions – terrorism & terrorist financing
LC	C	LC	LC	LC	PC
R.7 - targeted financial sanctions - proliferation	R.8 -non-profit organisations	R.9 – financial institution secrecy laws	R.10 – Customer due diligence	R.11 – Record keeping	R.12 – Politically exposed persons
NC	PC	C	LC	C	C
R.13 – Correspondent banking	R.14 – Money or value transfer services	R.15 –New technologies	R.16 –Wire transfers	R.17 – Reliance on third parties	R.18 – Internal controls and foreign branches and subsidiaries
C	PC	PC	PC	PC	PC
R.19 – Higher-risk countries	R.20 – Reporting of suspicious transactions	R.21 – Tipping-off and confidentiality	R.22 - DNFBPs: Customer due diligence	R.23 – DNFBPs: Other measures	R.24 – Transparency & BO of legal persons
C	C	LC	PC	PC	PC
R.25 - Transparency & BO of legal arrangements	R.26 – Regulation and supervision of financial institutions	R.27 – Powers of supervision	R.28 – Regulation and supervision of DNFBPs	R.29 – Financial intelligence units	R.30 – Responsibilities of law enforcement and investigative authorities
PC	LC	C	LC	C	LC
R.31 – Powers of law enforcement and investigative authorities	R.32 – Cash couriers	R.33 – Statistics	R.34 – Guidance and feedback	R.35 – Sanctions	R.36 – International instruments
LC	LC	LC	LC	C	LC
R.37 – Mutual legal assistance	R.38 – Mutual legal assistance: freezing and confiscation	R.39 – Extradition	R.40 – Other forms of international co-operation		
C	LC	C	PC		

Note: Technical compliance ratings can be either a C – compliant, LC – largely compliant, PC – partially compliant or NC – non compliant.

MUTUAL EVALUATION REPORT OF ARGENTINA

Preface

This report summarises the AML/CFT measures in place as at the date of the on-site visit. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of the AML/CFT system and recommends how the system could be strengthened.

This evaluation was based on the 2012 FATF Recommendations and was prepared using the 2013 Methodology. The evaluation was based on information provided by Argentina, and information obtained by the evaluation team during its on-site visit to the country from the 4th to 26th March 2024.

The evaluation was conducted by an assessment team consisting of financial, legal and law enforcement experts, including:

- Ms. Monna Airiainen, Senior Specialist, Police Department, Ministry of Interior Finland (terrorist financing and confiscation)
- Mr. Kuntay Celik, Senior Financial Sector Specialist, Financial Stability and Integrity Unit, the World Bank (risk and supervision)
- Mr. Jose Carapinha, Legal Counsel, Macao Financial Intelligence Office of the Unitary Police Services of Macao, China (financial intelligence and beneficial ownership)
- Ms. Caroline Horres, Senior Policy Advisor, Department of the Treasury of the United States of America (sanctions)
- Mr. Mehmet Onur Yurdakul, Senior Treasury and Finance Expert and Coordinator, Foreign Relations, Ministry of Finance, Türkiye (legal and law enforcement)
- Mr. Julio Rodrigues, External Relations Coordinator, the Council for Financial Activities (COAF), Brazil (financial)
- Ms. Caterina Greco, Expert, Financial Intelligence Unit of Italy (international cooperation)

With the support of Ms. Diana Firth, Dr. Claire Leger, and Ms. Ariane Schneider from the FATF Secretariat, and Mr. Gustavo Vega from the GAFILAT Secretariat.

The report was reviewed by: Dr Waleed Alhosani (United Arab Emirates), Ms. Michelle González (Panama), Ms. Christina Lymperi (Greece), and Mr. Matthew Shannon (Canada).

Argentina previously underwent a FATF Mutual Evaluation in 2010, conducted according to the 2004 FATF Methodology. The 2010 evaluation and 2014 follow-up reports have been published and are available at: www.fatf-gafi.org/en/publications/Mutualevaluations/Mutualevaluationofargentina.html and <https://www.fatf-gafi.org/en/publications/Mutualevaluations/Follow-up-report-argentina-2014.html>.

The 2010 Mutual Evaluation concluded that the Argentina was compliant with two Recommendations; largely compliant with one; partially compliant with twenty-seven; and non-compliant with nineteen Recommendations. Argentina was rated non-compliant or partially compliant with all 16 Core and Key² Recommendations.

Argentina was placed on, and later exited the enhanced follow-up process in 2014, on the basis that it had addressed most of the deficiencies related to all the Core and Key Recommendations and brought the level of technical compliance with these Recommendations to an essentially equivalent level of largely compliant. Argentina was also subject to and successfully exited monitoring by the International Cooperation Review Group in 2014.

² The core Recommendations as defined in the FATF procedures are R.1, SR.II, R.5, R.10, R.13 and SR.IV. The key Recommendations are R.3, R.4, R.26, R.23, R.35, R.36, R.40, SR.I, SR.III, and SR.V.

Chapter 1. ML/TF RISKS AND CONTEXT

36. The Argentine Republic (referred to as Argentina) is the eighth largest country in the world and the second in South America with over 15 000 km of borders. Argentina shares boxland borders with Brazil (1132 km), Bolivia (742 km), Chile (5308 km), Paraguay (1699 km) and Uruguay (495 km). The intersection between three border cities from Argentina (Puerto Iguazu), Brazil (Foz do Iguazu) and Paraguay (Ciudad del Este) referred to as the Tri-Border Area (TBA), is strategic because of its natural resources, trade, and migration flows³ and is very relevant for ML/TF risks derived from smuggling and other crime. Argentina also shares an important waterway with Brazil, Bolivia, Paraguay and Uruguay, the Paraná-Paraguay Waterway which according to Argentina's NRA serves as a corridor for 80% of Argentina's exports and is a gate to the Atlantic Ocean.⁴ Argentina has 46 234 830 inhabitants⁵ and its official language is Spanish.

37. The official currency in Argentina is the Argentinean Peso (ARS), but United States Dollars (USD) are also commonly used. Argentina has an annual GDP of 610 billion and is classified by the World Bank⁶ as an upper-middle income country.

38. Private individuals and companies residing in Argentina have registered USD 402,6 billion in foreign assets equivalent to 63% of the wealth generated by the Argentinean economy in one year. Of the total amount of foreign assets held by Argentinean residents, an estimated USD 263 billion is held in cash or deposits.⁷ Approximately 48 billion USD of foreign assets are held as direct investments (including real estate) and 88 billion USD as portfolio investments.

39. Argentina is not a major international or regional financial centre, and the financial sector is mostly transactional though important. Argentina is also not a company formation centre. In addition, Argentina has experienced increasingly high inflation (among the highest in the world during the review period⁸) and exchange restrictions put in place to prevent capital flight have made the traditional financial system less attractive for both the domestic and foreign markets. Argentina has a significant informal economy, estimated at 30% of GDP.⁹ In its ML-NRA, Argentina recognised the informal economy as an issue, though noting it is amongst the lowest in the region.

40. As indicated in Argentina's NRA, changes in the Argentine economy in recent decades have led to foreign exchange having a major impact on economic development and a high incidence

³ Argentina's risk & context submission for this mutual evaluation, p. 34.

⁴ Argentina's National Risk Assessment, p. 27.

⁵ Argentina Instituto Nacional de Estadística y Censos, https://www.indec.gob.ar/ftp/cuadros/poblacion/censo2022_indicadores_demograficos.pdf (accessed 5 April 2024).

⁶ World Bank (2024), <https://data.worldbank.org/?locations=XT-AR> (accessed 5 April 2024).

⁷ Argentina's risk & context submission and information submitted for this mutual evaluation.

⁸ Statista (2024), www.statista.com/statistics/316750/inflation-rate-in-argentina (accessed 9 Aug 2024).

⁹ World Economics (n.d.) www.worldeconomics.com/Informal-Economy/Argentina.aspx (accessed 8 July 2024).

in the savings decisions of families and institutions. As a result of this culturally rooted phenomenon, part of the domestic resources has been redirected towards the formation of external assets of Argentines abroad or towards the holding of USD within the national territory or abroad and the AT concludes that it is logical that criminals would, to some extent, follow a similar approach to preserve their proceeds (e.g. hold their cash or move them abroad).

41. The use of payment services providers (PSPs) and virtual assets (VAs) has increased over the last two years. This is partially due to strong efforts by authorities to promote financial inclusion, in particular related to PSPs, but the use of cash remains prevalent as both (i) a means of payment and (ii) a means of savings and protection against sudden economic downturns. USD banknotes are either kept in safe deposit boxes held by banks or other secure locations in Argentina or moved abroad in cash or other means.

42. Following stronger exchange controls introduced in 2019, a significant part of the formal exchange transactions also shifted to the capital markets. For example, blue chip swaps, a legal transaction through authorised security brokers (where parties involved need to have a bank account) and done by buying and selling CEDEARs (Argentinean certificates of deposit to invest in companies abroad) or bonds which are used to hold USD abroad or to exchange them back in Argentina at a preferential rate.

43. Other formal exchange transactions shifted to informal exchange mechanisms such as the acquisition and cumulation of the "blue" USD, referring to dollars that are bought and sold illegally, and informal money value transfers, where transactions in opposite directions are cleared and settled informally without moving cash. People who provide these informal services are called "arbolitos", and informal exchange houses are called "cuevas". It is a criminal offence to transact in this market and BCRA has implemented mitigation measures, however, there have been important sums of money moved through cuevas. Based on this information, the AT concluded that the medium-low level attributed to this vulnerability is incommensurate with the extent of the problem.

44. The current government is progressively lifting some exchange controls. Authorities indicate that both official and private sources estimate that the volume of these informal transactions is negligible and that their main impact is on macroeconomic expectations rather than on the laundering of criminal assets –the AT is not convinced of this. The BCRA adopted mitigating measures in this regard, including inspections covering the foreign exchange sector, but they showed limited results so far in terms of shutting down informal services and pursuing related ML.

45. To repatriate funds moved abroad and prevent further capital flight, Argentina has promoted several Voluntary Tax Compliance (VTC) programmes through the years including one adopted after the on-site visit in 2024.¹⁰ The tax amnesty program in 2016 was recognised as one of the most successful programmes globally, registering 117 billion USD of undeclared assets, 80 percent of which were in foreign markets.¹¹ This is positive from the point of view of transparency and taxation but also strengthens the need to focus on informality and assets transferred abroad.

46. Argentina is a federal state, subdivided into 23 provinces and one autonomous city which is also the federal capital, Buenos Aires. The National Executive Power is exercised by the President, while the Legislative power is headed by the National Congress, composed of the

¹⁰ 1987, 1992, 2008, 2009, 2013, 2015, 2016 and 2024.

¹¹ EU Tax Observatory (2022), "Revealing 21% of GDP in Hidden Assets: Evidence from Argentina's Tax Amnesty" www.taxobservatory.eu/publications/ (accessed 12 August 2024).

House of the Deputies of the Nation, the House of Senators of the provinces and the Autonomous City of Buenos Aires.

47. Argentina's judicial system is twofold: federal (national) and provincial. It comprises the National Judicial Power (at the federal level) and the Judicial Power of each of the provinces and the Autonomous City of Buenos Aires (at the provincial level). The Public Ministry is an autonomous and independent body, which is made up of the Public Prosecutor's Office (PPO) and the Public Defender's Office. The PPO comprises the National Attorney General's Office (AGO), federal and national prosecutor's offices throughout the country, specialised prosecution units and offices, and general directorates (Law 27148, art. 10). In turn, each province has its local (provincial) Public Prosecutor's offices.

48. In the 23 provinces of Argentina, the federal level encompasses, by law, ML, terrorism, corruption, organised crime involving drug trafficking, smuggling, tax evasion and other crimes that affect the interest of the National State; while the provincial level deals with ordinary crimes and small-scale drug dealing.

49. In the City of Buenos Aires there are four judicial levels which can impact a ML investigation: (i) federal: serious crimes and offences such as drug trafficking, and terrorism; (ii) economic: tax evasion, smuggling and ML; (iii) national: refers to ordinary crimes (i.e., homicides, fraud, etc); (iv) provincial: small-scale drug trafficking (narcomenudeo), crimes with less than three-year sanctions.

50. In 2014 Argentina started implementing its Federal Code of Criminal Procedure (FCCP), in force in two (Salta and Jujuy) out of the 23 provinces at the end of the on-site visit.¹² The FCCP establishes an accusatory and adversarial type of prosecution, based on oral proceedings, intended to simplify, and increase the transparency of the procedures (see Box 3.3 under IO.7 for further information).

51. Argentina is a member of both the G15 and the G20, and a founding member of the United Nations. Argentina is also a member of the Southern Common Market (MERCOSUR), the Organization of American States (OAS) and the Conference of Ministers of Justice of the Ibero-American Countries (COMJIB), among others.

ML/TF Risks and Scoping of Higher Risk Issues

Overview of ML/TF Risks

52. Argentina faces ML risks primarily from domestic threats with proceeds laundered both in the country and abroad. The main domestic threats are drug trafficking, tax evasion, corruption, smuggling, fraud, and human trafficking. The cannabis market is the largest criminal market in Argentina. The cocaine market has become a significant and growing concern over the last decade, as Argentina is a key destination and transit country for regional cocaine trade. There are also reports of both locally produced and imported synthetic illegal drugs that are shipped to Uruguay.¹³

53. Criminals commonly use the purchase of property, including real estate and high-value goods in Argentina and abroad, as well as shell companies to launder proceeds. Argentina detected presence of major criminal groups from neighbouring jurisdictions, especially in the

¹² The FCCP has been in force in the jurisdiction of Rosario (province of Santa Fe and northern part of the province of Buenos Aires) and the provinces of Mendoza, San Juan and San Luis since May 2024.

¹³ Organised crime index (2023), <https://ocindex.net/country/argentina>, (accessed 21 April 2024).

areas of Rosario and the TBA, but major organised crime groups (OCGs) are not prevalent in the country. Criminals also launder proceeds through the banking system through opening of multiple accounts, informal money value transfer and foreign exchange channels, and, more recently, the purchase of virtual assets (e.g., purchase of bitcoin withdrawn in USD in Argentina) and TBML (e.g., under invoicing as well as false invoicing where companies are created abroad to misrepresent or fake the export of grains or other goods). Criminals also still widely use and move cash.

54. Considering informality and the country's long and porous borders, Argentina is exposed to high risks of cross-border cash smuggling (though slightly mitigated by the prohibition to transport physically over USD 10 000 and the fact that more than 50% of the Argentine population is below the poverty line and therefore unlikely to be able to save money) and cash-based ML typologies, including through the real estate sector.

55. Criminals use cuevas for informal exchange transactions, but also informal money and value transfer abroad. Typically, an individual located in another jurisdiction who needs ARS in Argentina will credit an equivalent amount in USD to the account of the accomplice individual abroad. Argentina recognised in its NRA the existence of such informal channels although there are no estimates on transactions carried out in the informal market. Based on on-site interviews, cases, and widespread informal economy the AT believes that this activity is not at a negligible scale as assessed and presented by the country.

56. Informal exchange and money value transfer pose a twofold problem: (i) although these different means of moving assets abroad, without resorting to the banking system, are primarily used to circumvent capital and exchange restrictions, they can also be used to channel criminal money; (ii) the circumvention of capital and exchange restrictions is also a crime, the illicit proceeds of which might be laundered and this offending has therefore been another area of focus for the criminal policy of Argentina.

57. Argentina's main TF risks stem from the presence of transnational organisations in neighbouring jurisdictions (e.g., individuals sympathetic or related to Hezbollah, which was listed in Argentina's domestic terrorism list in 2019) which take advantage of the country's extensive borders, including the TBA, to move in and out of Argentina, and could use the jurisdiction to launder criminal proceeds and fund their activities. According to authorities/the NRA, there are no reports of UN designated terrorist groups operating directly in Argentina or actively using Argentina as a source of funds or recruits, though Argentina's NRA indicated that there could be ISIS sympathizers, lone wolves, and right-wing extremism sympathizers in the country.

58. Argentina has been a target of two major terrorist attacks, both of which killed and injured hundreds of people; the first against the Israeli Embassy and the second against the Israelite Mutual Association (AMIA), on March 17, 1992, and July 18, 1994, respectively. Argentina has identified and designated some responsible persons under UNSCR 1373. To date, authorities have been unable to locate those responsible for either of the two bombings. However, these two terrorist attacks had a significant impact on how Argentina approaches terrorist and terrorist financing.

Country's Risk Assessment & Scoping of Higher Risk Issues

59. Argentina identifies and assesses its money laundering and terrorist financing (ML/TF) risks primarily through its National Risk Assessments (NRAs) and ongoing work in its National AML/CFT Committee, National Strategy, and strategic analysis and typologies by the FIU and other authorities. Argentina concluded its first ML NRA in September 2022 using the FATF Guidance for conducting risk assessments and the Interamerican Development Bank (IDB)

Methodology, as well as input from relevant national authorities and the private sector. The ML NRA was conducted through five thematic working groups on (i) threats, (ii) vulnerabilities, (iii) financial sector, (iv) non-financial sector, and (v) intelligence. Argentina concluded that its risk of ML was overall medium.

60. Argentina also conducted a separate National Terrorist Financing and Proliferation Financing Risk Assessment in 2019, updated in 2022. The first TF assessment was conducted with participation from all relevant authorities, and the updated risk assessment was done through a single working group that included six key government agencies related to TF/PF, including the Secretariat of Intelligence of the State (SIDE formerly known as National Intelligence Agency, AFI).

61. In the final stage of the assessment, the Ministry of Defence participated as well. The TF NRA concluded that Argentina's TF risk was overall medium-low. Throughout both the ML and TF NRA processes, all members of the AML/CFT/CPF Coordination Committee were kept informed of the status and progress achieved, and the Committee made the final analysis.

62. Legal persons and arrangements were covered in both the ML and TF/PF risk assessments. The ML NRA included analyses on VASPs and PSPs, though they mostly related to technical compliance. Argentina completed a separate risk assessment on Argentina's not-for-profit-sector (which includes NPOs) in December 2023.

63. Overall, the AT concluded that the NRAs present a fair, but incomplete picture of the main ML/TF risks in Argentina. Greater analysis is required in some areas, particularly for ML, notwithstanding the National AML/CFT/CPF Strategy and FIU strategic analyses partly cover some of these gaps.

64. The AT reviewed Argentina's ML/TF information, input from international partners, as well as other credible and reliable sources and agreed to focus on the following priority issues, broadly in line with Argentina's ML/TF NRAs and risk and context:

65. **Competent authorities' understanding and mitigation of risks.** The AT focused on the extent to which competent authorities have (i) an adequate understanding of their main ML/TF risks, and (ii) implemented relevant mitigating measures successfully, despite the broad range of risks identified and the economic context in the country. The AT also assessed the impact of recent and ongoing changes in the legal and institutional framework, especially regarding monetary policy, asset repatriation, and movement of funds abroad – and to what extent competent authorities were able to distinguish legal from illegal capital when capital movements seek to circumvent capital movement restrictions. The AT also focused on the understanding and mitigation of risks related to the real estate sector and BO identification, since cases indicate that real estate and legal persons are misused for ML purposes.

66. **Adequate domestic and international cooperation.** The AT sought to understand to what extent Argentina ensures effective and timely coordination among the different competent authorities and numerous stakeholders in the AML/CFT system, including the effect of the recent introduction of the Federal Code of Criminal Procedure (FCCP). In addition, given (i) the cross-border nature of threats faced by Argentina and its extensive and porous borders, and (ii) the tendency by Argentinean nationals to hold assets abroad because of the economic and monetary situation, leading to important capital flows leaving the country, the AT also focused on the extent to which authorities seek effective cooperation from their counterparts, in line with the country's risk profile; and their ability to identify and repatriate criminal assets located abroad.

67. **Vulnerabilities related to competent authorities.** Argentina's NRA focuses more on general inherent vulnerabilities, than on vulnerabilities and deficiencies related to competent authorities' resources and effectiveness. Therefore, having in mind the number of ML/TF cases

and effectiveness of Argentina's AML/CFT/CPF regime, the AT focused on any challenges and resource limitations faced by competent authorities, including continuity and resources of AML/CFT authorities given the political landscape and changing environment. Particular attention was given to the issue of corruption, identified as a vulnerability in the NRA.

68. **ML/TF risks of partially covered FI and DNFBP sectors.** Non-financial credit providers and payment service providers were only partially regulated, while lawyers and VASPs were not regulated as reporting entities until the on-site visit. The assessors therefore focused on the associated ML/TF risks and Argentina's efforts to regulate these sectors. VASPs are a significant, material sector in Argentina. The NRA identifies the vulnerability for both ML and TF as medium-high considering the presence of virtual assets in recent ML cases. Natural or legal persons acting as *fiduciarios* in any kind of *fideicomiso* (a type of legal arrangement regulated and widely used in the country) were already reporting entities, as well as natural or legal persons that are holders of or are related, directly or indirectly, to *fideicomiso* accounts, *fiduciantes* and *fiduciarios* by virtue of *fideicomiso* agreements. During the on-site, Argentina extended the possibility for any natural and legal person or other arrangements to act as a formation agent of a legal person or similar functions (company services providers) and made them reporting entities.

69. **Control of legal persons and arrangements and beneficial ownership identification.** The AT focused on the extent to which competent authorities (i) access adequate and accurate BO information in a timely manner, considering the numerous existing BO registries in Argentina¹⁴ and existing gaps in the legal framework; and (ii) seek and respond to international requests related to BO, with a particular focus on foreign companies and simplified corporations. The AT also focused on the extent to which the volume and relative ease of simplified company formation in Argentina increases the risk of abuse for ML/TF, and the registrars' understanding of these risks, both at national and regional level. Finally, given that almost 10% of corporate vehicles in Argentina are *de facto* companies (see para. 28), the AT explored the mitigating measures implemented by the authorities, including their detection and sanctions.

70. **ML derived from tax crime, smuggling, drug trafficking and organised crime.** According to Argentina's NRA, tax and customs evasion, drug trafficking and smuggling generate significant proceeds for ML, including where these crimes are carried out by organised criminal groups (OCGs).¹⁵ The NRA acknowledges that some OCGs operate in Argentina, although major OCGs are not prevalent in the country.¹⁶ The AT focused on the extent to which the laundering of the proceeds of these offences is successfully investigated, prosecuted, and confiscated.

71. **Corruption-related ML cases.** While the NRA did not include corruption amongst these threats but rather described it as a vulnerability, based on material open-source information, the AT considered this crime as another important ML threat. Given the levels of corruption in Argentina, particular focus was given to (i) corruption-related ML cases, investigations, and successful convictions; and (ii) the understanding of PEP-related AML/CFT obligations in the context of the application of preventive measures by the private sector. The quality of financial intelligence was also an area of interest.

72. **The TBA of Argentina, Brazil, and Paraguay.** The TBA is a strategic area due to its natural resources and it attracts important migration flows.¹⁷ It is one of the principal routes into Argentina for counterfeiting, drug trafficking, and other smuggling operations.¹⁸ **OCGs** are

¹⁴ Both at the national and federal levels (NRA, p.93), although Argentina intends to have a single centralised Public BO Registry under the AFIP.

¹⁵ NRA, p.60.

¹⁶ NRA, p.55.

¹⁷ Argentina's risk & context submission, p. 34.

¹⁸ [Interpol](#), [IOM](#)

often involved in cash and customs smuggling, especially in the TBA, and authorities indicated that OCGs primarily use TBML to launder their illicit proceeds. The AT considered the complexity that the TBA may pose when analysing the extent to which authorities successfully disrupt OCGs' activities related to the proceeds of crimes and TBML.

73. Size of the informal financial services and use of cash. The size of the informal economy and the use of cash were identified as one of the main vulnerabilities in Argentina's NRA. In addition, the analysis of ML convictions in Argentina showed that cash is the main method of payment used in financial flows and the leading way to launder the proceeds of crime.¹⁹ The AT therefore focused on the effectiveness of measures implemented by Argentina which seek to limit payments in cash, and to make them more transparent. Particular attention was given to the measures applied by the authorities to abate and prevent the proliferation of informal unregistered foreign exchange and money transfer providers; bulk cash smuggling, including the identification and detection of illegal cash couriers, and the monitoring of commercial cash couriers. Another area of increased attention was the physical transportation of cash and how efficient controls and sanctions, when relevant, are applied. Finally, the AT sought to understand the impact the current exchange regimes have on the proliferation of informal financial services and in particular informal money and value transfer channels, as well as actions taken to detect and sanction unlicensed activity.

74. Nexus between TF and informal economy. The AT specifically considered the controls applied by the authorities to mitigate TF risk related to the borders, international trade, and the informal economy. The AT focused on the convergence of TF risks in the TBA, which Argentina recognises as a medium-high vulnerability in its NRA (in the context of overall medium-low risk). The AT also sought to clarify whether the TF criminal offence covers the requirements of the standard and is being applied effectively. Since the not-for-profit sector risk assessment was completed recently in December 2023, the AT assessed the adequacy of authorities' risk understanding of the subsector at risk of TF abuse.

75. The following areas of **lower** risk were considered:

76. Proliferation financing (PF). Argentina assessed PF threats and vulnerabilities it is exposed to in its 2022 TF/PF risk assessment, which identified that vulnerabilities for PF included at the time, the absence of a requirement to implement TFS related to proliferation in Argentina, misuse of legal persons, the lack of AML/CFT requirements for VASPs, insufficient knowledge of PF risks by the public and private sectors, and a lack of specific competence in CPF matters by the FIU. Argentina's TF/PF risk assessment did not identify cases of misuse of companies for this purpose and pointed out that Argentina has no exports to the DPRK²⁰, as well as low levels of trade of sensitive, dual use goods, and strong export licensing and controls.

¹⁹ NRA, p.71.

²⁰ As of 18 October 2023, the targeted financial sanctions (TFS) set out in UNSCR 2231 related to Iran have ceased to apply and this directly impacts the scope of FATF Recommendations on proliferation. The team did not focus on technical, or compliance deficiencies related to specific Iran or UNSCR 2231 that existed beyond 18 October 2023.

77. **Cooperative and mutual associations.** Lower focus was given to cooperative²¹ and mutual associations²² as their activities have a lower inherent risk (which is consistent with the NRA findings). Both can provide loans and only do so for members.

Materiality

78. Argentina is not a major financial or company formation centre regionally or internationally. However, Argentina's financial services are diverse and represent an important part of Argentina's economy, especially banks, foreign exchange and securities which together represent a value comparable to more than half of Argentina's GDP.²³ Virtual asset services providers (VASPs) are also relevant given Argentina's leadership in virtual asset adoption second only to Brazil in the region.²⁴

79. Argentina's non-financial sector is large and diverse including all types of businesses and professions defined by the FATF as DNFBPs: casinos, dealers in precious metals and stones, real estate agents, accountants, notaries, trust and company services providers²⁵ and lawyers (these last two covered during the on-site in March 2024). Argentina included other DNFBPs based on the representativeness of their activity and the potential vulnerability/risk associated with them: professional football clubs, customs agents, the purchase, and sale of works of art, antiques or other luxury goods, and the purchase and sale of motor vehicles, ships, and aircrafts.

Structural Elements

80. The main structural elements required for an effective AML/CFT system are present in Argentina, especially a high-level commitment to implement AML/CFT requirements. Argentina has been reinforcing its AML/CFT system gradually since its last mutual evaluation. Structures and institutions are relatively stable.

81. There are allegations of undue political influence in AML/CFT matters in Argentina, notably in the FIU. These have been carefully and objectively considered by the AT in terms of impact on the effectiveness of the AML/CFT system.

Background and Other Contextual Factors

82. Argentina has a moderately mature AML/CFT system. Although its AML/CFT Law dates from 2000, Argentina's preventive system was reorganised and strengthened between 2010 and 2014 to enable more coordinated and efficient action by the various agencies. Argentina added other elements to its ML offence in 2011, as well as confiscation without conviction and liability of legal persons. Argentina also adopted its TF offence in 2011, among other developments. The FIU took on the role of the main AML/CFT supervisor in 2013.

²¹ A cooperative is an autonomous association of persons who have come together voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise which organises and provides services.

²² Mutual associations are those freely constituted on a non-profit basis by persons inspired by solidarity, with the aim of providing mutual assistance to each other in the face of possible risks or to contribute to their material and spiritual well-being, by means of a periodic contribution.

²³ Argentina's risk and context submission for this mutual evaluation, p.18.

²⁴ Global crypto adoption index, www.chainalysis.com/blog/2023-global-crypto-adoption-index/ (accessed 5 May 2024).

²⁵ Prior to the on-site Argentina covered only trust services providers.

83. Argentina was under active monitoring by the FATF's International Cooperation Review Group (ICRG) and successfully exited the process in 2014.

84. The level and impact of corruption in Argentina's government functions is an important contextual factor. Argentina scored 37²⁶ out of 100 points in the Transparency International index and was assessed in 2023 as having higher levels of corruption than in previous years,²⁷ relative to other countries. Argentina has had recent high-profile cases of corruption involving current or former members of the Government, at different levels and sources indicate that corruption has allowed in some cases, organised crime to infiltrate different levels of the state, especially at local/provincial level with security forces, prison staff, and politicians which facilitated crime, particularly trafficking activities.²⁸

85. Argentina is working to address corruption concerns not only through its existing Anti-Corruption Office (OA) created in 1999, but also through the Prosecutor's Office for Administrative Investigations (PIA), a specialised, dedicated prosecution office. However, there are doubts as to whether the system efficiently allows the pursue of corruption, given the very low number of convictions and the evolutions of corruption-related ML cases (charges are dismissed, then brought again, and authorities rarely secure convictions). In this regard, the FIU and the OA can act as querellante (plaintiff) in corruption-related cases, but the AT has concerns about the motivations and timing to pursue some cases targeting former government officials (see IO.6).

86. Argentina was rated "Compliant" with the international standard for transparency and exchange of information on request by the Global Forum in 2023. The relevant report notes Argentina has had a solid framework since 2013, though further improvements are needed regarding updates of information and sanctions for non-compliance. According to the relevant Global Forum report, Argentina has information and exchanges information with international partners as needed in a timely manner (within 90 and maximum 180 days) demonstrating effectiveness in this area.²⁹

87. Regarding PF, Argentina does not have a diplomatic relationship with the Democratic People's Republic of Korea (DPRK). DPRK is not among the main origin or destinations for Argentina's imports and exports.³⁰ There were only 386 DPRK nationals living in Argentina in 2022 explained by historic migration links from rather than present time. Argentina reported

²⁶ Transparency International (2023); <https://www.transparency.org/en/news/cpi-2023-corruption-and-injustice>, (accessed 21 April 2024).

²⁷ Buenos Aires Times (2024), <https://www.batimes.com.ar/news/argentina/argentina-falls-on-annual-corruption-index.phtml>, (accessed 21 April, 2024).

²⁸ Organised crime index (2023), <https://ocindex.net/country/argentina>, (accessed 21 April 2024).

OECD (2023), www.oecd-ilibrary.org/taxation/global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-argentina-2023-second-round-combined-review_cff0754d-en

²⁹ OECD (2023), Global Forum on Transparency and Exchange of Information for Tax Purposes: Argentina 2023 (Second Round, Combined Review): Peer Review Report on the Exchange of Information on Request, Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD Publishing, Paris, <https://doi.org/10.1787/cff0754d-en>, (accessed 21 April 2024).

³⁰ According to information provided in domestic statistics by the Instituto Nacional de Estadística y Censos (2024) www.indec.gob.ar/uploads/informesdeprensa/ica_04_243C158853DD.pdf (accessed 21 April 2024).

no applications for exports of military, sensitive, or dual-use goods to DPRK since 2020 and that no military, sensitive, or dual use goods have been exported in the last 20 years.

AML/CFT strategy

88. Argentina's National AML/CFT/CPF Strategy was approved in September 2022 and has as a main objective to strengthen Argentina's system for the prevention, detection, and suppression of ML/TF/PF, aligned with its main identified ML/TF (and PF) threats and vulnerabilities. It consists of high ten-level objectives which include several regulatory reforms and actions to strengthen the capabilities of competent authorities.

Legal & institutional framework

89. Argentina's AML/CFT/CPF regime's main legal instrument is the AML/CFT/CPF Law 25246 (the AML/CFT Law), combined with Argentina's Criminal Code, updated through the years by different laws. The main authorities in the AML/CFT/CPF regime are:

90. The **Ministry of Justice** is responsible for developing policies in criminal matters and measuring the effectiveness of the AML/CFT system. The Financial Information Unit, (Argentina's FIU) falls under its jurisdiction. Through the National Directorate of International Affairs, the Ministry of Justice shares oversight of international cooperation in criminal matters with the Ministry of Foreign Affairs, International Trade, and Worship and is responsible for extradition cases with the US.

91. The **National Coordination Program for Combatting ML and TF (and PF) (CNCLAFT)**, is the central authority of the National Government responsible for inter-institutional coordination functions among all agencies and entities of the public and private sector, with competence in AML/CFT/CPF matters. CNCLAFT is also responsible for bringing together, among others, legislative reform projects, the NRAs, and functions as the secretariat of the National Coordination Committee.

92. The Coordination Committee for the Prevention and Fight Against Money Laundering, the Financing of Terrorism, and the Proliferation of Weapons of Mass Destruction (CCPLAFTPADM), is the inter-agency committee including all relevant AML/CFT/CPF stakeholders responsible for risk assessments and coordinating the efforts for the development of public policies of the various public sector agencies and private sector; natural or legal persons responsible for the prevention, detection and suppression of money laundering and the financing of terrorism and proliferation, with the aim of promoting the functioning of an effective national system.

93. The Ministry of Foreign Affairs, International Trade and Worship (MRECIC) is responsible for matters of international law and for supervising and coordinating actions related to mutual legal assistance and the registration of international instruments signed by Argentina. Within MRECIC, the Directorate of International Legal Assistance (DAJIN) centralises the procedures for international cooperation and mutual legal assistance and acts as a natural link between foreign and national organisations and representations, as well as between federal, national, and provincial courts and foreign courts, for the administrative processing of active and passive mutual legal assistance requests and for the task of sending and receiving spontaneous information. The Directorate of Human Security intervenes in the elaboration and design of foreign policy plans, programmes, projects, and objectives related to terrorism, the prevention of and the fight against drug trafficking and related crimes, firearms trafficking, dual technology trafficking of all kinds, smuggling of migrants and trafficking of human beings.

Criminal justice and operational agencies

94. The **Financial Intelligence Unit of Argentina (UIF-Argentina, the FIU)** is responsible for the **analysis, processing**, and dissemination of information for the prevention and deterring of ML and TF. It is the central agency of the national AML/CFT system, with powers to perform financial analysis, regulation, supervision, and sanctioning. It has the legal power to act as *querellante* (plaintiff) in criminal cases dealing with offences covered by the AML/CFT Law.

95. The Attorney **General's Office** (*Procuración General de la Nación – PGN*) heads the Public Prosecutor's Office (PPO). **Relevant authorities:**

- Provincial law enforcement and prosecution authorities, in addition to the federal and City of Buenos Aires authorities described above, each of the 23 other provinces has its own police force and prosecution authority that investigate and prosecute crimes from the national criminal code but that are of a less serious nature, and which do not have a national character.
- The Public Prosecutor's Office (Ministerio Público Fiscal – MPF) The PPO is responsible for investigating and initiating procedures for all offences in Argentina that have federal jurisdiction, including TF and, depending on the seriousness of the predicate offence, ML.
- The Prosecutor's Office for Economic Crimes and Money Laundering (PROCELAC) is a specialised prosecution unit of the MPF and was created in 2012 to enhance the effectiveness of the MPF in the prosecution of economic crimes of institutional significance or socio-economic impact including ML/TF and relevant predicate offences.
- Federal Specialised Units: it is important to distinguish the competences of Federal Specialised Units from the federal prosecutor's competences. When an investigation is initiated, it is held by the federal prosecutor who can request formal collaboration from the specialised units. The reason for the request of the collaboration is that this unit comprises specialised multidisciplinary teams, with sufficient resources for analytical purposes. All units are also led by federal prosecutors which will accompany the main prosecutor in the accusation.
- These units can also initiate preliminary investigations. The relevant units are:
 - PROCUNAR: drug trafficking
 - PROTEX: human trafficking
 - PIA: corruption
 - UFECI: cyber crime
 - UFECO: organised crime
 - UFI-AMIA: AMIA attacks investigation
- The **General Directorate for Asset Recovery (DGRADB)** is responsible, together with the corresponding specialised prosecution offices, for pursuing an active policy oriented to detect, hold/freeze and confiscate criminal proceeds especially those related to complex and organised crime.
- The **Secretariat for the Comprehensive Analysis of International Terrorism (SAIT)** coordinates efforts, resources, and training for prosecutors

to counter violent extremism and international terrorism and coordinates with PROCELAC on TF.

- The **National Judiciary**, including the **Legal Assistance Directorate for Complex and Organised Crime (DAJuDeCO)** conducts financial investigations using the information to trace, recover and confiscate assets relating to ML and predicate offences. It also has a training function and is responsible for collecting statistics.
- The **Secretariat of Intelligence of the State (SIDE)** is under the direct command of the Presidency of Argentina and is the head of the national intelligence system. The Ministry of Defence and the Ministry of Security also have intelligence functions in Argentina.
- The **Ministry of Security** coordinates national security and oversees **federal security and police forces**, including the Argentinean Federal Police (PFA), the Argentine Coast Guard (PNA), the National Gendarmerie (GN), Airport Security Police (PSA) and the Comando Tripartito (task force comprised of security forces from Brazil, Paraguay and Argentina created in 1996 to facilitate information sharing and joint operations).

Supervisors and Specific Oversight Bodies (SOBs)

96. The **Central Bank of Argentina (BCRA)** is responsible for the licensing and supervision of a wide range of FIs including banks, finance companies, foreign exchange and money remitters.
97. The **National Securities Commission (CNV)** is responsible for licensing, supervising, and controlling the capital market.
98. The **Superintendence of Insurance of the Nation (SSN)** is responsible for licensing and supervising the insurance sector including insurance and reinsurance markets.
99. The **National Institute of Associations and Social Economy (INAES)** is responsible for licensing and supervising mutual associations and cooperatives.

Other bodies

100. The **Federal Administration of Public Revenue (AFIP)** is in charge of executing national tax, customs, and social security collection policies. It is also a reporting entity to the FIU and receives cross-border cash declarations. AFIP created a Directorate for the Prevention of Money Laundering and Terrorist Financing end of 2018.
101. The **Undersecretariat for Registry Affairs (SSAR) within the Ministry of Justice**, the Registry of Legal Persons of the City of Buenos Aires (IGJ), the National Registry of Motor Vehicles and Chattel Mortgages (DNRPA), the National Registry of Real Estate Property, the National Criminal Records Bureau, and the Registry of Confiscated Property are under this Under-Secretariat. It is the body within the CCPLAFTPADM that deals with registry matters. The SSAR also holds the start of the National Registry of Companies which makes available certain information on legal persons, national or foreign, registered in any public registry of commerce in the country, and centralises the information in a single national database updated monthly, identifying legal persons exclusively through the fiscal or ID number (CUIT/CDI).
102. The **Public Registries of Commerce**, the Registry of Legal Persons of the City of Buenos Aires (IGJ) - applicable to the Autonomous City of Buenos Aires - —and the Public Registries of Commerce—at the provincial level—are in charge of the authorisation, registration, and control

of all legal entities (except mutual associations and cooperatives) and the identification of their owners and beneficial owners. The INAES has a national-wide registry for cooperatives and mutual associations. The National Registry of Motor Vehicles and Chattel Mortgages (DNRPA) and its Sectional Registries, the Registries of Vessels of all kinds and the Registries of Aircrafts are the agencies responsible for the authorisation and registration of the ownership of such registrable movable property and their transfer.

FIs, DNFBPs and VASPs

103. Argentina's financial landscape overall includes banks, foreign exchange, representation offices of foreign FIs, clearing and settlement agents, trading and global investment advisory agents, insurance, re-insurance, and the activities of cooperative and mutual associations as follows:

Table 1.1. Overview of Argentina's financial system

Supervisor	Type of Obligated Entity	Number, as of March 2024
BCRA	Representatives of foreign financial entities	7
	Banks and other financial entities	77 (63 are banks)
	Foreign exchange entities	88
CNV	Clearing and settlement agents	272
	Trading agents	78
	Global investment advisory agents	32
	Mutual funds	51
	Fiduciarios	27
	Crowdfunding platform	1
	VASPs	27 (as at on-site)
SSN	Insurance companies offering life insurances	18
INAES	Credit cooperative associations	596
	Mutual associations	1414
FIU-only	Capitalisation and savings	36
	Providers of payment cards and systems	312
	Money remittances and money order remitters	41

104. Despite the prevalent use of cash, banks remain the most material together with securities (see para. 43). There are 63 banks in Argentina 51 are private banks, and 13 are public. In Argentina, according to the BCRA, a total of 88.2 million savings accounts and 7.5 million current accounts had been opened by March 2023. Similarly, there are a total of 75.7 million debit cards linked to accounts and 39.9 million credit cards in circulation (covering 90% of the population).³¹ Banks and securities were rated as the sectors with the highest risks in the NRA despite maturity of the sectors and controls.

105. The foreign exchange sector includes 88 entities including persons who are permanently or habitually engaged in the buying and selling of banknotes, bullion gold or bars in good condition, and of travellers' cheques, drafts, transfers, or similar operations in foreign currency. Due to the foreign exchange restrictions imposed by the BCRA (September 2019; maximum USD 1000 transfers), the sector has lost prominence: only 1% of all foreign exchange transactions (and these are mostly concentrated in one or two very well supervised entities), but the AT decided to keep them among the highest areas of focus because of their role in some ML cases and the fact that restrictions lead to an increased foreign exchange parallel market.

³¹ Risk and context submission for this mutual evaluation, p.19.

106. The securities sector has seen growth in recent years as one of the means for savings in USD sending assets abroad, hence one of the most heavily weighted sectors in the Argentinean context.

107. Payment Services Providers (PSPs) play a key role in financial inclusion because, among others, they offer access to financial services for both banked and previously unbanked population. These providers can offer loans in some cases and facilitate electronic payments in small retailers, reducing the use of cash to some extent. This was particularly evident during the COVID-19 pandemic where it was essential for the general population to have access to an account to receive government aid. PSPs have also been key in developing tools to facilitate digital onboarding. By December 2023, the transfer payments between PSPs totalled 308.7 million transactions for an amount equivalent to USD 3.9 billion.

108. Securities and VASPs follow closely in terms of importance in the Argentinean market, not only because of the number of participants in the securities sector, but also because securities and virtual assets are frequently used by part of the population to mitigate pressure from fluctuating exchange rates and store savings as already explained at the beginning of this Chapter. Virtual assets services providers (VASPs) are a material sector in Argentina.³² There were 27 companies that provide virtual asset services identified at the time of the on-site visit in March 2024 and have been increasing since.³³ VASPs in Argentina offer all five activities contemplated by the FATF including purchase/sale of virtual assets against Argentinean pesos and custody of balances in e-wallets, which are the most frequently offered services.

109. The insurance sector in Argentina represents value comparable to over 2% of GDP and consists of 194 insurance companies, 15 local reinsurance companies and 129 licensed foreign reinsurance companies out of which only 18 insurance companies sell life insurance with a savings component, and which are an area of focus.

110. Cooperative and mutual associations are important in the Argentinean financial system including from a financial inclusion perspective, making financial services available in remote locations in Argentina's provinces and making, for example, loans available. There are 596 cooperative associations and 537 mutual associations that offer financial services in Argentina. Both credit cooperative associations and mutual associations that provide financial services provide loans but only domestically and for members.

111. There are 41 money remitters in Argentina. The activity of money remitters has been reduced since further exchange controls were introduced in 2019 (and considering inflation). However, they remain a significant, high-risk sector in light of their involvement in some ML cases. Other relatively minor non-bank financial services provided include 36 capitalisation and savings entities, 312 providers of payment cards and systems and other participants of the payment ecosystem such as payment facilitators and traveller check issuers. All these entities are usually grouped and referred to as "payment cards and systems" throughout the report if not individually identified considering they are regulated under the same sector specific FIU Resolution (76/2019).

³² Latin America cryptocurrency adoption", Chainalysis (2023): <https://www.chainalysis.com/blog/latin-america-cryptocurrency-adoption/> (accessed 5 May 2024).

³³ According to Argentina's NRA.

Table 1.2. Number of licensed/registered supervised entities DNFBPs

Supervisor	Type of Obligated Entity	Number, as of March 2024
FIU	Casinos	86
	Dealers in precious metals and stones	360
	TSP	6024
	Accountants	4712
	Notaries	11325
	Real estate agents	10365
	Lawyers	N/A

112. There are 86 casinos including online casinos in Argentina with the largest in Buenos Aires and Rosario, and some operating as a group with different branches. This is a significant sector within DNFBPs. Casinos are licensed at a state level and can only operate in whichever province they are licensed (there is a residency requirement). Offering of online casino services is also limited to provincial jurisdictions.

113. There was a limited form of company services providers (CSPs) in Argentina at the time of the on-site, CSP-related services were performed by accountants and lawyers. During the on-site, the country added CSPs as a formal reporting entity. *Fideicomisos* are a type of legal arrangements widely used in the country. Natural or legal persons acting as “*fiduciarios*” in any kind of “*fideicomiso*”, as well as natural or legal persons that are holders of, or are related, directly or indirectly, to “*fideicomiso* accounts, “*fiduciantes*” and “*fiduciarios*” by virtue of “*fideicomiso*” agreements, are also reporting entities in Argentina (this is referred to as the TSP sector).

114. Notaries (“*escribanos*”) are essential when forming legal persons or arrangements and are also significant in terms of size (over 10 000) and coverage of provinces in Argentina (and especially/including in areas of higher risk but highly concentrated in the province of Buenos Aires and in the City of Buenos Aires (around 4000), followed by Mendoza (1222) and Córdoba (863)). Similarly, real estate agents count over 10 000 and are important players, as they are involved in real estate transactions, though a real estate agent is not indispensable to buy and sell property. Real estate agents were rated low risk in Argentina’s NRA. There are no limitations to cash transactions in these two sectors as regards the purchase of property, but both notaries and real estate agents are obliged to send systematic reports to the FIU on the transactions they are part of (besides their obligation to report any suspicious transaction in line with R.23) and to especially report on transactions with cash or done through a company or other instruments. AFIP also oversees its transactions primarily for fiscal purposes.

115. There is no information available on the materiality of lawyers in Argentina as they were only made reporting entities during the on-site visit in March 2024. Argentina’s previous mutual evaluation calculated about 130 000 and noted that all lawyers are required to be members of a Bar Association. Argentina is not a company formation centre and engaging a lawyer to form a company is not necessary or common. The NRA considered these factors in rating the sector as medium-low.

116. Accountants, also referred to as *profesionales de ciencias económicas* in Argentina, are over 4000 and are required to register in the council of each jurisdiction where they plan to operate and, as noted for lawyers above, could be involved in company formation, but not necessary or common. Accountants were considered low risk in Argentina’s NRA.

117. Dealers in precious metals and stones (DPMS, 360) have a limited market in Argentina, considering the economic situation of Argentina, though have some importance as means of savings, to store and preserve value. DPMS were rated low at Argentina’s NRA and their risk

level was considered relatively higher by supervisors in recent years following changes in the economy.

118. For the reasons of their relative materiality and risk and considering the Argentinean context explained at the beginning of this chapter, both the positive aspects and any implementation issues were weighted ***most heavily*** for banks, securities, foreign exchange and VASPs.

119. The AT weighted payment cards and systems including payment services providers (PSPs), capitalisation and savings entities, notaries, lawyers, accountants, and real estate brokers ***heavily*** for various reasons including those of materiality and some inherent risk, already expressed in the relevant section above.

120. The AT weighted ***moderately heavily*** findings for the mutual associations and cooperatives, money remitters (MVTs), trust and company services providers, non-financial fiduciaries (*fideicomisos*), and casinos.

121. Finally, ***less heavily*** for lower material/risk sectors such as insurance companies and dealers in precious metals and stones (DPMS).

Preventive measures

122. Argentina covers all FI and DNFBPs as per the FATF's Glossary and VASPs, although some sectors (e.g., lawyers, VASPs) were not covered until the on-site in March 2024. Argentina also covers additional sectors in line with the significance of the activity and risks identified by/in Argentina such as professional football clubs and car dealers.

Legal persons and arrangements

123. Argentina has different types of legal persons; companies might be public or private, and are either governed by:

- a) The Civil and Commercial Code (CCyC), Law 26994 from October 2014, for (i) civil associations (including simple associations) and ii) foundations, and (iii) *fideicomisos* (both regular and financial *fideicomisos*). The Company Law (*Ley General de Sociedades* – LGS), Law 19550 from 1972 as amended by several ulterior legal diplomas regulates (i) general partnerships (*Sociedad Colectiva*), (ii) limited partnerships (*Sociedad en Comandita Simple*), (iii) partnerships limited by shares (*Sociedad en Comandita por Acciones*), (iv) capital and industry companies (*Sociedad de Capital e Industria*), (v) limited liability companies – LLC (*Sociedad de Responsabilidad Limitada* - SRL) and vi. joint-stock companies (*Sociedad Anónima* – S.A), including single shareholder companies (*Sociedad Anónima Unipersonal* (S.A.U), and (vii) irregular or *de facto* companies. Irregular companies refer to companies that are not registered with the Public Registry of Commerce of their jurisdiction based on their address. De facto companies are those companies lacking a written instrument in which the contractual clauses are included. They are regulated in section IV of the Companies Law (LGS).
- b) The Law 27349 of 2017, for simplified joint-stock companies (*Sociedad por Acciones Simplificada* SAS), including one-person simplified shares companies. Law 20337 from 1973 regulates cooperative associations (*Cooperativas*) while Law 20321, also from 1973, regulates mutual associations (*Asociaciones Mutuales*). The SAS, although only introduced in 2017 in the legal system of Argentina, proved to become an attractive vehicle

for investment as they already represent 7% of the total number of existing legal persons in the country, in a short span of 6 years.

Supervisory arrangements

124. The FIU is the main AML/CFT supervisor for all FIs, DNFBPs and VASPs with the cooperation of four prudential supervisors that are also authorised to conduct supervision on behalf of the FIU. These authorities are called Specific Oversight Bodies (SOBs) and include the Central Bank of Argentina (BCRA) for financial intermediation activities including banks and foreign exchange, the National Securities Commission (CNV) for capital market activities, the Superintendence of Insurance (SSN) for insurance market activities, and the National Institute of Associations and Social Economy (INAES) for cooperative and mutual association activities. SOBs are also reporting entities to the FIU and are empowered to issue complementary procedural regulations and sanctions and are members of the Coordination Committee for Preventing and Combating Money Laundering, the Financing of Terrorism, and the Proliferation of Weapons of Mass Destruction. Notwithstanding these collaboration arrangements, the main responsibility for regulating, supervising, and enforcing the application of regulations through administrative sanctions lies with the FIU.

125. Reporting entities that are not supervised in cooperation with the SOBs are directly supervised by the FIU. The FIU provides guidance to and approves the inspection plans of the SOBs. They also often conduct joint inspections with the FIU and will also detect and inform the FIU of AML/CFT findings obtained during their review. Reports by external auditors, which are a requirement by many reporting entities and are shared with the FIU, are also an important element of supervision, as they are used by the FIU in their supervision work (see IO.3).

International cooperation

126. The laundering of proceeds abroad is an important threat for Argentina, and therefore international cooperation is very relevant, in particular due to Argentina's strict exchange controls, tendency of general population to move/hold assets abroad, and long and porous borders. Similarly, in light of the historical risk of TF activity in the TBA in Argentina and neighbouring countries, international cooperation is critical to mitigating TF risks in the country. Argentina has a comprehensive legal framework that adequately allows authorities to seek and provide international cooperation.

127. Argentina's most strategic partners for international cooperation are the following jurisdictions: Brazil, Bolivia, Chile, Colombia, Mexico, Paraguay, Peru, and Uruguay, but also some European countries such as Italy and Spain, because of certain predicates, Switzerland, and the United States.

128. In recent years, Argentina has entered strategic partnership agreements with some of these partners, such as the Argentina-US Dialogue on Illicit Finance (AUDIF), which was co-chaired by the US Secretary of the Treasury and the Argentine Minister of Economy, and where FinCEN and the Argentine FIU acted as the implementing secretariats. In the context of AUDIF, Argentina and the US conducted joint projects aimed at enhancing international cooperation, particularly around ML/TF investigations.

129. The Ministry of Foreign Affairs, International Trade and Worship (MRECIC) is the main central authority for mutual legal assistance and extradition as described previously, except for the US which is handled by the Ministry of Justice.

130. The different authorities in Argentina including operational law enforcement and supervisors are able to both seek and provide international cooperation using national legislation, bilateral agreements and international treaties and conventions. Argentina ratified

1

the Vienna, Palermo, and Merida conventions as well as the TF convention and is also part of important networks to combat crime and recover assets (e.g. Interpol, Ameripol, GAFILAT's Asset Recovery Network RRAG, Specialised Networks of Prosecutors of AIAMP).

Chapter 2. NATIONAL AML/CFT POLICIES AND COORDINATION

Key Findings and Recommended Actions

Key findings

- a) Argentina has a developing understanding of its ML risks and a general, albeit uneven understanding of its TF risks, as reflected in its ML and TF NRAs. Competent authorities have a good understanding of the risks related to geographical factors for both ML and TF and most predicate offences. However, the *modus operandi* both for ML and TF are not clearly displayed in the NRA nor the authorities' understanding. Argentina conducted its ML NRA with broad participation from the public and private sectors and significant quantitative and qualitative data. TF NRAs involved all relevant competent authorities.
- b) There are some important gaps in assessing and understanding ML risks related to the *modus operandi* of domestic and international laundering and coverage of, informal financial services, corruption, trade-based ML (TBML), vulnerabilities of competent authorities, risks of legal persons and arrangements and sectoral risks, including but not limited to, risks of VASPs and lawyers. These gaps undermine to some extent the reliability of Argentina's overall conclusion of "medium" level ML risk and have cascading effects on the national strategies and policies, as well as risk-based supervision of the sectors.
- c) Argentina has generally effective national coordination and cooperation mechanisms for ML and TF, that are led by three main mechanisms. The national AML/CFT/CPF Coordination Committee focuses on coordination of national policies and strategies. So far, the committee's meetings have focused mostly on the NRAs, partially on the National Strategy, and have very limited coverage of other aspects of national coordination. The National Coordination Program also has a key role in AML/CFT operational coordination as does the FIU for coordination regarding its functions. Under the leadership of the National Coordination Program and the FIU, Argentinean authorities strongly and frequently cooperate through bilateral or multilateral working groups (*mesas de trabajo*), to address emerging issues, though operational coordination is not guided by standard operating procedures where circumstances would require it (see IO.7, IO.9).
- d) Sanitised versions of the NRAs are publicly available, and the authorities widely disseminated and discussed its results with reporting entities. In addition, the FIU, PROCELAC and AFIP prepared and disseminated ML typologies and red flags (separately), which have also contributed to the public and private sectors' overall understanding of ML risks.

Recommended Actions

- a) To enhance its understanding of ML/TF risks, Argentina should improve its assessments by addressing the gaps identified in this report, as summarized in KF (b) above, especially by better integration of typologies, and a deeper understanding of both domestic and international modus operandi of ML/TF. To this end, Argentina should properly assess the methods and ways to move assets abroad in light of its particular context, and the impact on ML/TF risks and AML/CFT policies.
- b) Argentina should better understand and assess the risks stemming from informal financial services and develop risk-based policies and action plans to prevent these services or formalise their operations permanently.
- c) Argentina should deepen its assessment and understanding of ML threats and vulnerabilities related to corruption, communicate these to competent authorities and reporting entities, and develop risk-based and effective policies to tackle the proceeds of corruption.
- d) Argentina should strengthen its sectoral assessment and understanding of risks by (i) covering the ML/TF risks of VASPs, lawyers, and payment system providers, (ii) relying less on the private sector's off-site reporting, and (iii) better integrating broader information sources.
- e) Based on an up-to-date understanding of risks, and in line with a risk-based approach, Argentina should ensure a balance between the relatively wide range of reporting entities it covers and supervisory resources they require, considering the implications on the overall effectiveness of the AML/CFT system.
- f) Argentina should better plan the scope of the National Coordination Committee meetings to cover coordination matters other than NRA, particularly those related to operational and practical aspects of the AML/CFT system.

131. The relevant Immediate Outcome considered and assessed in this chapter is IO.1. The Recommendations relevant for the assessment of effectiveness under this section are R.1, 2, 33 and 34.

Immediate Outcome 1 (Understanding of ML/TF risks)

ML Risks

132. Argentina has a developing understanding of its ML risks as reflected in its ML NRA which was adopted in September 2022. Argentina's National Strategy, typologies and red flags disseminated by the FIU, PROCELAC and AFIP contribute to its understanding of ML risks, identifying important aspects that were not fully reflected in the NRA (e.g., TBML, and some vulnerabilities of competent authorities).

133. Argentina's understanding of ML risks and implementation of a system-wide risk-based approach to ML/TF is relatively nascent. Although Argentina has used some risk matrices for sectoral risk assessments since 2013 as a basis for its risk understanding, and FIU Resolutions have established a risk-based approach for most FIs since 2017, the country's formal transition

to following a full-fledged risk-based approach to AML/CFT started only recently, with the ML/TF NRAs in 2019 and 2022, respectively.

134. Argentina's NRA process was robust and established a strong foundation that can yield a much deeper analysis and understanding of ML/TF risks in future iterations, despite some shortcomings related to the analysis of vulnerabilities.

135. Argentina's NRA process included many strengths and good practices:

- interaction and feedback from a wide range of relevant government agencies,
- extensive effort to collect and analyse quantitative and qualitative data, such as statistics from the Public Prosecutor's Office (PPO) and courts throughout the 23 provinces of the country, the FIU, and other authorities,
- thorough analysis of predicate offences and proceeds of crimes,
- diverse data analysis techniques,
- reasonable approximations to fill data gaps, as necessary,
- strong interaction with the private sector via surveys and face-to-face events,
- effective working group design and frequent group meetings,
- review of NRAs of neighbouring countries, and regional studies,
- involvement of intelligence authorities in ML/TF risk assessments, and
- good use of research and publicly available information.

136. Argentina rated its ML risk as "medium" in the NRA. The public and private sectors agree with this finding and have a consistent understanding of Argentina's main predicate offences, as noted in the ML NRA: drug trafficking, tax evasion, smuggling, fraud, and human trafficking. Competent authorities have a developing, and an empiric understanding of how the proceeds of some of these offences are laundered. For example, authorities have a common understanding that ML related to drug trafficking, largely occurs through the purchase of real estate and high-value goods (e.g. luxury cars), often using a third party and/or shell companies.

137. Drug trafficking and tax evasion were also very relevant in Argentina's previous mutual evaluation in 2010 and continue to be a logical focus for authorities given Argentina's position as a transit country for drugs on their way to Europe, and perception of high degree of taxation. The NRA notes that, after thorough analysis, there is a presence of OCGs in the country, but it is not significant (e.g. major OCGs are not prevalent). Smaller, clan-based organisations are more common. The NRA also describes two particularly risky geographic areas for drug trafficking and smuggling: (i) the TBA, (ii) the Paraná-Paraguay waterway and neighbouring cities like Salta, Jujuy, and (iii) Rosario (see Chapter 1).

138. However, Argentina's understanding of ML risks relies heavily on detected predicate offences and their proceeds. While these are important indicators, detected crimes might not represent the full picture and require caution in their analysis.³⁴ Reliance on detected predicate

³⁴ Detection of various predicate crimes may be impacted by the rate of victim reporting, the effectiveness and focus of various law enforcement agencies, and the burden of proof. Therefore, for an accurate understanding of the risks, it is important to consider the proceeds of under-reported and under-detected crimes.

offences also results in a heavy focus on the domestic crime context and misses the international dimension to some extent, especially possible links with international financial centres.

139. Although Argentinean authorities have gathered a broad range of qualitative and quantitative information that is useful for the understanding of risks in the NRA, Argentina was less successful in drawing clear conclusions about how proceeds are laundered inside or outside the country (with more details presented in typologies, red flags or Manuals by the FIU, PROCELAC and AFIP). As a result, the public and private sectors lack, in some cases, a clear and consistent understanding of the specific sectors, products, ML techniques, and country corridors (except the bordering countries included in the NRA) that pose higher ML risks.

140. The NRA notes that the authorities frequently seize undeclared cash or amounts exceeding the legal threshold (US dollars, Brazilian reais, and Argentine pesos) in the TBA. Nevertheless, authorities sustained that cash is not moved abroad for ML purposes, but that criminals rather use transactions outside the financial system (e.g. using informal settlement of transactions in opposite directions), TBML and virtual assets (which they found in some cases were being used for illicit purposes). However, this is not fully reflected in the investigations and convictions (see IO.7). Overall, these methods are not well displayed in the NRA. While highlighting the size of the informal economy and the use of cash as a medium vulnerability in Argentina, the NRA focuses largely on risks related to the smuggling of drugs and other types of goods other than cash. This replicates the authorities' understanding of risks, as they indicated that the amounts of cash that could be exiting through land borders and the crime of cash smuggling is of a residual nature if compared with other smuggling offences (see IO.8).

141. The AT has identified six major areas where the understanding of ML risks needs improvement in future NRAs and related work: 1) informal financial services, 2) corruption, 3) trade-based money laundering (TBML), 4) vulnerabilities of competent authorities, 5) techniques and channels used for ML, both domestic and international, and 6) sectoral risks including, but not limited to, risks of VASPs and lawyers. Although competent authorities better understand ML risks linked to these six areas in their day-to-day work, and all these areas are partially covered in the NRA, their consequences on the effectiveness of the overall AML/CFT system have not been assessed adequately and weighted appropriately. This has cascading effects on the alignment of national policies, as well as top-to-down communication of risks and priorities to some extent. For example, although the informal economy and the use of cash have been covered in the NRA, the NRA and other documents submitted to the AT do not reflect the severity of informal exchange and money value transfer services and their impact on the effectiveness of the AML/CFT system. These were assessed as "negligible" in the NRA report, contrary to their visibility in detected ML cases, open-source information, and popularity of holding USD in cash and investing abroad among the Argentinean population.

142. Despite the multiple sources of open-source information on the severity of corruption in Argentina, the NRA has not recognised corruption as a high-threat crime in the analysis of proceeds of crimes. Corruption is assessed as a "medium" vulnerability without any substantial analysis of its scale, *modus operandi*, and impact on the various government functions. The analysis also lacks information on how the proceeds of corruption are being laundered. Despite significant progress in transparency and accountability in Argentina over the last five years, corruption remains a major concern contrary to the findings of the NRA, as confirmed during the interviews with multiple public and private sector representatives.

143. Argentina's exchange controls increase the ML risk in international trade transactions, as trade finance is almost the only channel to facilitate large-amount fund movements of both legal and illegal nature. Although the NRA has a detailed discussion on international trade and custom controls, this analysis focuses mostly on predicate offences, particularly tax evasion and

smuggling, and fails to identify TBML as a significant risk, despite the existence of confirmed cases in Argentina and typologies disseminated by the FIU.

144. Argentina's vulnerability analysis in the NRA focuses almost exclusively on inherent vulnerabilities and neglects the vulnerabilities arising from weaknesses and resource challenges related to government agencies, including supervisory authorities and deficiencies in the private sector's preventive measures. This has a cascading impact on the National Strategy, although the strategy's coverage in many topics is much better than the NRA. For example, the staff and other resource needs of agencies are barely covered in the strategy.

145. Argentina also conducted sectoral risk assessments as part of its ML NRA. These sectoral assessments are disconnected from the rest of the NRA and rely heavily on a bottom-up analysis of the sector risk matrices, mainly based on off-site reporting by reporting entities. Supervision risk matrices are well-designed and continuously improved, and the indicators used in risk assessment/ratings of institutions are reasonable in general. However, other top-down information from ML investigations, typologies, open sources, intelligence, and mutual assistance requests are not adequately integrated into sectoral risk assessments.

146. The sectoral understanding of ML risks is uneven. The AT had details of 73 out of 91 ML convictions over the review period and has found out that, in half (36) of them, ML schemes involved the purchase of real estate, which does not appear fully in line with the low risk level attributed to the sector of real estate agents in the 2022 NRA, and the medium risk level in 2023 (see IO.3). In particular, authorities mentioned the involvement of a *fideicomiso* involved in real estate in a notable ML ongoing investigation; among the sentenced legal persons, six of them were real estate ventures. The assessment of legal persons, while a good step to identify riskiest entities, presents some deficiencies (see IO.5). The above-noted gaps in the risk assessment undermine to some extent the reliability of Argentina's overall conclusion of "medium" level ML risk.

TF Risks

147. Argentina has a general understanding of its terrorist financing (TF) risks with areas for further enhancement, including related to consistency in understanding amongst public authorities; operational details of potential TF risks; and the threats posed by sympathizers of international terrorist groups, lone-wolves, and right-wing terrorism to the country. Argentina has assessed its risk of terrorism and risk of TF to be low and medium-low, respectively. The overall risk level was informed by an assessment that the TF threat level was low and vulnerabilities ranged between a low and medium-high level with an average of medium-low.

148. The NRA highlighted one ongoing case related to Hezbollah TF networks in the TBA to substantiate their focus on Hezbollah and the TBA (see IO.9). This focus was reiterated during the on-site. The AT agrees with Argentina's views on its TF risk level (medium-low), identified vulnerabilities, and the country's focus on Hezbollah and the TBA. However, some authorities were more circumspect about the operations of Hezbollah TF networks in the country, emphasizing that this was only suspected. This variance in the characterization of the Hezbollah financing threat in Argentina complicated the AT's ability to evaluate Argentina's assessment understanding of TF risks. Moreover, while the SIDE, the FIU, and the security forces indicated that they were monitoring the TBA for any reemergence of such networks in the course of their operations, some authorities noted that the implementation of targeted financial sanctions (TFS) on Hezbollah and individuals accused of being involved in TF networks for Hezbollah were sufficient to deter further activity without substantiation.

149. The discussion on TF threats and vulnerabilities in the TF NRA would benefit from further detail and deeper analysis of TF risks. For example, the NRA does not elaborate on the type of

transactions, products, services, instruments, media, currencies, or clients considered risky for TF. This was in particular the case with threats and vulnerabilities outside of Hezbollah and the TBA, such as on ISIS sympathizers, lone wolves, and right-wing extremism sympathizers, which the NRA recognises, and ongoing TF investigations indicate may operate in the country (see IO.9). Brevity may be the result of intelligence analysis based on classified sources or ongoing law enforcement cases which cannot be disclosed. Supervisors and the private sector in the context of TF are focused on TF-TFS, although there is the common recognition that the TBA, where Brazil, Argentina, and Paraguay intersect, may pose TF risks, as highlighted in the NRA.

National policies to address identified ML/TF risks

150. Argentina has national AML/CFT policies which address the ML/TF risks identified to a large extent and which are regularly monitored despite shortcomings in risk understanding. These include Argentina's first National Strategy for the Prevention and Fight against ML/TF/PF 2022-2024 approved in September 2022. The National AML/CFT/CPF Strategy contains actions linked to the different vulnerabilities and risks identified in the NRAs in a clear and systematic way, with established deadlines, as well as ten high-level objectives which start by strengthening the basis for joint work of all its AML/CFT/CPF stakeholders. The National ML/TF/PF Risk Assessments are subject to review every two years and will be used to inform corresponding updates to the National Strategy.

151. Under ten high-level objectives, the national action plan has 28 specific objectives (11 of high priority, 8 of medium priority, and 9 of low priority) and 125 specific actions to address risks and improve Argentina's AML/CFT system overall (see Box 2.1 below). On a positive note, the span of actions under some specific objectives is broader than the risks identified in the NRA and reflects the understanding of some risks that are not fully covered in the NRA. For example, the strategy includes actions related to the improvement of IT systems of specific agencies for better data collection and analysis; addressing the specific training needs of agencies including on corruption related ML; developing ML/TF investigation guidelines and best practices, and even establishing a periodic control mechanism within the framework of the AML/CFT/CPF Coordination Committee tasked to monitor the situation of the informal economy and the intensive use of cash, as well as their impact in terms of ML, TF and PF, and to analyse the courses of action to be followed.

Box2.1. National Strategy: AML/CFT/CPF Objectives**General and specific objectives**

1. **Strengthen the basis for the joint work of the stakeholders of the AML/CFT/CPF system:** 1.1 Diagnosis shared by the public and the private sectors of the ML, TF, and PF risks in the country. 1.2 To ensure that public and private stakeholders receive up to date training on ML, TF, and PF. 1.3 To consolidate the standardisation of common criteria and parameters for action within the AML/CFT/CPF Coordination Committee.
2. **Adjust the national AML/CFT regulatory framework to the international standards:** 2.1. To promote the amendment of Law 25.246 (the AML/CFT/CPF Law). 2.2. To promote the legislative approval of amendments to the Criminal Code. 2.3. To promote the legislative regulation of virtual assets service providers (VASPs). 2.4. To strengthen the sanctions regime for natural and/or legal persons. 2.5. To promote the approval of relevant international instruments to combat TF. 2.6. To promote amendments to the mandatory and supplementary regulations of Law 25.246 (the AML/CFT/CPF Law).
3. **Enhance the information exchange mechanisms among the stakeholders of the AML/CFT/CPF system:** 3.1 To enhance the information exchange mechanisms among the stakeholders of the AML/CFT/CPF system at the national level. 3.2 To enhance international cooperation among the stakeholders of the AML/CFT/CPF system.
4. **Enhance ML/TF detection, investigation, and conviction:** 4.1 To promote continuous improvement of the quality of the financial intelligence cycle. 4.2 To provide training and technical assistance in ML/TF investigation, prosecution, and conviction. 4.3 To strengthen the capacities of ML/TF investigative agencies.
5. **Enhance asset recovery policies:** 5.1 To strengthen asset recovery capacities. 5.2 To foster international cooperation for asset recovery purposes. 5.3 To strengthen the statistical monitoring of seized and forfeited property and assets.
6. **Strengthen the control of legal persons and arrangements and beneficial ownership identification:** 6.1 To strengthen coordination among the different Corporate Records 6.2 To ensure the availability of adequate, accurate and updated information on the beneficial owners of legal persons and arrangements.
7. **Ensure a correct implementation of the targeted financial sanctions (TFS) related to terrorism, TF, and PF:** 7.1 To strengthen the application of TFS related to terrorism and TF. 7.2 To promote the reform of the CPF regulatory framework.
8. **Strengthen the measures to protect NPOs from being misused for TF:** 8.1 To promote the reform of the CFT regulatory framework applicable to NPOs. 8.2 To develop a sectoral risk assessment in relation to NPOs.

9. **Address the remaining vulnerabilities detected:** 9.1 To address the dimension of the informal economy and the intensive use of cash. 9.2 To strengthen border control from the AML/CFT/CPF system. 9.3 To strengthen the control of marginal foreign exchange transactions.
10. **Strengthen the approach to the threats identified in the ML-NRA and the 2022 TF/PF-NRA:** 10.1 To strengthen the approach to the threats identified in the ML-NRA. 10.2 To strengthen the approach to the threats identified in the 2022 TF/PF-NRA.

152. General objective No.4 to strengthen the detection, investigation and sanctioning of ML/TF crimes, is a good example of how the National Strategy addresses ML/TF risks because it includes training on investigative techniques for law enforcement and judicial authorities across the country.

153. Separately, in line with the fifth general objective of the National Strategy, changes to the structure of the FIU were approved in July 2023, including the creation of the Confiscation Subdivision, aimed at strengthening the confiscation of property and other illicit assets. One of its main functions is to provide assistance in the elaboration of action programs to improve efficiency in early asset recovery.

154. The implementation of the National Strategy and corresponding action plan is monitored by the National Coordination Program bimonthly and reported to the Coordination Committee. Although there are some delays in the implementation of action items, the action plan is generally implemented as proposed.

155. Argentina has already achieved many of the specific objectives set out in its National Strategy, including the major milestone of approving a comprehensive reform to Law 25246 (Argentina's AML/CFT Law) on 15 March 2024, with impact on several specific objectives including regulating VASPs, increasing sanctions available for supervisors and creating a central registry for BO information. Still, the relatively late supervision of VASPs is not in line with Argentina's identified risk related to VAs.

156. More generally, Argentina has a Federal Plan to tackle Organised Crime and a Federal Strategy³⁵ to Combat Drug Trafficking. Both broad country strategies include a focus on pursuing ML and reducing the profitability of crime as part of a comprehensive approach against drug trafficking and other crimes, for example by ensuring authorities are trained for and have the resources (e.g. accounting tools) to pursue complex and parallel investigations. In 2022, as a response to increased IT-mediated crimes, such as frauds and ransomware (the latter, involving virtual assets), the Ministry of Security created the Programme for the Strengthening of Cybersecurity and the Investigation of Cybercrime (FORCIC), which co-ordinates, supports and advises on cybercrime and crimes involving technology and/or the use of technology and the related High Technology Cybercrime Research Centre (CICAT) including members of the four federal police and security forces.

157. Other good examples prior to the National Strategy are the efforts to tackle human trafficking from different areas of the government, starting with the regulatory amendments that allow AFIP to co-ordinate actions against labour exploitation, child exploitation and the employment of persons in an irregular migratory situation; the establishment of a Prosecutor's

³⁵ Argentina's official government site (2023), www.argentina.gob.ar/sites/default/files/2021/06/plan_federal_de_abordaje_del_crimen_organizado_2021-2023.pdf (accessed 7 August 2024).

Office for Trafficking and Exploitation of Human Beings (PROTEX) in 2013, and the development of a public trust fund “for Direct Assistance to Victims of Trafficking in Persons in 2019. Argentina has also tackled its vulnerabilities regarding its long and porous borders and cash through greater resources for customs. For example, a new monitoring system was installed at the confluence of the Paraná and Paraguay Rivers in 2021 to reinforce the maritime safety and crime prevention control carried out by the Argentine Coast Guard.

158. Neither the National Strategy nor other documents propose any concrete measures to cope with the fundamental problem of informal financial services. Apart from some very general actions in the National Strategy, the country did not present any medium or long-term national strategy or action plan to tackle this issue although some actions have been taken to both encourage the use of formal financial channels including use of Fintech and to detect unlicensed activity (see IO.3).

159. With respect to efforts to combat TF, the TF-specific objectives are related to promoting the legislative approval of amendments to the Criminal Code related to terrorism and TF, strengthening the country’s TF TFS framework, and measures to protect NPOs from being misused for TF. These items were identified to be low priorities within the Strategy’s objectives, generally in line with the country’s assessment that TF risk is medium-low. Other objectives relate to both ML and TF (e.g. training in special investigative techniques; disseminating the NRAs, addressing risks related to the borders, international trade, and the informal economy).

160. Various stakeholders in countering terrorism and TF in Argentina have their own strategies and priorities related to these issues. For example, one of the competencies of the Secretariat of Intelligence of the State (SIDE) is the production of criminal intelligence regarding federal complex crimes related to terrorism (among others), and the Secretariat for the Comprehensive Analysis of International Terrorism (SAIT) in the Attorney General’s Office coordinates efforts, resources, and training for the judicial system to counter right wing violent extremism and international terrorism and coordinates with PROCELAC on efforts related to TF.

161. The National Strategy identified as a medium priority to develop a TFS framework related to PF, which is in line with the country’s risk profile related to PF.³⁶

Exemptions, enhanced and simplified measures

162. Argentina has no full exemptions to the application of the FATF Recommendations but limits coverage of notaries, accountants, lawyers and VASPs to the following thresholds without any assessment or justification of low risks, which is not in line with FATF Standards (see R.15 and R.22). Notaries, lawyers, or accountants are only required to conduct CDD when i) managing client money, securities, or other assets of an amount of 150 minimum monthly wages (approximately USD 39 000, depending on the exchange rate); and ii) managing of bank, savings, or securities accounts for an amount of 50 minimum monthly wage (approximately USD 13 000, depending on the exchange rate). These thresholds are not in line with R.22 or based on risk. VASPs are only covered when operating above approx. USD 27 000. This exemption is not based on risk.

163. Although authorities consulted with relevant sectors to set these thresholds (e.g. considering the importance of developing the sector), these are not risk assessments.

164. Argentina also allows simplified due diligence for low-risk customers, provided there is no ML/TF suspicion and that monthly transactions do not exceed the equivalent to four

³⁶ Argentina also assessed PF risks within its TF risk assessment although not yet required by the FATF’s 4th round Methodology and found them to be medium-low.

Adjustable Minimum Living Wages (approximately USD 1049³⁷) and considering the ML and TF/PF NRAs, other documents identifying risks linked to the sector, and the risks identified by the reporting entity itself. Implementation of simplified CDD is in line with the FATF Recommendations and is being properly examined by the supervisory authorities.

165. In addition, Argentina covers armoured cash transportation services, professional football clubs, art, and car dealers as well as other high-value good dealers for AML/CFT. Notwithstanding this scope is in the discretion of countries, in Argentina's context, the relatively wide scope ranges of reporting entities adds further stress on the FIU's supervisory resources, which are already limited.³⁸

Objectives and activities of competent authorities

166. Although with some limitations stemming from problems in the understanding of ML/TF risks, the objectives and activities of competent authorities align with the main ML/TF threats and vulnerabilities identified by Argentina. Authorities' efforts focus on combatting ML related to drug trafficking, tax evasion, corruption, smuggling, fraud, and human trafficking with varying degrees (see IO.7), as well as addressing inherent vulnerabilities, such as those related to Argentina's borders and foreign legal persons.

167. This is particularly evident for the FIU, law enforcement and security forces. For example, prior to the NRA, the FIU detected channels being used to evade the Tax for an Inclusive and Solidary Argentina (PAIS), through transfers abroad paying for non-existent educational/online services and disseminated it to reporting entities for awareness. Following the approval of the NRAs in 2022, the FIU developed specific red flags which it has used internally in relation to two of the main threats identified (drug trafficking and human trafficking including labour exploitation) in higher risk geographical sectors.

168. The FIU also used the NRA as input for its "Risk-Based Selectivity Committee", which determines the priority of cases analysed by the FIU and created a new Central Regional Agency in February 2023 in the city of Rosario (highlighted in the NRA because of, among other, important presence of organised crime), covering the provinces of Córdoba and Santa Fe, with the set objectives of deepening its federal role, strengthening the national AML/CFT system, as well communication with the various reporting entities.

169. PROCELAC also expanded its activities in Rosario, by seconding a specialised Prosecutor (The "*Rosario Delegation*") on Economic Crimes and Money Laundering, strategically located in the same building as the Prosecutor's Office for Drug Crime (PROCUNAR). PROCELAC also signed an agreement with the Mayor of the City of Rosario in June 2023, with the purpose of assisting local prosecution offices in conducting ML investigations (see IO.7). Given identification in the NRA of continued use of kidnap for ransom as a source of financing of criminal organisations, the Attorney General's Office reinforced its Specialised Unit on Kidnapping for Ransom which was expanded in October 2023 to cover the prosecution of Organised Crime (UFECO).

170. The FIU also has regional offices in strategic locations in Argentina since 2017, in its role as main AML/CFT supervisor (i.e., the Northwest Regional Office in the City of Salta, Province of Salta, and the Northeast Regional Office in the City of Posadas, Province of Misiones) and created an additional Central Regional Agency in the City of Rosario in February 2023. Similarly, in accordance with the National Strategy, a joint resolution created a working group including the

³⁷ The official exchange rate used was the BCRA selling rate for the US dollar on 29 May 2024 (ARS 893.5).

³⁸ The AT did not meet representatives or assess the level of AML/CFT effectiveness in sectors not covered by the FATF Standards.

CNV, Customs and the FIU to strengthen the exchange of information focusing on the city of Rosario.

171. Argentina also implemented some specific mitigating measures following its ML/TF risk assessment for legal persons. Foreign legal persons are subject to deeper controls, depending on the extent to which they conduct business in Argentina. The registries of the City of Buenos Aires (CABA) and Province of Buenos Aires (PBA) require additional supporting documentation, and although as mentioned in the NRA, this might not be the case for other registries, these measures bear some weight because almost 90% of foreign companies are registered in the City and the Province of Buenos Aires. As for simplified SAS, as they have 24 hours to register, they are prohibited from engaging in business operations involving capitalisation or savings, and they cannot exploit concessions or public services until registered.

172. However, because of Argentina's context of strict exchange controls, competent authorities are, at times, more focused on detecting attempts to avoid exchange controls (and to some extent tax obligations)—which can be, but are not always, criminal. This heavily influences the objectives and activities of competent authorities, especially supervisory agencies. This has a mixed impact on the effectiveness of the AML/CFT system. While contributing to the overall effectiveness of preventive measures, it dilutes the attention of professional and third-party ML and TF.

National coordination and cooperation

173. Argentina has appropriate mechanisms for national coordination and cooperation, mainly led by the AML/CFT/CPF National Coordination Committee, supported by the National AML/CFT Coordination Program (which functions as the secretary of the committee) and the FIU. The National Coordination Committee was established in May 2019 and took over the coordination functions that were run by the Coordination Program previously. Besides this Committee and Programme, the FIU has a role in co-ordinating operational coordination (especially for ML cases, see IO.7) and all authorities collaborate fluidly in an ongoing manner. During the on-site visit, all relevant government agencies exhibited high level of commitment and awareness about the importance of national coordination, which was well-evidenced by interagency working groups (*mesas de trabajo*), including between the FIU and other supervisors, LEAs, security forces, etc. and by joint operations, at the capital and provincial level.

174. Working groups (*mesas de trabajo*) are put in place in an *ad hoc* manner by competent authorities for both policy and operational coordination as needed, whenever an issue needs the action or opinion of more than one authority. The FIU, for example, engages LEAs through regular bilateral meetings (*mesas de trabajo*) to obtain feedback and improve the quality and use of its disseminations and further develop LEAs' capability to use the FIU's disseminations in their investigations (see IO.6).

175. There are no formal cooperation mechanisms with the private sector, but authorities frequently referred to outreach to the private sector in discussions with the AT.

176. The National Coordination Committee has held 20 meetings (see below) since its establishment. The committee does not necessarily meet on a periodic basis, and the frequency of the meetings differs each year.

Table 2.1. Summary of AML/CFT/CPF National Coordination Committee Meetings

Meeting dates	Topics discussed
08/10/2019	Approval of NRAs for circulation.
17/09/2020	Committee Meeting with High Level Authority Minister of Justice
11/09/2020	NRA preparation meeting
17/09/2020	NRA preparation meeting
22/09/2020	Meeting to discuss NRA working groups and the IBD Methodology
29/09/2020	Not available
18/12/2020	Not available
10/06/2021	NRA results discussion along with 4 th round mutual evaluation preparations.
10/03/2022	NRA monitoring
22/04/2022	Discussion of initial results of five NRA working groups
29/06/2022	ML NRA approval
21/07/2022	NRA results publication discussion and discussion of National Strategy among others including TF NRA update.
06/09/2022	Approval of TF NRA update.
19/09/2022	Discussion of National Strategy.
29/09/2022	Decisions on how to protect confidential aspects of NRA (subject to reservation clause); approval of public version of NRA and decision on circulation of confidential versions of NRAs to members of the Committee for further distribution within their organisation.
02/11/2022	Approval of public version of the NRA and call to conduct outreach to private sector.
10-05-2023	Review of progress on NPO risk assessment and call from Minister to continue work/implementation of National Strategy.
20-09-2023	Monitoring of progress on the National Strategy and NPO risk assessment and planning for legal persons and virtual assets sectorial risk assessments to be developed with GAFILAT.
06-12-2023	Monitoring of progress on the National Strategy; approval of NPO risk assessment and progress with legal persons and virtual assets sectorial risks assessments.

177. Although the committee's clear ownership of the NRAs and National Strategies is a strength, committee meetings almost exclusively focused on NRAs and partially on National Strategies, and do not cover the other aspects of the AML/CFT system that are described in its task description (Decree 331/2019). The Coordination Programme has a core role in domestic coordination, and the transition of some functions to the Committee is an ongoing process. However, this does not imply a deficiency as FATF Recommendations are not prescriptive about the form of domestic coordination. The FIU is the coordinator of any operational matters that fall under its task description. Bilateral or multilateral meetings such as the mentioned *mesas de trabajo* take place very frequently and serve as an agile and effective mechanism for interagency coordination.

178. There are several stakeholders in the government working on terrorism and TF issues, and Argentina lacks coordination at the operational level among these stakeholders, which impacts the detection and disruption of potential terrorist attacks and the investigation of terrorism and TF cases (see IO.9). This is also an issue in ML cases, where operational coordination is not guided by standard operating procedures, which does not ensure appropriate prioritisation and handling of cases (see IO.7).

The private sector's awareness of risks

179. A public version of the NRAs was published on the website³⁹ of the Ministry of Justice and reposted on other government websites. The results of the NRAs were also disseminated to FIs and DNFBPs via the FIU's secure communication system, and other dissemination activities including those organised by SOBs for their respective sectors. However, not all reporting entities are using the SRO system actively, and around only 66 percent of reporting entities have downloaded the NRA report, notwithstanding that they may have access to the report in other channels.

180. FIs in general have a good understanding of their ML risks and an uneven understanding of TF risks, with a focus on geographic risk and risks related to designated individuals for TF (and less understanding of other factors, see IO.4).

181. The FIU, SOBs, and professional associations for banking, securities, insurance, and other major players in the financial sector jointly organised a series of workshops to disseminate ML/TF/PF NRA findings. All reporting entities and professional associations that the AT met during the on-site visit were aware of the NRA reports and particularly the geographical ML/TF risks highlighted in those reports. However, the private sector lacks a clear and even understanding of broader ML/TF risks (i.e., related sectors, products, services, and ML techniques).

182. The private sector entities that are subsidiaries of international FIs demonstrated a more dynamic and deeper understanding of ML/TF risks, which was not necessarily based on the published NRAs.

183. Specifically, on TF risk, the private sector is aware of the NRA and familiar with the general findings. There is, however, only a limited understanding of how to translate the findings into indicators or otherwise operational information to inform reporting entities' ability to identify transactions or other activities that could be related to TF. For example, most reporting entities defaulted to TF TFS obligations and controls when asked about measures to mitigate TF, although some noted that they are also applying enhanced controls with regard to transactions or customers linked to the TBA, which was identified in the NRA as a vulnerability for TF. As a result, many reporting entities may not be able to effectively identify and report related suspicious activity other than those linked to designated individuals, potentially depriving the government of a critical source of information to inform terrorism and TF assessments and actions.

³⁹ Argentina's official government site (2022), https://www.argentina.gob.ar/sites/default/files/2022/11/evaluaciones_nacionales_de_riesgos_de_lavado_de_activos_y_de_financiacion_del_terrorismo_y_de_la_proliferacion_de_armas_de_destruccion_masiva_1.pdf (accessed 23 October 2023).

Overall Conclusions on IO.1

Argentina has a developing understanding of its ML risks and a general albeit uneven, understanding of its TF risks, as reflected in its ML and TF NRAs. Competent authorities and reporting entities have a good understanding of geographical ML/TF risks and main predicate offences. However, the understanding of ML risks in terms of sectors, products and services, international financial flows, and ML techniques is still developing and uneven across the participants of the AML/CFT system. In addition, there are some important gaps in assessing and understanding risks mainly related to informal financial services, corruption, TBML, and sectoral risks, including but not limited to risks of VASPs, lawyers, and PSPs. Despite multiple strengths and good practices in ML/TF risk assessments, as well as in the implementation and coordination of risk-based national policies and actions which is strong and aligned with identified risks, the deficiencies in understanding ML risks have a system-wide and significant impact on effectiveness in IO.1 and require major improvements.

Argentina is rated as having a moderate level of effectiveness for IO.1.

Key Findings and Recommended Actions

Key findings

Immediate Outcome 6

- a) LEAs (public prosecutors and investigative judges) regularly access and use a vast array of financial intelligence and other information to support ML and related predicate offences investigations, including the tracing of assets for confiscation – but to a lesser extent TF investigations. Security forces and the FIU are important triggers and support of financial investigations.
- b) LEAs acknowledge the quality of the FIU's disseminations, which has contributed to successful investigations or opening of cases. However, STRs suffer from low or inexistent reporting from high-risk DNFBPs and some FIs (real estate, securities, VASPs and lawyers), and significant quality issues (see IO.4). In addition, the limited valuable intelligence from cross-border cash movements, and the very low numbers of TFRs, are not fully in line with Argentina's risk profile.
- c) The FIU is well equipped to support LEAs' operational needs, with adequate human and IT resources, robust prioritisation and analysis processes. Spontaneous disseminations are relatively in line with the country's risk profile, although to a lesser extent as regards tax offences and corruption. While the high number of reactive disseminations illustrates that LEAs are making good use of the FIU to support their investigations, the substantially lower proportion of spontaneous disseminations suggests that the FIU might not fully exploit its potential to develop cases on its initiative to prompt new investigations by LEAs.
- d) The FIU has elaborated and disseminated different strategic products, which both public and private entities acknowledge as useful. However, no strategic study has been conducted on cross-border cash movements, and TF strategic analysis is still very limited.
- e) The FIU, LEAs and other competent authorities share information domestically and with international counterparts through secure systems and platforms. The FIU has made commendable efforts in facilitating domestic coordination between competent authorities through regular coordination meetings and working groups (*mesas de trabajo*).
- f) The AT has concerns that (i) the high turnover in the FIU's staff, not only at the top leadership level but also intermediate management, in particular after political changes; (ii) the selective use of *querellas* in some corruption-related cases, especially after changes in government (see IO.7); and (iii)

the role of the Advisory Board which, although not binding, somehow limits the independence of the FIU, are influenced by political rather than technical considerations.

Immediate Outcome 7

- a) Over the past decade, Argentina has considerably strengthened its legal and institutional framework to investigate, prosecute and convict ML. Federal LEAs (investigative judges and prosecutors), who are in charge of ML investigations, are committed and well trained, and get support from security forces as needed, and specialised prosecution units or other stakeholders when requested. PROCELAC, the prosecutorial unit dedicated to financial crime, including large-scale and complex ML cases, is a strong asset in this sense; however, there is no certainty that they are involved in all cases that would warrant their intervention.
- b) FIU disseminations and work carried out by the security forces are important triggers for ML investigations. LEAs increasingly pursue parallel financial investigations, though numbers indicate that it is not yet a consistent practice depending on the predicate offences and LEAs.
- c) Argentina demonstrated its capacity to pursue different types of ML cases, including self and third-party laundering, and stand-alone and foreign predicate offence to a lesser extent. The authorities largely use special investigative techniques in ML cases and have established joint investigation teams (JITs) in some instances. Few complex cases involving legal persons exist, although the NRA and the authorities acknowledge that they are being widely used in ML schemes.
- d) Argentina has achieved 91 convictions over the review period, which is relatively low given the size of the country. The AT is of the view that the restrictive language of the ML offence can partly explain this. The length of the investigation and prosecution stages is also a concern – this is due in part to the criminal procedural framework, under which there is no prosecutorial discretion and all cases of ML identified must be pursued. Argentina is in the process of implementing a new Federal Code of Criminal Procedure (FCCP), which will reduce the timelines and simplify the process. Still, Argentina has achieved a few remarkable ML convictions, and the trend is increasing.
- e) Argentina's investigations are partially in line with its risk profile, with drug-trafficking being the main predicate offence, followed by tax offences, and to a lesser extent corruption. PROCELAC and PROCUNAR, the prosecutorial unit in charge of drug-related cases, have opened delegations in Rosario, which demonstrates Argentina's intention to pursue cases in line with its geographic risk. However, tax crimes, corruption, and human trafficking feature a very low number of convictions; there are few convictions for unauthorised financial intermediation, illegal exchange services or TBML, which does not reflect the country's risk and context. Although some cases are based on international transportation of foreign currencies, cash declarations did not yield any ML investigations in the past five years, which is not in line with Argentina's risk profile.

- f) A wide range of sanctions are available for natural and legal persons and the sanctions applied to natural and legal persons are found to be effective, dissuasive and proportionate to a large extent. However, the AT notes a recurrent use of suspended prison sentences. Argentina regularly uses abbreviated trials, and sometimes plea-bargaining arrangements, to obtain successful ML convictions.
- g) Argentina can apply alternative measures. In a minority of cases, authorities have applied the concealment offence where judges could not demonstrate the intentional element of the ML offence; they also used non-conviction-based confiscation, and cancellation of legal person licenses.

Immediate Outcome 8

- a) Confiscation has been increasingly pursued as a policy objective over the last decade with the expansion of the authorities' awareness and Argentina's asset recovery toolkit. However, this change in paradigm has not yet been fully internalised by all prosecutors and judges. Although confiscation of corresponding value is not expressly provided for in the law, it has been applied in practice once.
- b) Regarding ML, Argentina secured confiscation in the majority of cases where a conviction was achieved, which is commendable, although recovered amounts are modest. Many of these confiscations are for real estate and vehicles that are not appraised and there are several cases where the confiscation was of a generic nature without value details, which demonstrates room for improvement in asset management. Argentina has also successfully secured some non-conviction-based confiscations.
- c) The PPO, through DGRADB, intervened in several ML and predicate cases over the review period and the trend is increasing, but their involvement is not consistent. Judges grant orders for precautionary measures smoothly, however, there are concerns that is not always timely, although the AT did not come across such cases.
- d) Available data tends to demonstrate that confiscation is pursued in predicate offences cases to some extent, although confiscated amounts are modest. The statistics presented to the AT cannot be considered truly representative of all the assets seized and confiscated in the course of criminal proceedings, making it difficult to assess the full extent to which results are being achieved in line with Argentina's risk profile. Although specialised units bring added value to the asset recovery process, as mentioned under IO.7, their number and the lack of standards operating procedures tends to impact the effectiveness of the system when it comes to adopting a consistent approach in both dealing with cases and keeping statistics.
- e) Argentina has been increasingly seeking to identify assets moved abroad for the past few years and has notably achieved repatriation and confiscation in two recent cases, although not in line with the risk and context of Argentina, where assets tend to be moved and kept abroad (see Chapter 1).

- f) The number of falsely or undeclared cross-border cash declarations identified by Customs and proceedings conducted by security forces to seize cash are inconsistent with the country's risk and context. Few cases were prosecuted for ML and resulted in a conviction. The AT noted coordination issues in this field as well.

Recommended Actions

Immediate Outcome 6

- a) The FIU should conduct targeted outreach activities to address the numerous reporting issues including the reporting quality and frequency, with a particular focus on high-risk DNFBPs, namely real estate and securities, as well as the recently supervised entities – VASPs and lawyers. The FIU should continue assessing the quality of reporting to assess the outcomes of these actions (see IO.4).
- b) The FIU should endeavour to increase their spontaneous disseminations in line with Argentina's risk profile, in order to prompt the opening of relevant ML investigations by LEAs.
- c) The FIU should develop a wide TF awareness campaign towards its reporting entities, including through the dissemination of a comprehensive set of red flags and indicators, to (i) strengthen their TF understanding and (ii) raise awareness on the need for TFR reporting for suspicious TF activity, rather than exclusively for TF-TFS purposes (see IO.9).
- d) LEAs and the FIU should (i) enhance the use of information from cross-border cash movements and (ii) conduct a strategic study on ML-risks related to cross-border cash movements, in line with Argentina's risk profile.
- e) Argentina should (i) ensure that changes in FIU staff are technically motivated and aligned with legal provisions in all instances, (ii) reconsider the opportunity of the FIU and other agencies to act as querellante or, alternatively, ensure that there are robust safeguards to ensure impartiality when they exercise this power; and (iii) reassess the mere existence and role of the Advisory Board to prevent possible interference in the FIU's independence.

Immediate Outcome 7

- a) Argentina should ensure that LEAs adequately prioritise ML cases by developing standard operating procedures ensuring that PROCELAC is informed of all cases and can decide on their level of intervention based on a variety of factors and the best use of resources. Argentina should make all federal LEAs aware of these. In addition, Argentina should consider ways for PROCELAC to act as a *coadyuvante* when this is relevant, i.e., in complex ML investigations.

- b) In a view to increasing the number of relevant ML investigations, Argentina should strengthen the understanding and use of parallel financial investigations beyond asset tracing across all LEAs, by (i) raising awareness about the work of PROCELAC and DAFI in line with RA a) and (ii) fostering cooperation among the relevant units, to systematise their involvement from the outset of the investigation, whenever a financial component is identified in a predicate offence case.
- c) Argentina should focus on prosecuting ML cases in line with its risk profile. To this end, Argentina should update their financial investigation guidelines and provide adequate training to LEAs considering in particular high-risk predicates, i.e., corruption, tax evasion, and human trafficking, as well as specific offences such as unauthorised financial intermediation and illegal exchange services. Argentina should ensure that LEAs are aware of the ML-related aspects of the VTC programmes and that the ML offence is pursued where relevant.
- d) Argentina should give adequate focus to complex financial criminality in line with its risk profile, and design guidelines/training in this sense, including on (i) the transnational elements, (ii) involvement of legal persons, (iii) cross-border cash movements and (iv) virtual assets.
- e) Argentina should further study and seek to reduce the length of ML-related investigations and proceedings.
- f) Argentina should fully align its ML offence (art. 303 of the Criminal Code) to the standards and ensure that it is appropriately applied in all relevant cases.
- g) Argentina should ensure the permanent collection of consistent statistical data about ML cases investigated and prosecuted throughout the country.

Immediate Outcome 8

- a) In line with its risk and context, Argentina should accelerate its recently initiated efforts to actively seek recovering assets abroad, namely by (i) training prosecutors and judges on international asset recovery; (ii) elaborating/updating manuals or guidelines; (iii) increasing the use of JITs and (iv) promoting agreements/treaties with its most relevant counterparts, containing provisions on asset recovery.
- b) Argentina should draft guidelines on the involvement of the different stakeholders in the asset recovery process and ensure that all LEAs are aware of their roles. On that basis, Argentina should collect comprehensive, country-wide statistical data to track freezing, seizure, and final confiscation of all types of assets and crimes, both at the federal and provincial levels. Argentina should strengthen its asset recovery policy accordingly.
- c) Argentina should implement measures ensuring the timely application of precautionary measures in all cases, e.g., urgent freezing powers.

- d) Argentina should enhance the administration and management of seized and forfeited assets. As a priority, Argentina should develop procedures for appraising seized and confiscated movable and immovable property.
- e) In line with its risk and context, Argentina should fully assess the risks related to cross-border movements of cash (especially outgoing), focusing on key border regions with higher criminal threats. Argentina should increase and streamline controls to detect and seize undeclared cash, also at unauthorised border crossings – and keep consistent and exhaustive statistics in this regard. Argentina should use these confiscations, to the extent possible, to initiate and develop ML and predicate offence investigations.
- f) Argentina should continue strengthening the knowledge of all prosecutors and judges of asset recovery measures in line with current and emerging challenges (e.g., intense use of cash, virtual assets, etc.).
- g) Argentina should add confiscation of corresponding value explicitly to its legislation (See R.4), and provide training as relevant.

184. The relevant Immediate Outcomes considered and assessed in this chapter are IO.6-8. The Recommendations relevant for the assessment of effectiveness under this section are R.1, R. 3, R.4 and R.29-32 and elements of R.2, 8, 9, 15, 30, 31, 34, 37, 38, 39 and 40.

185. In Argentina, there is a federal and a provincial judicial system, and related criminal procedures. Federal Courts have the competence to deal with ML and organised crime cases as they are, by law, federal offences. This does not preclude the competence of provincial Courts to deal with local financial and organised crimes that do not directly affect the interests of the National State, but rather the interests of the provinces or municipalities. In the specific case of the Autonomous City of Buenos Aires, National Courts deal with local cases.

186. At the federal level, the traditional criminal system is a ‘mixed-inquisitorial’ system regulated by the National Code of Criminal Procedure (CPPN), under which the judge either leads the investigation or delegates it to the prosecutor, which is common in practice. Although not providing numbers, the authorities indicated that, where the CPPN applies, prosecutors deal with most criminal cases. A recurrent practice for judges is to delegate all cases to investigative prosecutors when the crime is reported to the Public Prosecutor’s Office (PPO – MPF). In parallel, Argentina has been implementing since 2014 the Federal Code of Criminal Procedure (FCCP), which establishes an adversarial and accusatory system where prosecutors are responsible for all criminal investigations. At the time of the on-site visit, the FCCP was applicable in the provinces of Salta and Jujuy.⁴⁰

187. In the context of the MER, Law Enforcement Authorities (LEAs) in Argentina refer to public prosecutors (the PPO) and investigative judges, as they are the ones legally empowered to initiate an investigation. Traditional investigative forces (the Argentina Federal Police (*Policia Federal de Argentina – PFA*), the Argentine National Gendarmerie (*Gendarmeria Nacional de Argentina – GNA*), the Argentine Coast Guard (*Prefectura Naval de Argentina – PNA*) and the Airport Security Police (*Policia de Seguridad Aeroportuaria – PSA*)) do not independently

⁴⁰ After the on-site visit (6 May 2024), the FCCP was also implemented in the jurisdiction of Rosario (province of Santa Fe and northern area of the province of Buenos Aires) after the on-site visit as well as in the provinces of Mendoza, San Luis, and San Juan (21 May 2024).

investigate ML, but assist the prosecutor or investigative judge as auxiliary forces, besides carrying out precautionary measures in the framework of their competencies.

188. In Argentina, at the federal level, the PPO leads the investigation (*averiguación previa*, *investigación preliminar* or *actos iniciales del procedimiento*), which is triggered either *ex officio*, by the security forces when detecting a crime in the framework of their preventive tasks, or by the submission of a complaint ("*denuncia penal*"). In jurisdictions governed by the CPPN, an investigative judge (*juez de instrucción*) or Court prosecutor (*fiscal*) – if the investigative judge decides to delegate the case – leads and coordinates the criminal proceedings. In jurisdictions where the FCCP applies, these tasks are always carried out by a prosecutor. In both cases, as Argentina applies the principle of procedural legality, any complaint from a public or private body, or information received from State agencies, triggers such an investigation, that might then be elevated to a formal investigation (with notification of the person investigated) or directly to processing if the prosecutor deems appropriate. Once the formal investigation is concluded, the prosecutor will decide, with judicial oversight, whether or not to file charges for the case to be brought to trial.

189. In Argentina, the FIU and other authorities such as AFIP have a quite unique legal power: to file a criminal complaint for any offence suspected in the course of their functions and act as *querellante* (which could be understood as "plaintiff", "complainant" or "private accusation", depending on the legal system) by triggering the formal investigation and further criminal actions, as well as providing evidentiary elements, arguments and filing motions to appeal. The FIU can do so in all cases where offences under the AML/CFT Law are investigated (Decree 2226/2008). The role of the prosecutor and the *querellante* represent different interests and they can act independently. As such, if one of them considers that there is no burden of proof to continue with the accusation and formally withdraws the accusation at that stage of the process, the other (the *querellante* or the prosecutor) can continue independently with the accusation. If only the *querellante* continues with the accusation, the prosecutor will act only granting the due process.

Immediate Outcome 6 (Financial Intelligence ML/TF)

Use of financial intelligence and other information

190. Competent authorities have access, directly and indirectly, to a broad range of financial intelligence and other information, which they routinely use during their investigations to collect evidence and trace proceeds of ML and related predicate offences, in particular drug trafficking and smuggling, which are identified as high risk in Argentina. Financial intelligence is used to a lesser extent for TF, as shown by the low number of investigations (see IO.9).

191. LEAs (public prosecutors and investigative judges), through their wide investigative powers, gather intelligence timely and without impediments, notably from: (i) their criminal records; (ii) competent authorities, such as the security forces, Customs, and the FIU – both on request and spontaneously in the framework of their competencies; (iii) other relevant state agencies, e.g., Public Registries of Commerce, and (iv) private entities. They also obtain information from open sources. LEAs reach out to foreign counterparts to obtain financial intelligence, although not fully commensurate to the country's risk profile (see IO.2). LEAs have demonstrated their ability to use financial intelligence and other information efficiently (see cases Comando Vermelho, Carbon Blanco, etc.).

192. LEAs are well equipped to efficiently use financial intelligence in their ML and related predicate offences investigations, and to a lesser extent TF investigations. Created in 2012, PROCELAC is a specialised office within the PPO, focused on investigating and prosecuting the most significant instances of economic and organised crime, including ML, major predicate

offences, and TF cases. It intervenes at the request of the investigative judge or prosecutor, only in cases that are institutionally significant, involve particularly complex investigations, or cause especially severe social harm (see additional information under IO.7). 80 experts in finance, accounting, economic crime and company law work for PROCELAC, which also drafted different guidelines and manuals to assist prosecutors in conducting financial investigations. This level of specialisation makes PROCELAC a strong asset in the investigation of ML and TF.

193. Security forces produce criminal and financial intelligence and are an important trigger of financial investigations. As previously mentioned, they do not independently investigate ML, but inform the judge about any suspicion that they come across when carrying out their preventive tasks. All of them have dedicated financial intelligence resources and are regularly trained on the matter, particularly by PROCELAC. In practice, most ML-related convictions secured so far by Argentina were originated by the security forces when carrying out their preventive tasks (see IO.7).

194. LEAs indicated that the FIU is also a key source of financial and other intelligence in Argentina. LEAs routinely request and use intelligence from the FIU, notably in the framework of ML and high-risk predicate offence investigations, including drug trafficking and smuggling, but to a lesser extent corruption, trafficking in human beings and tax offences, which is relatively in line with Argentina's risk profile. According to their needs, LEAs send a specific or more general request that can trigger the production of one or several intelligence reports (reactive disseminations), depending on the complexity of the case and the volume of information. Over the review period, LEAs have made 4,305 requests to the FIU (see Table 3.8).

195. LEAs and the FIU directly and indirectly access a wide range of resources (see Table 3.1) through broad legal powers. In addition, the FIU requests data from any legal or natural person; information to a reporting entity, even when it is not related to a previously submitted STR; and can also request LEAs to provide criminal intelligence and records to support its analysis, which they often do (see Table 3.2). The FIU has additionally signed 18 agreements to facilitate the request and receipt of data and information from government agencies and private institutions and 47 Memoranda of Understanding (MoU) with foreign counterparts (see IO.2). Last but not least, in Argentina, AFIP, INAES and Public Registries of Commerce are reporting entities and must report any ML/TF suspicion to the FIU (see Table 3.7).

Table 3.1. Direct and indirect access to information by LEAs and the FIU

Type of information	LEAs (public prosecutors and judges)	FIU
FIU database (incl. STRs/TFRs, monthly – RSM & yearly – RSA systematic reports)	Indirect access	/
RePET	Direct access	Direct access
Provincial registries of real estate property	Direct access for CABA and the province of Salta, indirect for all others	Direct access
National Registries of Motor Vehicles	Direct access	Direct access
CNV, BCRA, SSN	Indirect and direct access	Indirect access
INAES	Indirect and direct access	Indirect access
AFIP	Indirect and direct access	Direct access
General Directorate of Customs (cross-border cash declarations)	Indirect and direct access	Direct access
Registry of vessels of any kind and Registry of aircraft	Direct access	Indirect access
National Directorate of Migration	Direct access	Direct access
NOSIS	Direct access	Direct access
National Social Security Administration (ANSeS)	Direct access	Direct access
National Registry of Persons (RENAPER)	Direct access	Direct access
National Registry of Criminal Records	Direct access	Direct access
Tax agencies of all provinces	Direct and indirect access	Indirect access
Security forces (PSA, PNA, PFA, Gendarmerie)	Direct access	Indirect access
Public Registry of the province of Salta	Indirect access	Direct access
Public Registry of CABA (IJG)	Indirect access	Direct access
All other 22 Public Registries (including DPPJ)	Indirect access	Indirect access

Note: The FIU database includes a lot of raw information, such as the different types of RSM and RSA.

Note: Access to the AFIP database depends on the application of tax secrecy.

196. The FIU timely accesses the requested information from reporting entities (see Table 3.2). State entities reply on average within 10 days, and private entities within 5 days on average. Where circumstances require so, these timelines may be reduced and requests sent informally in parallel. The FIU regularly requests information from reporting entities which have not submitted an STR and receives it without impediments. The FIU swiftly obtains BO information from Public Registries of Commerce, AFIP and INAES when needed (see IO.5). As for information on foreign trusts, the FIU can request the Public Registries of Commerce and has access to the databases of AFIP where those foreign trusts have an obligation to register but have rarely done so in practice; and request foreign counterparts (see IO.2).

Table 3.2. Requests for information by the FIU

Requested type of entity	2019		2020		2021		2022		2023		Total	
<i>With or without previous STR</i>	<i>With</i>	<i>Without</i>	<i>With</i>	<i>Without</i>	<i>With</i>	<i>Without</i>	<i>With</i>	<i>Without</i>	<i>With</i>	<i>Without</i>	<i>With</i>	<i>Without</i>
Financial institutions	0	405	125	109	134	107	379	304	446	498	1084	1423
DNFBPs	0	68	22	40	1	18	18	13	34	11	75	150
Public entities	1	190	19	73	28	76	106	122	79	121	233	582
Total	1	663	166	222	163	201	503	439	559	630	1392	2155

Note: Requests for information may be submitted within the framework of cases (proactive investigations), collaborations (reactive disseminations) or request from an international counterpart.

197. The use of financial intelligence on cross-border movements of cash is not commensurate with Argentina's risk profile. AFIP (Customs) is a reporting entity and must both file a criminal

complaint and submit an STR in the case of ML/TF suspicion arising from cross-border cash declarations (see 3.2.2). AFIP indicated reporting to the FIU all transactions with a suspicious nature, or whenever the same individual submits cross-border cash declarations exceeding USD 100,000 in aggregate over 13 months. In practice, over the review period, AFIP analysed travellers' profiles in 211 cases, leading to submitting 33 STRs to the FIU (see Table 3.7) based on the lack of consistency between the profile and the amounts involved.

198. The FIU also has direct access to the Customs database of cross-border cash declarations and indicated using this information to support their analysis and enrich financial intelligence. However, the AT concluded that the FIU relies on the analysis and submission of STRs by AFIP when it comes to cross-border cash. In some instances, the FIU has used other sources to investigate suspicions of ML from illicit cross-border cash movements (see cases below). PROCELAC collaborated in 18 cases of cross-border movements of cash over the reporting period, and the FIU collaborated in five of the eight cases which are still ongoing (see IO.8).

Box 3.1. Use of intelligence by the FIU on a suspicion of illicit cross-border cash movements

Case 1 – Case based on an STR

The FIU opened a case in 2023 based on an STR submitted by a financial entity, and subsequently disseminated to the relevant federal court 12 intelligence reports, containing analysis of suspicious transactions conducted by four people outside the official foreign exchange regime (Single Free Exchange Market – MULC).

The FIU accessed international intelligence information confirming the existence of multiple assets owned by the suspects in different jurisdictions. The FIU analysed the migratory movements jointly with the international intelligence information on transnational financial flows and, in the absence of related sworn declarations of cross-border cash movements, concluded potential manoeuvres of cross-border transportation of undeclared cash. Argentina sent requests for information to its foreign counterparts and criminal proceedings are ongoing.

Case 2 – Collaboration of the FIU

Security forces (PSA and Ministry of Security) detected the presence of money bundles (ARS 2 662 300, approximately EUR 2600) in the luggage when carrying preventive pre-boarding controls at the airport in Buenos Aires. The suspect intended to travel to Mendoza and “spontaneously” indicated the presence of the money and the purpose of buying vegetables on behalf of a traders' market association in a regional country. The suspect also indicated having submitted a sworn declaration in that country. The relevant Criminal Court requested the FIU for collaboration, and the FIU's cooperation with its counterpart revealed the inexistence of such a declaration. The FIU disseminated two intelligence reports between 2020 and 2022, providing information and analysis on the economic, financial and asset situation of the suspect in the regional country.

199. LEAs also obtain TF-related financial intelligence from the FIU, which disseminated very few TF intelligence reports over the period. While this is aligned with Argentina's medium-low TF risk profile to some extent, this is partly explained by the low number of TFRs received (see Table 3.3). In addition, the information provided in TFRs relates almost exclusively to TF-TFS, which limits the FIU's capacity to detect potential TF activity (see IO.9). Nevertheless, the FIU

uses other information such as foreign intelligence, information from social media or strategic analysis to trace possible TF activity.

STRs received and requested by competent authorities

200. The FIU receives relevant and accurate information to some extent, that assists LEAs in performing their duties through (i) spontaneous STRs, TFRs and voluntary complaints or declarations from private and public entities and (ii) periodic Monthly Systematic Reports (*Reportes Sistematicos Mensuales – RSM*) and Annual Systematic Reports (*Reportes Sistematicos Anuales – RSA*) from reporting entities (see Table 3.4). As previously indicated, the FIU can also request information from any legal or natural person.

201. STRs received from reporting entities are partially aligned with Argentina's risk profile, with financial and exchange entities submitting most of them (55% of STRs), then credit card companies (14%), and remittances (8%). Securities, which are weighted as most heavily important (see Chapter 1), submit a lower share of STRs (about 2,5%). In addition, DNFBPs are submitting little to no STRs (less than 1%, see IO.4), which might lead to the potential loss of actionable intelligence. This is a particular concern for higher risk sectors, notably (i) real estate (49 STRs submitted), which is implicated in half of the ML convictions (see Chapter 1 and IO.7), (ii) DPMS to a lesser extent, given their high risk attributed by the NRA; and (iii) notaries considering their role as gatekeepers in the processes of incorporation of legal persons (see IO.5) and purchase of real estate. The FIU applied a few administrative sanctions to DNFBPs for failure to comply with their obligations and is conducting capacity building activities, leading to an increase in notaries' submission of STRs during the period, but without further impact on effectiveness at this stage (see IO.3 and IO.4). In addition, VASPs and lawyers, which are both considered by the AT as high-risk sectors in Argentina and are weighted most heavily and heavily, respectively (see Chapter 1), were not reporting entities until the end of the on-site visit, and thus did not file any STR or RSM/RSA.

202. The number of STRs received over the past five years is consistently increasing (see full table under IO.4). The authorities indicated that in addition to being a consequence of the FIU's outreach to reporting entities, another underlying factor was the shift in the payments trends resulting from the COVID-19 pandemic and the financial inclusion policies.

Table 3.3. STRs and TFRs received by private reporting entities

STRs	2019	2020	2021	2022	2023	2024 (Jan-Feb)	Total
Financial institutions	17 785	37 822	57 860	54 742	79 361	7 288	254 858
DNFBPs	363	192	480	477	426	14	1 952
Total	18 148	38 014	58 340	55 219	79 787	7 302	256 810
TFRs	7	7	12	8	8	1	43

203. While the quantity of STRs increased, their quality did not follow the trend. On average, about 2% of the STRs are included in the FIU's intelligence reports over the reporting period. The FIU commendably regularly assesses their quality, and noted some alarming concerns in 2022, namely: important delays in submitting STRs (e.g., more than the prescribed 150 days after the date of the operation⁴¹), inadequate identification of the BO, incorrect information or lack of relevant information (e.g., PEP status), overall poor analysis, increasing number of defensive reporting, and concentration of STRs in a relatively small number of reporting entities (see IO.4). The FIU disseminated this study and conducted remedial actions, including targeted

⁴¹ Argentina amended the reporting timeframe at the end of the on-site visit.

bilateral meetings with high-risk sectors. Reporting entities indicated receiving valuable feedback from the FIU through regular working group meetings (*mesas de trabajo*) following this study, which results are yet to bear fruit. The number of TFRs received during the review period is very low, and 67% of them were discarded after analysis by the FIU as false positives or having no ties to TF. Moreover, as previously mentioned, TFRs almost exclusively relate to TF-related TFS, which is not fully in line with Argentina's risk profile (see IO.9).

204. Reporting entities submit annual and monthly systematic reports to the FIU based on different (34) types of operations. These operations include, *inter alia*, the purchase of real estate property, cash transactions conducted before notaries, early repayment of capitalisation, cash transaction reports, creation of *fideicomisos*, gamblers who collect prizes or exchange value instruments, etc. These reports do not trigger investigation and do not contain any indicators of ML/TF activities but feed the FIU's database with raw data that prove to be useful later in the context of operational and strategic analysis. Their number has considerably increased over the past years; authorities indicated that this is the result of (i) the incorporation of new reporting entities and additional reporting requirements; (ii) the inflation effect on the threshold transactions, and (iii) the awareness raising actions from the FIU.

Table 3.4. RSM and RSA submitted by reporting entities

Reports	2019	2020	2021	2022	2023	2024 (Jan-Feb)	Total
RSM	37,685,968	60,105,951	80,280,568	73,424,606	85,041,087	7,663,235	344,201,415
RSA	739	828	931	967	977	46	4 488

205. STRs and TFRs received also include attempted transactions which number has more than doubled from 2019 to 2023, demonstrating the reporting entities' increasing awareness about reporting this type of operation.

Table 3.5. STRs/TFRs involving attempted transactions

Reports	2019	2020	2021	2022	2023	2024 (Jan-Feb)	Total
STRs	198	93	184	220	460	64	1 219
TFRs	3	-	4	-	-	1	8
Total	201	93	188	220	460	65	1 227

206. Other than its administrative freezing powers in cases of potential TF-related TFS (see IO.10), the FIU does not have legal powers to block suspicious transactions. For ML-related serious suspicions, the FIU can request the suspension of a transaction or the freezing of an account to PROCELAC or to the judge in charge when warranted – but never did it in practice.

207. STRs are submitted through the FIU's SRO platform, which allows for secure communication and tracking. The FIU has elaborated a risk matrix to classify STRs and prioritise their analysis. The AT went through the (confidential) 32 indicators and concluded that they were adequate and comprehensive with regard to Argentina's context. In addition, the FIU periodically reviews these risk indicators to ensure their alignment with risks and trends, with the last update made in February 2023.

Table 3.6. Results of the classification of STRs by the risk matrix

Risk level	2019	2020	2021	2022	2023	2024 (Jan-Feb)	Average
High	4,89%	0,73%	0,74%	3,64%	6,80%	8,48%	4,2%
Medium	1,39%	0,65%	0,70%	3,14%	4,48%	5,51%	2,65%
Low	93,38%	98,21%	98,44%	93,08%	88,50%	85,87%	92,9%
Undetermined	0,35%	0,42%	0,12%	0,15%	0,22%	0,14%	0,25%

208. STRs falling within the high and undetermined risk categories⁴² are prioritised and monitored within 24 hours; medium risk within a maximum of 48 hours; and low risk within a maximum of five working days. The monitoring consists in three analysts verifying the content and completeness of the STRs and the adequacy of the categorisation. These analysts also escalate relevant STRs to the Analysis Division management, for potential further analysis (see 3.2.3).

209. Cross-border transportation of cash and bearer instruments is subject to a declaratory system (see R.32). As a reporting entity, AFIP submits STRs to the FIU in cases of ML/TF suspicion arising namely from cross-border cash declarations – 365 over the review period (see table below). Out of these, 33 resulted from their monitoring as mentioned previously, and the remaining from unusual elements detected in the declaration, or falsely or not declared declarations (see Table 3.27 under IO.8). However, the numbers are low considering Argentina's context and risk profile, and the outcomes of these STRs is unknown – but presumably they did not yield detection of related suspicious activity (see IO.8).

Table 3.7. STRs submitted by public reporting entities

Year	2019	2020	2021	2022	2023	2024 (Jan-March)	Total
AFIP	399	211	274	485	416	91	1,876
<i>In relation with cross-border cash declarations</i>	72	66	58	63	157	31	365
INAES	28	42	17	19	12	2	120
Public Registries of Commerce	2,198	1,352	5,043	3,402	5,583	1,969	19,547

Operational needs supported by FIU analysis and dissemination

210. LEAs – especially PROCELAC – indicated that the FIU provides quality financial intelligence to support Argentina's ML/FT and predicate crime investigations, which is illustrated by statistics and cases. The FIU supports the operational needs of LEAs through proactive and reactive intelligence reports, elaborated through a robust analysis process, which is supported by adequate IT tools.

211. The FIU's budget for 2024 (ARS 3,546,606,757, approximately USD 3.5 million) is deployed and executed independently. The FIU's Analysis Division assumes the core function to analyse, process and transmit information to disrupt ML/TF. It is comprised a total of 40 staff members, including 31 analysts, which authorities indicated is appropriate to efficiently conduct its tasks and which the AT concurs with. The FIU analysis staff is generally experienced and well-trained – during the past five years, they participated in 26 external AML/CFT-related training courses, in addition to in-house training. However, the AT questions the independence of the FIU in some aspects.

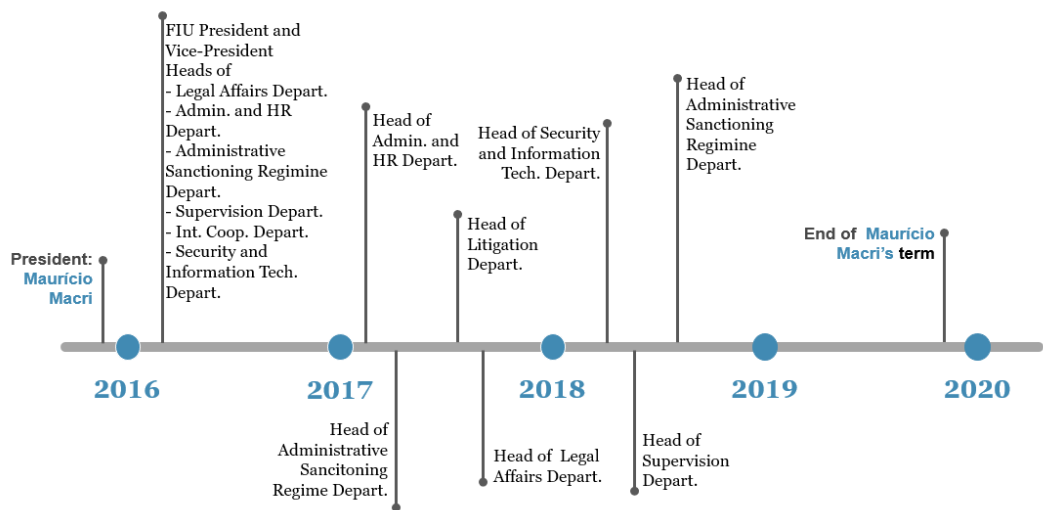
⁴² E.g., when the amount of the reported transaction is not specified, which happens sometimes in the case of attempted transactions.

FIU independence

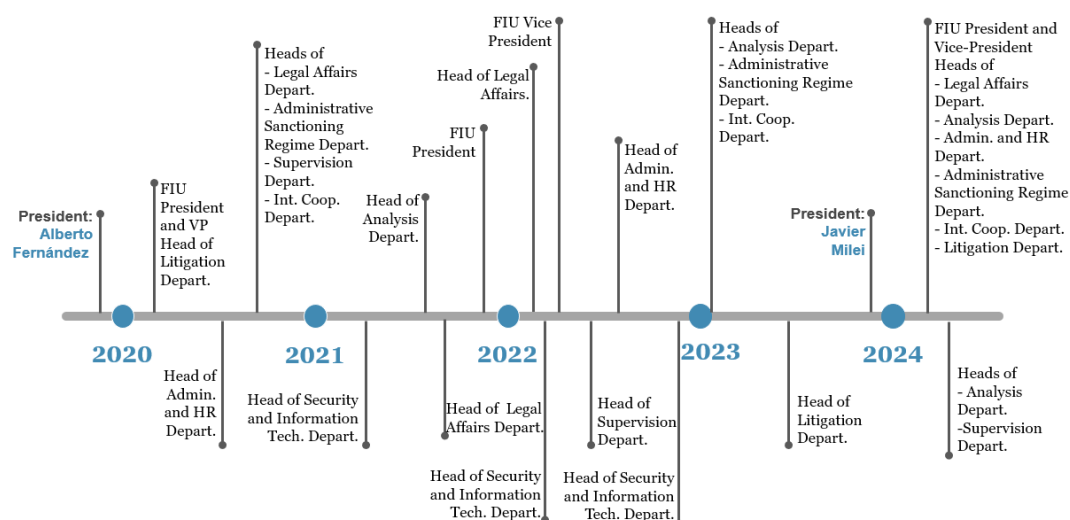
212. The AT has concerns regarding the independence and autonomy of the FIU, which is reflected in three different aspects: (i) the staff turnover, (ii) the use of *querellas* in some corruption-related cases, and (iii) the role of the Advisory Board.

213. The FIU of Argentina (UIF-Argentina) is an autonomous agency that, under the AML Law, is accountable directly to the National Congress, and currently institutionally under the Ministry of Justice. The National Executive Power nominates and dismisses the Head and Deputy Head of the FIU under clear legal basis and procedures. The recruitment and dismissal of FIU staff, at higher management levels, intermediate directorships and lower tier officials, is regulated by public processes and established rules applicable to all public servants that guarantee clear and neutral decisions based on professional experience and other common requirements. As such, technical requirements are in place (see R.29). However, the AT could not ignore an important and systematic turnaround in FIU's staff, at every level within the FIU, usually associated with changes in government. Those changes do not only target the senior management level of the FIU (where Director and Deputy Director roles may be seen as positions requiring some political trust) but extend to a number of intermediate level management positions (namely Heads of Department and Heads of Division) and even at the level of some senior analysts. The authorities rightly indicated that some officials have been working within the FIU for more than 10 years, and that staff turnover is the result of better salaries offered by the private sector or other agencies. Still, based on these objective facts (see table below), the AT is of the view that these systematic changes are politically motivated and in violation of established rules.

Figure 3.1. FIU's staff turnover between 2016 and 2020 (Heads of Department)



FIU's staff turnover between 2020 and 2024 (Heads of Department)



214. After careful consideration of all relevant cases, the AT questions the impartiality of the FIU when acting as a *querellante* in a few, but notable corruption-related ML cases targeting previous government officials. This is based on factual observations regarding the corruption cases in which the FIU has acted as *querellante* over the review period (and before that): (i) in some, but notable cases, the FIU acts as *querellante* in cases targeting the former government right after the change of government, and although the alleged facts/suspicion are publicly known for some time already; (ii) these cases involve not only high-level, but also mid-level politicians; (iii) in several of those occasions, again right after the change of government, the FIU dismissed the charge previously brought as *querellante* against the former administration or asked for acquittals. The AT does not challenge the potential validity of the *querellas*, but rather their timing, and the fact that they change direction following the changes in the government. The compilation of data indicates that there is such a pattern in the identified cases.

215. The FIU's senior management (the Presidency) is assisted by an Advisory Board constituted by seven officials appointed by the National Executive Power on a proposal of the seven departments they represent: BCRA, AFIP, CNV, Anti-Narcotics Prevention and Repression Secretary, Ministry of Justice, Ministry of Finance and Ministry of Internal Affairs. The FIU President sets the internal regulation of this Advisory Board and presides over it, with the power of intervention but without voting rights. According to its current internal regulation, the Advisory Board can intervene in "all decisions that the Presidency must address (article 2nd, paragraph a)) with some limited exceptions (under article 7)" and "whenever the President so requires (article 2nd, paragraph c)), to cooperate in the analysis of STRs or other reports from other sources that they are specially requested". These two current dispositions raise concerns as regards the independence of the FIU, although in practice, (i) the Advisory Board has not been called to intervene in any of the fundamental decisions related to the work of the FIU during the review period, and (ii) the deliberations of the Advisory Board are not binding. However, the AT sees the mere existence of the Advisory Board as contravening the required independence of the FIU, as demonstrated in a couple of notable occasions – in which the FIU President acted irrespective of the decision of the Advisory Board.

216. While being an issue of concern, the lack of independence of the FIU does not impact the effectiveness of the AML/CFT system in a systemic way, which is why the AT considers that major improvements are needed to safeguard the FIU's independence.

Operational analysis

Reactive disseminations

217. As mentioned under 3.2.1, LEAs routinely request the FIU to support their ongoing ML/TF and associated predicate offences related investigations and operational needs. They are satisfied with the timeliness of the responses provided and highlighted the usefulness of the FIU's intelligence reports, which not only provide actionable and exhaustive financial intelligence, but also guidance for potential investigative steps, including on collection of formal evidence and precautionary measures for asset-tracing and recovery purposes.

Table 3.8. Requests from LEAs to the FIU

Law enforcement agency	2019	2020	2021	2022	2023	2024 (Jan-Feb)	Total
Courts (Investigative judges)	680	373	557	573	570	53	2 806
Public Prosecution offices (generic)	304	207	294	239	333	24	1 401
PROCELAC	4	4	4	8	13	2	35
PROCUNAR	13	4	7	11	19	5	59
Others ⁴³	1	0	2	1	0	0	4
Total	1 002	588	864	832	935	84	4 305

Note: Since prosecutors often request a Court order to lift secrecy obligations, judges granting the said order often then directly channel the request to the FIU in order to increase efficiency of the process, which explains the high number of requests coming from the Courts although prosecutors conduct most (about 80%) of the investigations.

218. Most requests from LEAs to the FIU trigger the elaboration of a reactive intelligence report, or a “note” if the information is incomplete. The FIU prioritises LEAs’ requests based on several factors, e.g., the amount of proceeds of crime, the existence of assets subject to confiscation, the presence or not of an organised crime group, and the presence of international elements. Requests relating to terrorism and TF are prioritised, as legislation requires the FIU to evaluate and respond to them within 24 hours. As for other cases, the timeliness of the FIU’s responses varies depending on the complexity of the information requested: ranging from one day for a simplified analysis using the FIU’s database, and up to 40 days if the request is more complex or involves requesting data from reporting entities or foreign counterparts, which the AT deems appropriate. In more sophisticated cases, the FIU provides partial replies in the meantime.

Table 3.9. Intelligence reports (both reactive and spontaneous) disseminated by the FIU to LEAs

Law enforcement agency	2019	2020	2021	2022	2023	2024 (Jan)	Total
Judiciary	681	263	323	586	594	39	2 486
Public Prosecution offices (generic)	186	92	132	206	242	14	873
Other LEAs	18	0	0	0	0	0	18
Total	885	355	455	792	836	53	3 376

Note: The other LEAs are the Ministry of Security (7 reactive disseminations), AFI (6) and the Anti-Corruption Agency (2).

Note: Only 270 of these reports are spontaneous.

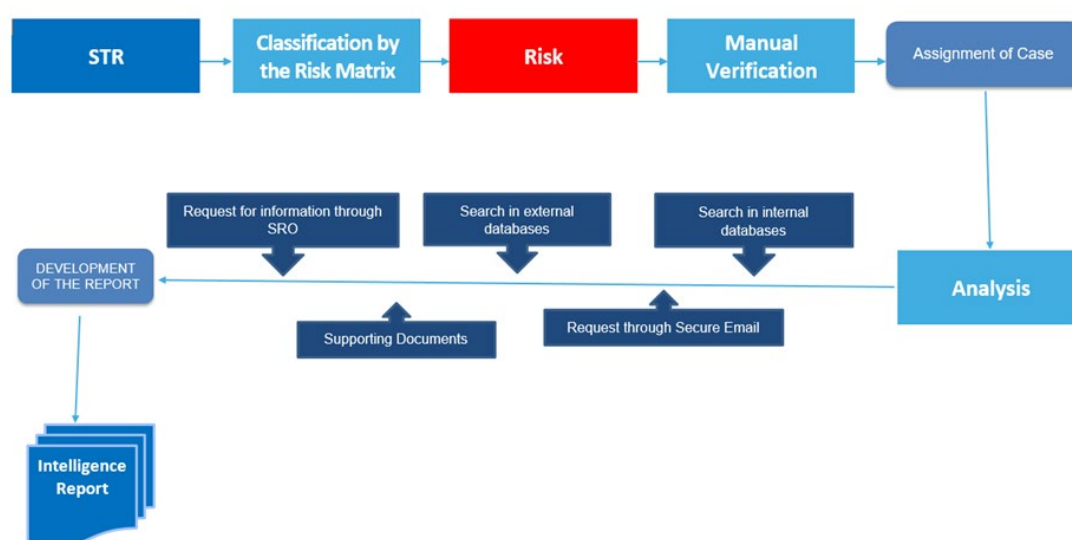
⁴³ Ministry of Security, AFI, and Anti-corruption Office (OA).

Spontaneous disseminations

219. Although the FIU's analysis process and potential subsequent dissemination generally commence with the automated review of the STRs described under 3.2.2, other events might trigger this process. The FIU receives about 60 to 70 direct voluntary complaints per year: from individuals (51%), public authorities (45%) and private legal persons (4%). Most voluntary complaints submitted by individuals are dismissed since they do not present sufficient grounds for suspicion. The FIU can also start its analysis based on information from foreign counterparts, from strategic analysis (see Barakat case under IO.9), or from any other information deemed relevant.

220. Upon the decision of the Analysis Division management, relevant STRs are submitted to the Risk Based Selection Committee (comprised of the President and Vice-president of the FIU, the Head of the Analysis Division, and any other FIU official appointed by the President of the FIU), which meets monthly to decide on the opening of a case based on the suggestion from the Analysis Division. The cases are then attributed to an analyst for in-depth analysis and elaboration of a subsequent intelligence report. Most intelligence reports disseminated include several STRs, while some others (more rarely) do not include any.

Figure 3.2. Processing of an STR at the FIU



221. The FIU has adequate tools and systems to draw connections from the information from various sources and consequently assist with identifying asset ownership and tracing asset movement. The analyst “enriches” the case by conducting profiling, reviewing financial products owned by the parties, identifying the asset ownership, analysing the source and purpose of funds, and assessing the consistency between profiles and transactions. The FIU requests additional information where relevant. The intelligence report indicates the suspected predicate offence when identified, and includes a “roadmap” for LEAs, i.e., what evidence is required to sustain an investigation and prosecution and where to find it. LEAs acknowledged that the final report is a valuable instrument for their investigations.

222. The Analysis Division management reviews the intelligence report and, if concludes that the suspicion materialised, submits the intelligence report to the President of the FIU for dissemination. Otherwise, the intelligence report is submitted for consideration by the Risk

Based Selection Committee to suspend the analysis process and file the report in active guard (10% of cases on average over the reporting period).

Box 3.2. Case Comando Vermelho – Example of the FIU’s support to LEAs in an ML-investigation (spontaneous dissemination)

Upon reception of an STR submitted by a financial entity, the FIU initiated an analysis and disseminated an intelligence report to PROCELAC. The analysis detected that the main suspect was linked to a criminal organisation located in the city of Rio de Janeiro, engaged in a wide range of cross-border criminal activities, mainly drug trafficking, known as “Comando Vermelho”. The analysis further established the financial links of the suspect with Brazilian natural and legal persons, which was confirmed by international intelligence received. The FIU also identified that the funds involved came mostly from deposits through both money remittances and purchase and sale of virtual assets. PROCELAC consequently ordered the initiation of a preliminary investigation and filed a criminal complaint. The FIU submitted four subsequent and supplementary intelligence reports.

In September 2023, 35 searches were simultaneously conducted in different areas of the Autonomous City of Buenos Aires and the Province of Buenos Aires that led, to this date, to six prosecutions carrying pre-trial imprisonment and seizures amounting to ARS 1 200 000 000 000 (approx. USD 1.2 billion). The case is ongoing and the FIU continues to disseminate intelligence reports to the LEAs in the framework of the judicial case.

223. While the FIU disseminates reactive intelligence reports to all LEAs upon request, their spontaneous disseminations go mostly to PROCELAC (see Table 3.10). In practice, spontaneous disseminations represent about 8% of all disseminations. While this is indicative of the quality and value added that their disseminations bring to ongoing investigations, as indicated by competent LEAs, the AT is of the view that, exactly because the output of the FIU is of high quality and useful in ML/TF investigations, an increase in proactive disseminations would benefit the number of LEAs’ ML/TF investigations, consequently improving the overall effectiveness of the system.

Table 3.10. Spontaneous intelligence reports disseminated by the FIU

LEA	2019	2020	2021	2022	2023	2024 (March)	Total
PROCELAC	36	15	19	44	38	5	157
Other (Judiciary, other offices of the PPO, etc.)	74	4	7	6	22	0	113
Total	110	19	26	50	60	5	270

224. Where the offence can be identified (73% of the cases), these spontaneous disseminations are relatively in line with Argentina’s ML/TF risks, with most of them relating to ML (30% – however the authorities did not indicate the predicate); drug trafficking (10%), Customs offences (9%) and corruption (6%). Few of them relate to trafficking in human beings (2%) and tax offences (1,4%). The FIU has also made both proactive and reactive disseminations for TF, although not fully in line with the country risk’s profile (see IO.9).

225. PROCELAC highlighted the usefulness of the FIU’s intelligence reports, which is illustrated by the follow-up actions given to these reports. Out of the 174 disseminations, only nine of them were closed after preliminary investigation (see Table 3.11 below). In practice, FIU’s

disseminations trigger almost half of the investigations started in PROCELAC (see Table 3.13 under IO.7). In addition, out of the 73 convictions for ML, the FIU was requested and brought information in 47 of them (see IO.7), elaborating 148 related intelligence reports, which is demonstrative of its effective support to LEAs. The FIU also played an important role in the few TF investigations so far (see e.g. Barakat case under IO.9).

Table 3.11. Processing of intelligence reports received by PROCELAC

Year	Preliminary investigation	Directly brought before courts	Closed (none of the previous options)	Brought before courts by including them in ongoing proceedings + no preliminary investigation in PROCELAC	Total
2019	22	2	6	9	39
2020	15	0	0	2	17
2021	9	0	0	15	24
2022	25	4	2	16	47
2023	16	3	1	21	41
2024	4	0	0	2	6
Total	91	9	9	65	174

226. The FIU engages LEAs through regular working groups (*mesas de trabajo*) namely to obtain feedback and improve the quality and use of its disseminations. This recently permitted further development of LEAs' capability to use the FIU's disseminations in their investigations. Over the review period, LEAs became progressively more aware of the added value that the FIU can bring to their investigations.

Strategic analysis

227. The FIU is also supporting the operational needs of LEAs through strategic analysis of key ML risks. However, strategic analysis of TF risks is very limited. These strategic analysis products, which focus on main ML trends and emerging risks, are widely disseminated to competent authorities and reporting entities. LEAs also informed that these disseminations are also used in updating operational policies regarding new and emerging risks. However, neither the FIU nor AFIP conducts strategic analysis on cross-border cash declarations, nor on cross-border movements of cash and BNIs in general, which is not in line with the country's risk profile.

Cooperation and exchange of information/financial intelligence

228. Competent authorities regularly and efficiently cooperate on AML/CFT matters. There are no legal impediments or obstacles to information sharing. The Analysis Division of the FIU cooperates closely with the Supervision Division and other financial supervisors to support their risk-based supervision, through the sharing of aggregated STRs data and pre and post on-site inspection communication.

229. The range of strategic analysis products produced and disseminated by the FIU such as risk assessment, typologies, and other useful documents, are developed through strong engagement and collaboration with other competent authorities. The SRO system is a two-way communication tool for all ML/TF information between the FIU, reporting entities, and LEAs. It logs and keeps track of all incoming and outgoing requests. The FIU has developed commendable domestic coordination with competent authorities through regular coordination meetings, participation in inter-agencies working groups (*mesas de trabajo*). During the period under review, the FIU has largely contributed to these working groups, aiming at addressing current ML/TF risks and contributing to a more effective exchange of information between competent

authorities. At the same time, LEAs keep the FIU updated about the progress of their case through these mechanisms.

230. The wide extension of Argentina's territory presents a challenge to cooperation and coordination. To address this, the FIU established three provincial offices in Rosario, Salta, and Posadas. These provincial offices are strategically located and relevant in terms of coordination with local reporting entities. They do not receive STRs/TFRs but are connected to the FIU's database and receive voluntary reports or disclosures, which are then submitted to the central office for subsequent analysis. The FIU has entered into collaboration agreements with the National Judiciary (PJN) and the PPO to exchange intelligence information to add value to criminal investigations. These agreements also provide guidance on collaboration and cooperation between authorities to ensure efficiency, while safeguarding the intelligence information exchanged.

231. The FIU and the PPO also have a specific agreement aimed at establishing a general framework for collaboration and cooperation with PROCELAC in criminal court proceedings, setting guidelines for the FIU to communicate information and the results of its analysis, both spontaneously and upon request. Moreover, the agreement defines the situations in which the PPO may request collaboration from the FIU, to ensure that the exchange is efficient and the requests are risk-based. Per this agreement, the FIU communicates the results of its analysis by submitting financial intelligence reports in which it does not disclose the sources of information and, where possible, indicates where and how the evidence proving the transaction or behaviour analysed could be obtained. As a good practice, the FIU indicates that their intelligence report cannot be used as evidence in court.

232. Both agreements have safeguards and broad provisions for confidentiality while facilitating information flow. For example, if the PPO requests collaboration from the FIU, and for the purposes of the direct submission of the intelligence report to the appropriate prosecutor's office, the competent judge can lift secrecy appropriately.

233. On the international side, the FIU has signed 47 MOUs with foreign counterparts to easily exchange information, and requests information through the dedicated channels (e.g., Egmont Secure Web and RRAG) – although they lack proactivity on that front (see IO.2). Communication and information exchange outside of these channels is done via encrypted and secure official e-mail.

234. Finally, the FIU has also played a principal role in coordinating and developing the NRA and TF risk assessments that are crucial to the efforts of the competent authorities in pursuing ML/TF.

235. The pivotal role played by the FIU in the overall AML/CFT system of financial intelligence development and operational sharing; the good cooperation between the FIU and LEAs (investigative judges and prosecutors), especially with PROCELAC; and the frequent exchange of information between the FIU and other competent authorities through working groups created to this effect, illustrate that the FIU and other competent authorities co-operate and exchange information and financial intelligence to a large extent.

Overall conclusions on IO.6

LEAs (prosecutors and investigative judges) access and use financial intelligence from a broad range of sources, including the FIU, which extensively support their ML, predicate offences, and to a lesser extent TF investigations. Security forces and the FIU produce financial intelligence and are important triggers and support of financial investigations. The FIU's prioritisation and analysis processes are robust, allowing for quality disseminations to LEAs. However, some significant gaps in financial intelligence exist in relation to the quality and frequency of STR reporting, and the low or inexistent reporting of some sectors. FIU's disseminations are relatively in line with the country's risk profile, although to a lesser extent as regards tax offences and corruption. The high turnover of FIU staff coincident with government changes, the use of *querellas* for political purposes in some cases, and the existence of the Advisory Board seem influenced by political rather than technical considerations, constituting a concern for the AT regarding the operational independence of the FIU, although with no systemic impact on the overall effectiveness of the system. The FIU and other competent authorities cooperate and share information domestically and with international counterparts through several systems and platforms and through regular coordination meetings, and participation in inter-agencies working groups.

Argentina is rated as having a moderate level of effectiveness for IO.6.

Immediate Outcome 7 (ML investigation and prosecution)

ML identification and investigation

236. Argentina has an adequate legal framework to identify and investigate ML and has been increasingly doing so through a wide variety of sources. As ML is a federal crime, federal LEAs (investigative judges and prosecutors) deal with ML cases from the outset of the investigation, which ensures a certain level of expertise from the beginning. However, the number of ML investigations, including the ones triggered by parallel financial investigations, is relatively low given the country's size and context, where a number of predicate offences are the main ML threats.

237. As previously mentioned, at the federal level Argentina applies the principle of procedural legality, under which there is no prosecutorial discretion and all cases of ML identified must be pursued (contrary to the principle of opportunity); any complaint from a public or private body, or information received from state agencies, triggers such an investigation, that might then be elevated to a formal investigation (with notification of the person investigated) or directly to processing if the prosecutor deems appropriate.

238. Over the last decade, Argentina has been increasingly implementing a "follow the money" approach closely linked to their pursuit of confiscation of proceeds of crime as a policy objective (PGN 134/2009, see IO.8). LEAs are well equipped to investigate ML and associated predicate offences as Argentina has invested significant resources to enhance the detection and investigation of ML, including through an expansion of tools and resources, e.g., the creation of the dedicated Prosecutor's Office for Economic Crimes and ML (PROCELAC) in 2012 to efficiently investigate large-scale ML cases and major proceed-generating crimes and the creation of the General Directorate for Economic and Financial Advice in Investigations (DAFI), a technical unit gathering experts from different areas (including accounting and finance) to assist prosecutors in financial aspects of federal criminal investigations. Federal prosecutors, who deal with

organised crime and ML-related cases across the country, have been well trained on the matter, namely following a change of paradigm in the judicial system (noting namely a shift in the jurisprudence) following Argentina's last mutual evaluation where the country did not have any ML convictions. In addition, they benefit from the assistance of PROCELAC whose main purpose is to, whenever requested, assist in the pursuit of ML or related predicate offences that have institutional importance or economic impact. This is demonstrative of Argentina's willingness to pursue major ML-related crimes.

239. PROCELAC is empowered to receive criminal complaints and take necessary measures and conduct preliminary investigations in the framework of its competencies (i.e., ML and smuggling, tax evasion, financial and stock market fraud). PROCELAC cannot exercise public criminal action on their own – upon agreement of the PPO, they collaborate when prosecutors or investigative judges in charge request them to, which happens regularly (270 times during the review period, see Table 3.13). PROCELAC's assistance ranges from suggesting investigative measures, to more active involvement with the prosecutor, and even participating as an interested party in oral arguments, hearings and trials (*coadyuvante*) – although the latter happens very rarely in practice. On the other hand, PROCELAC can refuse collaboration in cases when they are not major/complex, which ensures the prioritisation and allocation of resources to large-scale, relevant ML cases. This happens rarely in practice (2-3 times a month), and PROCELAC ensures appropriate communication.

240. While federal LEAs are competent to deal with ML investigations without intervention from PROCELAC, the PPO and PROCELAC have taken a number of measures to ensure that the latter is requested for assistance in relevant cases, including awareness raising across the country, training, and information on the PPO's website. Since 2009, prosecutors must involve the relevant specialised units, including PROCELAC, with the purpose of pursuing patrimonial and financial investigations (PGN 134/2009). However, while authorities indicate that all major cases benefit from PROCELAC's expertise, other than the said instruction (PGN 134/2009) and PROCELAC's mandate (PGN Resolution 914) there are no standard operating procedures ensuring that PROCELAC is involved in all significant ML cases, which might create skill gaps or inconsistent handling of cases and harm the comprehensive gathering of statistics. Occasionally, PROCELAC contacts the prosecutor in charge or investigative judge (with consent from the intervening prosecutor) to offer collaboration in a specific case.

241. LEAs also benefit from the expertise of other dedicated units to investigate financial crime. The Legal Assistance Directorate for Complex and Organised Crime (DAJuDeCO) based in the judiciary (PJN – *Poder judicial de la Nación*) since 2016, conducts financial investigations using information from extensive sources to trace, recover and confiscate assets. In addition, the Corps of Official Accounting Experts and Corps of Judicial Experts also assist the Judiciary when requested. Within the PPO, the General Directorate for Asset Recovery and Confiscation (DGRADB), which is coordinated together with DAFI under the Secretariat of Financial Investigations and Asset Recovery (SIFRAI), also provides valuable and targeted expertise in the relevant case. The AT, however, notes that while the significant number of stakeholders in the field of ML and related offences allows for appropriate focus on these cases, the absence of standard operating procedures questions the consistent handling of cases and their adequate prioritisation.

242. In Argentina, the security forces (Federal Police, the Gendarmerie, Coast Guard and Airport police) are not freestanding LEAs but rather auxiliary forces, as they do not have powers to independently initiate an investigation. Nonetheless, they are a key source of identification of potential ML cases, as they inform judges about suspicious activity detected in the framework of their preventive controls (e.g., road checks). They are also an important asset for prosecutors and judges in their investigation, as they can conduct specific investigative measures within the

scope of their competences. All security forces in Argentina have dedicated teams for ML investigations, comprised of specialised experts who are regularly trained by PROCELAC on financial investigations. When investigating ML, LEAs and security forces use a wide range of special investigative techniques.

243. Over the review period, Argentina recorded 1574 ML cases (*expedientes* i.e., files) at the federal level (see Table 3.12). These include 1180 ongoing preliminary cases at the preliminary stage, 65 at the formal investigation stage, 121 at the processing stage, and 117 cases at the oral trial stage. Preliminary investigations include those which are ongoing, and those which are expecting a procedural act (i.e., reception of a complaint by LEAs or security forces, delegation of the case to the prosecutor, elevation to a formal investigation or request of the prosecutor to have the preliminary investigation processed (*instrucción*) directly without going through the formal investigation stage, etc). The formal investigation phase includes cases where the defendant has been notified, and additional proceedings and evidentiary measures are carried out; and cases at the processing stage include those where a processing or asset seizing order has been issued, or where the prosecutor has already filed charges for trial.

Table 3.12. ML cases (*expedientes*) and stage over the review period

Year of entry	2019	2020	2021	2022	2023	2024 (26/03)	Total
Preliminary stage	224	184	222	280	227	43	1 180
Formal Investigation Stage	16	12	14	12	11	0	65
Processing	30	31	19	18	20	3	121
Oral Trial	25	22	37	26	7	0	117
Conviction	11	3	20	28	25	4	91
Total	274	252	311	364	398	50	1 574

244. A review of 1 271 ML cases handled by the judicial authorities during the past five years revealed that 27% (348) of them were concluded before reaching further stage of the process, either due to rejection, closure, or dismissal; in 6% (76) of them an indictment order had been issued; and 6% (73) of them were at the pre-trial stage. The remaining 56% (718) were still pending at the pre-indictment stage though in 45 of them, a judgement had been delivered. Several factors explain the high proportion of preliminary investigations and the length of investigations.

245. As mentioned previously, Argentina applies the principle of procedural legality (contrary to the principle of opportunity), leading to registering a criminal file and opening a preliminary investigation for all criminal cases regardless of their severity, harm of probability for a conviction. In practice, this leads to a relatively low rate of preliminary investigations being formalised, which indicates that the country prioritises, but is consuming in terms of resources. Authorities further explained that the preliminary phase allows them to conduct judicial acts without the investigated person being notified and noted that, in the Argentinian judiciary practice, once a case gets to the oral trial phase, chances of a successful conviction are high. Over the review period, 92% of ML cases at the oral trial stage resulted in a conviction (91 out of 98, seven acquittals only, where conviction was issued for the predicate offence). As regards the length of investigation, authorities indicated that reasons were mainly procedural (i.e., no timeframes set, number of appeals of the judges' decisions), and remediating to it with the implementation of the FCCP, where timelines significantly decreased (see Box 3.2 below). The AT however questions the relatively low number of cases at the formal investigation and processing stage, especially given Argentina's, risk and context, but notes a positive trend over the past two years.

Box 3.3. Implementation of the Federal Code of Criminal Procedure (FCCP) in Argentina

In December 2014, the National Congress approved the FCCP which operates as an adversarial, accusatorial type of procedural system. Contrary to the CPPN, the FCCP sets a clear division of roles between judges and prosecutors, as the PPO is always the one in charge of conducting the investigation and presenting their cases to the judges, who should make a decision on the case.

Under the FCCP, the whole process, including the three stages (preliminary investigation, intermediate stage and trial stage) and a potential conviction, cannot exceed 36 months overall, although timeline can be extended in complex cases (six years maximum). The FCCP also empowers prosecutors to take action and reach agreements on conciliation and comprehensive reparation in less complex cases, which tends to decompress the criminal justice administration.

The FCCP has been first implemented in the provinces of Salta and Jujuy in 2019, more recently (after the on-site visit) in the jurisdiction of Rosario (which includes the province of Santa Fe and north of the province of Buenos Aires), Mendoza, San Juan and San Luis; and shall progressively be implemented in the whole country. In the provinces of Salta and Jujuy, complex cases were dealt in within an average of 250 days (430 days in the rest of the country), and other cases within an average of 172 days (587 days in the rest of the country). The implementation of the FCCP is particularly relevant in Rosario, highlighted as high-risk in the NRA and where PROCELAC has a delegation and can thus deal with the investigation from the beginning to the end. Authorities advise that this shall lead to an increase in parallel financial investigations linked to drug trafficking, a high ML threat in Argentina.

246. In practice, LEAs (public prosecutors and judges) identify potential ML cases through various sources: (i) detection of a potential crime by the security forces in the framework of their preventive tasks, (ii) FIU disseminations, (iii) complaints from public and private bodies and individuals, (iv) predicate offence investigations and (v) information from their foreign counterparts.

247. The source of preliminary investigations could only be determined for those initiated by PROCELAC (about 16% of all ML preliminary investigations at the federal level). However, the AT reviewed 73 out of the 91 ML convictions over the review period and concluded that a majority of ML investigations stem from notification from the security forces about the detection of a potential crime when carrying out their preventive tasks and to a lesser extent investigations on predicate offences.

248. Over the review period, PROCELAC initiated a total of 270 preliminary investigations for economic crimes. Out of these, 161 included the hypothesis of ML, either from the beginning or during the preliminary investigation. The FIU's spontaneous disseminations, which are all sent to PROCELAC, are another important trigger of their ML investigations (almost half of them, see below).

Table 3.13. Preliminary investigations initiated and collaborations provided by PROCELAC in ML-related cases

Year	2019	2020	2021	2022	2023	2024 (Feb)	Total	Ratio
PROCELAC preliminary investigations	66	29	37	54	72	12	270	100%
<i>Spontaneous dissemination from the FIU</i>	21	15	14	27	36	5	118	44%
<i>Complaint by a private party</i>	17	8	14	16	10	2	67	25%
<i>Submission from other MPF-PPO units</i>	3	2	4	2	14	3	28	10%
<i>Ex-officio</i>	11	2	1	3	7	1	25	9%
<i>Complaint by a public body</i>	5	1	1	2	2	0	11	4%
<i>Spontaneous information or cooperation requests from abroad</i>	5	0	1	2	2	1	11	4%
<i>Intelligence from security forces</i>	4	0	2	2	10	0	9	3%
Collaborations of PROCELAC in cases	47	40	45	74	55	9	270	NA
Total of cases where PROCELAC intervened	113	69	82	128	127	21	540	NA

249. In addition to the cases initiated in PROCELAC, LEAs have requested PROCELAC's collaboration in a number of investigations (270), when assessing that the case warrants it. Altogether, PROCELAC intervened in about a third of ML cases (540, 33%) over the review period, which is justifiable given that they focus on major ML and organised crime cases, and that all complaints trigger a preliminary investigation, i.e., the opening of immaterial cases. However, as previously mentioned, there is no certainty that PROCELAC is being requested in all relevant cases.

250. These 540 cases are deemed to be the most complex and significant. The two remaining thirds of ML preliminary investigations have been initiated in other units within the PPO or by investigative judges, and most likely involve smaller-scale activity, or even immaterial cases as explained previously. Nevertheless, some notable ML investigations have been successfully concluded without the intervention of PROCELAC. Notwithstanding, when considering figures from the PPO (see table above), given the size of the country, the number of formal ML investigations and cases being processed could be higher given Argentina's risk profile.

251. Argentina has been developing its use of parallel financial investigations in recent years, after a change in paradigm towards asset recovery (see IO.8). As mentioned previously, upon identification of a financial component in an investigation of a predicate offence, the judge or prosecutor must request the assistance of the relevant units, including PROCELAC (PGN 134/2009). The PPO is systematically initiating financial investigations when the offence has generated significant profits or detected an economic component and indicated doing so from the outset of the investigation. In some cases, the ML hypothesis is considered from the beginning, in some cases it is considered at a later stage based on the outcomes of the financial investigation. In large-scale or institutionally significant cases, prosecutors (or investigative judges through the PPO) may either (i) request assistance from PROCELAC or DAFI to assess the feasibility of pressing charges for ML, or (ii) request PROCELAC to conduct the financial investigation, or (iii) carry out the investigation themselves using the platform developed by DAFI, which offers a wide range of information and guidance for investigation purposes. While the AT is of the view that the possibility for PROCELAC to tailor the assistance they provide is a strength, the AT also considers that they should be informed of all cases and decide on their level of intervention based on a variety of factors and the best use of resources. As such, the system would benefit from standard operating procedures to consider the proper approach to each ML case, and for PROCELAC to take a risk-based approach of their own for cases of significance.

252. Over the review period, PROCELAC has been requested 116 times to evaluate the possibility of expanding the investigative hypothesis to ML. While this number is relatively modest, statistics show an increasing trend (disregarding a drop attributed to the COVID-19

pandemic), which tends to suggest that federal prosecutors are progressively more aware of the role of PROCELAC and the importance of parallel financial investigations and the possibility of bringing ML charges. The geographical dispersion of federal prosecutors requesting assistance is mostly in line with the country’s geographical risk, with the Autonomous city of Buenos Aires, the province of Buenos Aires and the province of Santa Fe (where Rosario is located) concentrating 67% of the requests. However, modest numbers in some provinces illustrate that the practice is not yet internalised by all federal prosecutors.

253. In addition, over the past five years, the technical unit of PROCELAC, which is specifically in charge of documenting the financial movements in a criminal investigation, has been requested 130 times by prosecutors’ offices, leading to the elaboration of 184 reports. DAFI has provided support to different prosecution units (both with and without PROCELAC being involved) in 290 cases, leading to the elaboration of 303 asset reports. This is positive, although the full extent to which this translates into ML prosecutions and convictions is unclear at this stage.

Table 3.14. Number of cases referred to PROCELAC’s Technical Unit and DAFI for cooperation with prosecutors’ offices

Number of cases	2019	2020	2021	2022	2023	2024 (26/03)	Total
PROCELAC’s TU collaborations with prosecutors’ offices	37	26	17	19	28	3	130
In which DAFI intervened	66	42	51	70	59	2	290

254. Indeed, considering the number of preliminary investigations for predicate offences (168 905 recorded by the NRA, with 40 268 cases for drug-related offences, 4743 for crimes against the Public Administration, 3995 for customs offences, 3966 for crimes against freedom, and 2203 for tax crimes), there are doubts as to whether a parallel financial investigation has been initiated in all relevant cases – although the principle of legality also applies to predicates, therefore generating a number of immaterial cases. While authorities have a sound understanding of parallel financial investigation, in practice they seem to be primarily used to trace assets, rather than to identify potential ML. The AT found that parallel investigations are sometimes initiated at a later stage of the investigation (e.g., at the processing stage) and are rather reactive than proactive. The AT concludes that parallel financial investigations are still a developing practice in Argentina.

255. Other existing specialised units are focused on Argentina’s main predicate offences: the Prosecutor’s Office for Administrative Investigations (PIA) is responsible for corruption-related cases, the Prosecutor’s Office against Drug Crime (PROCUNAR) has competence over drug-related cases, the Prosecutor’s Office for Trafficking and Exploitation of Human Beings (PROTEX) has jurisdiction over human trafficking cases, while the Specialised Unit for Cybercrime (UFECI) has competence over cyber-crime related cases.

256. Competent authorities in the field of AML efficiently collaborate with each other (see IO.1). Regular (bi-monthly) working groups (*mesas de trabajo*) allow them to exchange on the progress of their cases. The specialised prosecution units frequently intervene in the same cases, bringing their own expertise. Some of them are located in the same building, which allows for real-time information exchange.

257. In practice, collaboration between PROCUNAR and PROCELAC is efficient in this sense (see case Loza below). PROCUNAR frequently communicate their drug-related cases to PROCELAC in view of opening a parallel investigation, and a number of preliminary investigations initiated in PROCELAC were sent by PROCUNAR. Still, Argentina demonstrated remarkable investigation

cases for offences other than drug-trafficking, including corruption involving legal persons, in conjunction with PIA (confidential), human trafficking with PROTEX, etc. As regards virtual assets, which are at significant risk of misuse in Argentina, from 2019 to 2023, PROCELAC and UFECEI jointly intervened in approximately 25 cases.

Box 3.4. Relevant ML investigations with the involvement of PROCELAC and other specialised prosecution units

Laundering of tax evasion through virtual assets

PROCELAC collaborated with the PPO to investigate a network of companies involved in the export of agricultural products and suspected to have committed tax, customs and ML offences, as well as currency exchange offences. UFECEI collaborated in the reconstruction and tracing of the destination of a series of virtual assets (approximately USD 16,002,418) used in the context of these illegal operations using their dedicated tools and requesting VASPs for information.

Human trafficking – Case R

The investigation was initiated following a complaint by PROTEX regarding alleged trafficking in persons and labour exploitation carried out under the covert modality of an NPO called "R Argentina". Victims, who were in a situation of family and socio-economic vulnerability, were "recruited" with the allegedly altruistic aim of rehabilitating and reintegrating them in the society. They were then involved in multiple income-generating activities without rest, work or social rights, in conditions of social isolation and only in exchange for board and lodging.

Initially, PROCELAC collaborated by analysing the financial and patrimonial information and proposing evidentiary measures to pursue the investigation. PROTEX collaborated by proposing various measures aimed at clarifying the predicate offence, including the analysis of witness statements, the coordination of field work, and the analysis of wiretaps ordered in the case.

The investigation identified (i) ML through the banking system, including cash deposits, the use of cheques and remittances; and other cross-border money movements and (ii) ownership by "R Argentina" of numerous vehicles and properties (37 properties and 167 vehicles), as well as involvement in possible real estate and construction activities, as well as cash-intensive commercial activities.

On 18 August 2023, on the basis of a joint request from the DGRADB, PROCELAC and PROTEX, the freezing of 57 properties, 190 motor vehicles, two motorcycles and 24 bank products was ordered. In addition, the AABE was asked to intervene judicially with supervisory powers over "R Argentina".

Consistency of ML investigations and prosecutions with threats and risk profile, and national AML policies

258. Argentina's ML NRA recognises drug trafficking as the highest ML risk, followed by customs offences (including smuggling of cash and commodities), tax evasion, and human trafficking. Fraud and corruption are also among Argentina's main ML threats. Overall, Argentina has investigated and prosecuted ML partially in line with its risk profile, especially when related to drug trafficking; but to a lesser extent when it comes to corruption, tax and other predicate offences. In addition, numbers of ML convictions are not yet commensurate to the country's risk and context.

Predicate offences

259. Identified predicate offences in ML cases are partially in line with Argentina's risk profile. Among the 1649 ML cases initiated in the PPO, tax crimes and crimes against property are the most featured predicate offences, followed by drug-related crimes and customs offences. Corruption and human trafficking are significantly less represented. In some ML cases, the authorities did not (yet) identify the predicate.

Table 3.15. Analysis of criminal offences in ML cases in the PPO

Categories of offences	2019	2020	2021	2022	2023	2024 (20/04)	Grand Total	Ratio
ML offences	356	345	301	418	354	29	1803	70%
Tax crimes	125	19	26	24	22	2	218	9%
Crimes against property	20	17	10	105	27	5	184	7%
Drug-related crimes	25	25	31	32	15	0	128	5%
Customs offences	30	13	16	15	29	2	105	4%
Kidnapping and human trafficking crimes	2	0	57	2	0	0	61	2%
Crimes against public administration (corruption)	14	13	8	8	17	2	62	2%
Grand Total	572	432	449	604	464	40	2 561	100%

Note: The number of ML offences detected (1803) exceeds the total number of cases (1649) because in some cases, more than one ML activity is detected.

260. The picture changes significantly when analysing predicate offences in ML-related convictions – although disclosed numbers of investigations and convictions are not properly comparable, because convictions apply to older cases. Drug-trafficking represents, by far, the most featured predicate offence, and the country secured successful drug-related convictions (see Box below). However, corruption is represented to a much lesser extent, tax crimes and human trafficking ML-related convictions are almost non-existent (although there are a number (156) of convictions for human trafficking, see IO.8), which is not representative of Argentina's risk and context since these are main ML predicates in Argentina. The AT is of the view that, while the focus on drug trafficking shows that coordination between PROCUNAR and PROCELAC is smooth and yields results, this practice is not yet being replicated for other predicate offences, or their financial components are not readily recognised or pursued.

Table 3.16. Analysis of predicate offences in ML-related convictions

Categories of offences	2019	2020	2021	2022	2023	2024 (20/04)	Total	Ratio
ML related to drug trafficking	9	2	15	18	11	5	60	58%
ML related to customs offences	1	0	0	3	4	2	10	10%
ML related to violations of the criminal foreign exchange regime	0	0	1	2	4	1	8	9%
ML related to crimes against property and others (fraud and scams, theft, usury)	0	1	1	3	2	2	9	7%
ML related to corruption	0	1	2	2	2	1	8	7%
ML related to the crime of unauthorised financial intermediation	1	0	0	0	3	0	4	4%
ML related to tax crimes	0	0	1	0	1	1	3	3%
Grand Total	11	5	21	28	27	12	104	100%

261. While tax crime is the most prominent predicate offence in ML investigations, it is barely present in the final ML related convictions, which is anomalous and not in line with Argentina's risk profile. The AT is also concerned about the potential misapplication of the Voluntary Tax Compliance (VTC) program implemented by Argentina in 2020, which could explain this gap. Although this program was deemed in line with the FATF principles, which the authorities know well, figures tend to indicate that it had an adverse impact on the prosecution of ML cases related to tax crimes, as the predicate offence is no longer criminalised for those who meet the conditions of VTC programs. In addition, in two of the 73 convictions examined by the AT, the VTC programme was used to launder funds, which were not identified as a risk by the authorities in the NRA or elsewhere. Indeed, they had diverging views on whether or not the prosecution of the ML offence should be pursued in these cases, although jurisprudence from the Federal Courts of Appeal and Chamber of Criminal Cassation confirms that the crime of ML must be prosecuted, with tax evasion as the predicate crime, even in cases in which VTC programmes have been applied. This could explain Argentina's challenges in prosecuting standalone ML cases (see 3.3.3). Another possible explanation is that, although tax evasion is one of the main ML threats, the constant inflation of recent years motivated the increase of the minimum threshold to prosecute the crime of tax evasion (and related ML). For this reason, many of these cases did not lead to a conviction for tax evasion, because the reproached conduct did not reach the minimum threshold established by law to be considered a criminal offence.

Box 3.5. Conviction for a drug-related ML case

The case was initiated based on an intelligence report from the FIU. An organisation was investigated and prosecuted in an oral trial for facts taking place from 2004 to 2011, in which the organisation dedicated to giving lawful appearance to money and assets of spurious origin, originating from the illicit activity of transnational drug trafficking, in which the named individuals did not participate. The predicate offences were committed abroad, specifically in the United States, Panamá, Venezuela, Colombia and some African countries.

The accused committed ML through the formation of companies in various sectors (gastronomy, real estate, carpentry, agricultural livestock, among others), which channeled assets of illicit origin through the buying and selling of real estate and vehicles, use of banking products, transfers of companies and the use of nominee individuals. The organisation operated in the City of Buenos Aires, the province of Buenos Aires, and there were companies incorporated in Uruguay that carried out various commercial operations and asset management in the country. Upon the completion of the oral trial, 23 individuals were sentenced to 7 years of imprisonment due to illicit association and ML, as well as fines of three times the amount of the ML transactions.; confiscation of 4 real estate properties, and supplementary spaces (garages and warehouse), properties in the City of Buenos Aires and Province of Buenos Aires, 3 vehicles, 50% of the share capital of a corporation.

262. The authorities acknowledged corruption to be a major ML threat and demonstrated a solid knowledge of its forms and manifestations, although this is not well displayed in the NRA where it is solely identified as a vulnerability (see IO.1). The involvement of a public official in 10% (seven out of 73) of the ML convictions (not related to corruption), confirms that it is a significant vulnerability. However, Argentina launched a limited number of corruption-related ML investigations and prosecutions in the past five years, although a notable increase has been recently, mainly involving large-scale cases, with the support of PROCELAC and PIA, who has the same status as PROCELAC within the PPO but investigates unexplained wealth of public officials and irregularities in public contracting. Still, Argentina secured a very low number of corruption-related ML convictions and only one of significant importance (see case Báez below), which is not in line with the country's risk and context.

263. As detailed at the beginning of Chapter 3 and under IO.6, the FIU has the power to act as *querellante* in cases covered by the AML/CFT Law. Over the review period, the FIU intervened 183 times as *querellante*, mainly for cases related to drug trafficking (32%) and corruption (30%), and to a lesser extent tax crimes (19%) and human trafficking (7%), unauthorised financial intermediation, or violation to the exchange control regime. Some LEAs acknowledge that having the FIU as *querellante* in their case would enhance the chances of successful prosecution, while other LEAs indicated not changing their case strategy regardless of the involvement of the FIU. The FIU notably acted as a *querellante* in an important drug trafficking related ML conviction (*La ruta del tráfico de la efedrina*). However, the way the FIU has acted as *querellante* in a few, but notable corruption-related ML cases, might have had some impact in the successful prosecution of these specific instances (see IO.6 for further discussion). Still, this practice does not have a systemic impact on the effectiveness of corruption-related ML convictions overall, since the FIU intervened as a *querellante* in a significant number of corruption cases without its impartiality being questioned.

Box 3.6. Successful prosecution of ML related to corruption – Báez case

An organisation engaged in ML originated from defrauding the public administration and tax evasion through a legal, corporate, and banking structure in Argentina and abroad. Among the schemes, notable actions include the acquisition of companies, establishment of offshore companies, international transfers, and offset or wire transactions resulting in a stock market operation involving the purchase and liquidation of bonds in our country for an amount exceeding USD 30.000.000. The proceeds were deposited into an account of a company linked to the accused in Argentina. Additionally, they were charged with the acquisition of real estate, purchase of high-end vehicles, acquisition of shares in foreign companies, deposits and transfers to bank accounts, foreign currency exchange, check cashing, and wedding expenses. Physical money was transported by private planes from the southern part of the country to the capital city.

One of the accused individuals declared as a repentant under the terms of Law 27304. The sentence of the repentant accused was reduced because they provided information that led to the clarification of the facts under trial.

Among the countries to which the MLA requests were issued, it is worth mentioning Belize, Panamá, Switzerland, and the US, as the responses from the competent authorities of these States, which provided documentation on banking operations, were crucial in proving the existence of transnational maneuvers for the circulation of funds of illicit origin and in obtaining information on their ultimate beneficiaries. For example, the Swiss authorities provided corporate and banking documentation that allowed the identification of the main accused's family members as beneficiaries of accounts held there. Also, in its convicting sentence, the court expressly valued, as inculpatory evidence, the documentation provided by these countries. Such documentation allowed verifying the identity of the signatories and/or beneficiaries of the foreign accounts, who appeared, for example, as signatories on behalf of legal entities that acted as "fronts" in the operations.

Twenty-two individuals were convicted in the first instance, and all filed appeals. Out of these, two appeals were not considered in the second instance, as one was declared moot, and the other was considered withdrawn. Of the remaining 20 appeals, 18 convictions were confirmed, two convictions were overturned, and acquittal was granted. One of the accused individuals declared as repentant and provided information that led to the clarification of the facts under the trial.

Sectorial risks

264. Legal persons are widely present in ML-related investigations (see table under Core Issue 7.3), which is in line with Argentina's risk of misuse of legal persons for ML purposes (see IO.5). Over the review period, almost a quarter of the persons investigated for ML were legal persons. Authorities mentioned 181 cases of transnational nature where a legal person was involved, including shell and real companies. However, the rate of legal persons sentenced for ML is disproportionally low, and convicted even lower, which authorities justify since in most of these cases, misused legal persons had no discernible economic activities as further explained under 3.3.3.

265. The AT identified that 57% (42 out of the 73 ML convictions reviewed) of Argentina's ML convictions presented international links, which is in line with Argentina's risk profile – however

the actions of the authorities were not fully commensurate: while they did seek international cooperation in the largest relevant cases, they did not do so for all of them (see IO.2).

266. Argentina's NRA identifies the use of virtual assets as a vulnerability, and the authorities mentioned that virtual assets were featured in nearly all ML-related investigations. While the lack of related legislation during the review period is deemed a high vulnerability for this emerging sector (see IO.1), the authorities demonstrated their ability to conduct successful investigations on the misuse of virtual assets (see case Comando Vermelho under IO.6).

267. Despite Argentina's particular context (see Chapter 1), cross-border movements of cash rarely trigger ML investigations. Between 2019 and 2023, PROCELAC collaborated in 18 cases of cross-border movement of cash, in the jurisdictions of Salta, Corrientes, Misiones, Formosa and Comodoro Rivadavia. All of them were initiated in the framework of preventive controls in border areas, and authorities made the corresponding seizures – but none arose from the monitoring of cash cross-border declarations (see IO.8). Of these 18 cases, eight investigations are closed, eight are under investigation, and two are at trial stage. While the AT is of the view that this does not reflect Argentina's risk profile, authorities indicate that organised crime groups rather move their funds abroad through more sophisticated means, e.g., trade-based ML (TBML). There are a few but notable investigations featuring TBML and typologies presented by the FIU (see IO.1).

268. In addition, Argentina pursues to some extent only ML originating from illegal currency exchange and circumvention of monetary policies, which are two current phenomena specific to Argentina's context. Authorities secured a conviction in a few instances (see Box 3.7). The AT noted that efforts to identify unauthorised/unregistered activity are not proportionate to Argentina's context (see IO.3).

Box 3.7. Successful convictions for violation to the exchange control regime

The investigation began after receiving a report from the Airport Security Police (PSA) regarding the existence of a group of individuals would have been associated to circulate illicit assets. During the investigation, the PPO requested the police to initiate the investigations to determine possible perpetrators and circumstances of time, manner and place.

Based on the investigative tasks carried out by the PSA, it was possible to determine how the accused operated, and telephone taps were ordered to deepen the investigation. As a result of the investigation carried out by the security forces, phone taps and the items seized in the searches, it was determined that the accused were engaged in the purchase and sale of foreign currency without authorization from the BCRA.

They also circulated money and/or goods from the income generated by the marginal exchange of foreign currency, through the acquisition of real estate, vehicles and boats, by using natural and legal persons for this purpose.

Authorities used special investigative techniques, i.e., phone taps, which allowed for strengthening the investigation on the purchase and sale of foreign currency.

Three of the accused persons (two as co-perpetrators) were convicted for ML aggravated by a five-year imprisonment sentence (one co-perpetrator received four more months in prison due to weapon possession). The remaining three accused, as secondary participants, were convicted to three years of prison.

The persons convicted as co-perpetrators and perpetrators of ML were fined of twice the value of the proceeds of the crime. Additionally, the legal personality of the companies used as a vehicle for money laundering was revoked, as well as all the real property and proceeds of ML were confiscated.

Geographic risk

269. Argentina – the eighth biggest country in the world – has thoroughly assessed its geographic ML-related risks. The authorities acknowledge that the highest risks emanate from the country's northern borders, TBA, and waterways. The NRA mentions the length and porosity of borders as a high vulnerability factor, particularly for drugs smuggling and customs offences, and identifies smuggling routes. The country has implemented related mitigating measures: PROCUNAR created regional delegations in the northern provinces in 2016 and 2017 and in 2023 PROCELAC opened a delegation in the city of Rosario, identified as high-risk when it comes to drug trafficking, organised crime and ML activities, which has already initiated seven ML preliminary investigations. This is reflective of Argentina's actions to effectively pursue ML cases in line with its geographic risks. The FCCP (see Box 3.3) was also implemented in the provinces of Salta and Jujuy, which are located in the northern part of Argentina and share borders with Chile, Bolivia and Paraguay; these areas recorded the most criminal cases in 2021, according to the NRA.

270. The geographic dispersion of ML convictions is mostly in line with Argentina's risk profile. Notably, almost half of the ML-related convictions are secured in the northern part of the country; in addition, the number of convictions in the northern and central provinces of Argentina, such as Chaco, Corrientes, Salta, Cordoba, Entre Rios and Santa Fe (where the city of Rosario is located) has tripled between 2019 and 2022 in aggregated terms. More than one third of ML-related convictions have been secured in CABA and PBA, where most economic activity

takes place (see IO.5). However, no ML conviction was secured in Misiones, province located close to the TBA.

Table 3.17. Distribution of ML convictions by province

Province	2019	2020	2021	2022	2023	2024 (20/02)	Total
Autonomous City of Buenos Aires	3	1	4	6	5	1	20
Buenos Aires	3	1	4	2	4	1	15
Chaco	1	0	1	2	4	0	8
Corrientes	1	0	3	2	3	0	9
Salta	0	1	0	2	0	1	4
Córdoba	1	0	2	3	0	0	6
Entre Ríos	0	0	1	3	2	1	7
Santa Fe	1	0	3	2	4	0	10
Mendoza	1	0	2	4	2	0	9
Rio Negro	0	0	0	1	1	0	2
Tierra del Fuego	0	0	0	1	0	0	1
Total	11	3	20	28	25	4	91

Types of ML cases pursued

271. In the past few years, with the shift in paradigm, Argentina has started pursuing ML cases, namely with the introduction in 2011 of the ML offence (art. 303) in its Criminal Code (CC). Argentina's criminal justice system is robust, judges are well aware and fully committed to achieve convictions in complex ML cases. Despite a relatively low number of convictions for a country this size, Argentina has demonstrated its ability to prosecute and convict for different types of ML cases, including self-laundering, third-party ML, standalone ML, and ML involving a foreign predicate offence. The most common convictions for ML are self-laundering, followed by third-party laundering – convictions for standalone laundering are less numerous.

272. Argentina's ML offence does not cover mere possession of proceeds of crime and its language is limitative, as it requires an intentional element (see R.3). However, after the reform Argentina kept art. 277 in the Criminal Code, which deals with concealment but does not require to prove the intentional element. The AT found that, in an isolated instance where proceeds of crime were concealed by a third party, Argentina used art. 277, while the AT believes that this act constitutes an ML offence. The AT is of the view that the restrictive language of the ML offence can partly explain the relatively low number of ML convictions.

Table 3.18. Natural persons convictions for ML, by type of laundering

Type	2019	2020	2021	2022	2023	2024 (20/02)	Total
Self-laundering	29	3	31	57	56	7	183
Third-party laundering	36	8	36	31	12	14	137
Standalone laundering	0	0	2	1	3	0	6
Foreign predicate	2	0	3	3	1	1	10
Total	67	11	72	92	72	22	336

273. The modest number of standalone laundering convictions does not reflect the fact that, as confirmed by the authorities, Argentina systematically carries out ML investigations, even in the absence of predicate offence convictions. Even though in most cases, the predicate offence is committed domestically, the authorities' approach to pursuing ML when the predicate offence is not criminalised anymore – as is the case with the tax amnesty (VTC) programme – is uneven.

This can partly explain the low numbers of this type of ML. In addition, Argentina pursued cases of illegal exchange services to some extent only (see IO.3 and Chapter 1). Still, the country managed to secure some noteworthy standalone ML convictions, as illustrated by the cases Comando Vermelho and case 2 of Box 3.1 under IO.6. The AT also noted cases where the ML hypothesis was brought forward and the ML conviction secured ahead of the predicate offence, as in the Báez case.

274. In the past few years, Argentina gradually considered ML cases in which the predicate offence was committed abroad. While the risk is lower than for predicate offence committed in the country, cases show that it exists. The country shared information about two cases where perpetrators were convicted for ML, while they had been convicted abroad for the commission of the predicate offence, demonstrating efficient use of international cooperation in these cases (see case below and case Isle of Man – Carbón Blanco under IO.8). When relevant, the PPO sets up joint investigative teams (JITs, see IO.2) to facilitate the involvement of several stakeholders, which has led to successful results (e.g., case Loza under 3.3.3). This practice is commendable and started yielding results.

Box 3.8. JIT – Case Loza (2021)

Report from Customs General Directorate following a customs inspection which detected individuals entering Argentine territory with EUR 365.800 in 2017 triggered a ML investigation. Accordingly, an organization was investigated for currency smuggling into Argentina and money laundering originated from drug trafficking from Argentina to Spain, through the purchase of real estate and luxury cars, and the development of ventures through companies (where they acquired shares and injected capital).

Accordingly, a Joint Investigation Team (JIT) has been set up with investigating authorities in Spain, Italy and Argentina. At the national level, a multidisciplinary team was formed, comprising the National Gendarmerie (GN), the Financial Information Unit (FIU), PROCELAC, the Federal Administration of Public Revenue (AFIP), the General Customs Directorate and the Secretariat of Intelligence of the State (then National Intelligence Agency, AFI), as well as other agencies of the Attorney General's Office. Moreover, an MLA request was sent to Peru, which initiated an investigation known as “el caso Abeja” (the “Bee case”), aimed at detecting the activities of one of the accused (Alvarez) and a group of 36 people.

As a result, 101 money laundering incidents were analysed from the perspective of three groups: the LOZA group, the SUÁREZ/GALLO group, and the WESTON MILLONES group. Bank accounts (in pesos and dollars), credits, bonds, and construction trusts were used to purchase apartments, garages, houses, farms, hotels, automobiles, shares, and other assets. The assets include properties located in Buenos Aires, shares of corporations, properties located in the province of Salta, properties located in the province of Buenos Aires, vehicles, assets belonging to commercial companies, cash, bank deposits, machinery, luxury movable assets (televisions, watches, jewellery), and foreign currency. The total amount is estimated to be approximately pesos \$36,031,651.74 and USD 4,749,992. It was also found out that some of the ML incidents were conducted abroad. Ten individuals were convicted for ML.

275. Among the 3032 natural persons reported in the ML cases, (including those indicted, those to whom the charges and the existing evidence have been formally communicated during the investigation, and even those who have been merely reported at the outset of the case or who have been mentioned in the investigation as potential suspects, even if no formal charge or

indictment has been filed against them), 336 (310 natural and 26 legal persons) were convicted. The cases were dismissed for 167 natural persons prior to the trial stage, and the prosecution is ongoing for the remaining natural persons. These numbers raise some concerns as regards the length of the ML cases. The AT identified that most of the ML convictions were for facts that were older than five years on average. Aside from the complexity of cases, which authorities are in some cases dealing with namely by “separating” the offences (as with the Báez case) to faster secure convictions, Argentina indicated that the issue is mostly procedural as the CPPN provides for possibility of appealing all decisions rendered by judges since the beginning of the formal investigation, and appeals sometimes have suspending effect; and authorities are hopeful that the implementation of the FCCP will remediate to this issue.

276. As for legal persons, although the NRA and the authorities recognise the risk of misuse of legal persons for ML purposes (see IO.5), Argentina prosecutes and convicts legal persons for ML to some extent only, as mentioned under 3.3.2 and illustrated in the table below. The authorities explained that, in most cases, the legal person was a shell company set up for the purpose of laundering the illicit proceeds and without any real activity – and that it was more relevant to cancel their legal status and convict their BOs. While this is rational, the AT notes that the authorities pursued only few cases where *active* legal persons (not created for this purpose) were involved in more complex crimes and ML schemes.

Table 3.19. Number of natural and legal persons subject to financial investigations and convicted for ML

Persons		2019	2020	2021	2022	2023	2024 (20/02)	Total
Natural persons	Subject to financial investigations	279	116	67	103	133	25	723
	Convicted in ML sentences	65	11	65	90	68	11	310 (43%)
Legal persons	Subject to financial investigations	56	33	42	41	44	8	224
	Convicted in ML sentences	14	0	5	6	1	0	26 (12%)

277. Overall, ML cases resulting in convictions in Argentina primarily involve simple ML schemes (e.g., purchase of real estate and vehicles using third parties, use of the banking system, use of shell companies). Only one conviction features a TBML scheme, although authorities acknowledge that it is used by criminals to launder their proceeds abroad. The authorities presented a few, but remarkable, large-scale ML cases, involving several jurisdictions and complex money laundering techniques (e.g., use of offshore financial centres, multiple layering in different jurisdictions, purchase of virtual assets, use of sophisticated financial operations – see cases Loza and Báez under IO.7, and the Isle of Man and Hope Funds under IO.8).

Box 3.9. Example of a ML case with its predicate offence committed abroad, and the use of legal persons in the ML scheme

The case, in which the PROCUNAR, PROCELAC and the DGRADB of the AGO collaborated, investigated an organised group of individuals, including a Colombian drug trafficker and the widow and son of the former leader of the Medellin Cartel, the deceased Pablo ESCOBAR GAVIRIA, since they were part of an international criminal association operating in Argentina from 2008 to 2017, engaged in placing illicit funds in the local financial system. These funds came from the international drug trafficking crime, committed by said drug trafficker in his country and the United States. This individual had been related to the drug trafficking, by holding leadership positions in all the criminal structures in which he had participated from the 90's. In 2016, the person was included in the "Foreign Narcotics Kingpin Designation Act" (the so-called "Clinton List" of the U.S. Department of Justice), since it was considered a pattern of Colombian drug-related criminal organisations and had collaborated with a criminal group linked to the Medellin, Sinaloa and Cartels as well as the United Self-Defence Forces of Colombia. In 2019, while arrested in Colombia, the person was extradited to the United States, where he was convicted to 27 months in prison after an agreement. Illicit funds entered Argentina through different investments by the three persons accused in the ML case. Some of the transactions identified in the investigation included exchange conversion, transfer, administration, sale and concealment, which were made in his own name and through a Panamanian company and five Argentine companies. Through these entities, the accused entered more than USD 3 million and ARS 2 million into the country.

Effectiveness, proportionality and dissuasiveness of sanctions

278. Argentina's legal framework provides for a wide range of sanctions for ML offences both for natural and legal persons. For natural persons, the amount of laundered proceeds of crime determines the financial penalty for the laundering offence and the Criminal Code provides for imprisonment from a certain threshold (see R.3), which since the entry in force of the new legislation, is not considered fully proportionate and dissuasive, and therefore not necessarily effective. A wide range of sanctions are available for natural and legal persons and the sanctions applied to natural persons are found to be effective, dissuasive and proportionate to a large extent, but the AT notes a recurrent use of suspended prison sentences.

Table 3.20. Sanctions imposed in ML convictions

Year of the sentence	2019	2020	2021	2022	2023	2024 (20/02)	Total
Determined fines	26	5	29	49	24	2	135
Amounts of determined fines per year (USD)	8.418.946,62	139.433,16	7.693.931,50	3.256.928,25	7 4.440.219,64	28.831,20	23.978.290,37
Undetermined fines	32	0	29	26	17	4	108
Number of individuals subject to fines	58	5	58	75	41	6	243
Withdrawal of legal status of legal persons	14	0	5	6	1		26

Note: Undetermined fines refer to a number of times a specific amount (e.g., x times of the amount of the transaction) Data could not be retrieved.

279. Argentina regularly uses abbreviated trials in ML cases, and to a lesser extent the possibility of plea bargaining (“repentance”) arrangements. Both tools require an agreement between the prosecutor and the perpetrator, and in both cases, this can reduce the perpetrator’s sentence. In abbreviated trials, the defendant pleads guilty usually before the hearings – facts are considered committed and proven – and obtains a less severe treatment by the Courts. LEAs use this measure to reach faster and smoother convictions and usually apply it depending on the weight of the sanction, i.e., when they estimate that an imprisonment sentence lower than six years is sufficient, or a punishment not depriving of liberty, even delivered in conjunction with the other sentence. In one of the convictions (Galeano), both oral trial and plea bargaining were used. Of the 91 ML convictions (corresponding to 310 natural persons), more than 63% (58) correspond to abbreviated trials, and the remaining 33 to oral trials.

280. The possibility of plea bargaining (“repentance”) has been used in a few ML-related cases to obtain valuable information to pursue cases, though this results in lower sentences. This was applied for example in the Báez case and led to important clarifications of facts and thus conviction. The sentence of the repentant was reduced accordingly.

281. Judges systematically imposed prison sentences in ML convictions, the length of which is considered generally dissuasive. Out of the 310 natural persons convicted for ML, the average prison sentence is 4.6 years. The highest prison sentence applied was of 17 years, and the lowest for two years. This does not distinguish between oral and abbreviated trials. In addition, Argentina provided a sample of cases (12) with the highest prison sentences, which demonstrated their dissuasiveness. However, a number of them are suspended prison sentences (in 43 convictions out of 81, the judge ordered a suspended sentence for one or more of the convicted persons, which corresponds to 92 individuals). In these sentences, which are applied on a case-by-case basis depending on certain criteria determined by the CC (damage caused, morality, etc.), the Court can apply a series of rules of conduct for a period of two to four years, and can revoke its judgement anytime to convert it into actual imprisonment.

282. Natural persons can also be suspended from participating in State-related activities, including holding public functions, for a maximum period of ten years. Argentina applied this penalty three times since 2019, which does not seem in line with its risk profile, given that corruption is among the highest ML threats and a well-recognised vulnerability, which features a number of ML-related convictions.

283. For the reasons explained above, a limited number of sanctions were applied to legal persons as most of them are mere shell companies: a total of 26 were convicted for the commission of ML, in five different cases. Few complex cases involving legal persons exist and the sanction generally consists in the cancellation of the legal personality, which is considered appropriate in these cases.

Use of alternative measures

284. In a very limited number of cases where the intentional element could not be demonstrated, Argentina applied its concealment offence (CC, art. 277).

285. A strong feature of Argentina is its wide range of confiscation measures, including non-conviction-based confiscation, which the country increasingly applied over the past few years – 14 times overall for ML offences (see IO.8).

286. Finally, in Argentina legal persons may be subject to sanctions other than ML convictions, when the judge concludes that the ML activity is not conducted on behalf of, or for the benefit of, the legal person itself – but that it is rather solely used to launder money. These include cancellation of the company license, state benefits, or imposition of fines related to the value of

operations in which they were involved. Argentina applied this measure six times between 2019 and 2023. BCRA and INAES also initiated summary proceedings in these cases (see IO.3).

Overall conclusions on IO.7

Argentina has invested significant efforts to enhance the identification, prosecution and conviction of ML cases. Competent authorities are dedicated, well-resourced and adequately trained. Security forces and the FIU successfully identify ML cases from a broad variety of sources which are then dealt with by the prosecutors, and Argentina achieved some remarkable convictions over the review period, although numbers are not yet fully commensurate to the country's risk profile. PROCELAC is a significant asset in pursuing ML cases, but there is no mechanism to ensure that they contribute to all relevant cases. The concept of parallel financial investigation is not yet fully integrated by all LEAs. The effective collaboration between PROCUNAR and PROCELAC has yielded results, as most ML convictions relate to drug trafficking – but this is only partially in line with Argentina's risk profile.

Argentina achieved some remarkable convictions for all types of ML cases over the review period, although numbers (91) are not yet fully commensurate to the country's risk profile. The conviction rate for corruption-related cases, as well as tax crime, human trafficking and smuggling, is low. Cases involving VAs have been successfully pursued, but cases involving illegal currency exchange, and circumvention of monetary policy are scarce and not fully in line with Argentina's risk and context. Besides, the investigation, prosecution and conviction of legal persons are mostly related to cases where they are used as shell companies, which does not fully reflect the significant risk of misuse in Argentina. The duration of cases, both at investigation and prosecution stages, has an impact on the effectiveness of the system, which the country hopes to remediate with the implementation of the Federal Criminal Procedural Code. Finally, sanctions are considered proportionate and dissuasive to a large extent, although the number of suspended sentences raises questions.

Argentina is rated as having a moderate level of effectiveness for IO.7.

Immediate Outcome 8 (Confiscation)

Confiscation of proceeds, instrumentalities and property of equivalent value as a policy objective

287. Argentina increasingly pursued confiscation of proceeds and instrumentalities of crime as a policy objective over the last decade with the expansion of the authorities' awareness and their asset recovery toolkit, including the possibility of non-conviction-based confiscation and the creation of a dedicated asset recovery unit in 2015. Since this change of paradigm, the authorities have successfully confiscated money (cash, and bank and financial accounts), real estate properties, cars, vessels, airplanes, corporate shares, and virtual assets. Although the results achieved so far are promising, they are only partially in line with the country's risk profile, especially with regard to assets located abroad.

288. Through patrimonial investigations, LEAs identify assets and initiate recovery actions from the outset of all investigations on proceed-generating offences, either to repair the damage caused or recover the proceeds of the crime. Before the change in paradigm to pursue asset recovery as a policy objective, LEAs pursued asset recovery measures only at the stage of

indictment and final conviction, for confiscation purposes. In principle, the current policy applies to all proceed-generating crimes, but authorities give greater focus to complex or large-scale criminality and organised crime where ML is identified (at the federal level). Statistics provided, although incomplete, tend to indicate that this approach is inconsistently applied when it comes to predicate crimes and in ‘smaller’ cases. In that respect, the authorities indicated that outreach on the aforementioned policy to all LEAs across the country is still ongoing, and identified challenges in raising awareness regarding asset identification, tracing, and recovery actions, as well as access to tools by all judges and prosecutors at the provincial level.

289. The 2022 AML/CFT National Strategy (see Box 2.1 under IO.1) contains a specific general objective to enhance asset recovery policies by (i) amplifying asset recovery capacities, (ii) promoting international cooperation in this field and (iii) strengthening the statistical monitoring of seized and confiscated property and assets. Argentina translated these objectives into an action plan, but it lacks concrete targets to measure the implementation of the identified actions. These actions, due for completion in July 2024, led to an increase in precautionary measures⁴⁴ to ensure future seizures, but did not yet yield tangible results in terms of confiscation.

290. Although the Argentinian legal framework does not expressly provide for confiscation of property of equivalent value, the authorities resorted to it once, in a corruption case from the 1990s. The plea bargain agreement, which was finalised in 2015, included money that two of the convicts had agreed to pay in cash among the confiscated assets, which the judge ordered to be deposited in a bank account designated by the Court. Strictly speaking, the judge ordered the confiscation of assets (cash) regardless of whether they constituted the direct or indirect proceeds of crime. While this example reflects the authorities’ capacities to apply this measure, it is rather an isolated case, which does not demonstrate that it is a practice in Argentina’s asset recovery policy.

291. Argentina has equipped LEAs with technical and human means to increase asset recovery. The PPO created in 2014 two specialised units to assist prosecutors in financial investigations and asset recovery: the General Directorate for Asset Recovery and Confiscation (DGRADB) and the General Directorate for Economic and Financial Advice in Investigations (DAFI), which hosts a Virtual Platform for Financial Investigation, launched in 2016 and regularly updated. DAFI focuses principally on the economic and financial aspects of the investigation and aims at giving an economic perspective from the outset of the criminal investigation (see IO.7); while DGRADB focuses specifically on the recovery of illicit assets, i.e., aims at identifying and quantifying the proceeds and instrumentalities of crime and developing strategies to identify, trace, freeze and confiscate these assets. Both DAFI and DGRADB have published guidance documents on asset recovery, in 2017 and 2018 respectively, that are also shared with the judiciary which uses them in their training. Between 2019 and 2023, 13 training programmes were delivered, with at least 1031 attendants. In November 2023, the Attorney General created the Secretariat of Financial Investigations and Asset Recovery (SIFRAI) to provide strategic vision and functionally coordinate DAFI and DGRADB’s efforts, without a visible impact on effectiveness at this stage. As for the Judiciary, since 2016 the Legal Assistance Directorate for Complex and Organised Crime (DAJuDeCO) has assisted and trained judicial authorities, including on asset recovery. From 2022 to March 2024, DAJUDECO provided 14 training sessions to judicial and prosecutorial authorities throughout the country on the assistance and tools it provides in the area of money laundering, which included the participation of 255 people.

292. Other LEAs have also elaborated guidance in this matter, considering emerging challenges. After Argentina’s first seizure of virtual assets (see Box 3.3 under IO.), the specialised PPO’s

⁴⁴ Term used in Argentina to refer to provisional measures.

Cybercrime Unit (UFECI) prepared in 2023 a practical guide for the identification, traceability, and seizure of virtual assets with the collaboration of DGRADB, PROCELAC, SAIT, SCI, PROCUNAR, and PROTEX. Argentina established in 2019 a dedicated Trust Fund for Reparation to Victims and management of assets in cases of human trafficking – with the significant increase over the past two years of DGRADB's interventions in human trafficking cases (see Box 3.11), PROTEX and DGRADB elaborated also in 2023 a guide for prosecutors on the functioning of this trust. Recently (after the on-site visit), the PPO and DAJuDeCO elaborated further guidance on virtual assets. These initiatives are commendable and have started to bear fruit.

293. Notwithstanding the considerable progress made, Argentina still faces significant challenges to efficiently pursue confiscation as a policy objective, notably as regards data collection and statistics. Despite the authorities' efforts to gather meaningful and country-wide asset recovery statistics with the creation of the National Registry of Seized and Confiscated Assets during Criminal Proceedings (RNBSD) in 2011, this database is largely incomplete and authorities do not use it. The National Supreme Court of Justice (CSJN) has a General Database of Assets Seized and/or Confiscated in Criminal Cases, but although all national and federal courts are being instructed to provide complete details of all assets of any nature that are subject to a criminal jurisdictional decision, it is largely incomplete. Currently, all relevant agencies collect data for their own management needs – for example, DGRADB collects data only on the cases in which they intervene. The 2022 ML NRA recognises the lack of centralised and accessible information on precautionary measures and final confiscations as a medium-level vulnerability. Consequently, the 2022 National Strategy established the Asset Recovery Working Group to homogenise and coordinate asset recovery efforts, including centralising information, without a clear impact on effectiveness at this stage. Some actions of the Working Group already taken include: reaching a consensus on a data collection matrix with measurement indicators, which has also led to improvements within the agencies themselves; a recently created Statistics Office of the National Supreme Court of Justice that aims to provide statistics for the entire judiciary; and a new Judicial Case Management System for seized assets. At the time of the on-site, none of the databases were complete or up to date; they are located within different authorities, do not collect data consistently, and overlap each other in some cases. The AT also noted inconsistent statistics in the field of cross-border cash declarations. While Argentina was able to collect information on confiscation to some extent for the purposes of the ME, the AT considers the ineffective implementation of centralised processes, databases and mechanisms, covering the whole range of criminality, is reflective of authorities' lack of coordination in this regard, and is an important deficiency that limits Argentina's ability to implement targeted, nation-wide asset recovery policies on an ongoing basis to improve their effectiveness; and be accountable to the population in this area.

294. In addition, shortcomings identified in IO.7 impact the effectiveness of the asset recovery regime. Notably, the NRA identifies the need to increase ML and organised crime-related prosecutions and convictions, particularly when it comes to major cases, which would allow the authorities to increase their confiscation efforts. The use of non-conviction-based confiscation, which could in part bypass this problem, is increasing but still nascent. The authorities indicated that the implementation of the FCCP in the whole country shall increase the number of ML convictions and address the statistical problem, but the transition phase is longer than expected (see IO.7).

Confiscation of proceeds from foreign and domestic predicates, and proceeds located abroad

295. Argentina's legal framework enables confiscation of proceeds and instruments of crime related to ML, TF, and predicate offences (see R.4), whether committed in Argentina or abroad (see R.38). Argentina's legislation does not expressly provide for the possibility of confiscating the property of corresponding value.

296. Overall, Argentina commendably secured confiscation in almost all ML-related convictions, although recovered amounts are modest, the overall number of ML convictions is relatively low and only few convictions are for larger and more complex cases (see IO.7). Only few ML convictions were for foreign predicates, and the overall incomplete statistics for both foreign and domestic predicates does not allow the AT to reach a firm conclusion on related confiscations in Argentina, although information provided indicates that they are pursued to some extent. In addition, Argentina demonstrated very few final confiscation results when it comes to confiscation of proceeds located abroad, which is a major deficiency given the country's context (see Chapter 1).

Application of precautionary measures⁴⁵

297. In Argentina, judges can order precautionary measures either *ex officio*, or at the request of the PPO or the plaintiff. Statistics, albeit not complete, indicate a rising trend in the application of precautionary measures, however, the overall value and numbers of assets frozen or seized leave considerable room for improvement. Security forces carry out preventive controls and specific investigative measures within the scope of their competence and can request the judge, through the PPO, to freeze or seize assets as a first measure if they identify the proceeds and instrumentalities of crime pending judicial confiscation. Judges grant most precautionary measures smoothly, basing their admissibility on both legal plausibility and danger of delay. Security forces regularly use it and indicated that it is timely – within 48 hours of the request in practice, which the AT does not consider prevents capital flight in all instances, although authorities did not report such cases. Within the framework of the technical assistance provided by DGRADB, in a few instances in which the judge did not grant the precautionary measure, the investigative judge or prosecutor in charge appealed the rejections, resulting so far in seven instances where the appeal was accepted, three rejections and six pending decisions.

298. The FIU has administrative powers to freeze potential TF-TFS related transactions, but not for ML or related cases, although this is an efficient tool to prevent capital flight.

299. Argentina is implementing AML/CFT measures which contribute to enhancing the confiscation regime, including the implementation of the accusatory Criminal Procedural Code (FCCP). Contrary to the NCCP, which applies in most of the country, the FCCP foresees specific provisions for precautionary measures: the judge must set a period for their duration, and the prosecutor needs to justify any extension. The authorities indicated that, in practice, this has reduced the number and length of the appeals in the provinces where the FCCP applies. The FCCP implementation in all provinces will likely make criminal proceedings and asset recovery more efficient, however, it is not imminent (see Box 3.1 under IO.7). Although not directly related to asset recovery, the authorities also welcome the newly created BO Registry to improve timely access to accurate BO information to support their asset identification efforts (see IO.5).

300. Judges and prosecutors routinely request the support of specialised units and security forces to trace and recover assets, including through the application of precautionary measures. The authorities regularly collaborate, share resources and expertise, and create

⁴⁵ Term used in Argentina to refer to provisional measures.

multidisciplinary asset tracing teams. When supporting a case, PROCELAC systematically seeks assistance from DAFI, DGRADB and security forces, who have specialists that can provide support in financial investigations and in creating asset profiles (e.g., accountants, lawyers); and the Judiciary from DAJuDeCO. While these units bring expertise and added value, as mentioned under IO.7, the AT is of the view that, given the number of stakeholders acting in the scope of financial crime and, ultimately, asset recovery, even while coordinated by the PPO (as is the case with PROCELAC, DAFI and DGRADB), the lack of standard operating procedures to act in this regard impacts the effectiveness of the system when it comes to adopting a consistent approach in dealing with cases and collecting statistics.

301. DGRADB within the PPO keeps detailed statistics of precautionary measures and final confiscations for cases in which it intervenes. Since its creation in 2015, it has participated in 679 cases and the trend has been steadily increasing (from 53 cases in 2019 to 150 cases in 2023). The joint work of DGRADB with the PPOs throughout the country led to the application of precautionary measures as detailed in the table below.

Table 3.21. Precautionary measures for the 436 cases (ML and predicates) where DGRADB intervened since 2019

Property / Year	2019	2020	2021	2022	2023	Jan-March 2024	Total
Number of cases	53	38	62	94	150	39	436
Dollars	7,442,002	908,643		3,192,907	18,775,490		30,319,042
<i>Out which predicates</i>	2,201,861				61,284		2,263,145
Pesos	142,837,737		28,583,423	128,925,125	20,281,400		320,627,400
<i>Out which predicates</i>	8,159,737		28,583,423	120,034,303	20,281,400		177,060,863
Real estate	228	228	78	252	96		882
<i>Out which predicates</i>	131	37	26	31	90		315
Automobiles	97	161	145	125	432	42	1,002
<i>Out which predicates</i>	52	13	61	23	326	42	522
Motorcycles	162	18	17	2	23		222
<i>Out which predicates</i>	6	1	1				8
Machinery			16	9	2		27
<i>Out which predicates</i>			14	9			23
Vessels	11	2	5	3	7		28

302. As for the Judiciary, the authorities have ordered precautionary measures in 271 of the 1271 ML cases reviewed over the review period, totalling ARS 29,154,158,410 (USD 287,863,301), USD 8,285,405, EUR 895,245, 238 real estates, 665 vehicles, and 187 electronic devices. Out of the remaining 1000 ML cases, 70 have final confiscation measures (see below for confiscation), 310 have been dismissed or closed, and 519 were reported to be at the preliminary stage of the proceedings when the case data was incorporated, but the AT was not made aware of their current status regarding precautionary measures. The AT noted an increasing trend, which demonstrates the change in paradigm to pursue asset recovery from the outset of the investigation; and that out of the 271 measures, 201 were ordered in the preliminary stage of the investigation – although the authorities did not explain as to why they did not do so in all cases.

303. These statistics by DGRADB and the Judiciary should not be seen as fully reflective of precautionary measures, as they do not cover all ML and predicate cases in the country and some cases might be in both statistics. The authorities also shared some additional cases with considerable seizures, such as case Comando Vermelho (see Box 3.2 in IO.6) with seizures worth

ARS 1,200 billion (corresponding approximately to 1.2 billion USD). Judges and prosecutors routinely request PROCELAC, DGRADB or DAJuDeCO to support their ML-related cases, but the AT questions if this is done for all cases, considering that there are no standards operating procedures in this regard (see IO.7). Although authorities indicated that this would apply to a minor number of cases, the absence of intervention of these specialised units in some complex cases might create an expertise gap and potentially lead to failure to recover proceeds of crime.

304. Argentina's security forces (the Airport Security Police, the Gendarmerie, the Coast Guard, and the Federal Police) are an important element when it comes to supporting financial and asset investigations. They carry out preventive and specific investigative measures and, alongside the FIU, bring to LEAs the bulk of information they need in the framework of the investigation (see IO.6 and IO.7). The PPO regularly trains the security forces on patrimonial and parallel financial investigations. During the period 2019 – March 2023 and with respect to the ML offence, in the framework of prevention controls, the Airport Police recorded 65 interventions; the Coast Guard 90, and the National Gendarmerie 2874. All security forces have used provisional measures to freeze or seize money, real estate, vehicles, vessels, and virtual assets, including both proceeds and instrumentalities of crime during the review period – but without indicating how many resulted in actual confiscations.

Table 3.22. Precautionary measures (cash seizures) by security forces in the framework of preventive and investigative measures, 2019-March 2023

Currency	Airport Police	Coast Guard	Federal Police	Gendarmerie	Total
Argentinian peso (ARS)	105,191,947	41,122,290	115,479,932	1,339,159,952	1,600,954,121
US dollar (USD)	3,864,123	402,181	894,070	16,890,869	22,051,243
Brazilian real (BRL)	183,575	24,795	31,712	1,727,423	1,967,505
Euro (EUR)	40,995	18,950	15,290		75,235
Real estate and motor vehicles (value estimation)					
Argentinian pesos (ARS)		1,704,598,648	109,000,000	838,278,855	2,651,877,503
US dollar (USD)				30,750	30,750
Euro (EUR)				50	50

Note: Security forces recorded additional cash seizures, in other foreign currencies, which materiality is not relevant.

Confiscation

305. With regard to ML, Argentina secured confiscation of both proceeds and instruments of crime in almost all cases in which a conviction was achieved (82 confiscations out of 91 convictions), which is commendable. In the nine cases in which confiscation was not obtained, in three cases confiscations were ordered in related cases, in three cases confiscation of the seized assets is pending the resolution of procedural issues, and in three cases there is no identification of assets subject to confiscation to date. The authorities did not explain as to why they could not identify assets in these cases, however, fines were imposed in two of them and in one the identification of assets is still in progress.

Table 3.23. Confiscation following conviction in all ML-related cases

Year	2019	2020	2021	2022	2023	2024	Total
Conviction	11	3	20	28	25	4	91
Confiscation	9	2	20	25	22	4	82
Real estate properties	103 (out of which two foreign)	3	52	94	67	1	320
Movable properties	56	18	91	122	99	4	390
Banking products	115	0	0	1	0	1	117
ARS	915.401	23.250	6.250.728	8.755.635	47.141.551	85.758	63.172.323
USD	1.317.624	-	61.434.407	522.066	16.456.891	10.107	79.741.095
EUR	1.333.630	0	11.276	2.520	725.880	80	2.073.386

Note: Confiscations also include foreign currency cash confiscations (including Mexican pesos, Uruguayan pesos, Chilean pesos, Peruvian soles, Bolivian pesos), which amounts are not material.

306. Confiscation arising from ML-related convictions totals approx. USD 80 million, ARS 63 million (approx. USD 177,600) and EUR 2 million in cash for the review period. It is worth noting that almost 60 million USD resulted from one case (see Báez case in IO.7) and almost 16 million USD from one other case (see Hope Funds case below). Only a few ML convictions are for larger or more complex cases (see IO.7). The judgements included both instrumentalities of crime (36 cases) and proceeds of crime (55 cases) and generic confiscation (38 cases). Most confiscated property has not been assigned a value at the time of the confiscation order, as further discussed below; however, authorities provided the AT an estimated valuation of the aggregated amount of confiscated property totalling an estimated ARS 1,749,730,842 (USD equivalent 11,342,953) for personal property – vehicles, motorcycles, vessels, equity interest, share certificates, social quotas, and USD 43,059,375 for real estate property. The authorities did not provide an estimate of total proceeds in the ML cases compared to what was subject to a confiscation order; as the total figures are estimates, the authorities cannot confirm the final amount that was recovered by the State, but they indicated that the confiscated cash was recovered in full. Although difficult to assess the ‘adequacy’ of these numbers, the NRA estimates criminal proceeds to approx. USD 30 billion a year, which indicates that a small portion of illicit assets are confiscated.

Box 3.10. Confiscation following a ML-related conviction – Case “Hope Funds”

The case investigated the Hope Funds group led by B. E. J., who, through the criminal manoeuvre known as “pyramid scheme”, affected around a thousand persons. The exorbitant sums collected were diverted for the benefit of the group and its members, mostly destined for the acquisition of durable goods both in the country and abroad.

Within the framework of the case, based on the request from the PPO, the following assets were frozen abroad: ten real estate properties in Panama, whose seizure was ordered on 18 December 2017; 13 accounts in Panama with a total of USD 144,513,701 deposited therein, whose seizure and repatriation were ordered on 22 November 2018; two bank accounts in Barbados, whose freezing was ordered on 21 March 2019.

Likewise, in March 2023, the Court convicted the main defendant for ML along with eight other persons and ordered, based on a request made by the prosecutor jointly with DGRADB, the confiscation of: USD 13,855,451.81, EUR 42,234.59 and ARS 32,249,332, corresponding to the proceeds of repeated scams; USD 2,072,692 corresponding to the proceeds of ML.

307. As for predicate offences convictions, except for trafficking in human beings (see below), the lack of statistics does not allow the AT to reach a firm conclusion on related confiscations in Argentina, although the information provided indicates that they are pursued to some extent. The Judiciary (DAJuDeCO) compiled a sample of 193 predicate offences, out of which approx. 36% were drug trafficking and 20% smuggling cases, with final confiscations amounting to ARS 27,145,147,988 (approx. USD 268,026,658), USD 7,623,554, EUR 2,225,806 and 359 real estate properties. In addition, the predicate offence related cases where DGRADB intervened in resulted in final confiscations for 16 cases amounting to USD 2,113,629, ARS 53,833,447 (approx. USD 531,543), 20 real estate and 43 motor vehicles and one vessel. The authorities shared some cases with significant confiscation following a conviction for predicate offences, mainly for drug trafficking and different fraud/scams, which demonstrates their capacity to do so, but not the extent to which they do it. Given that DGRADB intervened in 436 cases (including ML), 16 final confiscations for predicate offences seem small. The authorities explained this by the fact that most precautionary measures were applied at an early stage, thus the investigation and the criminal proceedings are still ongoing, especially in provinces where the NCCP applies.

308. As mentioned previously, Argentina set up dedicated a public trust to manage assets recovered from human trafficking crimes, and thus provided comprehensive statistics for confiscations and reparations in these cases. Out of 183 judgments analysed, 156 correspond to convictions and settlements. More than half of them (98 out of 156) resulted in the confiscation of assets amounting to USD 47,064.76, ARS 3,943,917.89 (equivalent to USD 44,005.10), EUR 1,030.00, 60 real estate and 82 items of personal property. Additionally, they resulted in economic compensations for 419 victims amounting to 259,912,026.75 (equivalent to USD 1,350,389.69). In the remaining convictions, the absence of confiscations was due to the lack of assets to seize or the insolvency of the defendants. These figures show that Argentina is dedicating special efforts to human trafficking cases and pursuing asset recovery to some extent in this field, which is an important ML predicate.

Box 3.11. Confiscation of proceeds from predicate crimes**Case Tandanor (corruption)**

In this case, those convicted were held liable for having harmed the interests of the National State, among other manoeuvres, through the irregular disposition made upon the sale of 90% of the shares of the state-owned company “Talleres Navales Dársena Norte” (“TANDANOR S.A.”), which resulted in an economic loss of approximately USD 53,000,000, since such stock was acquired, through an irregular bidding process, by a consortium of companies that failed to pay the price of the operation, but, nevertheless, took possession of the company and sold, at a derisory price, an 8.5 hectare property called “Planta I” to the company Puerto Retiro S.A., which was linked to the abovementioned consortium, with a view to conducting a million-dollar real estate business there.

After the trial, the court entered judgment in September 2018, which was upheld by the Criminal Court of Cassation in February 2020, whereby three individuals, including a public official, were convicted for the crime of embezzlement to the detriment of the public administration.

Moreover, the land called “Planta I”, which value is estimated at USD 500 million, located in the Puerto Madero area of this city and which had been transferred by deed to the name of Puerto Retiro S.A., was confiscated and its restitution to the National Government was ordered.

Case “Río Cabaña” (human trafficking)

A gang that exploited at least seventeen women in vulnerable situations at the “Río Cabaña” brothel in the Palermo neighbourhood of Buenos Aires has been convicted of trafficking in persons for sexual exploitation. In accordance with the request made by the PPO, the Court ordered economic reparation for each of the victims, using the calculation proposed by PROTEX and DGRADB to determine the amount, agencies that have collaborated in an articulated manner with the Public Prosecutor's Office No. 2 before the TOF in order to obtain recognition of the victims' right to reparation for the damage suffered.

In this case, reparations were ordered in favour of the seventeen victims for an amount of \$9,535,164.21, to be updated at the time of the execution of the sentence. In addition, the confiscation of all the cash, bonds and shares for a total amount of USD 1,551,397 in an account of Banque Syz SA in Switzerland, owned by the defendants, the emblematic building located in the centre of CABA where the brothel operated and the parking lot next to the premises were ordered, and the privilege to collect economic reparations on the confiscated assets was ordered. In relation to the parking lot, the judicial intervention of the firm that operated it was ordered, ordering the seizure of the profits produced there until the execution of the confiscation.

Case “Cuevas” (currency smuggling)

This case involves the investigation of an organisation consisting of Argentineans and Chinese nationals dedicated to currency smuggling and money laundering through the purchase of cryptocurrencies in Paraguay. The network operated through a chain of supermarkets where they collected physical pesos from non-declared sales, which were then used to purchase free-market dollars (blue) in “cuevas” (black market exchanges) in Buenos Aires. These dollars were smuggled to Paraguay. During an operation in Iguazú by Customs, USD 575,000

were found hidden in a car heading to Paraguay. Once outside Argentina, the dollars were converted into virtual assets.

As part of the investigation, a VASP was asked to determine if the 22 individuals under investigation had accounts in that exchange and, if so, to seize the virtual assets in each detected wallet. Before conducting a series of raids, a wallet was created in the VASP exchange under the court's name. It was determined that at least 10 individuals had accounts in the VASP, with at least five holding a variety of virtual assets in their wallets, which the company subsequently froze: User #1: equivalent to 1.87278285 Bitcoin, User #2: equivalent to 0.00152471 Bitcoin, User #3: equivalent to 0.003058421 Bitcoin, User #4: equivalent to 0.266419253 Bitcoin, User #5: equivalent to 0.023466301 Bitcoin.

In addition to freezing the virtual assets, 27 simultaneous raids were conducted, resulting in the seizure of ARS 14 million and various foreign currencies: USD 650,000, BRL 32,000 (Brazilian reais), CLP 92,000 (Chilean pesos), PYG 4 million (Paraguayan guaraníes), EUR 13,000, CNY 1,300 (Chinese yuan), VEF 120,000 (Venezuelan bolívares), PEN 769 (Peruvian soles), GBP 50, AUD 255, nearly 400 grams of gold. Two cold wallets for cryptocurrencies, a crypto mining machine, and 28 money counting machines were also confiscated. Additionally, seven firearms, various ammunition, 92 cell phones, numerous electronic devices, and documents of interest were found. Seventeen vehicles equipped with hidden compartments for money transportation were also seized.

The investigation was conducted by the Federal Prosecutor's Office of Lomas de Zamora, with assistance from UFECI, PROCELAC, and AFIP-DGA.

Non-conviction-based confiscation

309. The Argentinian legal framework provides for the possibility of non-conviction-based confiscation since 2012 for cases in which the accused person cannot be prosecuted due to specific reasons (e.g. death). The authorities have implemented various measures, such as the creation of the DGRADB, to encourage utilising this feature, which is increasingly yielding results. During the past five years, the PPO has requested non-conviction-based confiscation in 11 ML-related cases (10 of which where DGRADB intervened), the main reasons being the death of the accused person (8 cases), prescription/extinction of criminal proceedings, or the perpetrator absconded from justice. The judge ordered confiscation in seven of them and while still nascent, the practice is developing. In the four other cases, the proceedings are ongoing.

Table 3.24. Non-conviction based confiscations

Year of the request	2019	2020	2021	2022	2023	2024	Total
Requests	2	2	2		4	1	11
Approved	2	2	2		1		7
Denied					1		1
Assets confiscated	USD 74,571 EUR 8,145 ARS 69,642 21 shares 69 real estate properties 9 vehicles	USD 503,115 7 real estate properties 20 vehicles	2 real estate properties		USD 143,900 ARS 2,149,738		USD 721,586 ARS 2,219,380 EUR 8,145 78 real estate properties 29 vehicles 21 shares

Box 3.12. Non-conviction-based confiscation

In this case, L.H., who was the Mayor of an important town in the province of Chaco, and other officials in his administration, were being investigated for money laundering manoeuvres originating from the diversion of funds intended for the construction of social housing.

While the case was being heard, L.H., against whom a final prosecution order had been issued, died. For this reason, the Federal Court of Resistencia No. 1, at the joint request of the Federal Prosecutor's Office of Resistencia and the DGRADB, ordered the non-conviction-based confiscation provided for in articles 23 and 305 of the Criminal Code, regarding the assets belonging to the former Mayor, including six real estate properties, 20 motor vehicles and over ARS 3 million held in cash and bank accounts. In turn, the order established that the confiscated assets should be used to repair the damage caused to society and to the victims in particular, and therefore, for the benefit of the local residents, they should be entirely destined to public infrastructure works which were urgently needed and could not be postponed; and the construction of housing or housing repair.

The Federal Court of Appeals of Resistencia confirmed such decision in May 2021, but, in response to the appeal by the FIU in relation to the destination of the funds under article 27 of Law 25246, it ordered that 30% of the total amount should be allocated to financing the FIU and that the remaining percentage should be allocated to public works in the Province of Chaco, through the legal mechanisms established to that end with the ultimate purpose of repairing the damage caused to the society as a whole and to the vulnerable population in particular.

Disposal and management of seized and confiscated assets

310. In Argentina, management of seized and confiscated assets is shared between different authorities: the Judiciary, the Security Forces, the Central Bank, the National Agency for Social Security (ANSeS) and the Agency for the Administration of State Assets (AABE), created in 2019. From 2019 to 2022, AABE intervened in 21 legal cases and acted with respect to 153 real estate properties and 62 movable properties (such as motor vehicles and aircraft). Although not specialised in confiscated assets in particular, AABE is efficiently managing real estate properties under precautionary measures, e.g., swiftly determining the renting value and finding suitable tenants for the property, and it has held public auctions for real estate, motor vehicles and aircraft. With regard to the interlocutory sale of assets, the PPO has requested 439 and obtained 33 auctions of motor vehicles during the period 2019-2024. This is a novel practice that advises prosecutors to pre-sell vehicles and other assets that could lose their value in order to secure the money needed for the payment of compensation to victims of human trafficking, which explains the modest results so far. Judges also have the power to decide the auction of the asset or the delivery of the vehicles to the security forces for their provisional use.

311. Still, as identified in the ML NRA and subsequent national strategy, asset management is an area that needs further improvement. It lacks central coordination and oversight, which contributes to the lack of relevant data and statistics. This makes it difficult to monitor the diverse stages of asset recovery and, as a result, to make both policy and systemic improvements. The value of non-liquid confiscated assets is not estimated before they are sold. The authorities indicated that the tax value of these properties would be far below their actual value, which is why they did not proceed with their valuation. In addition, several confiscations for the ML convictions lacked value details of confiscated assets altogether. The lack of countrywide data

on asset management efforts makes it difficult for the AT to reach a firm conclusion on the system’s overall effectiveness.

312. Argentina accurately uses confiscated assets to repair the damage caused to society, in particular to the victims, or the State. Specifically, 44 restitutions to victims of human trafficking have been made through the dedicated public fund. Another example is the provision of confiscated real estate to the health system during the COVID-19 pandemic, to protect public health.

Proceeds Moved Abroad

313. Despite Argentina’s specific context regarding assets located abroad (see Chapter 1), the authorities only started actively seeking to identify these assets for the past few years and the emphasis is still developing, with very limited final repatriation results so far. Besides, Argentina seeks MLA to trace and recover assets abroad to a limited extent (see IO.2), although some improvements have been made in recent years. The authorities explain that procedural challenges in securing precautionary measures and final repatriation are a major obstacle (see also IO.2), leaving significant room for improvement. So far, Argentina managed to recover assets only in two cases, one of which is detailed below (see the other case Jaime under IO.2), which is not in line with its risk profile.

314. These cases however illustrate the authorities’ efforts and willingness to effectively secure the confiscation of assets located abroad. Judges and prosecutors make an active use of RRAG and similar networks to locate and identify assets abroad and with regards to preventive measures, Argentina has managed to seize assets located abroad⁴⁶ in 15 cases for ML and predicate offences, which is modest and not in line with the country’s context. Argentina has frozen one bank account in Switzerland, but the ruling is not final. Additionally, two properties in the US have been seized in connection with the Carbón Blanco case (see below).

Table 3.25. Assets currently seized abroad

Type of asset	USD	EUR	Real estate property	Vehicles
General total	27,852,532	42,234	18	2

⁴⁶ Andorra, Bahamas, Barbados, Mexico, Luxembourg, Panama, Spain, Switzerland, Uruguay, USA

Box 3.13. Confiscation of assets located abroad – Carbón Blanco “Isle of Man” case

In 2019, a criminal organization was convicted of money laundering (ML) resulting from drug smuggling. The drug trafficking activities were the subject of multiple investigations and prison sentences, and in parallel, an ML investigation was initiated, with intelligence information provided by the FIU regarding unusual and irregular real estate and financial transactions that deviated from standard transactional profiles.

ML schemes in Argentina and abroad involved operating through a network of companies, achieving the acquisition and management of real property and high-end cars, and the acquisition, incorporation and capitalization of companies whereby real estate, film and gastronomic ventures were carried out.

The oral court sentenced three individuals to prison terms of up to 9 years, fines of ARS \$18,265,375, ARS \$122,099,500, and ARS \$72,271,730, the cancellation of the legal status of 14 companies, and the confiscation of the organization's assets, including real estate, vehicles, funds deposited in bank accounts in Argentina and abroad. The auction of the real estate assets was ordered.

Through information from foreign sources, the FIU informed the identification of funds in the Isle of Man, amounting to USD 908,642.73, associated with a financial product owned by one of the individuals under investigation, who transferred it to another member of the organization to evade asset recovery actions. The funds were frozen, then seized, and subsequently, an agreement was signed with the Isle of Man authorities, allowing for the recovery of half of the assets deposited in that jurisdiction (USD 454,321). The confiscation process is underway in the U.S. concerning two properties located there, which have been immobilized since February 2020.

The investigation is also continuing and a bank account in Switzerland (USD 139,598.03) and a property in Uruguay, valued at USD 115,000, have been preventively frozen.

The FIU, PROCELAC, BCRA, AFIP, Gendarmerie, Airport Police, the Registries of Legal Entities and Real Estate in several jurisdictions, and the National Motor Vehicle Registration Office (*Dirección Nacional del Registro Automotor*) intervened in the case.

315. Argentina has implemented and deployed joint international investigation teams (JITs) namely to facilitate asset repatriation and sharing (see IO.2). One example of successful cooperation is the case “Loza” (see IO.7) in which, through a JIT with Italy and Spain, USD 70 million were under precautionary measures at the time of the on-site. The authorities acknowledged the usefulness of JITs and their intention to use them more frequently, as reflected in the AML/CFT Strategy (see IO.1 and IO.2)

316. To overcome procedural challenges with international partners in this field, Argentina has an agreement for the sharing of confiscated assets with Uruguay and is in the process of negotiating treaties containing provisions on international cooperation in asset recovery with more than 15 countries. In addition, Argentina was the first State to ratify in 2019 the Framework Agreement for the Disposal of Confiscated Assets of Transnational Organized Crime in Mercosur. So far, it is only in force between Argentina and Paraguay, since the remaining parties have not notified compliance with internal requirements. Still, these are welcomed steps that are expected to yield positive results.

Confiscation of falsely or undeclared cross-border transaction of currency/BNI

3

317. Argentina shares extensive borders with five countries, totalling 210 authorised international crossings. The NRA assesses the length of borders and border control difficulties as medium-high vulnerability. Argentina has identified several high-risk geographical areas, including the northwest region that shares borders with Paraguay, Bolivia, and Chile, where trafficking in currency occurs in both directions; the Paraguay-Paraná Waterway and the TBA. The NRA notes that the authorities frequently seize undeclared cash or amounts exceeding the legal threshold (US dollars, Brazilian reais, and Argentine pesos) in the TBA, which is illustrative of important smuggling operations – this is however not reflected in the statistics for falsely or not-declared cash declarations and cash smuggling cases. While highlighting the size of the informal economy and the use of cash as a medium vulnerability in Argentina, the NRA focuses largely on risks related to the smuggling of drugs and other types of goods other than cash.

318. This replicates the authorities' understanding of risks, as they indicated that cash smuggling is residual compared with other smuggling offences, namely because of existing regulations in place (i.e., prohibition to exit foreign currencies outside the financial system, see Chapter 1) and that criminals would use more sophisticated means (e.g., purchase of bonds and over/under-invoicing) to launder illicit funds abroad. The AT however questions this (see IO.1). The authorities do not seem to have a holistic view of risks related to neither cash smuggling, as they indicated that cash smuggling is residual compared with other smuggling offences namely because of existing regulations in place; nor of related ML and associated predicate risks, although they briefly mentioned drug trafficking and tax evasion.

319. Argentina adopts a cross-border cash declaration system broadly in line with the FATF standards, for sums above USD 10 000 or equivalent (see R.32). In addition, Argentina has applied restrictions to cash in foreign currencies since 2001, prohibiting their exit above USD 10 000 or equivalent. While the legislation is unclear, authorities advise that this restriction also applies to Argentinian pesos; in any way, the high inflation and current economic crisis generally discourage doing so.

320. Customs perform comprehensive controls at the borders – before, during, and after the checks – based on available information and risk profiling, to target documentary and physical controls, and facilitate the work of the personnel located at each operational point. They use a broad range of resources (incl. CCTV, scanners, drones, dogs) when processing the entry/exit of persons from the Argentinian territory and prioritize high-risk border crossings. In the TBA, a Tripartite Command – comprised of the police and the relevant law enforcement agencies from Argentina, Brazil, and Paraguay – has been active since 1996 and plays an important role in disrupting namely arms and ammunition trafficking and smuggling in all its forms. In addition, Customs has biannual meetings with the neighbouring LEAs (namely Brazil and Paraguay) and exchange information mainly in relation to drug trafficking and the transfer of cash. However, the low number of false/not declared cash declarations, of the modest number of cash smuggling cases (120 during the review period), the overall number of cases involving customs-related crimes (40 000 between 2017 – 2020), the fact the Customs did not send any requests to the international partners on cross-border cash movements (IO.2), and the number of procedures conducted by security forces in smuggling and drug smuggling cases, indicate that the controls may be focused more on other type of crime than cash smuggling.

321. According to the authorities, the declarations system works satisfactorily. While the trend in incoming declarations is logically reflecting the COVID-19 pandemic, the number of outgoing declarations is, throughout the assessment period, abnormally low. The authorities explained this by the legal restrictions and current economic context, as outlined above. They also

mentioned that organised criminal groups were moving their funds abroad using sophisticated techniques such as over/under invoicing – this is however not fully reflected in the statistics (see IO.7). Considering that the Argentinian economy is highly dollarised, and that the population has been culturally and historically keeping their savings outside the banking system and mostly in cash (see Chapter 1), the AT questions whether cross-border movements of cash mostly take place through unauthorised border crossings. No declaration ever included bearer negotiable instruments.

Table 3.26. Number and amount of incoming and outgoing cross-border cash declarations

Year	Incoming declarations		Outgoing declarations		
	Number	Amount (USD)	Number	Amount (ARS)	USD equivalent
2019	2777	43,552,853.43	23	20,162,564.56	432,285.38
2020	578	13,832,649.43	7	14,109,591.00	203,883.59
2021	117	3,786,255.90	7	115,297,750.00	1,215,238.29
2022	646	14,945,350.00	45	132,327,339.03	1,038,240.30
2023	1176	25,165,001.91	34	160,678,597.53	613,792.24
2024 (Jan-Feb)	208	3,176,717.91	1	7,000,000.00	8,029.00
Total	5502	104,458,828.58	117	449,575,842.12	4,439,036.94

Note: Outgoing declarations concern only Argentinian pesos, since Argentina prohibits the exit of foreign currencies above USD 10,000.

Source: AFIP

322. Customs mostly verify the accuracy of cash declarations and do so more intensively depending on the time of the year and the geographical area. Authorities apply more intense controls in borders where cross-border movements are intense and because of their risks (north, northwest, northeast). The top three customs regions during 2019 - 2024 for incoming declarations were northwest (3215), northeast (1043) and metropolitan (731) regions; outgoing were Patagonia (56), northwest (24) and metropolitan (23). For false, inaccurate or not declared cash declarations the top three regions were northwest (113), central (87) and northeast (42). All declarations are checked for accuracy also at the Buenos Aires port to Uruguay when travel is very common, i.e., during long weekends and holidays. However, the numbers of falsely, inaccurate or not declared cross-border cash declarations are disturbingly low given the risk and context of Argentina.

Table 3.27. Number and amount of not or falsely declared cross-border cash declarations

Year	Number	USD	ARS	ARS (eq. USD)	Other currencies (eq. USD)	Total (USD)
2019	39	315,192.00	7,428,270.91	363.65	3,367.49	318,923.14
2020	44	51,184.00	10,564,865.00	59.05	3.01	51,246.06
2021	49	167,231.49	20,211,401.80	192.94	10.34	167,434.78
2022	83	1,402,444.00	197,450,324.26	1,618.07	29,865.65	1,433,927.71
2023	66	1,631,883.00	44,303,800.00	1,882.78	562,218.56	2,195,984.34
2024 (Jan-Feb)	10	162,969.00	13,467,500.00	188.03	68,830.48	231,987.51
Total	291	3,730,903.49	293,426,161.97	4,304.52	664,295.53	4,399,503.54

Note: Other currencies include, in order of amount: Euros, Brazilian Reais, Uruguayan pesos, Paraguayan Guaranis, Chilean pesos, Bolivian bolivianos, Mexican pesos.

Note: in 2023, one case concerned a cheque of USD 10,000.

Source: AFIP

323. Out of the 291 not or falsely declared cross-border cash declarations, 246 cases occurred upon entering the country, while the remaining 45 upon exit – which is in line with the declaration trend. In 290 cases the declaration was not made; in only one case it was false.

324. Authorities indicated that the Airport Police (PSA) also records falsely/undeclared cash and provided information for 2023 and 2024 about 71 undeclared cross-border outgoing declarations amounting to about 3 million USD. Still, this is not commensurate to the country's context.

325. If they detect international cash transportation exceeding the amount provided for by the legislation, Customs authorities or the intervening auxiliary forces inform this event to the judge or prosecutor. If no declaration of international cash transportation is made, or if the declaration is false, smuggling may be considered, depending on the extent to which sophisticated means are used to conceal the funds. In the meantime, cash seized is placed under custody by Customs, in a safe deposit box and/or bank pending the completion of the legal procedure.

326. If the case is assessed to be smuggling, i.e., a criminal offence, Customs transfer it to the judge, and the whole amount is seized by the justice who will determine their destination. If the person is later acquitted, only the amount exceeding the declaration limit is confiscated. If the case is not assessed to be smuggling, Customs will define whether to initiate an administrative procedure to determine a possible Customs violation, with the Administrative Judge being the one to resolve the issue through a contentious summary. Out of the 291 falsely/undeclared cash declarations, 70 of them resulted in a cash smuggling case. Out of those 70 cases, 11 cases reached conviction and final confiscation (see case below and IO.7) for a total amount of USD 1,162,802,75, EUR 357,475 (and other currency which amount is not material). Most of the remaining cases are pending trial. As for the administrative fines issued for falsely or undeclared cross-border cash declarations, authorities could not distinguish them from other penalties applied for violations to the relevant Customs Code Title – Baggage Regime, Crew and Diplomatic allowances (7738 cases since 2019).

Box 3.14. Foreign currency smuggling

In the "PÉREZ" case, on April 29, 2014, prevention authorities detected that a passenger who was about to board a flight departing from Ezeiza Airport, Argentina, to Lima, Peru, attempted to smuggle € 296,100 in cash, hidden in a double compartment inside his briefcase, in his trouser pocket, and checked in luggage. On March 28, 2023, the Trial Criminal Court in Economic Matters No. 2 convicted the individual as the perpetrator of the crime of smuggling (subsection "d", section 864 of the Customs Code), in the degree of attempt, in real concurrence with the crime of money laundering (section 303-1 of the Criminal Code). He was sentenced to a suspended sentence of 3 years imprisonment, 6 years disqualification from holding public office or employment, 1 year disqualification from engaging in commerce, permanent disqualification from serving as a member of security forces, and a fine of ARS 1,132,000. Additionally, the confiscation of the EUR296,100 previously seized was ordered, considering it to be the product or proceeds of the crime. In the same ruling, another individual was sentenced as an accomplice to the crime of money laundering, to two years and six months imprisonment and a fine of ARS 566,000. The money laundering offense was committed through the purchase of an apartment and a parking space located in the province of Buenos Aires. The ruling ordered the preventive seizure of these properties, with a view to their subsequent confiscation once their registered ownership was determined.

327. The authorities do not seem to have fully assessed the potential risks related to unauthorised border crossings, which are numerous across the country, nor taken adequate mitigating measures. The Border police indicated that geographical and climate factors make it difficult to cross in unauthorised areas. However, the security forces (Gendarmerie and Coast Guard) have recorded 1085 cases of moving cash across unauthorised crossing areas with total amounts USD 1,324,282,00, ARS 368,039,137, EUR 4.525,00, PYG 146,654,470, BRL 228.739,10, UYU 322.660,00 and VEB 21.598.464,00. While smuggling should have been automatically pursued in these cases, the AT was not informed about their outcomes – but authorities advised that some of them ended as infractions, as the Judiciary determined there was no illegality and the cases were referred to Administrative court with a penalty of a fine and seizure.

328. Overall, Argentina is not prioritising enough the detection and seizure of cash at its borders, especially when it comes to outgoing cash, which is not in line with the country's risk and context. The confiscation of falsely declared or not declared movements of cash and bearer negotiable instruments is pursued to a minimal extent and is not applied as an effective, proportionate, or dissuasive sanction by Customs. Authorities use it to identify potential ML/TF cases to a limited extent. Cash smuggling as a freestanding offence is not detected and prosecuted in line with the country's risk profile (see also IO.6 and IO.7).

Consistency of confiscation results with ML/TF risks and national AML/CFT policies and priorities

329. Where available, statistics demonstrate that Argentina's confiscation results are partially in line with its risk profile. DGRADB has intervened mostly in ML and human trafficking cases, followed to a lesser extent by drug trafficking and corruption, and then tax evasion and smuggling – this largely reflects Argentina's ML-associated risks. As outlined under 3.4.1., the fact that Argentina secured confiscation in almost all convictions for ML is reflective of the country's priority to pursue asset recovery in ML cases. However, the scarce results regarding the confiscation of proceeds located abroad, and stemming from monitoring of cross-border

movements of currency, are inconsistent with the country's current context and risk profile as noted above.

330. Argentina has no TF convictions and thus no confiscation, nor seized assets in TF investigations, which is not fully in line with Argentina's medium-low TF risk (see IO.9). However, Argentina has frozen assets in the framework of TFS, including bank accounts and real estate property (see IO.10), which is commendable.

331. As previously mentioned, the statistics provided are not truly representative of all the assets seized and confiscated during criminal proceedings for predicate crimes. Although this makes it difficult to fully assess the extent to which Argentina achieves effective results in line with its risk profile, based on the information available, the AT concludes that Argentina is achieving confiscation in line with its ML/TF risks and related policies and priorities to some extent.

Overall conclusions on IO.8

Argentina has changed its paradigm in recent years and is increasingly focusing on asset tracing and recovery of proceeds as a policy objective, expanding its legal and practical toolkit in this regard (although the possibility to confiscate property of corresponding value is not provided). This commendably resulted in confiscations for almost all ML-related convictions. Authorities have also notably used non-conviction-based confiscation in some instances, and largely use provisional measures. However, the lack of consistent data does not allow the AT to conclude the full extent to which authorities reached final confiscations when seizing illicit proceeds, which also impacts the implementation of related policy measures. Argentina confiscates proceeds from predicate offences to a lesser extent, mainly in drug trafficking cases, but the amounts recovered are small. The lack of comprehensive statistics at the country level negatively impacts the establishment of adequate strategies. In addition, the marginal confiscation results regarding proceeds of crime moved abroad are not in line with Argentina's risk profile. The confiscation of falsely or undeclared currency and detection of illicit cross-border cash is minimal and not in line with the risk and context of the country.

Argentina is rated as having a moderate level of effectiveness for IO.8.

Chapter 4. TERRORIST FINANCING AND FINANCING OF PROLIFERATION

Key Findings and Recommended Actions

4

IO.9

- a) Argentina has a general understanding of its TF risk, with areas for further enhancement. Argentina's risk understanding is primarily based on the NRA's findings, which highlighted risks in the Tri-Border Area and networks possibly linked to Hezbollah. According to the TF NRA, Argentina's TF risk is medium-low, which the AT agrees with.
- b) Argentina has a regulatory framework that, despite minor deficiencies, is overall adequate to identify, investigate, prosecute, and sanction TF. However, Argentina does not have protocols or manuals containing guidelines for clear identification, prioritisation and investigation of potential TF. Expertise and capabilities to effectively conduct TF investigations lie with PROCELAC, however, there is no mechanism to ensure that PROCELAC contributes to all TF cases, which can lead to a lack of coordination, and could hinder Argentina's ability to successfully reach prosecutions and, when feasible, convictions.
- c) Argentina has conducted six TF investigations that are broadly in line with its risk profile. However, the limited number of investigations, the lack of prosecutions and the absence of TF convictions do not appear entirely consistent with the country's medium-low risk profile due to (i) its exposure to some TF activity, such as the presence of groups and people linked to terrorist organisations on its borders; (ii) the country's long and porous borders, (iii) a relatively important presence of informal financial services.
- d) The identification of TF cases is usually reactive and depends largely on information received from foreign partners and on TF-related STRs, which primarily relate to TF-TFS checks. The deficiencies in TF risk understanding both within the private sector and the authorities impact the detection and identification of TF.
- e) There is no clear policy or mechanism by which the various competent authorities decide on when to use TFS as a TF mitigation measure complementary to prosecutions and when, in practice, it is used as a substitute for TF convictions.
- f) Countering TF is part of Argentina's intelligence policy. Agencies comprising the National Intelligence System work in the prevention and monitoring of terrorism and TF risks in line with the assessment made in the TF NRA. However, no information was available on the TF outcomes,

action plans or strategies drawn up under this work due to its classified nature. Aside from the designation of persons using TFS, the use of other alternative measures is limited.

IO.10

4

- a) Argentina has implemented TFS related to TF pursuant to UNSCR 1267 and its successor resolutions and has listed many persons pursuant to UNSCR1373 during the reporting period. Argentina supervises reporting entities for compliance with TF-TFS obligations. However, some technical deficiencies have limited to a major but not fundamental extent the effectiveness of the country's TF-TFS framework during the reporting period. There have been several cases in which reporting entities have been sanctioned by regulators for failing to comply with their TFS obligations, and there have been instances in which reporting entities identified false positive transactions only after the fact.
- b) Argentina during the reporting period applied broad CFT requirements to the entire non-profit (NPO) sector in a manner that is not based on identified risk. This has limited the country's ability to focus resources on NPOs as defined by the FATF Glossary in a proportionate and risk-based manner in line with the FATF standards and might have disrupted or discouraged legitimate NPO activities. Argentina took steps to change this approach, engaging to some degree with the NPO sector to inform the reform which removed NPOs from the list of reporting entities in March 2024 and considerably engaged with the non-profit sector to identify their TF risks exposure and develop a risk assessment of the NPO sector. There has not yet been sustained outreach to share findings of the risk assessment or develop best practices to mitigate TF risk.
- c) Despite the TF-TFS framework's deficiencies, Argentina to some extent has deprived designated persons and entities of assets and instrumentalities. Reporting entities in Argentina have frozen funds as well as property for persons designated pursuant to UNSCR 1373 in two cases. Additionally, Argentina has used the TF-TFS framework to issue administrative freezing orders for persons indicted of terrorism charges, which has resulted in the freezing of real estate properties and freezes by two foreign countries upon Argentina's request.
- d) The focus of Argentina's CT and CFT efforts on Hezbollah and responses to the historic terrorist attacks are in line with the potential presence of the group in the Tri-Border Area. However, important deficiencies in its TF-TFS framework, the lack of TF convictions and confiscations, and the treatment of NPOs have not been fully in line with the country's TF risk profile.

IO.11

- a) FIIs, DNFBPs, VASPs and other persons and entities in Argentina are not required to implement PF-TFS, and, during the reviewed period, the country lacked a competent authority responsible for implementing and enforcing PF-TFS and related requirements. This compromises the country's ability to identify persons and entities designated by the UNSCRs on WMD but also deprives them of resources and prevents them from raising, moving, and using funds or other assets for the financing of proliferation. This critical deficiency is amplified by gaps in PF expertise and awareness in the private and public sectors and shortcomings in its AML/CFT framework associated with commonly used methods by DPRK to raise or move funds.

Recommended Actions

IO.9

- a) In line with its risk and context, Argentina should develop a national CT strategy which concretely integrates TF to enhance cooperation and coordination among all relevant authorities (including the FIU, LEAs, the intelligence directorates as well as the security forces and the judiciary), ensuring appropriate detecting and investigating of terrorism and TF cases.
- b) Argentina should develop other means and procedures to identify TF activity, besides relying on TF-related STRs (TFRS)-reporting and pursuing incoming TF leads from foreign partners. This may include, but not be limited to, (i) closer coordination with intelligence directorates through regular meetings; (ii) the issuance of an action protocol that, where relevant, involves all competent authorities (task force) to proactively scan and investigate leads from all sources; (iii) when feasible, using special investigative techniques; (iv) monitoring of known individuals and; (v) engaging in outgoing international cooperation to improve the tracking of persons with connections to Argentina and to follow funds that flow out of the country that may be directly or indirectly supporting terrorism/terrorists.
- c) Argentina should ensure that PROCELAC intervenes in all TF cases, and consistently train prosecutors and judges on TF to ensure they have a good understanding of different types of TF.
- d) The FIU should do more outreach to reporting entities to enhance their TF understanding, by sharing TF typologies, red flags, case examples – both general and specific to Argentina – to generate better quality and more threat-based TFRs from the private sector and improve the detection of

potential TF from financial intelligence. In addition, the FIU should consider allocating analysts who engage in ongoing proactive detection and strategic analysis work to identify possible TF activities in line with the country's TF risk profile.

- e) Argentina should develop a policy for when and how to impose TF-TFS, including the widest possible range of other alternative measures, when TF conviction is not possible.

IO.10

- a) Argentina should address the technical compliance deficiencies in R.6, in particular, the lack of a prohibition for all natural and legal persons in Argentina from making funds available to designated persons. Argentina should address deficiencies related to implementation, including providing guidance to reporting entities on the frequency with which they must check the RePET and on procedures for handling frozen funds in the event of delistings.
- b) Argentina should identify which not-for-profit sector participants fall under the FATF definition of NPOs, assess the TF risks they are exposed to, and develop appropriate measures in line with risk, in the application of the AML/CFT Law amendments adopted in March 2024. Once identified, Argentina should increase outreach to NPOs to deepen NPOs' understanding of risk and support the development of measures to mitigate risk, including through the implementation of their outreach plan. Argentina should implement the plan for dissemination and outreach to the donor community and reporting entities about TF risk.
- c) Argentina should address deficiencies as identified and suggested in IO.9 but with an impact on this IO, to strengthen efforts to use other tools in addition to freezing-related measures to deprive terrorists, terrorist organizations and terrorist financiers of assets and instrumentalities related to TF activities.
- d) Argentina should increase coordination on the use of tools against TF, in particular in the nomination process for the potential use of UNSCR 1373 designations. Argentina should provide relevant training and guidance to public sector stakeholders on the nomination procedures.

IO.11

- a) Argentina should address the technical compliance deficiencies in R.7 by establishing a TFS framework for PF that requires all natural and legal persons within the country to freeze, without delay and without prior notice, the funds or assets of designated persons and entities and ensures that any funds or assets are prevented from being made available to or for the benefit of designated persons or entities.

- b) Once a framework is established, Argentina should develop public sector expertise on countering PF and engage with and provide resources for FIs, DNFBPs and VASPs to educate them on PF-TFS obligations. Argentina should also then monitor and ensure that FIs, DNFBPs and VASPs are complying with PF-TFS.

332. The relevant Immediate Outcomes considered and assessed in this chapter are IO.9-11. The Recommendations relevant for the assessment of effectiveness under this section are R. 1, 4, 5-8, 30, 31 and 39, and elements of R.2, 14, 15, 16, 32, 37, 38 and 40.

Immediate Outcome 9 (TF investigation and prosecution)

Prosecution/conviction of types of TF activity consistent with the country's risk-profile

333. As mentioned in IO.1, Argentina's NRA identifies its terrorism and TF risk as low and medium-low, respectively. During the review period, Argentina has conducted six terrorist financing (TF) investigations – out of which two are closed, three are ongoing – and one is an ongoing preliminary investigation. There have been no prosecutions or convictions for TF in Argentina. All cases except one relate to the collection or movement of funds for the purpose of funding terrorist groups or activity outside of Argentina. In addition to the six TF investigations, on four occasions a TF hypothesis has been considered in connection with potential domestic terrorism threats. The types of cases are broadly in line with the types of TF threats identified by the country. However, the limited number of TF-investigations and the absence of TF prosecutions and convictions is not fully in line with the medium-low risk profile of Argentina.

334. Since its 2010 MER, when Argentina was observed to have major shortcomings in the scope of its TF offence, Argentina has updated its CFT-framework, which now allows for the TF offence to be prosecuted in line with the FATF Standards to a large extent. However, some of those deficiencies were not addressed until during the on-site visit, which is why the effectiveness of those amendments could not be verified in practice. For example, Foreign Terrorist Fighters (FTFs) have only recently been included in the scope of TF offence. However, authorities are of the view that since there have not been any FTFs detected in Argentina, the risk they pose is low. Currently, minor deficiencies remain in the TF offence as described in R.5.

335. Argentina has a general understanding of its TF risks with areas for further enhancement. For example, the NRA does not elaborate on the type of transactions, products, services, instruments, media, currencies, or clients that are considered risky for TF. This was, in particular, the case with threats and vulnerabilities outside of Hezbollah and the TBA, such as on ISIS sympathizers, lone wolves, and right-wing extremism sympathisers, which the NRA recognises may operate in the country.

336. The NRA clarifies that even though the TF threat is considered low, some criminal organisations and activities are more significant than others. In this sense, the authorities placed particular weight on suspected activity regarding supporters of foreign organisations, particularly Hezbollah, which Argentina designated as a terrorist group in 2019 (see IO.10). Argentina considers that these criminal groups, mainly organised as family clans, could pose a threat both for terrorism and its financing, even if this threat has not materialised during the review period. While the AT agrees with Argentina's focus on the TBA and Hezbollah due to these risks, authorities had varying levels of confidence about Hezbollah's past activities in the TBA. This variance in characterisation of the presence of Hezbollah TF networks in the TBA and lack

of deep analysis on operational details about potential TF activity described in IO.1 negatively impact the country's ability to identify and investigate potential TF activity.

337. The AT agrees with the NRA's TF risk level (medium-low) but considers that Argentina's porous borders with countries that have greater exposure to terrorism (as identified by authorities in those countries such as Paraguay, as well as assessments by Argentinean authorities about activities of terrorist groups in the TBA), exposes Argentina to potential TF vulnerabilities. In addition, the informal economy including the use of unauthorised financial services and the use of cash in pesos and US dollars, which are not subject to existing CFT measures, are clear vulnerabilities identified in the NRA. Argentina's TF risk understanding is discussed under IO.1. There have been no domestic terrorist attacks in Argentina during the reporting period, nor convictions for terrorism. However, historic terrorist acts were committed three decades ago against the Israeli Embassy and the Israelite Mutual Association AMIA (see Chapter 1).

338. Of the two closed TF investigations, one is related to suspected remittances to possible terrorist groups or sympathizers in the Gaza Strip, and the second one has to do with funding terrorist activities in Syria via online platforms (see Box 4.1). One of the ongoing cases is related to Hezbollah with activity in the TBA (see Box 4.2), the second is related to a foreign national based in Argentina designated by her home country for TF related to ISIS, the third is related to Hezbollah with activity outside the TBA, and the most recent case relates to a domestic cell of a right-wing violent extremist group with potential connections abroad. The types of TF cases and activities are broadly in line with the country's risk profile and assessment that while there may be some presence of TF networks and sympathisers in Argentina, no terrorist groups operate within the country.

339. However, cases show that Argentina should deepen its TF risk understanding, in particular TF threats outside Hezbollah and the TBA, e.g., including support to participation in overseas terrorist groups and domestic violent extremism. Moreover, the AT considers that the low number of investigations related to Hezbollah do not fully reflect Argentina's main risk identified on Hezbollah in the TBA. As such, the limited number of TF-investigations and the absence of TF prosecutions and convictions are not fully in line with the risk and context of a country with exposure to some TF activity, as shown by the actions taken under the TF-TFS-framework, and the six TF-investigations, as well as some recent policy undertaken by the Ministry of Security, which point to higher risks. Nevertheless, Argentina's results regarding TF are considered broadly in line with the context of a jurisdiction with a medium-low TF risk profile, overall.

Table 4.1. TF investigations initiated over the review period

No.	2019	2020	2021	2022	2023	2024 (as of March)	Obs.	Type of activity
1	Initiated		Closed					Movement
2	Initiated		Closed					Collection and movement
3	Initiated						Ongoing	Collection and movement
4		Initiated					Ongoing	Movement
5					Initiated		Ongoing preliminary investigation	Collection and movement
6						Initiated	Ongoing	Movement and use

340. One of the ongoing TF investigations started in 2019 after the FIU, through a strategic analysis of the threats in the TBA, identified a ML-related STR. This prompted the FIU to analyse and identify possible criminal activities in Argentina, by a group of Lebanese people operating in Argentine territory but residing in Brazil and doing business in Paraguay. These individuals were part of an organisation named “BARAKAT Clan”, which was suspected by the authorities to be linked to Hezbollah leadership. The “Clan” was allegedly involved in smuggling, forgery of money and documents, extortion, drug trafficking, arms trafficking, ML and TF. In relation to TF, the clan was suspected of raising funds for Hezbollah (see Box 4.2). The judicial investigation then led to the FIU ordering the administrative freezing of assets of the individuals linked to the “Barakat Clan” in July 2018. The freezing order was first judicially ratified on 4 July 2019, as is required for the re-issuance of administrative freezing orders (see IO.10), and subsequently ratified, most recently in July 2024. Persons were listed on the domestic terrorism list upon its creation in 2019.

341. This case is a good example of the authorities' capability to detect potential TF-activity in the TBA related to Hezbollah, in line with the TF NRA, and to interact and cooperate among different agencies and federal entities to mitigate this area of risk. Investigation for TF remains ongoing, and the FIU has assisted with 25 financial intelligence reports so far and other assistance related to asset tracing. The case also indicates how the countries of the TBA work together proactively and robustly to detect the presence of persons involved in TF based in neighbouring countries (although they are not designated as terrorists by the UNSCR), who could abuse their financial system for TF activities and interrupt their activities. Based in part on this case, Argentina amended legislation to strengthen its TF-TFS framework and listed Hezbollah in its domestic terrorism list (see IO.10). This shows that the country incorporated the findings of this investigation to develop strategic actions relevant in CT and TF prevention, even enhancing its legislation.

Box 4.1. Types of TF investigations – case studies**Case 1 “The Al Sadaqah”**

The “Al Sadaqah” –investigation was initiated by the PROCELAC, based on an Interpol Orange Notice. The facts were linked to the detection of a virtual platform (App, Telegram, Twitter, Facebook) of micro patronage aimed at giving financial support, in a protected and anonymous way (TOR-Bitcoins and other virtual assets), to terrorist activities that would be perpetrated in Syria. Donations would be received by entities located in the city of Buenos Aires, Mar del Plata, Córdoba, Mendoza, Salta, Santa Cruz, Santa Fe and Rosario, among others. The investigation concluded that it was not possible to obtain data of interest for the case or a link between the events mentioned in the orange notice and Argentina.

Case 2 “The possible remittances to the Gaza Strip”

The “Gaza Strip” investigation was based on a TFR and subsequent financial intelligence report to determine whether two persons had made transfers from Argentina to the Gaza Strip, Palestine. Their potential common recipient would be a person of potential interest in terms of terrorist financing. Since the beginning of 2018, the individuals under investigation allegedly made international wire transfers of ARS 146 286 (Approx. USD 166) to recipients in the Middle East, particularly in Jerusalem, the Gaza Strip and Bethlehem. PROCELAC filed a complaint of possible TF, violation of article 306 of the Argentine Criminal Code, notwithstanding other crimes that may arise during investigation. After the investigation it was determined that there were no elements to support terrorist activities by the remittance beneficiaries.

Case 3 “Extradition of foreign citizen for TF”

The extradition case of a foreign citizen started when a foreign citizen was arrested when she went to the local delegation of the National Direction of Migration with the intention of applying for her residency and authorities noticed the existence of an Interpol arrest warrant. The requesting state alleged that she committed two events of terrorist financing in which funds were transferred to a member of ISIS and to the alleged leader of a group that organised fundraising among supporters of radical Islam in her home country. A parallel TF-investigation was opened and the Anti-Terrorist Investigation Unit of the Argentine Federal Police was tasked to establish possible additional TF activity and links of the investigated person with other persons in Argentina, in particular, with respect to her migratory, tax and banking situation and her financial records. Information has been requested from INTERPOL NCB in various countries and cooperation from national and international agencies, in order to go further into the investigation on the transactions conducted through money remittance companies, digital wallets and virtual asset service providers (at least, in relation to three persons living abroad). The authorities are awaiting the results of these requests for international cooperation.

The foreign citizen was listed to the domestic terrorism list and funds and assets were frozen by reporting entities in Argentina (see IO.10).

342. Argentina also shared some cases where a TF hypothesis was disregarded after investigations were not able to determine suspicion of TF activity. However, in cases shared with the AT other charges, such as offences of public intimidation, use of forged public document

aggravated by its use to support identification of persons, threats, etc. continued to be prosecuted.

343. Authorities explain the limited number of TF investigations and the lack of TF prosecutions and convictions by the medium-low risk level, and the AT recognises that there may be challenges related to investigations of foreign-based persons, which is relevant given that terrorist groups are not operational in Argentina itself. The AT considers that other factors (discussed in detail below) contribute to these low numbers, such as (i) the deficiencies in TF risk understanding both within the private sector and authorities, which negatively impacts TF detection and identification; (ii) potential expertise and cooperation gaps within judicial authorities; (iii) lack of prioritisation of TF, and (iv) lack of policy for when and how to impose TF-TFS. These deficiencies, together with the risk and context of the country, pose some challenges to the authorities' capability to investigate and prosecute different types of TF activity and lead to the conclusion that the limited number of investigations and the lack of prosecutions and convictions is not fully consistent with Argentina's TF risk profile.

TF identification and investigation

Identification

344. The TF cases presented to the AT were identified through several sources: (i) intelligence or information from foreign partners and organisations, such as Interpol; (ii) financial intelligence from STR/TFRs; and (iii) ongoing terrorism investigations. However, the identification of TF cases is usually reactive and depends largely on information received from foreign partners and on TFRs, which are mainly related to TF-TFS checks from reporting entities, subject to the deficiencies identified in IO.4 and IO.6. However, the FIU, the PPO and SIDE have shown capabilities to identify TF to varying degrees and act pre-emptively. The security forces can act at LEA's request or on information received from foreign counterparts, but they cannot proactively detect TF. The FIU has shown capability to identify TF from strategic analysis work once, but spontaneous monitoring is not done on an ongoing basis. The authorities were unable to point to agreed mechanisms, such as written protocols or manuals containing guidelines, for the clear identification and prioritisation of potential TF cases.

345. FIU's strategic analysis of threats in the TBA from 2018 resulted in one TF case (the BARAKAT-case), although the FIU does not consistently conduct such analysis for the purposes of identifying TF. Other than the TBA strategic analysis, the FIU has once analysed remittances to a selection of Middle Eastern countries in 2022 (with no cases detected for investigation), and as mentioned in R. 29 and IO.6, has access to several databases and can receive voluntary complaints/reports and information from different authorities and the general public. However, there are no clear outcomes on TF financial intelligence products or cases based on these sources of information, other than feeding the NRA process. In addition, other proactive detection work, such as analysing cross-border cash reports is limited and did not yield any TF investigations in the past five years. The FIU has specialised analysts in charge of all TF cases, but their main focus is on receiving and analysing TFRs, which, as noted previously are mostly prompted by TF-TFS list potential matches (see IO. 6). The FIU does not have analysts who engage in ongoing proactive detection and strategic analysis work to identify TF.

346. In most of the TF investigations the FIU has collaborated with intelligence reports. STRs were used to supplement other information (*e.g.*, strategic analysis, foreign partner information) in one of Argentina's open investigations, and the FIU disseminated several intelligence reports for the case. Two TF investigations were prompted by a TFR, as well as one other hypothesis of TF. In addition, the FIU upon request provided financial intelligence in the ongoing violent right-wing extremism case. However, as previously mentioned, the utility of TFRs for initiating and

supporting TF cases is limited in part by the private sector's uneven and often basic understanding of TF threats and actors and a tendency to rely on list-based checks without consideration of other indicators of potential TF activity (see IO.1, IO.4 and IO.6). This can also negatively impact the authorities' overall understanding of TF risks given the information loop. This is considered a major deficiency since the FIU, as resourced and structured, relies heavily on TFR-reporting for the detection of TF and given that the TF functions at the FIU are mainly designed to react to possible administrative freezes related to positive TFS hits or analysis of TFRs for the purpose of considering new TFS listings. Moreover, the FIU has not shared sector-specific risk indicators or typologies with the reporting entities or engaged in other outreach beyond the dissemination of the NRA results.

Box 4.2. TF Identification and Investigation case study: BARAKAT-case

The ongoing TF investigation started in 2019 after the FIU did a strategic analysis of the threats in the Tri-Border Area (TBA) which resulted in the FIU analysing and identifying possible criminal activities in Argentina, by a group of Lebanese people operating in Argentine territory but residing in Paraguay, who were part of an organisation named "BARAKAT Clan", which was in turn suspected to be linked to Hezbollah leadership. The "Clan" was allegedly involved in smuggling, forgery of money and documents, extortion, drug trafficking, arms trafficking, ML and TF. In relation to TF, the clan was suspected of raising funds for the Lebanese organisation Hezbollah. The TF suspicion arose, once it was discovered that one of the suspects was the cousin of a person mentioned in OFAC listing due to terrorist activity. Investigation for TF remains ongoing, and the FIU has continued assistance with 25 financial intelligence reports so far and other assistance related to asset tracing. The persons investigated are not present in Argentina, therefore the investigation requires international cooperation, which can take more time. In addition, a parallel ML investigation is also being pursued.

Based on an intelligence analysis carried out by the FIU, PROCELAC filed a judicial complaint. The complaint reported that a person with a Paraguayan identity card and Lebanese nationality collected a casino prize in the area of the TBA. The facts of the case reveal that persons of Lebanese nationality, with business and private addresses in Brazil and Paraguay, registered a stable pattern of entries into and exits from the Argentinean jurisdiction by land, with the main purpose of placing bets in that gambling house, for amounts of millions of USD. The initial group of suspected persons was of 23.

Within the framework of its actions, the FIU sent requests for information to the FIUs of the Federative Republic of Brazil, Republic of Paraguay and the United States of America, and in turn to Brazil and Paraguay through the GAFILAT Asset Recovery Network (RRAG) platform to ratify the suspicion about this link with possible terrorist financing manoeuvres. It received responses from the Treasury Department of the United States of America, Financial Crimes Enforcement Network -FINCEN- and those made within the framework of the RRAG to Brazil and Paraguay. In turn, from the systematic reports made by the FIU, it could be determined that the reported person handled millionaire flows of money, "justified" as gambling prizes in multiple operations carried out between January and April 2015.

347. The SIDE (Secretariat of Intelligence of the State) is engaged in preventive intelligence and works closely with the National Directorate of Migration, other LEAs, SAIT, DNIC and the FIU on CT and CFT activities. They also have ongoing communication with their foreign counterparts and have demonstrated that they understand the importance of looking at TF. However, SIDE mostly looks at TF reactively in connection with possible terrorist threats, instead of identifying possible TF as a starting point within the intelligence coverage, to disrupt a terrorist attack. TF investigations are generally not prompted by intelligence or information generated by the domestic intelligence directorates or other proactive techniques, aiming to identify potential financial networks and flow towards terrorist organisations. Thus, there is room for a more intelligence-driven, proactive approach to identifying activities that may constitute TF.

348. The National Directorate of Criminal Intelligence (DNIC), under the Ministry of Security, monitors for possible terrorist and TF actions in the national territory, although the AT did not receive information on TF-related cases originating from DNIC based on their proactive work. According to the Argentina's authorities, the DNIC identifies, collects and analyses information related to terrorism patterns and dynamics at the regional and/or international level. While DNIC has several ongoing efforts related to terrorism identification and prevention, the authorities were unable to share details of how these efforts supported TF detection and investigations, but a list of measures taken includes the monitoring of; (i) donations to charitable organisations; (ii) use of legitimate business structures; (iii) smuggling and illicit trade; (iv) use of bank accounts, complex transactions and the creation of financial structures that conceal the true nature of transactions; (v) collection through social media and online platforms; (vi) extortion and criminal activities; vii) state financing or financing of international actors. In addition, the DNIC disseminates alerts on activities possibly related to terrorism to the security forces, who later disseminate them to the representation offices in the territory. These alerts refer to considering increasing the levels of surveillance and monitoring, as well as the need to implement more migratory and border controls in certain areas.

349. The PPO takes a proactive and extensive approach to detect TF by analysing financial intelligence reports and other intelligence that they receive from FIU and SIDE, and information from the security forces to detect TF on an ongoing basis. In addition, the PPO proactively considers the TF hypothesis when they have cases related to detecting and disrupting terrorist activity in Argentina. The PPO shared details of four such cases.

350. The Secretariat for the Comprehensive Analysis of International Terrorism (SAIT), situated within the PPO, conducts online monitoring when they receive information, via foreign law enforcement agencies, from platforms such as Google and Meta on terrorist content. SAIT does not have an investigative function, but in accordance with AGO Resolution 67/2019, once the investigation related to terrorism and/or TF is initiated, prosecutors are required to inform this to the SAIT so that it can identify structural patterns, modus operandi or simply relate events among them, which are not so easy to detect on their own. When SAIT detects certain TF patterns (recruiting, propaganda) from the information received from prosecutors' offices they coordinate information sharing between intelligence agencies and the PPO.

351. The AT did not have access to the above-mentioned reports. However, the authorities shared an example of SAIT's role in relation to the ongoing far-right extremism investigation, in which the prosecutor in charge of the case requested assistance from SAIT. SAIT provided information about the modus operandi and the origin of the group to the prosecutor and the investigative judge in charge of the case, which led to the judge deciding to open a parallel TF investigation three years after the initial case was opened. This example shows that although it is positive that the prosecutor and judge asked for assistance from SAIT, the timing of this case raises some concerns about some of the authorities' ability to detect and initiate TF cases as it took three years for the parallel TF investigation to be opened. The authorities noted that the

delay was due to the time needed to determine the persons involved; however, an earlier TF investigation could still have been considered given the details of the case, which were shared with the assessment team but cannot be divulged due to confidentiality of the ongoing investigation.

352. The Argentinean Federal Police (PFA) and the Argentinean National Gendarmerie have their special areas in CT matters. The Anti-Terrorist Investigation Department of the PFA is made up of four brigades of 12 police officers who perform operational functions, such as transcribing telephone intercepts, analysing and reporting images and videos, navigating various social networks, managing police systems, as well as utilising public and private databases and house searches and/or raids. It functions as a CT structure but specialises in violent crimes. The PFA conducts training for national forces and judicial and civil agencies related to terrorism. The Gendarmerie has a Criminal Investigation Directorate, within which the Economic Crimes Unit is responsible for investigating terrorism and TF. It has 24 officers. It has assisted in the AMIA-investigation and regularly exchanges information with foreign partners. However, the specialised terrorism and TF units of the security forces cannot proactively scan the horizon for TF and can only act upon prosecutors' or judges' requests. They can receive information from national and foreign counterparts, verify the data and then file a complaint to the corresponding Judge. Their focus is on reactive counter-terrorism activities, focused on potential attacks, and on investigating the two attacks from the 1990s.

353. The authorities demonstrated effective use of international cooperation channels in the TF investigations, however, cooperation is not sought sufficiently to detect potential TF activities (see IO.2).

Investigation

354. The PPO is responsible for initiating TF criminal proceedings and together with the National Judicial Branch (the Federal Criminal and Correctional Court, which is located not only in the city of Buenos Aires, but also throughout the country) it is also responsible for investigating them. Argentina is currently implementing a new Federal Code of Criminal Procedure (FCCP) under which the PPO is exclusively in charge of the criminal investigation and proceedings against perpetrators, leaving the judge with a purely discretionary function. By the time of the on-site visit this code was in force in the provinces of Salta and Jujuy while, for the rest of the country, the National Code of Criminal Procedure (NCCP) remains in force (see IO7).

355. Within its central structure, the PPO has specialised offices competent to initiate preliminary investigations and file the relevant TF criminal complaint. The competent public prosecutor assigned to investigating then takes over and may request the assistance of these offices to follow up with the investigation. The main specialised office for TF offences is the Prosecutor's Office for Economic Crimes and Money Laundering (PROCELAC), which has jurisdiction over ML, TF, smuggling, tax evasion, financial and stock market fraud. PROCELAC has four experts specialised in TF, who also participate in TF training abroad and who in turn provide consistent training for judges and prosecutors. PROCELAC receives most spontaneous financial intelligence reports that the FIU disseminates (see IO.6). In addition, the Prosecution Unit Specialised in Organised Crime (UFECO), formerly specialised in kidnapping for ransom, can also collaborate in the investigation of complex organisations and their links to terrorism and TF. Finally, the SAIT assists prosecutors in terrorism or TF cases, by advising them on the matter in general or in specific typologies.

356. In the current mixed system judges and prosecutors can both pursue TF cases independently without asking for assistance from PROCELAC. Although Argentina has implemented some actions, as indicated in IO7, the assessment team was unable to verify that PROCELAC is requested in all relevant cases. The authorities couldn't provide the AT any

protocols or written mechanism that provides clarity on when PROCELAC should be requested to intervene in a TF investigation. Even though both the PPO and Judiciary provide training on TF to all prosecutors and judges, there is a risk that due to lack of expertise and experience, some possible TF investigations are either not pursued or not investigated properly. The ongoing right-wing extremism case is an example of a TF investigation that may have benefited from an early intervention of PROCELAC.

357. Looking at the six TF-investigations, PROCELAC initiated a preliminary investigation in two of them and is involved in one open preliminary investigation and one ongoing TF-investigation (see Barakat case in Box 4.2). In one of the preliminary investigations ("Gaza remittance" –case), once the formal complaint was filed and a TF investigation opened the prosecutor in charge requested assistance from the Anti-terrorist Investigation Unit Department of the Argentine Federal Police (DUIA), but not PROCELAC. PROCELAC mentioned that this is not an issue, as when they send a complaint to the Judiciary, they include a list of the type of evidence that needs to be collected regardless of whether or not the case is returned to PROCELAC. Out of the six cases PROCELAC has been involved in the formal investigation in two of them (BARAKAT-case and "Al Sadaqah" case). "Al Sadaqah" case also involved the Specialised Cybercrime Prosecution Unit and DUIA. PROCELAC has not been asked to assist in the new ongoing case related to violent right-wing extremism, however, PROCELAC mentioned that the PPO has given guidance to the prosecutor of the case. PROCELAC is not involved in the "Extradition of Foreign citizen for TF" –case. Based on this, the AT questions how Argentina ensures that PROCELAC is requested in all cases that would warrant it.

358. During the interviews, and as shown by the cases in which PROCELAC has been involved in, PROCELAC showed strong commitment and capability to investigate TF offences. PROCELAC identifies TF methods and the role of financiers, even if TF charges are not ultimately pursued. When a case arises, PROCELAC demonstrates a good capacity to conduct financial investigations and takes a broader view of TF, including by looking at groups beyond those formally designated. PROCELAC trains its staff on the differences between TF amongst various types of terrorist groups and motives, including different types of violent extremism. Considering the risk and context of the country, the limited number of TF cases in Argentina and the developing TF risk understanding of the competent authorities, the AT is of the view that having PROCELAC involved in all TF investigations would enhance the country's capability to investigate TF.

Box 4.3. Case examples of TF investigations

Case 1: "Al Sadaqah" case

PROCELAC initiated the investigation in as a response to an Orange Notice issued by the INTERPOL.

The inquiry was prompted by the identification of a virtual platform (including applications such as Telegram, Twitter, Facebook) facilitating micro-donations intended to provide financial support, in a secure and anonymous manner (utilising TOR-Bitcoins and other virtual assets), for terrorist activities purportedly occurring in Syria. Donations were reportedly being received by entities located in several Argentine cities including Buenos Aires, Mar del Plata, Córdoba, Mendoza, Salta, among others.

The investigation also involved collaboration between the Specialised Cybercrime Prosecution Unit and the Antiterrorist Investigation Unit Department of the Argentine Federal Police (DUIA), which worked in coordination. These units conducted inquiries into

the activities associated with “Al Sadaqah” on the social network Twitter, as well as on instant messaging services such as Telegram and WhatsApp. Dark web addresses and emails related to these accounts were examined, as well as a virtual wallet associated with the “Monero” cryptocurrency.

The following measures were undertaken during the investigation:

- Profiling of social media networks.
- Identification of Islamic organizations soliciting donations through digital applications.
- Conducting checks on Twitter, Telegram, dark web addresses, phone numbers, emails and virtual wallets.
- Requesting information from various Virtual Asset Service Providers (VASPs) regarding transactions associated with “Al Sadaqah” and directing the DUIA to intensify their investigative efforts.

The VASPs informed that no transactions were recorded from or to the addresses in question. Furthermore, the DUIA indicated that an exploration of the “Deep Web” search engine, revealed that the AL-SADAQAH application had been deactivated.

Since it was not possible to obtain pertinent data or establish any connection between the incidents referenced in the Orange Notice and Argentina, the case was subsequently closed.

Case 2: "Possible remittances to the Gaza Strip" case

A preliminary investigation was opened at PROCELAC to determine whether individuals had carried out remittance transactions from Argentina to the Gaza Strip, Palestine, on the basis of an FIU intelligence report. The possible common addressee of these transactions would be a person of potential interest in terms of terrorist financing.

The DUIA was involved in the case. The financial information of the defendants and the money transfers made were analysed, the REPET was consulted, and the intervention of INTERPOL Jerusalem and Chile was requested.

The following measures were undertaken during the preliminary investigation:

- Profiling of social media networks.
- Analysing of open sources of information.
- Consulting the databases used by PROCELAC.
- Analysing migratory flows.
- Consulting the National Communications Entity for telephone subscribers.
- Requesting information to money remitters (FEDEX, DHL, LATIN EXPRESS, Western UNION -WUFS-).
- Consulting the National Registry of Persons (RENAPER).
- Consulting the INTERPOL to request international cooperation.

The result of these measures was negative, and the cooperation with the aforementioned international authorities made it possible to conclude that there were no elements to support terrorist activities by the recipients of the remittance beneficiaries.

359. There are several stakeholders in the government working on terrorism and TF issues, and Argentina would benefit from further coordination at an operational level amongst these stakeholders. Argentina still lacks operational tools and instruments such as a CT inter-institutional strategy, protocols and manuals. Thus, additional coordination between agencies focused on detecting and disrupting potential terrorist attacks; investigating terrorism and TF cases; and reviewing intelligence, including financial intelligence, for potential links to TF could result in more effective use of the country's resources focused on TF, in particular in light of the assessed medium-low TF risk.

TF investigation integrated with –and supportive of– national strategies

360. Various stakeholders in countering terrorism and TF in Argentina have their strategies and priorities related to CT and TF. The SIDE and DNIC of the Ministry of Security are the main authorities coordinating CT efforts. There is a protocol to follow in the event of a terrorist attack, where roles and responsibilities are established, but no overall CT strategy or information on how TF fits into the broader picture. The TF NRA and the ML/TF/PF National Strategy are the main documents that cover TF issues (see IO.1) and other CT-work focuses more on terrorism and extremism. TF is part of Argentina's intelligence policy, but there is limited evidence that TF is used to support larger counterterrorism strategies or investigations.

361. The SIDE has identified terrorism and terrorist financing as a standing strategic objective in accordance with its competence and functions. In this sense, the intelligence services permanently work with the DNIC, SAIT, the FIU, the Ministry of Foreign Affairs, and the National Directorate of Migration and organise working group discussions (mesas de trabajo with relevant stakeholders on various topics, including TF. However, no information was available on the TF outcomes, action plans or strategies drawn up under those round tables since the available information is protected by secrecy.

362. SAIT coordinates efforts, resources, and training for the judicial system to counter violent extremism and international terrorism and coordinates with PROCELAC on efforts related to TF. All terrorism related cases need to be reported to SAIT per the Attorney General decree. SAIT analyses the modus operandi of each case to determine connections between cases and the larger terrorism phenomenon. SAIT produces different reports and documents for the Attorney General. It has also created a Glossary on the phenomenon of international terrorism that aims to compile and standardise the criteria for interpreting the concepts relating to this type of complex crime and its financing, which has been shared with all prosecutors and the Judiciary. From March 2019 to September 2023, SAIT has received or provided 26 training sessions to different agencies from the public and private sector. It also participates in relevant legislative amendment processes.

363. In one case, Argentina has shown capability to integrate TF-investigation to support broader CT strategic activities. In this sense, the above mentioned BARAKAT-case contributed to the subsequent decision to freeze the assets and designate members of the clan in addition to Hezbollah, its main leaders, and certain entities of its military wing of the organisation and leaders of the organisation as terrorists under the Argentinean terrorist list.

Effectiveness, proportionality, and dissuasiveness of sanctions

364. To date, there have been no convictions for TF; hence, it is not possible to assess the effectiveness of criminal penalties for TF. As described in R.5, the sanctions available appear proportional and dissuasive as natural persons convicted of a TF offence in Argentina are punishable by criminal sanctions from five to 15 years imprisonment, with a possibility for doubling the sentence when the act is committed with terrorist purpose, and a fine of two to ten times the amount of the transaction.

Alternative measures used where TF conviction is not possible (e.g. disruption)

4

365. Argentina has not applied alternative measures in the precise situation where a TF conviction was not possible or practicable. However, Argentina has applied TFS as an intermediary measure or, in practice, a substitute to disrupt possible TF activity (see also IO.10). Argentina designated several natural persons pursuant to United Nations Security Council Resolution (UNSCR) 1373 and through a court listing process that has similar effects, and designated foreign persons are prohibited from entering Argentina. In this context, deficiencies in the TF TFS-framework are also a cause for concern (see IO.10). While Argentina does not have established policies regarding the pursuit of TF-TFS listings for persons involved in TF cases for conviction or confiscation, this has been used with regards to the two ongoing investigations highlighted above.

366. In the BARAKAT-case the TF-investigation is still ongoing. However, relevant persons are subjected to administrative freezing orders, which were issued prior to the reporting period, and were subsequently listed on the domestic terrorism list, the RePET, after its creation in 2019. Moreover, there are ongoing criminal investigations for ML and predicate crimes. In addition, a fine was issued to a casino for non-compliance.

367. In the extradition case for a foreign citizen suspected of TF, the FIU issued an administrative freezing order, resulting in the freeze of some funds or assets.

368. The SIDE collaborates with the National Directorate of Migration on border alerts related to terrorism and terrorist financing, and on the establishment of an early warning system. The assessment team was informed of one case where Argentina deported several persons as a disruptive measure for activities of a potentially terrorist nature based on an intelligence report received from a foreign jurisdiction.

369. Based on interviews on-site, intelligence services are focused on terrorism, but not as acutely on TF, which may hinder the authorities' capabilities in applying preventive measures and acting before financial activities are complete or the scheme has reached a critical point. Although they do not conduct investigations, intelligence agencies hold working groups to share additional strategies and to develop preventive measures at the intelligence level. However, this intelligence sharing could occur more frequently on the financial aspects of terrorism with the FIU, DNIC, SAIT and PROCELAC, considering that the FIU and the intelligence services are, in the Argentinean context the authorities that are in a better position to conduct, albeit limited, proactive TF detection. To disrupt TF activity and apply alternative measures where TF charges may not be ripe or practical, authorities need to be aware of them at early stages and intervene when circumstances allow.

Overall conclusions on IO.9

The types of TF cases and activity are broadly in line with the threats identified in the NRA, however, the limited number of TF-investigations and the absence of TF prosecutions and convictions is not fully in line with the risk and context of Argentina. Argentina's regulatory framework in relation to TF is overall adequate, however, the country lacks operational tools and instruments, such as a CT inter-institutional strategy, protocols, and manuals that could support the authorities to focus on detecting and disrupting potential terrorism and its financing, on investigating TF cases and on reviewing intelligence. Considerable weight is given to the major deficiencies in the identification of TF stemming from the developing TF risk understanding within both the private sector, and authorities, and the reactive approach to detection. Although PROCELAC showed strong commitment and capability to investigate TF offences, the incomplete transition from the NCCP to the FCCP may be limiting the country's ability to effectively prosecute TF cases, since there is no mechanism to ensure that PROCELAC contributes to all relevant TF cases, which is considered a major deficiency.

TF is part of Argentina's intelligence policy, but there is limited evidence that TF is used to support larger counterterrorism strategies or investigations, and the assessment team was not made aware of TF outcomes, action plans or strategies drawn up under the relevant round-table discussions due to confidentiality. There have been no convictions for TF, however, the sanctions available appear proportional and dissuasive. Argentina has applied some alternative measures to disrupt possible TF activity, the main measure applied is the designation and listing of persons and entities to apply administrative freezing and entry bans, but there is no clear mechanism that sets out when these measures should be initiated.

Argentina is rated as having a moderate level of effectiveness for IO.9.

Immediate Outcome 10 (TF preventive measures and financial sanctions)

Implementation of targeted financial sanctions for TF without delay

370. Over the review period, Argentina has implemented TFS related to TF pursuant to UNSCR 1267 and its successor resolutions and has listed 11 persons (nine natural and two legal) pursuant to UNSCR 1373. Additionally, Argentina listed twelve natural persons based on court listings for terrorism and TF investigations (see 4.3.3). The country's TFS framework has also resulted in the freezing of funds and assets associated with UNSCR 1373 designated persons. However, technical, and practical deficiencies limited to a major but not fundamental extent the implementation of TFS without delay for UNSCR 1267 sanctions during the reporting period. There are no obligations for non-reporting entities in Argentina to report and freeze funds or assets related to UNSCR 1267 and 1373 listings (See R. 6.5(c)). Argentina passed a resolution to update the TF TFS framework in March 2024. However, as this was passed during the on-site, the AT was not able to evaluate the updated framework for effectiveness.

371. Argentina's FIU is the responsible authority for administering and enforcing sanctions, and the country's TF-TFS framework allows the freezing of funds or assets associated with persons designated pursuant to UNSCR 1267 and successor resolutions. Argentina conveys the persons designated under UNSCRs 1267 on a publicly available national list created in 2019, referred to as the *Registro Público de Personas y Entidades vinculadas a actos de Terrorismo y su Financiamiento* (RePET), which triggers relevant obligations for reporting entities.

372. The RePET includes all persons listed under UNSCRs 1267 and successor resolutions. The RePET has been automatically updated to convey UNSCR 1267 listings on a daily basis at 4.10am (Argentina time) regardless of holidays and weekends for the entire reporting period. As a result, listings are conveyed and reporting and freezing obligations are imposed on reporting entities in no more than 24 hours.

373. Argentina's TFS framework (Decree 918/2012, Decree 278/2024) places reporting and freezing obligations on reporting entities (including FIs, DNFBPs and VASPs as well as some other natural and legal persons in Argentina such as art dealers, professional football clubs, armoured transportation services, among others). However, more broadly, persons in Argentina are not prohibited from making any funds or other assets available for the benefit of designated persons and entities, and there are no specific obligations to freeze funds or assets without delay for non-reporting entities.

374. During the reporting period, reporting and freezing obligations varied amongst reporting entities. Some types of reporting entities (those involved in banking, exchange, capital markets, and insurance) are required to immediately and ex-parte freeze funds associated with UNSCR 1267-designated persons. However, other reporting entities required a multi-step process before freezing funds or assets associated with UNSCR 1267-designated persons. This process involved submitting a TFR within 48 hours of a completed or attempted transaction, FIU analysis of the TFR, and, if applicable, FIU issuance of an administrative freezing order. The reporting entity would then execute the freeze and report back to the FIU. While the FIU has a policy of reviewing TFRs within 24 hours, this was not always the case in practice, as indicated in the box below. In any event, this process can introduce several days before some reporting entities are required to implement TFS, and, as a result, exacerbate delays in freezing funds or assets associated with designated persons. In some instances, this deficiency may be mitigated by internal policies of sophisticated reporting entities (that are not involved in banking, exchange, capital markets, and insurance) to temporarily halt a customer's activity upon identifying potential UNSCR 1267 matches; however, this is not a requirement or consistent policy amongst reporting entities.

375. Delays in implementation may be further introduced given ambiguity in requirements for reporting entities to check the RePET "on an ongoing basis" and upon customer onboarding. While several FIs, in particular banks and capital markets institutions, indicated that they checked their customer list against the RePET on a daily basis using automated systems or upon customers engaging in certain activities, other FIs and DNFBPs indicated that they only checked the RePET against their customer base on a weekly basis or only checked the RePET list during customer onboarding. These measures may be insufficient for reporting entities to identify funds associated with designated persons as there are several types of transactions that reporting entities may conduct with existing customers (e.g., ATM withdrawals from existing accounts) without re-verifying identifying information or being required to check customer or beneficiary names against the RePET. This ambiguity, paired with the absence of a prohibition on making funds available to designated persons, results in gaps that could have allowed some reporting entities during the reporting period to complete transactions with designated persons without violating the TFS framework or other AML/CFT obligations, as long as a TFR was filed to the FIU within 48 hours.

376. Additionally, the definition of property and money covered in administrative freezing orders does not include funds or assets of persons and entities acting on behalf of, or at the discretion of, designated persons or entities (See 6.5(b)). As noted above, administrative freezing orders were required for a subset of reporting entities to freeze the funds or assets of persons designated pursuant to UNSCR 1267 during the reporting period.

377. Argentina's framework has not resulted in the freezing of funds or assets related to persons designated pursuant to UNSCR 1267, reflecting that there are no reports of UN designated terrorist groups operating directly in Argentina or actively using Argentina as a source of funds or recruits. However, there were at least two false-positive TFRs during the reporting period for completed transactions. While these two cases are false positives, they indicate that reporting entities do not always implement TF TFS without delay, as each allowed completed transactions involving persons they assessed could be positive matches for sanctioned persons.

Box 4.4. TF-TFR cases

Case 1. On 5 May 2022, a reporting entity filed a TFR for a completed transaction involving a person identified as a potential match for a person designated pursuant to UNSCR 1267 (alias, origin country, month, and year of birth). The FIU issued an administrative freezing order to all reporting entities four days after, on 9 May 2022, which did not result in the freezing of any funds or assets. An investigation by a judge involving Interpol identified this match as a false positive and the administrative freezing order was rescinded on 2 February 2023.

Case 2. On 27 March 2023, a casino filed a TFR for a completed transaction involving a person identified as a potential positive match for a person designated pursuant to UNSCR 1267. The person had received a payment for an amount of ARS 400 000 (Approximately EUR 403). The FIU analysed the TFR and identified two days after the transaction (on 28 March) that the case was a false positive, suspending the investigation.

378. While it is positive that the judge was able to identify that the TFR was based on a false positive in Case 1 above, five months is long for this analysis. Determinations of matches and unfreezing, if applicable, is a critical component of overall effective implementation of TFS. The FIU's ability to analyse and determine the TFR in the second case to be a false positive within 24 hours indicates an improvement compared to the previous case.

379. Argentina lacks a process for identifying and proposing persons or entities to the 1267/1989 Committee or the 1988 Committee for designation. As such, they have not proposed any persons for designation pursuant to these UNSCRs.

Implementation of 1373

380. Regarding domestic designations, the FIU has identified, nominated, and listed nine natural persons and two legal persons to the RePET during the reporting period pursuant to UNSCR 1373. Prior to the reporting period, Argentina issued administrative freezing orders for an additional fourteen persons; these persons were added to the RePET upon its creation in 2019. All persons were listed proactively by Argentina and almost all are related to Hezbollah, in line with Argentina's NRA. Additionally, during the reporting period, Argentinean judicial authorities also listed twelve natural persons, based on terrorism and TF investigations.

381. For UNSCR 1373 designations, natural and legal persons are added to the RePET through a decision by the FIU. The FIU identifies domestic nominations from 1373 listings based on analysis of TFRs and receives nominations from national authorities; the FIU evaluates the nominations for suspicions of TF. However, there is no established process, formal or informal, by which authorities can propose nominations to the FIU or a coordination process to discuss potential nominations or deconflict operations of various stakeholders in countering terrorism and TF. Additionally, the identification of potential nominations is limited by the number of TFRs

that are in practice related to terrorism (see IO. 6). In practice, one listing of one natural person was prompted by a TFR and one listing, involving eight natural persons and two legal persons, was prompted by nomination by a court to the FIU and supported by FIU analysis during the reporting period. For both sources of nominations, the FIU evaluated the suspicions of TF and made unilateral decisions on a reasonable basis about listing persons to the RePET. The investigations for the two tranches of designations within the time period took four and 14 days, respectively. Argentina stated that once the FIU President approves a nomination, an administrative freezing order is issued without delay. The AT was not provided with timelines for specific cases to fully support this claim. Importantly, once an administrative freezing order is issued, the designated person is not immediately listed to the RePET, which may not occur until the following day. This is considered a minor deficiency because while reporting entities are required to implement administrative freezing orders upon receipt, many reporting entities rely on the RePET to identify designated on an ongoing basis and upon customer onboarding.

Box 4.5. Listing of Hezbollah and relevant persons and entities to the RePET

While reviewing the administrative freezing order for BARAKAT Clan for judicial ratification in July 2019 (originally issued in July 2018, subsequently ratified and currently in force), the Federal Court of Eldorado remarked on the national and international information available in the case file with regards to Hezbollah's financial activities in the TBA. Based on further analysis by the FIU, the analysis division proposed designating Hezbollah, the Foreign Security Organization, and certain natural persons linked to the designation in an intelligence report. This was further supported by a request from a foreign competent authority to block assets linked to Hezbollah and related persons; Hezbollah's involvement in the two bombings in the 1990s in Argentina; and the group's other terrorist attacks internationally. On July 18, 2019, the President of the FIU resolved to order for the term of six months the administrative freezing of assets and/or money in accordance with article 6 in fine of Law 26734 and its regulatory law, of Hezbollah, the Hezbollah External Security Organisation, and its main leaders. In addition, the persons were registered in the RePET on the same day. The administrative freezing orders for all persons have been extended by the Federal Court of Eldorado and are currently active. No funds or assets have been frozen related to Hezbollah and relevant persons and entities.

382. While Argentina has a process by which it can evaluate and potentially list nominations by foreign countries in the RePET for administrative sanctions, Argentina reported receiving no UNSCR 1373 nominations from foreign countries during the reporting period. Argentina conducted outreach with foreign countries to share information in the context of 1373 designations, as indicated by the case in Box 4.6.

383. As noted above, prior to adding an UNSCR 1373 listing to the RePET, the FIU issues an administrative freezing order, which applies to the listed person. Based on the two cases provided to the AT (See Box 4.6 and Box 4.7), the issuance of the administrative freezing order and the RePET listing occur on the same or the following day. The administrative freezing order is sent out to all reporting entities via SRO, which orders the administrative freezing of funds or assets of identified persons and provides available identifying information for such persons. Reporting entities are required to implement the administrative freezing order within 24 hours and have done so over the review period, based on the cases provided to the assessment team. Additionally, reporting entities, as noted above, are required to check the RePET list upon customer onboarding and on an ongoing basis. The RePET distinguishes between UNSCR 1267

listings and national listings pursuant to UNSCR 1373 and the court process noted below; reporting entities are expected to know that there are active administrative freezing orders for any national listings.

384. Additionally, Argentina's TF-TFS framework allows for the unfreezing of funds for certain authorized transactions upon a request from a federal judge, as demonstrated in Box 4.6. Similar to the UNSCR 1267 context, there is no express prohibition from sending funds or assets to persons listed pursuant to UNSCR 1373 in Argentina's TF-TFS framework, and the FIU is not able to issue freezing orders related to funds or other assets of persons and entities acting on behalf of, or at the discretion of, designated persons or entities.

385. Importantly, UNSCR 1373 listings to the RePET and resulting administrative freezing orders are time limited and require judicial ratification. In practice, all listings thus far have been ratified on a biannual or annual basis, with the exception of one case in which a judge ruled that the administrative freezing order was related to a false positive, explained in box 4.4. However, the requirement to regularly ratify listings and freezing orders is not in line with FATF requirements for TF-TFS.

Box 4.6. UNSCR 1373 Listing and freezing of assets (foreign citizen)

On 17 December 2020, Argentina's FIU received a TFR from two reporting entities (Bank 1, Bank 2) indicating that it had detected among its customers foreign citizen A who, according to news reports, was subject to an international arrest warrant related to a TF case in their country of origin. The reporting entities identified that Foreign Citizen A was nationally designated by the FIU of Foreign Citizen A's country of origin. Upon receipt of the TFR, Argentina's FIU indicated in their analysis that Foreign Citizen A had received international funds transfers from a Foreign Citizen B located abroad, who had been identified as a terrorist by another foreign FIU. Foreign Citizen A had not provided adequate explanation for the transfers. Argentina's FIU assessed that the transactions carried out by the Foreign Citizen A under investigation were "suspicious" of terrorist financing, and on 21 December 2020 ordered the administrative freezing of funds or assets of Foreign Citizen A. They listed the foreign person in the RePET, pursuant to UNSCR 1373, the following day. Upon receiving the administrative freezing order, Bank 1 and Bank 2 implemented the administrative freezing order. Bank 1 holding an account for Foreign Citizen A froze the account, which held ARS 450 (approximately EUR 4 at the time of freezing) and Bank 2 froze ARS 35 096 (approximately EUR 335 at the time of freezing). Almost the entirety of funds frozen by Bank 2 were subsequently unfrozen by a court order partially lifting the administrative freezing order to support basic or extraordinary expenses in line with Argentina's TFS framework.

In January 2022, a third reporting entity later froze ARS 17 870 (approximately EUR 153 at the time of freezing) when Foreign Citizen A attempted a transaction; the third reporting entity froze the funds upon identification and reported the freezing to the FIU in a TFR within two days.

Argentina also has an ongoing TF and extradition case involving Foreign Citizen A. Argentina also shared the intelligence report developed during the investigation with all FIUs in the Egmont Group, and Argentina received related information from two countries. Argentina also shared the intelligence report with the judiciary within Argentina.

Implementation of sanctions by FIs and DNFBPs

386. In practice, reporting entities that were interviewed by the AT were familiar with their TF-TFS obligations, in particular with checking customers against the RePET at the time of onboarding. However, the sophistication of measures to comply with TF-TFS obligations varied across FIs and DNFBPs. For example, some FIs, in particular large banks or FIs operating internationally, reported using automated tools to check their customer list against the RePET as well as the sanctions list of several other countries on a daily basis or upon immediate updates to these lists. However, FIs and DNFBPs had varied interpretations about how often they were required to check the RePET list, as noted in the paragraphs above, and some DNFBPs reported checking the RePET against their customer list only upon onboarding or on a much less frequent basis. Many FIs and DNFBPs reported having policies and procedures in place to check their customer list upon receiving an administrative freezing order from the FIU related to designated persons. Some reporting entities that were not able to unilaterally freeze funds had procedures in their manuals to halt transactions upon the identification of positive RePET hits while filing a TFR for a potential freezing order. Other reporting entities' manuals only required the filing of a TFR without an explicit requirement to halt the transaction.

387. Argentina issued regulations on the TF-TFS implementation process for reporting entities in 2013 and subsequently published a guide on how to search the RePET list. However, Argentina has provided limited guidance to FIs and DNFBPs since 2013 on implementing TF-TFS, including related procedures for the frequency with which reporting entities should check customers against the RePET list and unfreezing funds upon delistings. The FIU and SOBs supervise reporting entities for compliance with TF-TFS obligations and, over the review period, supervisors issued sanctions in several cases for deficiencies in the TF-TFS controls process as noted in IO.3.

Targeted approach, outreach, and oversight of at-risk non-profit organisations

Identifying NPOs

388. Argentina has a developing understanding of its not-for-profit sector and related TF risks, which is limited by the fact that, Argentina has not clearly identified the Non-Profit Organisations (NPOs) as defined in the FATF Glossary. During the on-site discussions, neither regulators nor the not-for-profit sector stakeholders were clear about the definition of this sub-category. Most of the not-for-profit sector in Argentina is comprised of legal persons, mostly foundations and civil associations, which cumulatively account for over 90 000 entities, based on tax filings. This accounts for both not-for-profit sector participants that do and do not fall within the FATF NPO definition. As identified in the NPO risk assessment (para. 62 and 173), the country has yet to define which of the 90 000 entities are NPOs according to the FATF Glossary. Religious associations may or may not be registered as legal persons, although it is common practice for religious organisations to register as civil associations.

389. Legal persons that received donations or contributions from third parties for more than ARS 50 000 (Approximately EUR 1) or its equivalent in kind⁴⁷ were reporting entities to the FIU during much of the reporting period; this was modified in December 2023, where this threshold was changed to fourteen (14) Adjustable Minimum Living Wages or the equivalent in kind (valued at market value, which ranged from approximately EUR 2485 to 2728 while in effect). As noted below, a new law passed at the end of the on-site removed such persons from reporting

⁴⁷ In one or several transactions, performed by one or several related persons and within 30 days.

entities. The number of not-for-profit sector reporting entities grew from 1 601 and 2 208 over the reporting period. While the coverage of civil associations, foundations, and religious associations as reporting entities is narrowed by the donation or contribution requirement, the low threshold and lack of identification of additional characteristics or activities that pose TF risk resulted in an approach that was not adequately based on risk.

Identifying TF risks

390. The country's treatment of not-for profit sector participants as reporting entities until March 2024 and the lack of identification of the subset of organisations falling into the FATF definition of NPOs have limited Argentina's ability to identify specific risk indicators or typologies associated with TF risks for NPOs.

391. Since 2022, Argentina has undertaken great efforts to conduct a not-for-profit sectoral TF risk assessment (SRA), which was completed during the on-site but not fully disseminated to the public during the reporting period. The SRA was informed by several relevant public and not-for-profit sector stakeholders. On the public sector side, the risk assessment incorporated inputs from law enforcement, intelligence, the judiciary, the FIU, supervisory authorities, and the Public Registries of Commerce. Among others, authorities found that there had been no reports of convictions, investigations, TFRs, or other any suspicion or evidence that the not-for-profit sector was being abused for terrorist financing. Argentina also collected broad not-for-profit sector inputs through the issuance of surveys to all not-for-profit participants who were registered as reporting entities with the FIU as well as a group of unregistered not-for-profit sector participants. In addition to the survey, Argentina conducted consistent engagement through virtual and face-to-face meetings with ten not-for-profit participants deemed to be representative of the sector, including one network responsible for over 200 not-for-profit participants. Given that there were no cases of the sector being abused for TF, the SRA drew heavily from self-assessments by the not-for-profit sector. Notably, the overwhelming majority of respondents identified the risk of their own entity being abused for TF as very low or low, and many respondents assessed that the TF risk to the sector was low. However, one third of respondents indicated that they lacked sufficient knowledge to make a judgement on the TF risks of the entire not-for-profit sector in the country. As the SRA recognizes, this suggests that while the not-for-profit sector participants surveyed need further training on sector TF risks, most feel sufficiently empowered to assess their risk as low. A survey was also sent to the financial sector to solicit views on risks associated with the not-for-profit sector, which was incorporated into the report. Overall, the SRA identified that the TF risk level in the not-for-profit sector was low.

392. The SRA provides some information about characteristics that could expose the organisations working in the non-profit realm to potential TF risks. However, aside from identifying risks associated with the TBA, most of the information is general and not specific to the subset of organisations that are relevant for the purpose of this evaluation. For example, the risk assessment breaks down the different types of activities provided by not-for-profit participants in Argentina, but it does not indicate which activities could pose higher or lower TF risk. It does not include sufficient detail to enable the authorities, the not-for-profit sector participants, or the private sector to effectively take a focused, proportionate, and risk-based approach to mitigate TF risks identified, and especially for the subset of organisations falling into the FATF definition of NPOs.

393. Hence, over the review period, Argentina has not effectively distinguished between varying risk profiles for TF based on the different characteristics and activities conducted by organisations working in the not-for-profit realm and, as a result, has taken an overly broad approach in terms of both coverage of not-for-profit sector participants and the scope of CFT requirements placed upon them.

Mitigating TF risks

394. Regarding the scope of obligations, authorities during the reporting period had extensive oversight of many organisations working in the not-for-profit realm for purposes of countering TF abuse, without differentiation for the subset falling within the FATF definition of NPOs and for the different levels of TF risks (See R. 8). Until March 2024, out of the 90 000 entities working in the not-for-profit sector, 2 208 were considered as reporting entities with the FIU, having the same (AML and) CFT obligations as other reporting entities (FIs and DNFBPs). They were also supervised for compliance with obligations in the same manner as other reporting entities. The not-for-profit sector was evaluated in the FIU supervision matrix against other sectors to prioritise sectors for inspection, and the matrix is also used to identify which not-for-profit reporting entities would be supervised. The FIU has generally not considered not-for-profit sector-specific factors or vulnerability for TF when deciding which specific not-for-profit participants to inspect. However, in 2023, the FIU inspected every not-for-profit participant in the TBA given the identification of operations in the TBA as a vulnerability in the not-for-profit sectoral risk assessment. During the reporting period, the FIU conducted 35 inspections of NPO participants, ten of which were in the TBA. The focus on the TBA demonstrates some effort to apply a risk-based approach as not-for-profit sector participants in the TBA are at greater risk of TF abuse.

395. Compliance with AML/CFT obligations during the reporting period was challenging and burdensome, in particular requirements to collect and keep documentation on donors. This requirement applied to donors that met the thresholds, which does not seem risk-based for the majority of the reporting period because of the low amount. The inspection process, which was similar to the process for other reporting entities (e.g., FIs) supervised by the FIU, was complex and could have disrupted or discouraged legitimate NPO activities.

396. Many of the above challenges identified by sector participants were noted in the SRA and informed amendments to regulation of the sector, and Argentina has taken some action to address them. Argentina amended its AML/CFT Law to remove the status of reporting entities from organisations working in the not-for-profit realm in March 2024. Additionally, the Law established that the government should, through regulations establish adequate measures proportionate to the risks identified, which promote the transparency, integrity and public confidence in the administration and management of non-profit organisations. Relevant regulations, however, were not issued during the reporting period and no measures, other than the ones already in place and mentioned previously, had been developed. Since the Law was amended during the on-site visit it did not have any impact on effectiveness.

397. Additionally, not-for-profit sector participants must file for registration with AFIP to receive a tax identification number (CUIT) to conduct financial activity, as certain not-for-profit sector participants may also be eligible for tax exempt status with AFIP subject to provision of additional information filed on an annual basis and meeting certain requirements, including conducting financial activity through financial institutions (See R. 8.2(d)).

Outreach

398. During the process of drafting the SRA, Argentina engaged with certain not-for-profit sector participants, that the country deemed to be representative of the sector. For example, Argentina held training for ten of them including the network responsible for over 200 participants, which covered TF risks to not-for-profit sector and the not-for-profit sectoral risk assessment process. The resources from the training have been made available online for all interested stakeholders. Additionally, Argentina shared the results of the SRA with the aforementioned ten participants and encouraged them to further disseminate the SRA. Argentina also planned dissemination events to occur after the on-site visit, so the SRA has not

yet been shared, aside from the methods above, with the broader sector to deepen their understanding of TF risks. In addition to considerable engagement with the non-profit sector on TF risk to the sector during the course of the SRA, Argentina also engaged to some degree with the same not-for-profit sector participants to solicit feedback to inform the country's decision to amend its AML/CT Law and remove not-for-profit participants from the list of reporting entities in March 2024. Still, Argentina's limited engagement is not likely sufficient to raise awareness of specific TF risks in the not-for-profit sector given the size of the sector, and outreach was not focused on the organisations falling into the FATF definition of NPOs and are exposed to potential TF abuse.

399. Argentina also adopted a plan for dissemination and outreach to the donor community or reporting entities to educate them on TF risks associated with NPOs, although these activities were not scheduled to occur until after the review period. Such engagement may be necessary as challenges that not-for-profit sector participants face in using formal financial services were identified as a vulnerability in the sectoral risk assessment, which noted that not-for-profit sector participants facing such challenges may resort to operating in cash. Moreover, the SRA found that banks and financial companies assessed that not-for-profit sector participants posed higher risk than sector participants themselves assessed, and several banks reported that they systematically considered not-for-profit sector participants to pose high TF risks and require enhanced due diligence in all cases.

400. All in all, technical compliance shortcomings (See R. 8) and the approach during the reporting period limited to a major but not fundamental extent Argentina from applying focused, proportionate, and risk-based mitigation measures to only those NPOs falling under the FATF definition of NPOs based on their TF risk level. This also undermines Argentina's ability to focus resources and engagement on relevant entities within the broader not-for-profit sector.

Investigation and information gathering

401. Several authorities, including the FIU, Public Registries of Commerce and tax authorities play a role in collecting information from participants in the not-for-profit sector. If through its activities, the FIU suspects that a not-for-profit sector participant is being misused for TF purposes, it has the authority to share this information with competent authorities. However, after extensive analysis involving all relevant authorities, the SRA reported that Argentina had not identified any financial intelligence information indicating a potential case of use of not-for-profit sector participants to raise and/or mobilise funds for the financing of terrorist organizations or individual terrorists. There were no identified cases of not-for-profit sector participants being used for TF in Argentina over the review period.

402. Monitoring authorities for the not-for-profit sector can request and receive documentation from other official agencies, although there is no specific coordination mechanism focused on abuse of not-for-profit sector participants for TF and could limit coordination and information sharing. Authorities reported that there had been no instances in which information had been requested or shared on this issue, reflecting the country's assessment of low TF risk for NPOs.

403. While, the FIU, Public Registries of Commerce, or law enforcement agencies have staff trained in countering TF, experience with examining not-for-profit sector stakeholders suspected of either being exploited by, or actively supporting, terrorist activity or terrorist organisations are limited. This reflects a lack of TFRs or cases related to such activity, the former of which may be related to low TFR reporting identified in IO. 4 and IO. 6. This is partially mitigated by the provision of training on the findings of not-for-profit sectoral TF risk assessment, although the lack of experience, large number of not-for-profit participants, and lack

of identification of participants that qualify as NPOs likely affects Argentina’s ability to identify NPOs being misused for TF in practice.

Deprivation of TF assets and instrumentalities

404. Shortcomings in the effective identification, investigation, and prosecution of TF cases (See IO.9 and references to related deficiencies in IO.1, IO.4 and IO.6) affect the capacity of Argentina to take all appropriate measures to prevent the raising, movement, and use of funds for TF. However, in the absence of terrorism and terrorist financing convictions and the context of the ongoing AMIA case, the Attorney General’s office is able to list persons under terrorism or TF investigation to the RePET (as explained above) in addition to the FIU’s ability to designate persons pursuant to UNSCR 1373. This proves to be a useful tool for temporary deprivation of TF assets and instrumentalities, although with a different purpose and impact than confiscation based on a criminal conviction. While the use of this measure is not required or automatic upon issuing indictments related to terrorism and terrorist financing cases, prosecutors indicated that there is an informal policy to pursue RePET listings in such cases.

405. Argentina mainly relies on the use of national designations and administrative freezing orders to counter TF, with funds and other assets frozen for persons designated nationally and none pursuant to UNSCR 1267 designations. In practice, freezing based on TF-TFS seems to be used as a substitute for confiscation based on criminal conviction, rather than a complementary measure.

Table 4.2. Implementation of UNSCR 1267 and 1373 and assets frozen

Designations and assets frozen during the reporting period	
1 267 designations	Not confirmed
Funds or assets frozen associated with 1267 designations	0
1 373 listings	9 natural persons, 2 legal persons
Funds or assets frozen associated with 1373 designations	ARS 53 416 (EUR 493) (accounts with financial institutions) ARS 25 800 (EUR 220) (cash)
Court listings for terrorism and TF investigations	12 natural persons
Amount of funds or assets frozen in Argentina	6 real estate properties
Amount of assets frozen by foreign countries at Argentina’s request	8 real estate properties, 4 vehicles, 18 bank accounts, 3 insurance properties

406. Argentina’s UNSCR 1373 listings have resulted in the freezing of funds or assets associated with two designated persons, in the case of Box 3.3.2 in 2020, ARS 35 546 (approximately EUR 340 at the time of freezing) was frozen in two bank accounts⁴⁸; ARS 17 870 (approximately EUR 15 at the time of freezing) was subsequently frozen by a third reporting entity. In the second case, a casino froze ARS 25 800 (Approximately EUR 220 at the time of freezing) in 2022 associated with a person for which an administrative freezing order was first issued for his involvement in the BARAKAT clan (see IO. 9). The casino froze his funds when he tried to collect

⁴⁸ The administrative freezing order was partially lifted by a federal judge, resulting in ARS 35 000 being unfrozen.

a prize, and within 48 hours filed a TFR to the FIU to inform the FIU of the freeze. The original administrative freezing order was issued prior to the reporting period, and the person was listed to the RePET upon its creation in July 2019.

407. Moreover, when Argentina lists persons to the RePET pursuant to UNSCR 1373, the FIU shares the intelligence report based on TFRs or analysis of a nomination with the judiciary for consideration as a terrorism or TF case. While some cases have been pursued, there have been no convictions or confiscations related to TF, based on TFRs or otherwise. As noted above, there have been no funds or assets frozen associated with UNSCR 1267 designations.

408. As noted above, in addition to Argentina's listing of UNSCR 1267 and UNSCR 1373 names to the RePET, the court or the Attorney General's office lists persons to the RePET. This process is distinct from the process by which the FIU or other national bodies nominate UNSCR 1373 listings as it requires a court decision that formalises the accusation of such persons or formal start of an investigation on terrorism or TF. Once listed, however, the court requests that the FIU issue an administrative freezing order, although one case indicates that this may not happen without delay (several days). This is considered a larger deficiency than in the UNSCR 1373 context given the more substantial delay.

409. Once the administrative freezing order is issued, the effect on designated persons is the same for UNSCR 1373 listings and court listings. For example, court listings to the RePET, like UNSCR 1373 listings, must be judicially ratified on a regular basis. Additionally, reporting entities have the same obligations for court listings as for UNSCR 1373 listings, and the same deficiencies for implementation apply. Court listings have been pursued in two instances both for ongoing cases related to the AMIA terrorist attack in 1994: in 2019, in which Argentina listed seven persons, and in 2023, in which Argentina listed four persons. While the use of this measure is not required or automatic upon issuing indictments related to terrorism and terrorist financing cases, prosecutors indicated that there is an informal policy to pursue RePET listings in such cases.

Box 4.7. Court listing resulting in real estate freezing

Upon creation of the RePET in 2019, the Oficio de la UFI AMIA del Ministerio Público Fiscal decided to list seven persons linked to the AMIA case to the RePET; the court also sent a letter to the FIU requested an administrative freezing order, which was issued eleven days later and sent to all reporting entities. In response to the administrative freezing order, the Buenos Aires Property Registry froze five properties and the CABA Property Registry froze one property. These properties have been subject to precautionary measures since the 1990s related to the ongoing AMIA investigation process.

410. Argentina has also conducted outreach to foreign countries to request that they freeze assets of persons that have been listed to the RePET as part of a court decision. In one case, this has resulted in the freezing of considerable funds and assets by two countries as indicated in the Box below.

Box 4.8. Court Listing and Freezes Resulting from International Engagement

On 16 June 2023, the *Oficio de la UFI AMIA del Ministerio Público Fiscal* ordered the arrest of four persons who collaborated to carry out the AMIA attack. The court listed the persons to the RePET and sent an official letter to the FIU requesting the issuance of an administrative freezing order for all four persons. The FIU developed an IDI and issued an administrative freezing order within 12 hours of the decision by the court. Additionally, the FIU searched internal and external databases linked to the persons under investigation to identify potential funds or assets. Prompted by news articles about the involvement of the four persons in the AMIA attack, Paraguay shared information about funds or assets related to the persons, including regarding bank accounts, property, and corporate relationships. After the listing, and informed by the information from Paraguay, Argentina requested information from Brazil, and suggested that Brazil and Paraguay adopt similar measures as Argentina had taken. As a result of this outreach, Brazil and Paraguay, cumulatively, froze eight real estate properties, four vehicles, 18 bank accounts and three insurance properties.

411. The AT concludes that Argentina has deprived designated persons of assets and instrumentalities to some extent.

Consistency of measures with overall TF risk profile

412. Argentina has assessed its overall TF risk as medium-low, and its counter-TF efforts, including UNSCR 1373 and court listings, have been largely focused on Hezbollah, which is in line with the country's risk profile based on the NRA. Argentina has demonstrated its ability to nominate UNSCR 1373 listings and to use its TF-TFS framework as an intermediary or substitute measure to TF convictions or confiscations. The country's TFS framework has resulted in the freezing of funds or assets associated with designated persons. Moreover, Argentina has engaged with foreign partners to enable the freezing of assets of persons involved in terrorist attacks in the country.

413. Aside from listings to the RePET in line with UNSCR 1267, Argentina does not focus on terrorist groups designated pursuant to UNSCR 1267 and has not submitted any nominations to the UN. While this is largely consistent with Argentina's risk profile given the minor or non-existent presence of relevant groups in the country and the region, the activities of terrorist groups other than Hezbollah and outside of the TBA have been identified as an area for further enhancement in Argentina's risk understanding (see IO.1, IO.9). It is important for Argentina to monitor such groups as well as potential sympathizers based in the country as indicated in the NRA.

414. Deficiencies in TF-TFS implementation and shortcomings identified in IO.9 contribute to limited instrumentalities and proceeds of TF being successfully traced, seized, and confiscated or frozen. TF-TFS, while sometimes intended as an intermediary or complementary measure for prosecutions or convictions, in practice has nevertheless been a substitute for TF confiscations and convictions, which is critical given the aforementioned deficiencies.

415. Lastly, Argentina's approach to require not-for profit participants to be reporting entities during the review period is not informed by an understanding of risk and measures put in place on the not-for-profit sector are implemented indiscriminately without regard to the level of TF risk.

416. Argentina's measures to prevent terrorists, terrorist organisations and terrorist financiers from raising, moving, and using funds are partially in line with its risk profile of medium-low TF risk.

Overall conclusions on IO.10

Argentina has a legal framework to implement TF-TFS and used its domestic sanctions authority to designate several persons during the reporting period and implement TF-TFS. However, some technical deficiencies limit to a major but not a fundamental extent the effectiveness of the countries' framework, including delays in implementation of UNSCR 1267 designations and the limited scope of TFS obligations. Reporting entities are generally familiar with TF-TFS obligations and many have policies in place for freezing funds or assets. FIs and DNFBPs generally scan relevant lists to ensure that they are not doing business with designated individuals or entities and supervisors monitor TF-TFS obligations (see IO.3). Argentina's supervision of reporting entities for compliance with TF-TFS obligations is demonstrated by several cases in which reporting entities have been sanctioned for failing to comply with their TFS obligations. There have been instances in which reporting entities identified false positive transactions only after the fact.

Argentina published its first not-for-profit Sectoral Risk Assessment (SRA) in 2023, which identified TF risk to the NPO sector as low, and included "strengthening the measures to protect NPOs from being misused for TF" as one of the ten AML/CFT/CPF objectives of the National Strategy. Argentina has not clearly identified the sub-set of NPOs that meet the FATF definition, although the country's risk assessment identified some activities in the not-for-profit sector that posed TF risk, which informed some efforts like FIU inspections of sector participants in the TBA. Argentina has engaged to some degree with the not-for-profit sector to inform its reforms to the NPO sector, which removed NPOs from the list of reporting entities in March 2024, and considerably to inform its NPO risk assessment. Still, the broad approach to the sector taken during the reporting period limits the authorities' ability to take a focused, proportionate, and risk-based approach to NPOs in line with the FATF risk-based approach.

Argentina's CT and CFT efforts focus on Hezbollah, in line with the NRA, and the country mainly relies on the use of national designations and administrative freezing orders to counter TF. Some funds and assets have been frozen for persons designated nationally, and Argentina's requests have resulted in freezes by foreign countries. No funds or assets have been frozen pursuant to UNSCR 1267 designations. Argentina has overall deprived designated persons of assets and instrumentalities related to TF activities, but the aforementioned deficiencies in the country's TF-TFS framework and in IO.9 contribute to limited instrumentalities and proceeds of TF being successfully traced, seized, and confiscated or frozen. These measures are only partially in line with Argentina's TF risk level of medium-low (see IO.1 and IO.9).

Argentina is rated as having a moderate level of effectiveness for IO.10.

Immediate Outcome 11 (PF financial sanctions)⁴⁹***Implementation of targeted financial sanctions related to proliferation financing without delay***

417. During the review period, Argentina did not implement TFS for PF (PF-TFS). Argentina lacked measures to implement UNSCRs relating to the prevention, suppression, and disruption of PF, including an authority responsible for implementing and enforcing PF-TFS and requirements for persons in Argentina to implement PF-TFS. Argentina passed an amendment to its AML/CFT Law during the on-site visit, which empowers the FIU to order, without delay, the freezing of property and other assets associated with listed persons and place some obligations on reporting entities with regards to identifying and reporting PF-related activity (See R.7). Due to the recency of these laws, the AT was not able to assess the updated Law for effectiveness.

418. Despite the lack of measures to implement PF-TFS during the reporting period, Argentina publicly communicates UNSCR designations through the Ministry of Foreign Affairs and Worship website and the Official Gazette. Although not directly assessed for the purpose of this Mutual Evaluation, Argentina issued a PF Risk Assessment in 2022 that is publicly available⁵⁰. For information, the PF Risk Assessment found that the PF risk in Argentina is medium-low and identified several vulnerabilities, including the lack of PF-TFS framework; insufficient knowledge of PF risks by the public and private sectors; challenges in identifying beneficial ownership of legal persons; and a lack of comprehensive regulation of VASPs.

419. Argentina implements export controls on military, sensitive and dual-use technology to ensure that transfers of controlled items on international lists do not contribute to the development of WMD and are not diverted to support such capabilities.

420. Argentina reported no applications for exports of military, sensitive, or dual-use goods to DPRK since 2020 and that no military, sensitive, or dual use goods have been exported to DPRK in the last 20 years. Argentina does not have a diplomatic relationship with DPRK. DPRK is neither among the main origin nor destinations for Argentina's imports and exports and has only a small population of North Koreans living in Argentina as noted in Chapter 1.

Identification of assets and funds held by designated persons/entities and prohibitions

421. No assets or funds associated with persons or entities designated pursuant to UNSCRs on PF have been identified or frozen in Argentina. During the reporting period, reporting entities or other persons in Argentina did not have an obligation to identify, report or freeze funds or assets associated with such persons.

FIs, DNFBPs and VASPs' understanding of and compliance with obligations

422. Persons in Argentina, including FIs and DNFBPs, did not have obligations to implement PF-TFS during the reporting period. Argentina's 2022 PF Risk Assessment identified insufficient knowledge by the private sector of PF risks as a vulnerability. While the PF Risk Assessment provides some information to improve this understanding in the absence of obligations related

⁴⁹ On 18 October 2023, the TFS elements of UNSCR 2231 expired. Therefore, assessors did not assess the implementation of UNSCR 2231.

⁵⁰ The assessment team did not take into account Argentina's PF risks understanding in the conclusions, weighting, or rating of IO.11 since recent changes to the FATF Standards related to risk of PF sanctions evasion will not be assessed until FATF's 5th round of Mutual Evaluations.

to PF-TFS for reporting entities, Argentina as of the end reporting period had not published guidance for FIs, DNFBPs, VASPs or other persons that may be holding funds or other assets associated with persons designated pursuant to DPRK-related UNSCRs.

423. However, some FIs, in particular banks that are part of international groups, indicated that they complied with UNSCRs related to PF due to requirements related to their operations in other jurisdictions with relevant TFS frameworks.

Competent authorities ensuring and monitoring compliance

424. During the reporting period, there was no competent authority responsible for monitoring compliance with any PF-TFS, and FIs, DNFBPs and VASPs were not required to comply with obligations regarding PTF-TFS. Accordingly, the authorities were unable to demonstrate effective monitoring and compliance by FIs, DNFBPs and VASPs with PF-TFS obligations. The findings from Argentina's PF Risk Assessment and engagements during the on-site identified the need to build public and private sector expertise for PF-TFS. While the AT was not able to assess the following updates for effectiveness, during the on-site visit, the FIU was given remit over PF, and some obligations were placed on FIs, DNFBPs and VASPs related to identifying and mitigating PF activity (See R.7).

Overall conclusions on IO.11

Argentina during the reporting period did not implement TFS concerning the UNSCRs relating to combating PF. FIs, DNFBPs and VASPs and other persons and entities lacked requirements to comply with obligations regarding targeted financial sanctions relating to the financing of proliferation. In turn, no funds or other assets of designated persons and entities (and those acting on their behalf or at their direction) have been identified. These deficiencies compromised Argentina's ability to identify, deprive of resources and prevent persons and entities designated by the UNSCRs on WMD from raising, moving, and using funds or other assets for the financing of proliferation. While Argentina has addressed some of these shortcomings through amendments to the AML Law (see R.7), the amendments were passed during the on-site and the AT was not able to assess them for effectiveness.

Argentina is rated as having a low level of effectiveness for IO.11.

Chapter 5. PREVENTIVE MEASURES

Key Findings and Recommended Actions

Key Findings

- a) Argentina has made a significant effort to update its AML/CFT Law and several of its regulations and to raise its level of compliance with the FATF Standards. However, quite a few of these updated and new resolutions were issued very recently and had no impact on effectiveness during the reporting period. In addition, some reporting entities, especially among small DNFBPs, are already experiencing challenges in implementation due to the lack of resources.
- b) The application of risk-based mitigating measures is still uneven throughout the Argentinean obligated entities, which is to be expected in such a diverse and extensive market. Although some sectors present a more robust risk-based approach to compliance, especially related to ML, there is still room for improvement particularly related to TF monitoring and reporting.
- c) Banks, insurance companies, remittance, and complementary financial services companies such as PSPs show greater robustness in the application of preventive measures, especially in terms of due diligence measures, BO identification and ongoing monitoring. For the rest of the sectors, the preventive measures applied are still uneven and, in some cases, more focused on pure compliance without appropriately applying a risk-based approach.
- d) Most DNFBPs, as the issuance of regulating resolutions is very recent, do not fully implement adequate risk management and are still developing their internal manuals and their risk matrix. Although DNFBPs demonstrate some awareness of general risks, there is still a greater focus on rote compliance. VASPs and lawyers were only incorporated as reporting entities during the on-site visit in March 2024.
- e) Regarding the reporting of suspicious transactions, all reporting entities in general have a good understanding of its usefulness and received adequate feedback. Notwithstanding, there are still some important challenges regarding the quantity and quality of the reports in many relevant sectors, notably in relation to heavy concentration of reporting, delays of submission and quality of the information provided.
- f) The general understanding of TF has some room for improvement, even considering Argentina's medium-lower risk profile, as identified by the NRA. Aside from list-checking, not many measures for detecting and eventually reporting TF-related suspicious activity have been presented, not even by those sectors with stronger AML/CFT controls such as banks.

Recommended Actions

- a) Authorities must strengthen the RBA understanding among all obligated sectors, with a special focus on the newly regulated or required sectors (e.g., VASPs and lawyers are new reporting entities; accountants were not required to conduct a risk assessment until the on-site visit). Authorities should keep monitoring and provide feedback on how those sectors are applying preventive measures with an RBA.
- b) Relevant authorities need to better support the private sector to enhance its understanding of TF and TF-related risks.
- c) Authorities need to address the issues in quantity and quality of STRs, in particular, for DNFBPs. The FIU along with the relevant supervisors should continue the STR quality feedback and training activities, providing guidance and red flags, ensuring that reporting entities understand and apply their STR obligations in a timely manner.
- d) Develop more ML/TF typologies, red flags as well as more structured indicators, and disseminate them to FIs, VASPs and DNFBPs accordingly.
- e) Engage DNFBPs (with greater emphasis on real estate, as well as on lawyers and notaries given their roles as gatekeepers of the system) to raise their awareness of AML/CFT obligations and ML/TF risks faced by their sectors.
- f) PSPs need to reinforce their controls, particularly those related to the use of third parties as agents and other partnerships: the rapid expansion of the sector has increased the country's exposure to risk.

425. The relevant Immediate Outcome considered and assessed in this chapter is IO.4. The Recommendations relevant for the assessment of effectiveness under this section are R.9-23, and elements of R.1, 6, 15 and 29.

426. The findings of this Immediate Outcome are based on interviews with a range of private sector representatives, findings from enforcement actions and input from all supervisors, as well as information from other Argentinean authorities (Including the NRA) and Manuals, processes and procedures provided by the private sector. Interviews included a representative sample of each sector, varying sizes and market coverage and included entities both from the Capital City of Buenos Aires and the provinces.

Immediate Outcome 4 (Preventive Measures)

427. For the reasons of their relative materiality and risk in the Argentinian context, both the positive aspects and any implementation issues were weighted most heavily for banks, foreign exchange, VASPs and securities; heavily for other important sectors such as PSPs, Non-banking Credit and Saving entities, notaries, lawyers, accountants and real estate brokers; moderately heavy for the mutual associations and cooperatives, money remitters (MVTs), trust services providers, non-financial fiduciaries and casinos. Finally, less heavily for lower materiality/risk sectors such as insurance companies and DPMS. This is explained in Chapter 1 (under structural elements). Overall, the assessors concluded that:

428.

- a) Most heavily weighted: large banks and securities are implementing preventive measures effectively and engaging proactively with authorities. Some smaller banks demonstrated that they are also implementing preventive measures commensurate with their risks. There was no implementation of preventive measures by the VASP sector up until the time of the on-site when they became a reporting entity. VASPs are identified as an emerging risk and there is evidence that suggest they have been used in ML schemes as recognised by Argentina's NRA and supported by cases (see IO.6 and IO.7).
- b) Heavily weighted: PSPs, notaries, real estate brokers, lawyers and accountants, considering size, materiality and use of cash in transactions. In the case of real estate and lawyers the understanding of their obligations and their risk is not mature enough. The real estate sector has been used in almost half of the ML-cases resulting in a conviction (See IO.7). Regarding the exchange market sector, besides the formally regulated sector, which is doing important efforts in complying with obligations, there is extensive informality and individuals or companies offering exchange services without any registration or license, and which are not subject to or complying with AML/CTF obligations. This problem is further discussed in Chapter 1 and IO.3.
- c) Medium weight: mutual associations and cooperatives, money remitters (MVTs), trust services providers (non-financial fiduciaries) and casinos. Mutual associations and cooperatives are implementing AML/CFT obligations effectively. The MVTs, and casinos are implementing preventive measures adequately although in all cases the understanding of TF risk is relatively low, even when it aligns with the TF risk identified by the country.
- d) Low weight: Dealers on precious metals and stones have a good understanding of their risks and are applying sufficient mitigation measures. In the current context of Argentina with high inflation and a lack of trust on the financial system for investing, this sector could be an emerging risk but there is no evidence to suggest that broad scale ML/TF is occurring through this relatively small sector.

Understanding of ML/TF risks and AML/CFT obligations

FIs and VASPs

429. FIs have a good understanding of their ML risks overall and an uneven TF risk understanding with a focus on geographic risk and designated persons. Their understanding is consistent with Argentina's NRAs. FIs understand well their obligations and meetings with FI representatives did not reveal serious concerns about the implementation of the preventive measures in force at the time of the interviews. Some of them provided examples of good practices, particularly in the larger and more experienced sectors.

430. However, given the large number of supervised entities and the wide diversity of the sectors, these examples were not necessarily representative of implementation across the financial sectors as a whole. Indeed, some inconsistency on the implementation of preventive measures was confirmed during discussions with the private sector representatives and the supervisors. This can be traced back to a focus on compliance derived from some regulations in force until recently, when they were updated to follow a risk-based approach.

431. All FIs met during the on-site visit were consulted by the relevant authorities through a survey and were aware of the NRA results. The subsequent outreach performed by the supervisors and the FIU effectively homogenized risk understanding among entities. However,

in some cases, the knowledge of the risks did not include the detail of ML schemes and specific ways their sector can be or is misused for money laundering.

432. Some FIs, including bigger banks, which are identified as higher risk institutions, some MVTs, securities and insurance companies have a more sophisticated understanding of their risks and risk indicators such as informal market, cash transactions, foreign customers, investment products and services, international remittances' practices in terms of frequency, amounts, business relationships, delivery channels, as well as geographical factors. The foreign exchange entities demonstrated awareness of their risk and context – geographical, client or product based, however in some cases the sector seems more focused on complying with the exchange policies and limitations set by the BCRA rather than or before understanding the possible ML risk of the transactions independently.

433. As mentioned in Chapter 1, Payment Service Providers (PSPs) play a major role in the Argentinian financial system and in the daily transactions of the population in Argentina. Thus, considering the high materiality of the sector, overall, PSPs have a comprehensive understanding of their ML/TF risks and are aware of their AML/CFT obligations, having reviewed their self-assessment and general risk assessment.

434. Overall, the level and understanding of ML/TF risks and AML/CFT obligations varies across sectors and depends on the type of transactions, products, services, as well as the profile of the clients they are operating with. Although FIs in general, have a reasonable understanding of their ML risks, TF risks understanding is still developing. While reporting entities were generally familiar with TF-TFS obligations, many reporting entities lacked other measures in place to identify and mitigate activity that could be otherwise related to TF, reflecting the focus of supervisors and the lack of risk indicators provided by authorities (see IO.1, IO.9). As a result, there is a general imbalance between ML and TF risk understanding.

435. VASPs were made reporting entities at the end of the on-site visit. While some VASPs were already reporting entities based on non-VA services they offer, non-reporting entity VASPs were not consulted in the NRAs. Nevertheless, the representatives of the sector were aware of the main ML/TF risks identified by the NRA and were familiar with some measures that could, to some extent, mitigate the risk of misuse for ML, and to a lesser extent TF.

DNFBPs

436. Overall, DNFBPs understand the main ML/TF risks in line with Argentina's NRAs. However, the understanding of sector-specific ML/TF risks within the respective sectors is uneven, and at times limited. There is further fragmentation among DNFBP sectors in understanding AML/CFT obligations. While casinos and dealers on precious metals and stones show deeper understanding of their ML risk and their AML/CTF obligations. In contrast, real estate companies and agents as well as notaries and accountants have a less mature understanding of their ML and TF risk, which is limited to NRA content and some information provided by supervisors, rather than a more solid approach considering their own transactions, client profile or geographical areas of operations and services provided. The understanding on TF risk across the DNFBP sector is at a nascent stage, and DNFBPs are not properly aware of the operational vulnerabilities within their relevant sector for TF.

437. Lawyers were made reporting entities at the end of the on-site visit in March 2024. In this sense, due to their recent involvement in the Argentine AML/CFT system, the understanding of the role of the lawyer as gatekeepers in the preventive system is still incipient.

438. In general, most DNFBPs do not have a deep understanding of ML/TF risks in Argentina particularly regarding the relationship between predicate offences and ML and how the

proceeds of crimes enter the financial system, or the real economy other than via cash transactions and exchange operations.

Application of risk mitigating measures

FIs and VASPs

439. Overall, the application of AML/CFT measures is adequate, although there is a greater focus on compliance with AML/CFT measures, without enough attention to risk.

440. The larger banks and the security market have more solid controls than other FIs sectors with less materiality, applying mitigating measures in line with their risk profile. Other FIs still apply mitigation measures uniformly without adequately tailoring in accordance with their risks. This is the case for mutual associations and cooperatives and credit; capitalisation and savings; debit and prepaid credit card, traveller check issuers. In general, these FIs are driven by a mere compliance approach and refer to standard categories of risks pointed out by the supervisor (mainly based on the conclusions of the NRA), even if those risks are not relevant to their own business. In addition, some FIs, VASPs and DNFBPs rely on the banking system as a mitigator for their risks, which presents a different set of issues but serves as an example of the level of reliance on the banks' mitigating measures.

441. The insurance sector applies adequate mitigating measures, in line with their risk profile, with a risk-based approach being applied to different products, geographical factors and customer profiles.

442. Remittance services apply solid mitigating measures, with automated detection systems and review by compliance officers. Due to their higher risk profile, particularly related to TF, they undertake several monitoring activities (which include, but are not limited to, list-checking) and regularly update their risk matrices to keep up with changing threats.

443. PSPs apply good mitigating measures in general, with monitoring and controls geared towards detection of suspicious transactions and certain typologies, as well as cash transactions caps and geographical monitoring of POS machines.

444. The recent inclusion of VASPs as obligated entities also impacts the overall assessment of the mitigating measures. VASPs were already familiar with and applied some mitigating measures voluntarily, such as not accepting customers that were not residents of Argentina or using blockchain analytics to meet requirements of FIs with which they require relationships for operations, including bank account access. However, this measure is not legally required, therefore the assessment team was not able to verify that all VASP in Argentina applied it.

DNFBPs

445. DNFBPs, overall apply standard mitigation measures to most of their customers, however not all measures are commensurate with their risks. Physical and online casinos, and to some extent notaries, classify their customers in risk categories, and identify high-risk customers or transactions based on the NRA results. In the case of casinos, some casinos reported implementing self-imposed measures or measures to meet provincial requirements such as not issuing vouchers requiring clients to collect prizes in cash at the moment upon departure from the facility, not hosting ATMs at the premises, and some restrictions for PEPs. While these measures can have a positive impact on compliance with AML/CFT obligations, these measures are not required by all casinos and are not legally enforceable measures.

446. Notaries and accountants mostly apply simple mitigating measures, enough to comply with the now outdated regulations. As with other segments of the DNFBP sector, cash

transactions and BO identification are the main drivers behind their mitigating measures, with little to no actions geared towards specific risks associated with their activity.

447. The rest of the DNFBPs, (DPMS, real estate, and TSP including “*fideicomisos*”) apply mitigating measures mostly focused on compliance with regulations. Lawyers were not a reporting entity until the end of the on-site visit and did not apply AML/CFT preventive or mitigating measures. This can lead to some extent, to a lack of flexibility to deal with the different risks to which they are exposed to, and an insufficient application of a risk-based approach. The recently updated or, in the case of lawyers, new regulations address these issues at a technical level; however, the assessment team could not assess the effectiveness of these new obligations. Given the recent regulation and the relatively low understanding by lawyers of their ML/TF risks and its new role as gatekeeper, the AT could not assess the application of mitigating measures in relation to ML/TF risks. All of these sectors would still benefit from a risk-based approach, especially to tackle TF risks and different ML and TF typologies.

Application of CDD and record-keeping requirements

FIs and VASPs

448. FIs apply CDD and record-keeping measures in compliance with regulations and mostly in line with their risks. Larger entities present a more robust system of controls and compliance, but all institutions are very invested in performing good CDD particularly during the onboarding of clients. This is one issue where the RBA is most broadly applied in the financial sector, albeit with some instances of de-risking, such as when dealing with VASPs, cooperatives and mutual associations.

449. Banks, insurance companies, security brokers and remittance services present the most solid CDD procedures and controls, with several layers and risk profiles. Reporting entities overall identified dealing with cash, exchange currency and the verification of the beneficial ownership and the sources of funds and wealth as main concerns. BO information on legal persons is usually verified during CDD in most segments of the financial sector specially at the time of onboarding. However, some smaller entities or institutions with less materiality, did not always apply monitoring and verification of information during the commercial relationship in line with the risk profile. Thus, there are still some challenges to apply CDD measures, such as comprehensive BO identification and verification as well as to perform ongoing CDD. Banks, security brokers and remittance companies perform record keeping as set by their relevant regulations.

450. PSPs apply a range of CDD measures not only when onboarding their customers but also when performing ongoing CDD reviews of their client database and verifying information. PSPs operate in partnership with several entities that may or may not fall under AML/CFT regulation. This can create a gap in CDD since PSPs may rely on these partners, especially for end client CDD when the partners receive cash deposits in person from clients. Although the larger PSPs provide some guidance to their partners on how to conduct CDD, it is not yet possible to assess the quality of their procedures.

451. Foreign exchange companies operate in a very limited capacity, with low caps for transactions and several restrictions. While some apply CDD measures, smaller exchange houses only perform simple or no CDD and are more focused on the client purchase rather than sale of foreign currency. Therefore, mitigating measures applied are not proportionate to the risks identified in the NRA that expose the sector to ML/TF misuse, such as the high flow of cash the informality within the sector and the high rate of informal economy.

452. Cooperatives and mutual associations apply a comprehensive level of CDD and record-keeping measures, which are performed in line with their risk profile. When dealing with legal persons, on-site visits to the customer are a standard part of CDD as well as checking for the BO.

453. Although the VASP sector became regulated during the on-site visit, after the interviews and information shared by them and by Argentina, the assessment team concludes that some of them have already been applying some CDD measures voluntarily. VASPs noted paying special attention to digital onboarding: face recognition and governmental database checks are part of the standard CDD process for VASPs. Moreover, as mentioned above, through the self-imposed rule to partner with a bank to operate, VASPs seek to ensure that customers' information is accessible through the bank partner. When applicable, VASPs also implemented group-wide policies.

454. Overall, when FIs and VASPs are not capable of conducting CDD, they do not enter into the business relationship, do not conduct transactions, or terminate the business relationship; FIs, also evaluate the possibility of filing an STR in relation to that user or customer.

455. FIs save and keep records of all their customers' transactions, as well as information derived from the application of their AML/CFT policies and procedures for a minimum period of 10 years.

DNFBPs

456. The implementation of mitigating measures by DNFBPs pursuant to the regulation in force varies among each DNFBP. Although there are reports of DNFBPs refusing businesses in case of incomplete CDD, there is not enough information to determine whether this is a regular practice throughout the sector.

457. Casinos, due to their higher risk profile, apply solid CDD measures, for both online and physical operations. Aside from identifying customers when they start the business relationship, casinos differentiate risk profiles and apply measures accordingly. In some cases, they deny business outright. In the case of online gambling, players must be Argentinian nationals or residents with a valid DNI (Argentina's official identity document) and must fill out a form that is validated against the national registry. Casinos conduct checks against the TF-TFS list this stage, and in case of positive match, business relationship is immediately denied and a TFR is sent to the FIU; some online casinos reported conducting TF-TFS checks each time a user logged into their account.

458. Non-financial trust providers ("*fideicomisos*") apply CDD measures and create profiles for every customer. BO identification is done through ownership (10%), and all customers must have a tax identification number, both natural and legal persons. Other checks, such as TF-TFS lists, PEPs and open-source verification are also done. More information can be requested until the institution is satisfied. If information is denied or not provided for any reason, the transaction does not go through.

459. Other DNFBPs apply CDD measures to a varying extent, always with a focus on compliance. Real estate agencies run background checks and verify financial statements during their CDD measures. Some DNFBPs (real estate, notaries, lawyers, and accountants) acknowledge that they rely on the due diligence conducted by FIs when relevant (e.g., a payment has involved banks). This approach may limit the comprehensive understanding of the inherent ML/TF risks of their own sectors.

460. Finally, it was not possible to verify that some recently regulated sectors, such as lawyers and corporate service providers applied these measures because they were not obligated entities prior to the on-site visit. Furthermore, under the new amendments to the AML/CFT Law,

lawyers, accountants and notaries are not obligated entities below a certain threshold (see R.22), which may lead to gaps in supervision coverage and outreach activities by the authorities to better understand the ML/TF risks, as well as keeping a potentially large segment of gatekeeping activities non-compliant with FATF Standards without a risk analysis that support the exemption to perform CDD and record keeping.

Application of EDD measures

461. Most FIs appear to apply proper EDD measures to higher risk customers, such as foreigners/non-residents, and usually limit their enhanced measures to the verification of the identity with the ID with photograph, a sworn statement on their condition as a PEP and to PEP list screening. Smaller entities such as DNFBPs that do not have access to list services, rely more on the sworn statement or the measures taken by other entities. Since, for some smaller FIs, there are deficiencies in applying ongoing CDD, the extent to which they can and do apply EDD to clients that changed their risk profile or changed their transactional behaviour during the business relationship is unclear. VASPs have just been regulated as AML/CTF obligated entities so the EDD measures applied before were not possible to confirm and assess.

FIs and VASPs

Politically Exposed Persons (PEPs)

462. Argentinean reporting entities, in compliance with regulations in force, require customers to provide a sworn statement (*affidavits*) on their condition as a PEP. Notwithstanding voluntary disclosure, entities check appropriate lists on a regular basis, and known PEPs are subject to EDD both in the financial and DNFBP sectors. The FIU's report on STR quality from 2020 to 2022 shows that some STRs failed to indicate the PEP status of the reported person, but the report does not distinguish whether this is due to failure to disclose such status by the customer, or to a deficient analysis by the reporting entity. The report indicates similar deficiencies when reporting entities fail to include information on PEP status of natural persons or of agents/representatives of legal persons involved in suspicious transactions in STRs.

463. The report also highlighted cases in which reporting entities submitted an STR to the FIU solely because the customer had PEP status instead of conducting an EDD process as required by the regulations.

Correspondent banking

464. Although Argentina currently has several restrictions for foreign exchange transactions in place, entities are still able to operate with correspondent banks. FIs assess the establishment of a new relationship and the reliability of the respondent banks. Correspondent banking activity is limited to the major and medium size FIs, while smaller FIs rely on the larger banks to offer this service.

New technologies

465. Many FIs are using new technologies, a trend which increased during the COVID-19 pandemic, particularly for digital onboarding. FIs subject new technologies to several layers of testing and approval in terms of suitability and safety. Usually, the use of new technologies must be approved by senior management before being rolled out to the public. The use of new technologies is widespread among the biggest FIs, including banks and PSPs. Some PSPs reported attempts to breach the digital security systems using several schemes such as identity theft and synthetic identities. Some PSPs implemented measures to prevent this and conducted an assessment of the potential ML/TF risks in relation to new products or services;

466. Although not covered entities at the time of the on-site, VASPs implemented a self-imposed obligation to partner with a bank to operate in the country, which accounts as the main mitigating measure applied. However, the AT was not able to verify the actual impact that the self-imposed obligation had since VASPs were not supervised.

Wire transfer rules

467. Cross-border wire transfers are very restricted in the country, and reporting entities can transfer at a maximum, small amounts abroad due to tight controls by the authorities. While transfers into the country from abroad are allowed, they are not very common since the exchange limitations and commissions are not attractive. However, Argentina reported making exceptions for foreign trade operators and some transactions with securities. In these cases, FIs involved apply EDD if the transaction is considered as high risk.

Targeted financial sanctions

468. FIs have a general awareness of their TF-TFS obligations, with different levels of readiness for effectively applying TF-related sanctions. List-checking is a common practice in the country upon onboarding, even among most DNFBPs. In this sense, most reporting entities check at least the UN lists and/or the RePET when starting a relationship with the customer reporting entities varied in ongoing measures to check customer names and beneficiaries against the RePET (see IO 10). Many reporting entities had policies in place for freezing funds or assets, if applicable, or in response to administrative freezing orders issued by the FIU.

Higher-risk countries

469. FIs in general have demonstrated that they apply EDD measures when faced with transactions involving, or customers related to, high risk jurisdictions. Moreover, some have their own “expanded” lists, which besides the FATF lists, and national RePET list, include other countries that have been deemed high risk by the institution. DNFBPs, on the other hand, have an uneven level of knowledge about the topic. Some, such as casinos, have shown a good knowledge about high-risk jurisdictions, but most have demonstrated little to no knowledge on the topic.

DNFBPs

470. Overall, DNFBPs apply some additional CDD measures if customers are PEPs. New technologies appear not to be a concern for the broader DNFBP industries as the nature of their products, engagements with clients and payment methods seems to remain unaffected, except for the physical and online casinos sector. Real estate agencies and brokers do not conduct CDD and the enhanced measures accordingly and mostly rely on other stakeholders such as banks and notaries. Finally, the AT was not able to verify that the recently regulated sectors (Lawyers and corporate service providers) applied these measures because they were not obligated prior to the on-site visit. Furthermore, under the new amendments to the AML/CFT Law, lawyers, accountants and notaries are not obligated until they meet the thresholds referred to in the analysis of Recommendation 22.

Reporting obligations and tipping off

FIs and VASPs

471. FIs generally file STRs to the FIU when detecting suspicious or potentially suspicious activities (see IO.6). The timeframe for filing an STR by an FI once an alert is detected in a

transaction tended to be long due to the regulation in force until the last week of the on-site visit. During the reporting period, the regulations required FIs to determine if a transaction is suspicious within 150 days of detecting an alert and to file the STR no longer than 15 days after determining ML suspicion and within 48 hours for TF suspicion. The amendments now require filing STRs without delay/within 24 hours of detection of suspicion (see R.20 and R.23). The important delays in submitting STRs during the period under review did not contribute to improved STR quality. The AT is of the view that the current 90-day timeframe to determine the suspicious once the alert is detected, is not adequate in addressing this issue and could give reporting entities the wrong signal, while in practice not leading to improving the STR quality.

5

472. The overall number of STRs filed per year has been increasing and was at an average of 66 000 STR annually in the last five years (2019-2024). FIs account for 98% of all STRs. In this sense, 66% of the total STRs filed by the FIs were submitted by banks with 10 banks filing 80% of those STRs. Recently regulated VASPs did not file STRs, since they were not obligated to do so until during the on-site visit.

473. From the total amount of STRs filed by FIs, around 15% corresponds to PSPs, and almost all of those (85%) were sent by one institution. Furthermore, approximately 9% were sent by remittance companies, the majority of which were submitted by a single institution. In both sectors, which are highly material in Argentina, a handful of players concentrate on STR reporting. This concentration of reporting is only partly explained by their market share.

474. Securities, which are weighted by the AT most heavily due to materiality (see Chapter 1), submit a low share of STRs (about 2,5%).

475. Other FIs, which represent less materiality, submit fewer STRs. Most of the reports are filed on basic indicators, mainly regarding changes in transaction profiles, presence of high-risk countries or matches against TF-TFS or foreign sanctions lists, or changes of the economic profiles based on information regarding the person's tax situation. The reliance on basic indicators has led, according to the FIU's STR analysis, to a significant amount of low quality STRs. Data available suggests that FIs do not consider enough sophisticated red flag indicators. Additionally, the AT considers that FIs would benefit from a deeper risk understanding at an operational level to better identify and analyse suspicious activities, on an ongoing basis.

476. Most FIs know well and understand their reporting obligations, with widespread compliance with current regulations. Furthermore, the FIU and the relevant supervisors work together with the reporting entities to increase their STR filing obligations. To this end, the FIU shared their STR quality report with reporting entities in several trainings. However, STRs are still very concentrated in a few sectors – and a few entities in those sectors. As previously mentioned, FIs lead the number of STRs by a large margin, and regularly file STRs to the FIU.

477. FIs have reported a low number of TFRs. Although this number could be justified by the country's medium-low TF risk, the AT found there is a general misunderstanding about TF risk in Argentina that could also be causing the low number of TFRs. Reporting entities associate TF primarily with TFS, as TF efforts by reporting entities comprise largely of TF-TFS checks and reporting entities lack other indicators to identify customers or transactions involved in suspicious activity that could be related to TF. This compromises the system's capacity to detect TF-related transactions or activities. In addition, ML-related STRs also tended to involve relatively basic red flags, which could be the result of a still emerging TF risk understanding in various sectors. There is therefore a need to better educate FIs and DNFBPs on their potential exposure to TF and provide them with additional red flag indicators and typologies to detect and disrupt TF schemes (see IO.6).

DNFBPs

478. DNFBPs report 2% of STRs received by the FIU. While casinos and notaries have been filing STRs to some extent, real estate agencies and brokers, accountants and DPMS are filing very few to no STRs. Within these sectors, STRs are concentrated in very few reporting entities. Overall, the STR quality is low as STRs are mainly focused on failure to submit documentation or data by the client or based on news reports related to the client but without any suspicious activity. In some cases, essential information was lacking in the report. Likewise, the recently regulated sectors (lawyers and corporate service providers) did not file STRs since they were not obligated to do so prior to the on-site visit. Furthermore, under the new amendments to the AML/CFT Law, lawyers, accountants and notaries are not obligated until they meet the thresholds, that could hinder the full ability of the professionals to file STRs as required by the standard and referred to in the analysis of R.23.

Table 5.1. STRs and TFRs per sector of Reporting Entity

STRs PER TYPE OF REPORTING ENTITY						
Reporting Entity	2019	2020	2021	2022	2023	31/03/2024
Financial and foreign exchange entities	11422	28906	33542	28708	49946	13192
Capital market	188	736	1327	1916	3358	1590
Insurance sector	838	380	301	169	218	77
Companies which issue traveler's cheques, or which operate credit or purchase cards	223	2543	10268	11693	16859	5221
Armoured transportation service providers	4	1	0	0	1	0
Postal services providers offering postal money order services	6	27	13	4	1	0
Remitters of funds	2802	2830	5994	4177	4855	611
Capitalisation and savings companies	1075	1281	5084	6599	2648	691
Mutual and cooperative associations	1227	1118	1331	1476	1475	443
Financial institutions	17.785	37.822	57.860	54.742	79.361	21.825
Gambling sector (casinos)	313	148	264	345	257	33
Purchase and sale of works of art, antiquities, philately, numismatics, jewels, or goods made with precious stones or metals	1	0	0	0	1	0
Notaries public	34	34	195	113	147	13
Licensed professionals whose activities are regulated by the professional councils of economic sciences	4	9	11	0	5	0
Real estate agents or brokers	11	1	10	19	16	2
DNFBPs	363	192	480	477	426	48
TFRs PER TYPE OF REPORTING ENTITY						
Reporting Entity	2019	2020	2021	2022	2023	31/03/2024
Financial and foreign exchange entities	3	4	3	0	0	0
Insurance sector	3	0	0	0	0	0

Capital market	0	0	0	0	0	0
Companies which issue traveler's cheques, or which operate credit or purchase cards	0	0	5	2	0	2
Postal services providers offering postal money order services	0	1	0	0	0	0
Remitters of funds	2	0	2	0	0	0
Capitalisation and savings companies	1	0	0	0	0	0
Mutual and cooperative associations	1	0	1	0	0	0
Financial Institutions	10	5	11	2	0	2
Gambling sector (casinos)	0	0	1	1	1	0
Real estate agents or brokers	0	0	3	0	1	0
Notaries public	0	0	0	0	0	0
Licensed professionals whose activities are regulated by the professional councils of economic sciences	0	0	0	0	0	0
Purchase and sale of works of art, antiquities, philately, numismatics, jewels, or goods made with precious stones or metals	0	0	0	0	0	0
DNFBPs	0	0	4	1	2	0

Internal controls and legal/regulatory requirements impending implementation.

479. FIs, in general, have solid internal control and compliance structures, with variations depending on the size and the level of maturity of the sector or specific entity. The smallest ones have at least one compliance officer or someone with a similar function, even if not dedicated exclusively to that. Based on the information provided, there is a positive trend towards stronger internal controls in large banks. Some have developed training and self-assessment programs and manuals, which include general ML/TF concepts, compliance and risk management components, red flags, and alerts. Other FIs have less developed internal controls and resources to apply them comprehensively, and sanctions levied against FIs demonstrate that there are still some challenges when performing internal controls and procedures (see IO.3).

480. VASPs were only recently designated as reporting entities. Some, in particular VASPs that were covered as reporting entities based on other activity, have had internal controls in place, and others implement a group program, when applicable. However, no sufficient elements to assess its implementation were received, since supervision on their compliance has not yet started.

DNFBPs

481. Some DNFBPs have a prevention handbook, in compliance with recently issued regulations, to communicate the policies and procedures to personnel. In general, DNFBPs implement due diligence policies for their personnel and directors' knowledge, to mitigate their exposure to ML/TF risks, and some have a Code of Conduct.

482. DNFBPs unevenly apply internal controls and procedures to ensure compliance with AML/CFT requirements. While some (casinos) of them have relatively comprehensive control and compliance structures, other DNFBPs, in certain cases, do not even have a person specifically assigned to AML/CTF compliance. This is a prevalent situation among smaller/unipersonal entities. The issue has been highlighted by certain sectors (real estate, DPMS, accountants and non-financial trust providers "fideicomisos"), which believe that they will have trouble

complying with some of the new requirements related to compliance and control due to lack of resources.

483. Sector representatives for lawyers have indicated that Attorney-client privilege may stand in the way of compliance with new obligations, depending on the demands of new regulation. A similar issue was faced when notaries were regulated, but Argentinean courts confirmed the regulator's approach was correct and ensured compliance by the sector.

Overall conclusions on IO.4

FIs are mostly aware of national ML/TF risks and have an overall good understanding of their sectorial ML risks and an uneven understanding of TF risk resulting in an uneven application of mitigation measures. Due to the legal and regulatory constraints imposed on foreign exchange transactions, as well as restrictions and limitations to sending money outside Argentina, some sectors such as money remitters have had their activities drastically reduced, leading to a lower exposure to risk and to growing the informality in some sectors. Argentina's reporting entities still have outstanding issues related to risk assessment, in particular concerning TF risk, which seems to be underestimated and not fully understood by the obligated entities and, therefore, by their AML/CFT programs. DNFBPs have some deficiencies with risk assessment in general and the application of a risk-based approach. Real estate and lawyers have the biggest challenges in this regard. Most DNFBPs, except for casinos, and a few smaller FIs are still beginning to work under a risk-based approach.

FIs, VASP and DNFBPs in Argentina implement AML/CFT measures to some extent, but there are shortcomings with the application of a risk-based approach, quality of STRs and compliance and control structures, both in the DNFBP sector and to a lesser extent within the financial sector. The AT was not able to assess the effectiveness of the recent overhaul in regulations due to recency, although the amendments are positive in terms of compliance with FATF standards. Moreover, the inclusion of VASPs and lawyers as reporting entities demands urgent action to make sure they are up to speed with the application of preventive measures.

Argentina is rated as having a moderate level of effectiveness for IO.4.

Chapter 6. SUPERVISION

Key Findings and Recommended Actions

Key Findings

- a) All supervisory authorities have market entry controls to prevent criminals from being the BO or holding a management function in supervised entities, with some having more robust controls, such as the BCRA. Specific oversight bodies (SOBs), and in particular the BCRA, have taken some steps to identify, investigate and sanction unauthorised/unlicensed financial activities. However, sanctions imposed over the review period have remained marginal, not dissuasive, or effective and have not been enforced consistently. The absence of FIU action to identify and sanction unlicensed MVTs activities (where this is not covered by the work of a SOB) and the lack of clarity of the authority responsible for identifying and sanctioning informal money value transfer activity is concerning, especially since such schemes appear in some ML cases. The FIU does not have adequate human resources to police the market sufficiently.
- b) VASPs, lawyers and company services providers only became reporting entities during the on-site visit in March 2024 and have not been subject to any supervision or monitoring for AML/CFT during the review period, except for some non-bank credit card service providers offering VASP services. This is an issue of particular importance for VASPs, considering the popularity of VAs in the country and indicators of the sector's abuse in ML cases.
- c) AML/CFT supervisors have a developing understanding of ML/TF risks. Supervision risk matrices are well-designed and continuously improved. Indicators used are generally reasonable and properly cover client, geographical, product and delivery channel risks. Examinations' results are considered at varying degrees. BCRA and SSN have better balanced approaches in this regard. For most of the sectors, limitations in the inputs from the NRAs, ML/TF threats and typologies, and heavy reliance on institutions' off-site reporting, reduce the accuracy of risk matrices. From bottom to top, these risk matrices provide inputs to sectoral risk assessments, and eventually to NRAs.
- d) The FIU has the primary responsibility for supervising all reporting entities and shares this authority with SOBs for the core principles institutions and cooperative and mutual associations sector, each of which has a risk-based approach for AML/CFT supervision. Although the staff of the supervision division is qualified, the number of examiners at the FIU (27) is inadequate

to cover the more than 43 283 reporting entities for which it has the exclusive competence and responsibility.

- e) Annual sector coverage combining remote and on-site examinations is generally good for SOBs, in particular BCRA and CNV, but quite low for the FIU. This is concerning especially for real estate, notaries, and accountants, as the FIU is their main supervisor and they have been weighted heavily by the assessment team. Although the emphasis on on-site inspections for the sector is higher than other sectors, casinos are overall subject to a monitoring regime similar to other DNFBPs, rather than being subject to a more systematic supervision regime. While remedial actions are generally effective in improving compliance behaviour in institutions inspected, there are major issues that limit the overall effectiveness of the sanctioning regime. Until the recent amendments, fines in the AML Law were inflexible and out-dated due to the high inflation. Therefore, the number and value of fines imposed over the review period have been low and not dissuasive. The overreliance on remedial actions, without the enforcement of dissuasive sanctions, has not been adequate for system-wide effectiveness.
- f) The FIU regularly disseminates the NRA results, typologies, and international guidance to all reporting entities through the electronic communication system (SRO) and face-to-face activities. However, except for institutional risk assessment and STR quality there is no guidance specific to country's context and sectors and Argentina has not fully demonstrated that the training and guidance activities are being understood and absorbed by a majority of reporting entities.

Recommended Actions

- a) Argentina should increase the number of staff at the FIU's registration and supervision teams to better cover the high number of reporting entities, especially those that are only subject to the FIU's AML/CFT supervision and have no SOB. Considering the increasing importance of IT systems in AML/CFT compliance, the FIU and SOBs should also improve their capacity for IT-based inspections.
- b) Argentina should establish an effective supervision or monitoring regime for VASPs and lawyers. The FIU should intensify the supervision regime for casinos with comprehensive risk-based inspection programmes, including ongoing off-site supervision and more systematic remote and on-site examinations. Supervisory approach for the other DNFBPs, in particular accountants, notaries and real estate, should be strengthened with more advanced monitoring tools and more frequent inspections.
- c) AML/CFT supervisors, and the FIU in particular, should take effective and continuous action against all unregistered financial services activities, in particular money and value transfer operations, and ensure the dissuasiveness of the sanctions imposed. This can be supported with

complementary tools such as awareness raising, mystery shopping, and registration campaigns.

- d) Financial supervisors should continue to deepen their understanding of the TF risks within the sectors and the institutions that they supervise.
- e) Risk-based supervision and monitoring by the FIU and SOBs needs further improvements to better align with the risks identified in the NRAs, typologies, and ML/TF schemes emerging in prosecutions.
- f) Argentina should deepen the sectoral risk assessments and improve its monitoring systems with more advanced IT tools and better integration of data and information, i.e., SOBs prudential data returns, tax data, macroeconomic data, data from the judicial system, typologies, and open information, as appropriate.
- g) Argentina should increase the system-wide dissuasive effect of the AML/CFT supervision regime by swiftly and more frequently enforcing dissuasive and proportionate administrative sanctions. Authorities should diversify the nature and increase the amount of imposed sanctions, based on the nature, severity and scale of the breach and the institution.
- h) Supervisors should develop and deliver country-specific and sector-specific guidance materials in a better targeted way. They should consider developing online learning and certification programs that can monitor how much the guidance and other training material is being absorbed by the reporting entities.

Immediate Outcome 3 (Supervision)

484. For the reasons of their relative materiality and risk in Argentina's context, supervisory issues were weighted most heavily for banks and foreign exchange (under the supervision of BCRA), for the securities market (under the supervision of CNV), for VASPs (not supervised until the on-site visit), and heavily for payment system providers (under the supervision of FIU as providers of payment cards and systems), non-banking capitalisation and saving entities, and, for the real estate agents, accountants, notaries, and lawyers (under the supervision of the FIU) (see Chapter 1).

485. Argentina's FIU is the main AML/CFT supervisor of FIs, DNFBPs and VASPs. Specific Oversight Bodies (SOBs) have complementary supervision responsibilities and exclusive administrative and criminal sanctioning powers for licensing requirements breaches, over their respective sectors.

Licensing, registration and controls preventing criminals and associates from entering the market

Registration with FIU

486. Argentina has established a requirement for all reporting entities to register with the FIU on top of registration/licensing requirements at the SOB level, where applicable. In 2024, 52 152 FIs and DNFBPs were registered with the FIU, out of which about 65% fall under the FATF Glossary definitions. Of those, 43 283 (83%) reporting entities are exclusively registered and supervised by the FIU and 8 869 (17%) FIs are also licensed and supervised by SOBs.

487. After registering in the transaction reporting system (SRO+) on the FIU website, all reporting entities must submit within 15 days the legally required documents which include BO information and criminal records to the FIU registration department (six dedicated, permanent staff) that checks them. Despite this well-designed framework which is useful to cross-check and verify information, six officers seem inadequate considering the number of supervised entities. This team mostly conducts desk-based reviews of registration applications and rarely has person-to-person interactions through e-mails and by phone. The verification process for registration requirements is mostly manual and does not necessarily benefit from automated IT tools. The FIU could not demonstrate that the initial and especially ongoing integrity requirements checks of all the reporting entities were being done effectively, though this is partly mitigated by checks conducted by SOBs for the relevant entities and other competent authorities. For example, for notaries, the professional associations and council in each jurisdiction check criminal records in each province, which issue the relevant licences for the exercise of the profession.

488. During their operations, FIs and DNFBPs must provide proof of their FIU registration to open accounts with other FIs. This rule serves as a crosscheck mechanism to prevent and detect transactions by unregistered FIs and DNFBPs. Reporting entities that do not comply with the registration requirement are also detected by conducting a search in the records held by the SOB, registries and/or professional associations that are in charge of the regulation of the respective profession or activity. This information is cross-checked against the registration data and the non-compliant reporting entities are summoned to comply with said obligation. In case a person or an entity is detected to perform activity without being registered, a written warning asking for registration is sent before conducting an inspection. In this sense, the FIU has conducted successful registration campaigns for the notaries and gaming sectors, which led to an increase in the number of registrations. In terms of outcome, this allowed the detection of 95 registration breaches in San Luis and Neuquén in 2019 for the notaries sector. However, the absence of dedicated FIU process to detect unregulated/unregistered activity beyond the cross-checking of registration data and registration campaigns and the limited outcome in that area is concerning, in particular for the activities under the exclusive supervision of the FIU. This includes informal MVTs providers which have appeared in ML-related cases over the review period (see IO.7)

Table 6.1. Number of licensed/registered supervised entities (FIs and DNFBPs) by supervisors

Supervisor	Type of Obligated Entity	Number(March 2024)	Number of applications received between 2019-2024	Number of applications rejected between 2019-2024
BCRA	Representatives of foreign financial entities	7	3	0
	Banks and other financial entities	77	5	3
	Foreign exchange entities	88	121	6
	Total BCRA	172	129	9
CNV	Clearing and settlement agents	272	14	0
	Trading agents	78	24	0
	Global investment advisory agents	32	28	0
	Mutual funds	51	96	0
	Fiduciarios	27	6	0
	Crowdfunding platform	1	0	0
	Total CNV	461	168	0
SSN	Insurance companies offering life insurances	18	0	0
	Tied agents and other supervised entities (not falling in the FATF definition)	6208	1038	1
	Total SSN	6226	1038	1
INAES	Credit cooperative associations	596	5	5
	Mutual associations	1414	361	232
	Total INAES	2010	366	237
	Total SOBs	8869	1701	247
FIU-only	Capitalisation and savings	36	19	14
	Providers of payment cards and systems	312	235	84
	Money remittances and money order	41	60	42
	Dealers in precious metals and stones	360	125	77
	TSP	6024	3953	1649
	Accountants	4712	2300	968
	Notaries	11325	2478	348
	Casinos	59	32	24
	Games of chance on the internet	27	78	43
	Real estate agents	10365	3748	1741
	Lawyers	N/A	N/A	N/A
	Total supervised entities (falling in the FATF definition)	33261	13028	4990
	Other supervised entities (not falling in the FATF definition)	10022	4321	1849
	Total FIU-only	43283	17349	6839
Total		52152	19050	7086

FIs

489. In addition to registering with the FIU, banks, foreign exchange companies and representatives of foreign entities must get a licence from the BCRA, capital markets entities must get a licence from the CNV, insurance companies must get a licence from the SSN, and credit cooperatives and mutual associations must get a licence from INAES. Licensing processes include proactive checks undertaken by SOBs licensing staff. Applications are not approved if information or documentation is incomplete, or if individuals proposed for the management and administrative functions of the applicant have a criminal record or are in the RePET list.

BCRA

490. The 172 reporting entities registered with the BCRA fall under the FATF definition of FIs. 27 staff, in several departments, are engaged in licensing activity and consideration of fitness and propriety matters. The number of staff seems sufficient, compared to the number of applications received over the review period. Licensing staff participate in annual mandatory AML/CFT training programmes.

491. BCRA's licensing teams check information received about promoters, directors, managers trustees and prospective shareholders against several databases (RePET, the financial system debtors and the rejected cheques database, the AFIP registry, commercial and judicial VERAZ database). The licensing team also seek input from other BCRA departments and other supervisors in Argentina, regarding whether any fine, disqualification, suspension, prohibition, or licence revocation has been imposed on them. Over the review period, 362 inquiries have been made to the SSN, 538 to the CNV and 503 to the FIU. These checks are strong and have not led to identify any issue relating to registration requirements. BCRA takes the same approach for new appointments as for licenses applications with regard to its checks. However, BCRA does not conduct continuous checks or on-going follow-up regarding AML/CFT licensing and fit and proper requirements.

492. The BCRA has a process in place to identify instances of unauthorised/unlicensed activity of foreign exchange and other financial services. A dedicated department has 27 full-time qualified inspectors. 14 staff are working on currency exchange services ("*cuevas or arbolitos*") and 13 are working on other financial services. The team has been reinforced over the years, as it counted 24 staff in 2010. They have a legal and accounting background, have the ability to conduct off-site verifications and on-site inspections, collect evidence, carry out preliminary analysis, open a procedure and send the case to court, as appropriate. The BCRA has targeted "*cuevas or arbolitos*", as further explained below, though several of these continue operating in Argentina quite openly. The BCRA gets most of its leads on informal activity from the judiciary (over 60%) but also from specialised units like PROCELAC, other SOBs, local authorities and anonymous tips from the general public, including customers defrauded.

493. Over the period 2019-2024, the BCRA filed 272 cases relating to unregistered activity of foreign exchange service and other financial services which were closed due to lack of evidence of a breach and which ended with a referral to the Foreign Exchange Litigation Department for administrative action. In addition, 416 are still on-going. BCRA imposed administrative sanctions on eleven cases for breach of licensing requirements and imposed fines on 66 natural and legal persons for a total amount of USD 25 million, with many of these getting their license revoked. BCRA also conducted 136 procedures concerning operators providing services without a license to operate exchanges. Eleven of the operators were money-remitter agents, carrying out remittances activity with a valid license but there were no indications of funds being remitted abroad clandestinely. The raids conducted on informal activities led to the seizure of USD 5 million. In addition, 108 STRs were filed and about 125 cases relating to unregistered

activity of foreign exchange and financial intermediation were referred to court through PROCELAC.

Box 6.1. Case study “El Croata”

In 2019, the BCRA’s work uncovered a network responsible for sending USD to the US and other countries through informal channels. In 2023, at least three individuals were arrested after five years of a joint investigation and about twenty raids in the city of Buenos Aires and its outskirts lead together by the Organized Crime Department of the City Police, the Tax Crime Department of the Argentine Federal Police and Customs. This case was under investigation as of the on-site visit date.

Source: La Nacion (2023), www.lanacion.com.ar/seguridad/exorbitante-el-croata-fue-procesado-y-le-trabaron-un-embargo-sobre-sus-bienes-de-100000-millones-de-nid09112023/, accessed 3 May 2024.

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CNV

494. The 461 reporting entities registered with CNV fall under the FATF definition of FIs. Five staff are engaged in the licensing team and get the support from eight staff from the AML/CFT team for consideration of fitness and propriety matters. The number of staff is sufficient compared to the number of applications received over the review period. Licensing staff participate in AML/CFT training programmes provided every six months, covering risk assessment, preventive measures, supervision, fit and proper, STRs, case studies and typologies. The licensing teams check information received for licensing requirements against the REPET and the UNSCR list.

495. Similar to BCRA, the CNV has mechanisms and procedures in place to identify and sanction instances of unauthorised/unlicensed securities market activity. The CNV inspection and investigation department, with the support of the AML/CFT department, is competent to investigate cases. It gets its leads from anonymous tips from the general public and analysis of CNV’s department. Over the review period, 90 cases were identified by the CNV teams or referred through a dedicated webpage. As a result, the CNV issued as many warnings as possible and notices to cease operations and published the name of these entities and individuals on its website.

SSN

496. 6017 tied agents and 209 reporting entities are registered with SSN, including 18 insurance companies offering whole life insurance falling under the FATF definition of FI.⁵¹ Ten staff are engaged in licensing activity and consideration of fitness and property matters. The number of staff seems sufficient compared to the number of applications received. Licensing staff participate in AML/CFT training programmes prepared by the SSN and delivered four times a year through internal network.

497. The ML/TF Prevention and Control Management Division of the SSN makes proactive analysis at licensing stage and in a continuous manner as follows. All shareholders and BOs are checked against the UNSCR lists of terrorists through the system “Beneficial Owner and Economic Group” developed by the SSN to identify and update shareholders, BOs and companies

⁵¹ In Argentina, intermediaries do not fall within the FATF definition because they are part of a company which is already a reporting entity.

belonging to the same economic group. Capital contributions and transfers of shares are analysed every time a transaction is conducted. Insurance companies must update information uploaded in the “Beneficial Owner and Economic Group” on an annual basis or whenever shareholders or BOs change. All files regarding capital contributions and transfers of shares in insurance and local reinsurance companies are analysed and re-assessed when a transaction is conducted. Over the review period, there has not been any rejections, as the applicants were able to address the identified deficiencies within the grace period. The SSN, similar to other SOBs, also has a dedicated unit to detect and investigate unlicensed and unauthorised activity. It mainly receives tips from other insurance companies and the general public. Over the review period, SSN processed 74 cases relating to unauthorised activity, issued as many warnings as possible and notices to cease operations and published the name of these entities and individuals on its website.

6

INAES

498. 2010 reporting entities are registered with INAES, including 596 credit cooperative associations and 1414 mutual associations, all falling under the FATF definition of FI. Six staff are engaged in licensing activity and consideration of fitness and propriety matters. The number of staff seems sufficient, considering the number of licensing requests received every year. Licensing staff participate in training programmes.

499. INAES has taken some steps to identify unauthorised and unlicensed activities, on the basis of the analysis of on-site and off-site supervisions and inspections-related information provided by entities. INAES has also signed cooperation and information exchange agreements with different competent authorities (BCRA, AFIP, MPF, National Bank and the provincial administrations). Over the review period, INAES issued 23 orders of revocation of licenses to provide financial services of reporting entities, for having carried out unauthorised and/or prohibited transactions. INAES referred four cases to court. In one case the entity took the necessary steps to correct failures to comply, and the three other cases are still on-going.

DNFBPs

500. All DNFBPs are required to register with the FIU following the process described above. In addition to registering with the FIU, casinos and real estate agents must also get a license by the provincial authorities. The AT received a sample of provincial licensing requirements for casinos, which contained the appropriate integrity conditions for shareholders, BOs, compliance officers, and managerial functions and which are very similar to the requirements followed for FIs in terms of proof of incorporation and sworn declarations regarding no prior convictions of ML and other offences and politically exposed persons. For real estate brokers, the requirements primarily include being of legal age; criminal record certificate; holding a university or tertiary degree in real estate brokerage or equivalent qualification issued or validated in Argentina; establishing a legal address within the Autonomous City of Buenos Aires or in the relevant province; purchasing a surety bond payable at the order of the licensing entity, or providing any securities established by regulations and submitting a sworn declaration committing to conducting its professional activity with honesty, dignity and probity.

VASPs

501. Up until the end of the on-site visit in March 2024, virtual asset services providers (VASPs) were not a reporting entity in Argentina. Notably, over the review period, some FIs registered with the FIU and licensed with BCRA were also providing virtual asset products. The processes conducted by the FIU and BCRA as described for other FIs therefore applied to them. Going

forward, the CNV will be the SOB for VASPs. A registration process and regulatory arrangements were already under development at the time of the on-site.

Supervisors' understanding and identification of ML/TF risks

502. AML/CFT supervisors have varying degrees of understanding of ML/TF risks. Across the board, supervisors' understanding of ML risks appears to be more developed than of TF risks, which is often equated to risks related to lists and designated individuals.

503. Supervisors' risk understanding is informed by Argentina's NRAs and preparatory work leading up to the NRAs, information provided by entities (in some cases, questionnaires), and results of ongoing supervision or monitoring and risk matrices. The limitations noted about the NRAs (see IO.1) have therefore an impact on the supervisors' risk understanding.

504. With caveats explained in other parts of this report, the FIU in general has a good understanding of the risks of the various and diverse DNFBP and FIs' sectors it supervises directly. This is facilitated by its well-designed risk assessment and monitoring tools that are time-to-time subject to quality controls and improvements, and strong collaboration, work by and feedback from the SOBs.

505. The FIU has recently expanded its risk-matrix to cover sectors under SOB supervision, which provides the FIU with ability to monitor the risks of all sectors in a more holistic and comparable way. However, the FIU's understanding of risk is subject to some limitations stemming from the large volume of reporting entities and disconnect from law enforcement and typologies information.

506. SOBs have a developing understanding of sectoral and entity-level ML/TF risks, with BCRA and SSN having a more advanced understanding of ML/TF risks and implementation of risk-based approaches compared to other SOBs, noting the limitation of sectoral risk assessments.

507. Although VASPs were only covered as reporting entities since March 2024, authorities had some knowledge of the sector because some covered FIs were also operating as VASPs, and through some insights into the sector based on the VA/VASP transactions records held by the banks (as VASPs would usually need a bank account to fund their operations). The FIU had also issued a resolution for all its reporting entities (this includes the SOBs and registries) to pay special attention to transactions with virtual assets more generally since 2014 and started engaging with the VASP/Fintech sector in Argentina prior to regulating them. Understanding of ML and TF risks of VASPs is nevertheless very limited and requires immediate attention given importance of the sector in Argentina.

FIU

508. The FIU Monitoring and Risk Assessment Subdivision counts 12 staff who design and manage the risk matrices, assess and monitor the risks of reporting entities, and prepare the annual inspection plan. The FIU has been using risk matrices to increase its knowledge and understanding of risk and for the risk-based planning of supervisory activities since 2013, much earlier than when Argentina started conducting ML/TF/PF NRAs. These risk matrices were updated in 2017, 2022 and 2023 due to the need to revise the risk indicators and the methodology to collect and feed data into these matrices. These matrices generate inherent and residual risk ratings for sectors, as well as individual institutions in each sector. The risk matrix is the product of five stages, including the identification of indicators and information to be used, the collection of information through questionnaires, the calibrations during and at the end of the process, and the analysis of collected information and indicators.

509. For the intersectoral risk matrix, the inherent risk factors considered include structural factors (number of reporting entities, and the ones that belong to an economic group, legal persons, foreign members, PEPs, and shareholders), size factor (industry players, turnover, volume of transactions and customers), customer factor (number of legal person, non-resident, reporting entity, PEP), geographic factor, product factor (volume of transactions involving high-risk and medium products), and transactional risk factors (STRs, monthly systematic reports, volume of cash transaction and virtual asset transactions). The model also considers several AML/CFT controls and policies implemented by each entity, including risk self-assessment, ML/TF risk measures, corporate governance, AML/CFT manual, training, internal/external control, KYC policy, processes of STRs/TF reports and compliance.

510. There have been some variances in between the risk ratings attributed to the financial and DNFBP sectors in the context of the 2022 NRA, the 2022-2023 and 2023-2024 risk matrices.

511. The FIU and SOBs explain these fluctuations are due to continuous improvements and calibrations in the risk assessment matrices, methodology changes, as well as the fluidity of the sectors, which can be easily influenced by regulatory changes and macroeconomic fluctuations. The explanations have been found reasonable by the AT and the authorities are encouraged to continue the review and improvement of risk matrices. However, this also shows that the risk-based supervision framework is still in the development stage and yet to be mature. In this regard, authorities are encouraged to strike the right balance between the accuracy and stability of the risk assessment and monitoring tools, especially considering the implication on supervision planning.

Table 6.2. Supervisors' ML/TF risk ratings per sector

Sectors	As reported in the 2022 NRA	2022-2023	2023-2024
BCRA			
Foreign exchange entities	Medium-Low	High	High
Banks and other financial entities	Medium-High		
Representatives of foreign financial entities	N/A		
CNV			
Trading agents	Medium	Medium	Medium
Global investment advisory agents			
Placement agents in collective investment product (mutual funds)			
Fiduciarios			
Crowdfunding platform			
SSN			
Insurance companies offering life insurances	Medium	Low	Low
INAES			
Mutual associations	Medium-Low	Low	Low
Cooperative associations			
FIU			
Companies that conduct capitalisation and savings operations	Medium	Medium	Medium
Providers of payment cards and systems	Medium	High	High
Money remittances and money order	High	Low	Medium
Dealers in precious metals and stones	Low	Medium	Medium
TSP	Medium	High	High
Accountant	Low	High	High
Notaries	Medium	Low	Medium
Casinos	Medium	Low	Low
Real estate agents	Low	Medium	Medium
Lawyers	N/A	N/A	N/A

512. The FIU has begun the process to make an entity-level scoring of ML/TF risk of VASPs and lawyers. This is encouraging, but the FIU is only at the beginning stage of this process and this could not be assessed as contributing to its understanding of ML/TF risk at the time of the on-site.

513. In addition to the FIU's, SOBs' supervision risk matrices are well-designed and continuously improved. They are solid tools for the risk-based supervision in Argentina.

BCRA

514. The BCRA participated in the most recent NRA, informing the process based on its entity-level risk assessments. The BCRA has also conducted its own formal sectoral risk assessments for the entities under its supervision. The comprehensive and dynamic risk assessment matrix was initially developed in 2013 and has been refined over the years based on new observations and developments.

515. The model incorporates several inherent risks factors for each entity, informed by data provided to the BCRA by each entity through periodic off-site reports and obtained during supervisory activities, but also based on data that BCRA has in its systems such as the foreign exchange transactions database.

516. For banks and other financial entities' risk matrix, BCRA considers factors relating to the volume of deposits, the equity composition and structure of the economic group; branches located in areas identified as being higher risk; the complexity of their customers' transactions (e.g., customers operating with third-party funds, customers conducting foreign trade transactions); the filing of STRs with the FIU; and the results of the latest AML/CFT NRA. For the foreign exchange entities' risk matrix, BCRA considers factors relating to the significance of the volume of transactions; the transactions with foreign correspondents; the geographic area; the results of the latest assessment; and the delivery channels (whether transactions are conducted through the Internet or on a face-to-face basis at branches). For both sectors, the BCRA also considers other factors to prioritise supervision, including the concentration of transactions considered risky, the concentration of customers with unusual behaviour according to information in the BCRA database, etc.

517. Entity risk ratings are updated annually and based on trigger events and their results are used for planning the inspections to be conducted during the following year.

CNV

518. Like the BCRA, the CNV participated in the most recent NRA, informing the process based on its entity-level risk assessments. The CNV has developed a risk assessment model to identify entity-level ML/TF risks for the securities sector. Approved by the FIU, the model is informed by data that CNV collects on each entity through annual off-site reports.

519. For its risk matrix, the CNV considers a number of factors, including the volume of transactions (volume of wealth managed by managing companies engaged in the placement of shares of mutual funds; volume of wealth managed by financial fiduciarios of authorised financial fideicomisos, and volume of transactions conducted by intermediaries per market); the geographic location of the operational offices, including whether they are located in the borders; the observations and deficiencies identified in the context of prior internal and external inspections by the different units of the CNV; and the AML/CFT measures in place at an entity level (in particular due diligence measures implemented in a newly registered securities intermediaries). The findings of the 2022 NRAs have been used to identify the risky geographical areas.

520. CNV assigns risk ratings to each obliged entity based on its risk assessment model and other information from entities in response to ad hoc requests from the CNV AML Management Division.

521. Entity risk factors and ratings are updated annually, and their results are used for planning the inspections to be conducted during the following year. The matrix is approved by the Boards of Directors of the CNV and the FIU. The annual plan can be modified at the request of the CNV and the FIU, based on trigger events such as change in circumstances that impact the individual risk rating.

SSN

522. The SSN also participated in the most recent NRA, informing the process based on its entity-level risk assessments. The SSN's understanding of sectoral and entity-level risks is informed by a rigorous, dynamic risk assessment methodology. SSN collects data on each entity through bi-annual questionnaires relating to 151 data fields relative to their AML/CFT systems and to their compliance with obligations on the matter. The responses are collected through the Comprehensive System for the Prevention of Money Laundering (SIPLA). SSN also comprehensively uses information contained in different databases, including the *SINENSUP* system for information on financial statements assets and production broken down by product;

the AXIS system, registry of entities about information on the geographic location of head offices; and the comprehensive system for the issuance of policies (*Sistema Integral de Emisión de Pólizas*, SIEP), which provides information on high-end cars auto insurance.

523. The SSN uses two risk assessment models to identify entity-level ML/TF risks and select entities for supervision. The models were initially developed in 2013 but have been refined over the years based on new observations and developments. The models incorporate several inherent risks factors for each entity.

524. For the reporting entity matrix, SSN considers factors relating to the capital contributions received, purchases and sales of real estate property, sanctions imposed by the FIU and SOBs, capital deficiencies, BOs, accounting statements, share transfers, and STRs. The main objective is to get a profile of the operations carried out by the entity as a legal person, assessing the financial and corporate aspects of the entity. For the supervision risk matrix, SSN considers factors, including sector specific components, such as the assets held by the insurance company; production (net premium issued); the number of customers; the amount of contributions and surrenders in whole life insurance and retirement insurance policies; the geographic location of head offices; the use of risky products; number of high-end automobiles; the percentage of cash collections or of collections by collection agents; the number of PEPs customers; and the results of prior inspections. Based on these two risk assessment models SSN assigns a single risk rating to each obliged entity.

525. Entity risk ratings are updated bi-annually and based on trigger events such as negative news about an insurance entity that becomes public. Results are used for planning the inspections to be conducted during the following year.

INAES

526. INAES' understanding of entity-level risks is informed by a risk assessment methodology designed by the Prevention of Money Laundering and Other Crimes Division and approved by the Board of Directors of the INAES and the FIU. Like other SOB, INAES participated in the most recent NRA, informing the process based on its entity-level risk assessments. INAES has developed a risk assessment model to identify entity-level ML/TF risks for the credit cooperative and mutual associations sectors. The model is informed by data that INAES collects on each entity through annual off-site reports, and the databases of the AML/CFT Unit of the INAES. For its risk matrix, approved by the FIU, the INAES considers a number of factors that have been duly considered reasonable by the assessment team and that INAES requested to keep confidential. Entity risk ratings are updated annually and based on trigger events, and their results are used for planning the inspections to be conducted during the following year.

527. The table below shows the result of the supervisors' ML/TF risk ratings by entities classified "high", "medium" and "low" over the review period.

Table 6.3. Supervisors' ML/TF risk ratings by entities

Supervisors	2019			2020			2021			2022			2023		
	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
BCRA															
Representatives of foreign financial entities			11			11			12			8			7
Banks and other financial entities	11	55	12	10	51	17	11	51	16	10	50	17	13	47	17
Foreign exchange entities	3	21	217	10	30	113	9	31	95	6	39	70	2	35	51
Total BCRA	14	76	240	20	81	141	20	82	123	16	89	95	15	82	75
CNV															
Clearing and settlement agents	38	45	186	36	63	172	39	61	170	49	63	159	44	70	163
Trading agents	0	28	36	0	2	63	0	1	62	0	4	63	0	7	59
Global investment advisory agents	0	0	13	0	0	8	0	0	8	0	0	20	0	0	29
Mutual funds	34	15	0	37	17	0	32	5	0	41	12	0	45	9	0
Fiduciarios	6	8	0	4	6	0	3	7	0	8	7	0	8	6	0
Crowdfunding platform	0	0	1	0	0	1	0	0	1	0	0	1	0	0	1
Total CNV	78	96	236	77	88	244	74	74	241	98	86	243	97	92	252
SSN															
Insurance companies offering life insurances	8	19	21	16	16	8	4	1	7	4	9	1	7	10	1
Supervised entities (not falling in the FATF definition)	6	18	120	2	20	130	15	24	140	6	10	164	8	24	144
Total SSN	14	37	141	18	36	138	19	25	147	10	19	165	15	34	145
INAES															
Mutual associations	28	222	967	33	228	956	39	88	1.198	43	180	1.162	53	187	1165
Cooperative													42	58	497

associations	47	61	449	55	73	429	34	57	480	39	60	491			
Total INAES	75	283	1416	88	301	1385	73	145	1678	82	240	1653	95	245	1662
FIU															
Capitalisation and savings operations	0	0	66	0	0	66	66	0	0	22	4	40	12	2	22
Providers of payment cards and systems	0	187	0	0	231	0	255	0	0	90	100	95	98	108	103
Money remittances and money order	0	28	0	0	33	0	35	0	0	12	12	12	13	14	14
Dealers in precious metals and stones	0	0	328	0	0	331	339	0	0	58	175	119	59	177	121
TSP	0	0	4215	0	0	4559	0	4973	0	1174	2085	2188	1287	2286	2398
Accountant	0	0	3425	0	0	3615	0	0	3859	1385	1012	1763	1555	1136	1980
Notaries	0	0	10657	0	0	10829	0	11032	0	3744	2791	4707	3763	2806	4730
Casinos	0	9	0	0	17	0	14	0	0	5	7	11	13	18	27
Persons running games of chance on the internet	0	21	0	0	43	0	61	0	0	16	13	11	7	6	5
Real estate agents	0	8729	0	0	0	8962	0	9246	0	1396	5073	3244	1482	5383	3442
Lawyers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other supervised entities (not falling in the FATF definition)	0	2083	6084	0	135	8323	2464	1888	4487	2412	2702	4199	2572	2931	4458

528. From bottom-to-top, inputs from the reporting entities feed into sectoral risk assessments and eventually into national risk assessments, meaning that sectoral risk assessments are mainly the product of off-site reporting by reporting entities, which can provide a limited view. BCRA better incorporates supervision results in their sectoral risk assessment compared to other supervisors.

529. The indicators used in risk assessment/ratings of institutions are reasonable. However, the heavy reliance on institutions' off-site reporting and capacity constraints of small entities may reduce the accuracy of inputs to risk matrices and is inadequate for a comprehensive and accurate understanding of sectoral risks.

530. Also, formulating sectoral risks as a sum of institutional risks is problematic. This bottom-up-only approach isolates the sectoral risk assessments from the rest of the NRAs and does not adequately integrate broader information on ML/TF risks (e.g., from judicial records, typologies, intelligence, and open resources).

Risk-based supervision of compliance with AML/CFT requirements

531. Argentina has a well-designed AML/CFT supervisory framework that combines the expertise and workforce of specific oversight bodies (SOBs), the FIU and external auditors (certified accountants under guidance by the FIU) to conduct AML/CFT supervision. This supervision is, to some extent, risk-based but it does not achieve greater effectiveness because of serious resource constraints.

532. The FIU is at the core of this framework and possesses the primary authority and responsibility for supervising all reporting entities. In March 2024, the total is 52 152, including 43 283 entities (83%) under FIU exclusive supervision. Annual coverage of remote and on-site examinations is generally good for SOBs, but quite low for the FIU. 27 staff working at the FIU supervision operation in Buenos Aires and in the regions is inadequate to effectively cover that volume of reporting entities.

533. For the sectors subject to core principles, cooperatives, and mutual associations, the FIU shares supervisory responsibility with sectoral regulatory authorities (SOBs), each of which has risk-based AML/CFT policies, procedures, and dedicated teams for AML/CFT supervision. Each SOB prepares an Annual Supervision Plans (ASP) establishing the type, level and frequency of supervisory activities, based on its ML/TF risk assessment. The FIU approves each SOBs' risk matrices and in doing so informs the risk assessment from an AML/CFT perspective. The FIU also reviews the SOBs' ASPs and supervision procedures and is empowered to suggest modifications. The FIU can both participate in the oversight of SOBs (e.g. joint on-site visits and others) and carry out direct supervision of regulated entities. The analysis of the results of supervisory activities are managed in ad hoc working groups (*mesas de trabajo*) between the SOB and the FIU. This approach allows the country to leverage on the supervisory experience and capacity of SOBs for AML/CFT supervision and constitutes a good practice. It also facilitates the application of relevant core principles to AML/CFT supervision of banking, securities, and insurance sectors.

534. The FIU and the SOBs have tools for risk-based monitoring of the reporting entities, which they actively use in risk-based supervision planning. Argentina has ongoing off-site supervision and monitoring for all the sectors, except the sectors recently covered in March 2024. It consists in questionnaires (42 712 responses for the year 2023, meaning that almost all supervised entities were covered), risk self-assessment technical reports (3 866 for the period 2019-2023, about 10% of reporting entities) and independent external review reports (3 502 for the period 2019-2023, about 10% of reporting entities). The frequency for making these submissions is

annual or biennial, depending on the type of reporting entity. The information gathered is used as an input for the supervision risk matrix to assess the individual risk level of the reporting entity and to determine the scope of the inspection and the related elements to be assessed.

535. AML/CFT inspections are on-site or remote. Their scope may be comprehensive or specific. Remote inspections are different from ongoing off-site supervision and involve a deeper examination of the AML/CFT compliance of an institution, like an on-site inspection. Based on the AT's interviews with inspected entities, examinations are generally effective and properly review the full set of AML/CFT obligations and can last from several weeks to several months, depending on the entity. Examinations mostly target "high-risk" entities but also cover some medium and low-risk institutions appropriately. Remote inspections have been further improved and used more frequently since the COVID-19 pandemic. To prevent a confusion with on-going off-site supervision (which is continuous by nature), the inspections have been categorised as "on-site" and "remote" ("off-site" are not reflected) in the tables below.

536. Since 2023, a wide range of reporting entities are subject to external AML/CFT audits, an important tool that complements supervision activities. Banks and foreign exchange, insurance, mutual and cooperative associations, capitalisation and savings companies, casinos, notaries, remitters and capital market and credit card operators (including the entities referred to as PSPs) are required by Law and do in practice submit a report by an external auditor to the FIU/SOBs on an annual or biennial basis. This requirement was extended at the date of the on-site visit to the sectors of accountants, real estate, lawyers, VASPs and DPMS. Auditors are registered with FIU and need to comply with instructions provided by the FIU in conducting their review. External audit reports assess the quality, the effectiveness and help institutions improve their AML/CFT systems. They also provide valuable input to the supervision activities. During the review period, the FIU had received 3 502 independent external audit reports (about 10% of reporting entities). Supervisors confirmed during interviews, and especially the FIU, that they do resort to these reports to guide their plans. However, the FIU's existing off-site monitoring resources are not adequate to fully analyse and digest these reports. In general, the external audit system is still a work in progress for some of the sectors and requires time to become fully effective and further increase supervisors' effectiveness overall.

537. Although the quality of the AML/CFT supervision is good in general, country context needs to be considered carefully by the supervisory authorities in their policies. Exchange controls, along with the fiscal policies of the country, places emphasis on determining the "origin of funds" at the centre of the customer due diligence and monitoring systems. Although this focus on the origin of the funds also helps to mitigate the ML/TF risks in the formal financial system, it may drive informal business transactions to informal financial services or cash transactions and expand the grey area that is out of AML/CFT regime's reach.

FIU

538. The FIU has comprehensive policies, procedures, and tools for risk-based monitoring for all reporting entities and particularly those for which it is the only supervisor. This monitoring regime primarily relies on off-site mechanisms, but the FIU also conducts on-site inspections in a risk-based manner. FIU's supervisory measures, and on-site inspection plans in particular, are informed by entity-level risk assessments. Entities' risk ratings inform the intensity of inspections as well as the frequency and timing. FIU prioritises high-risk entities in each sector in its inspections, but appropriately inspects some medium and low risk entities.

539. The FIU Supervision Operations Subdivision has 17 staff who conduct AML/CFT examinations. The FIU also has three regional agencies (RAs), strategically located in areas of greatest risk including those flagged by the NRA and conducting on-site examinations: the

Northern RA (since 2016), the Costal RA (since 2017), and the Central RA (since 2023) (see Chapter 1). Ten additional AML/CFT inspectors are stationed in these regional agencies, and their examinations are included in the FIU's Annual Inspection Plan.

540. FIU staff responsible for monitoring and examining mostly have economics, political science, and law degrees. There is only one IT expert in the risk and monitoring division and none in the operations division. Considering the increasing importance of IT technologies in financial crimes and in Fintech, RegTech, and SubTech, and wide scope of FIUs responsibility, the IT inspection capacity of the FIU is not adequate.

541. Currently, the FIU's monitoring system is based mainly on off-site reporting and manual analysis processes by analysts. Enhancements are needed for better integration of open source information, macroeconomic data, and data from prudential supervision, tax, and judicial systems. Better technology capabilities could for example be considered to help improve the quality of the monitoring internally.

542. The FIU's supervision procedures include comprehensive reviews of the whole AML/CFT system of the entity and specific, targeted reviews of specific processes (e.g., IT systems). During the on-site visit, the FIU informs the entity of the procedure to follow, inspects while on-site and sets up further information requirements and a follow-up visit. The FIU conducts surprise on-site visits which are not previously announced, which can include entities that were previously detected not to be registered with the FIU. On-site inspection implies a follow-up letter providing for certain requirements to be met within a given timeframe. If requirements are met by the set date, the file is closed, if they are not, a remedial/sanction procedure is followed.

543. The FIU Regional Offices also follow a similar procedure guided by the FIU central/main office in which they ask support from the regional coordinator. Their tasks include to help locate and identify entities under their jurisdiction, to review previous information received from the entity if registered (e.g., monthly systematic reports (RSM), STRs, TFRs), and to inspect and write a report on proceedings. Regional offices are subject to annual training supervision by the central office of the FIU.

544. Over the last five years, the FIU supervised, both remote and on-site, only 1.89% of these reporting entities. The FIU underlined to have encountered difficulties to conduct supervision at the start of the review period, due to the COVID-19 pandemic. It underlined as well that the creation of the Central Regional Agency allowed to conduct 30 inspections in high-risk provinces including Cordoba and Santa Fe in 2023. This number however appears marginal compared to the total number of FIU-supervised entities which are in the thousands notwithstanding work with the SOBs.

545. Over the review period, on average, per year, the FIU has been able to inspect, both remote and on-site, only 0.35 percent of reporting entities that are exclusively in its jurisdiction. For example, for the year 2023, FIU examined 246 of 43 283 entities (0.5%) including 117 out of 10861 entities rated as high risk (1.3%).

546. For the sectors weighted heavily by the assessment team, for the year 2023, the FIU examined 11 out of 36 capitalisation and saving entities (30%), including 7 out of 12 entities rated high risk (58%). 21 out of 10 307 real estate agents (0.3%), including 13 out of 1482 rated high risk (0.9%); 25 of 4671 accountants (0.5%), including 13 out of 1555 rated high risk (0.8%); and zero out of 11 299 notaries (0%) of which 3763 entities rated high risk. The absence of systematic AML/CFT supervision of these particular sectors is concerning, as they have been weighted heavily by the assessment team for the reasons of their relative materiality and risk in the Argentine context.

547. For the sectors weighted moderately heavily by the assessment team, for the year 2023, the FIU has examined four out of 41 remittances (10%), including three out of 13 entities rated high risk (23%). The FIU has examined three out of 58 casinos (5%), including two out of 13 rated high risk (15%). The FIU has examined 35 out of 5971 TSP (0.5%), including 10 out of 1287 rated high risk (0.7%).

548. This coverage is too limited to create sufficient compliance pressure on the wide range of reporting entities notwithstanding use of audit and off-site monitoring. Considering the large number of reporting entities, the possibility of being subject to on-site examination is quite low, especially if it is a small-scale institution. Being located in any of the provinces outside of the CABA or Buenos Aires further reduces this possibility due to the limited capacity of regional departments of the FIU.

549. Until the recent amendment of the law, VASPs and lawyers were not covered in the AML/CFT supervisory regime of the country, but the FIU has been encouraging their voluntary compliance. As the country has not started implementing a comprehensive RBA/RBS for these newly covered sectors and considering the material impact of the VASP, this shortcoming is partly mitigated by the coverage through regulated categories and some voluntary compliance by VASPs that are also regulated by other jurisdictions.

550. PSPs have been practically covered by the FIU and were subject to AML/CFT supervision under the credit card issuers category, which legally was not necessarily explicit about the coverage of PSPs. This issue has also been addressed with a more explicit reference in the last revision of the AML/CFT Law in 2024.

551. Although monitoring is an appropriate regime for most of the DNFBP categories, the FATF Recommendations have a specific emphasis on casinos and requires a “supervision” regime. Currently, the FIU’s supervisory regime for casinos is not different from the rest of the reporting entities and has the more characteristics of a monitoring than a supervision regime (see c.28.1). For example, there are no dedicated examiners specialising in casinos and specific examination policies or procedures for the sector. Notwithstanding that casinos were subject to frequent inspections in practice, which is a good risk mitigant, there is not a systematic on-site supervision program for the sector. There is no supervisory regime for casinos with systematic and specific off-site, remote and on-site supervision regime that is distinguished from the rest of the DNFBP categories, through written policies and procedures. This also applies for some other key sectors such as PSPs and VASPs (authorities explained that VASPs will be regulated by a SOB, the CNV, going forward).

Table 6.4. AML/CFT Inspections by the FIU

	On-site./Remote	2019	2020	2021	2022	2023	2024 (March)	Total
Money remittances and money order	On-site	9	0	0	1	1	0	11
	Remote	6	0	0	12	3	1	22
Providers of payment cards and systems (including digital wallets and PSP) ⁵²	On-site	0	0	9	26	2	2	39
	Remote	2	16	0	40	54	8	120
Capitalisation and savings	On-site	0	0	0	1	10	0	11

⁵² PSPs were covered in article 20.5 of Law 25246 in March 2024. However, the inspections included in this table cover reporting entities operating as PSPs and that were registered in the Transaction Reporting System (*Sistema de Reporte de Operaciones, SRO*) under other categories, such as Credit Cards.

companies	Remote	0	0	0	15	1	0	16
Casinos	On-site	11	0	0	6	1	0	18
	Remote	8	0	0	6	2	0	16
Persons running games of chance on the internet	On-site	1	0	0	2	0	0	3
	Remote	0	0	6	5	3	0	14
Real estate agents	On-site	0	0	0	0	5	2	7
	Remote	0	0	0	1	16	4	21
Dealers in precious metals and stones	On-site	0	0	1	1	0	1	3
	Remote	0	1	0	11	0	1	13
Lawyers	On-site	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Remote	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Notaries	On-site	1	0	3	0	0	0	4
	Remote	1	0	0	0	0	1	2
Accountant	On-site	0	0	0	0	2	1	3
	Remote	0	0	0	10	23	2	35
TSP	On-site	0	1	1	4	14	3	23
	Remote	0	0	4	14	19	2	39

BCRA

552. The BCRA is well resourced for its AML/CFT supervisory efforts. Its AML/CFT supervisory team consists of 24 full-time supervisors, focusing on high-risk entities' inspections. BCRA supervision is also supported by the general and prudential team, composed of 161 full-time supervisors for financial institutions and 25 supervisors for foreign exchange institutions, in charge of the medium-risk and low-risk entities inspection. Resources are allocated on a risk-basis and lower risk entities are supervised by prudential supervisors.

553. The BCRA's AML/CFT annual staff training plans for the years 2021, 2022 and 2023 show that the majority of events focus on general AML issues. On average, about half of all BCRA staff participated to these internal AML/CFT trainings over each of these years. There is scope to organise targeted training for relevant AML/CFT staff, in particular for the supervisors, and for greater focus on high risks, including predicate offences and TF.

554. BCRA's supervisory measures, including off-site and on-site full-scope inspections are informed by entity-level risk assessments. BCRA also conducts ad-hoc and thematic inspections based on trigger events or other factors, including specific operations of certain customers, concentration of customers in certain geographic areas, higher or lower than average number of STRs, launch of new products, changes in the business of the entity, etc.

555. BCRA indicated that the inspection cycle is two years for all banks and finance companies: on-site inspections for high-risk entities and medium-risk entities, and off-site inspections for low-risk entities, although there were some interruptions during the COVID-19 pandemic.

556. Between 2019 and 2024, BCRA has inspected about 95.9% of all the institutions. On average, 18.3% of institutions have been inspected per year. For example, for the year 2023, the BCRA has examined 34 out of 172 entities (19.7%), including 5 out of a total of 15 entities rated high risk (33.3%).

557. For high, medium and low-risk entities, prior to conducting remote and on-site inspections, and to determine their scope, intensity, and duration, BCRA's teams undertake off-site review of key documents, information, data, entities' reporting systems, risk assessment, internal and external audits reports. For low-risk entities, supervision is primarily based on off-site review. Several private sector entities confirmed during the on-site discussions that inspections can take several weeks.

558. The AT reviewed a sample of seven inspections reports for the year 2023, showing that on average the duration of the inspection was 64 days which seem reasonable for the AT. The time spent on-site and the intensity of supervisory checks and sample selection vary between entities. The shortcomings and the suggested corrective actions related to a range of AML/CFT issues including internal controls, customer due diligence, risk assessment, digital on-boarding issues, alert management, among other.

559. A number of inspections are conducted jointly with the FIU. In addition, BCRA has collaborated with the judiciary in providing information for 338 AML and drug trafficking cases.

Table 6.5. BCRA's remote and on-site inspections covering AML/CFT, by year

	On-site/remote	2019	2020	2021	2022	2023	2024 (March)	Total
Foreign exchange entities	On-site	7	0	0	4	3	0	14
	Remote	15	16	18	13	12	5	79
Financial entities	On-site	25	0	0	10	12	2	49
	Remote	0	0	0	11	6	0	17
Representative of foreign financial entities	On-site	0	0	0	0	0	0	0
	Remote	3	2	0	0	1	0	6

CNV

560. The CNV's AML/CFT management division consists of ten full-time inspectors, who are trained with respect to AML/CFT obligations, supervision, and inspections.

561. CNV's approach to inspections has changed over the review period, moving from a rule-based approach (number of inspections) to a risk-based approach based on factors such as the entities' materiality and level of risk. CNV's supervisory measures, including remote, off-site and on-site inspections are informed by entity-level risk assessments and based on an annual inspection plan approved by the CNV Board of Directors and the FIU.

562. Over the review period, CNV has inspected about 44% of all its supervised entities. On average, 9% of institutions have been inspected per year. For the year 2023, CNV has examined 35 out of 441 entities (8%), including 15 out of a total of 97 entities rated high risk (15%). CNV explained that the majority of inspections have focused on settlement and clearing intermediaries mainly due to their higher materiality and volume in the sector, which also results at higher ML/TF risk scores in the risk monitoring matrix.

Table 6.6. CNV' remote and on-site inspections covering AML/CFT, by year

	On-site/Remote	2019	2020	2021	2022	2023	2024 (March)	Total
Settlement and clearing agents	On	50	5	0	11	29	0	95
	Remote	0	12	37	23	0	0	72

Trading agents	On	1	0	0	1	2	0	4
	Remote	0	0	3	1	0	0	4
Global investment advisory agents	On	0	0	0	1	0	0	1
	Remote	0	0	2	1	0	0	3
Placement agents in collective investment products	On	3	1	0	1	2	0	7
	Remote	0	0	3	2	0	0	5
Fiduciarios	On	2	2	0	1	1	0	6
	Remote	0	0	2	0	1	0	3
Crowdfunding platforms	On	0	0	0	0	0	0	0
	Remote	0	0	1	0	0	0	1

6 SSN

563. Similarly, the SSN is well resourced for its AML/CFT supervisory efforts and resources are allocated on a risk-basis. Its AML/CFT supervisory team consists of 11 full-time staff, focusing on high-risk entities’ inspections, and is also supported by the general and prudential team, composed of four full-time staff, in charge of the medium-risk entities inspection.

564. The SSN has two effective ways in place for supervising and monitoring insurance companies’ compliance with AML/CFT requirements. First, twice a year, all insurance companies are required to inform a survey in the Comprehensive System for the Prevention of Money Laundering system, containing 151 data fields relative to their AML/CFT systems and their level of compliance with AML/CFT obligations. They must as well upload their “Entity’s Risk Self-Assessment Report” and their “Report of the Independent External Reviewer”. Entities also upload information on suspicious transactions detected in the insurance sector.

565. In addition, the SSN risk-based supervision plan is approved annually by the FIU, detailing the on-site and off-site ML/TF inspections for the insurance sector, conducted in collaboration with the FIU. Insurance companies with a high level of ML/TF risks are inspected on a biennial basis; those with a medium level of ML/TF risk, on a triennial basis; and those with a low level of ML/TF risk are inspected every five years or more, though inspections can happen earlier if needed (e.g. trigger event).

566. Over the review period, SSN has inspected about 50% of all the institutions, with an average of 9% per year. For example, for the year 2023, SSN has examined 43 out of 194 entities (21%), including 7 out of a total of 15 entities rated high risk (50%), and 16 out of the 18 companies offering life insurance (88%).

Table 6.7. SSN’ remote and on-site inspections covering AML/CFT, by year

	On-site./Remote	2019	2020	2021	2022	2023	2024 (March)	Total
Insurance companies offering life insurances	On	7	3	5	7	9	1	32
	Remote	0	0	0	0	7	2	9

INAES

567. The INAES is resourced for its AML/CFT supervisory efforts. Resources are allocated on a risk-basis. Its AML/CFT supervisory team consists of nine full-time staff, trained with respect to AML/CFT obligations, supervision, and inspections.

568. INAES's supervisory measures, including off-site and on-site inspections are informed by entity-level risk assessments. Off-site inspections focus on assessing supervised entities' AML/CFT policies, preventive measures and compliance programme. Particular attention is given to the AML/CFT Manual of Procedures, the latest AML/CFT internal auditing and the training programme. On-site inspections are sequenced as follows: one month for the initial inspection visit, complemented with a minimum of three visits for information gathering. The period for analysing the documentation lasts two months and the drafting of the report last one

569. month. The report is then sent to the Supervision Division of the FIU and discussed in a meeting between the INAES and the FIU.

570. In addition, INAES conducts ad-hoc and thematic inspections based on trigger events or other factors relating to some type of ML/TF risk, including requests or alerts from the FIU, the judiciary, other department of the INAES, other SOB, provincial authorities, voluntary reports or press articles.

571. Over the review period, INAES has inspected about 29.6% of all the institutions, with an average of 5.6% per year. For the year 2023, INAES has examined 76 out of 1975 entities (4%), including 5 out of 82 entities rated high risk (6%). The majority of high-risk entities were subject to inspections in the review period.

Table 6.8. INAES' on site and remote inspections covering AML/CFT, by year

	On-site./Remote	2019	2020	2021	2022	2023	2024	Total
Mutual associations	On	13	0	16	9	9	1	48
	Off	98	69	100	43	41	14	365
Cooperative associations	On	9	1	8	5	6	2	31
	Remote	22	50	16	18	20	4	130

572. The table below presents an overview of the supervisors' remote and on-site inspections covering AML/CFT over the review period for all supervised entities. The number of inspections of supervised entities classified high risk is emphasised.

Table 6.9. Supervisors' remote and on-site inspections covering AML/CFT, by year

Supervisors and categories of risks	On-site/Remote	2019	2020	2021	2022	2023	2024 (March)	Total	Average Per Year	Number of Reporting Entities, 2024 (without agents)	Percentage of inspected institutions per agency over 5 years	Approximate percentage of inspected institutions per agency per year
BCRA												
On-site	All	32	0	0	14	15	2	63	31.6	172	95.93%	18.37%

	High risk	9	0	0	6	5	2	22				
Remote	All	18	18	18	24	19	5	102				
	High risk	0	1	3	0	0	0	4				
CNV												
On-site	All	56	8	0	15	35	0	114	40.2	461	43.60%	8.72%
	High risk	20	5	0	2	15	0	42				
Remote	All	0	12	48	27	0	0	87				
	High risk	0	4	13	16	0	0	33				
SSN												
On-site	All	13	5	15	20	31	8	92	19.2	209	50.24%	9.18%
	High risk	3	1	2	5	2	0	13				
Remote	All	0	0	0	0	12	5	17				
	High risk	0	0	0	0	5	1	6				
INAES												
On-site	All	23	1	24	18	15	3	574	110.6	2010	28.67%	5.52%
	High risk	12	1	9	8	4	2	34				
Remote	All	120	119	116	61	61	18	282				
	High risk	38	10	10	13	1	7	72				
FIU												
FIU-only	All	71	43	186	211	246	8	765	151.2	43 283	1.89%	0.35%
	High risk	5	16	62	48	117	3	248				
Joint FIU/SOB	All	24	15	0	12	12	0	63	13			

Remedial actions and effective, proportionate, and dissuasive sanctions

573. Based on statistics and 12 samples which contained the highest amounts of fines and correspond to a bulk amount of the administrative fines in the statistics, the AT concluded that supervisors have low effectiveness regarding sanctions, which was also linked with relevant limitations in the AML Law (e.g. low amounts that were not updated in line with economic environment). However, the implementation and follow-up of remedial actions by supervisors has been found effective for the proportion of reporting entities that were subject to examinations.

574. All breaches are identified during the on-site and off-site inspections that are being conducted according to annual plans. Every on-site inspection concludes with a report describing, if applicable, the issues, deficiencies and remedial actions. However, as underlined above, the possibility of being subject to supervision in next year is quite low, especially in the sectors without a SOB (0.35%). After the on-site inspection, a report describes the issues, deficiencies and corrective measures. If the issues are critical, the report specifies a timeframe within which AML/CFT supervisors accompanies and monitors supervised entities to implement the corrective measures. Once the period has expired, non-compliance with the remedial actions might lead to the initiation of an administrative proceeding. It can also happen that a control is conducted in the next inspection. AML/CFT supervisors can recommend starting a sanctioning process. In that case, the supervision division of the FIU sends the report and a resolution ordering the proceeding to the legal affairs division, which submits a legal opinion to the Advisory Council of the FIU, who signs the resolution closing the administrative proceeding.

575. The total of 1085 breaches of AML/CFT obligations have led to a total of 605 (52%) remedial actions and 343 (32%) sanctions over the review period. These breaches have included insufficient effectiveness of the following processes and tools: customer identification and know your customer (25%), monitoring process (16%), audit and internal control (14%), AML/CFT manual (13%), design and implementation of the training plan (10%), ML/TF risk self-

assessment and management process (8%), corporate governance (5%), STR/TFR reporting processes (3%), maintenance of customer documentation and transactions (3%) and RI/RSM reporting information process (2%).

576. Notably, over the review period, supervisors issued sanctions in several cases for deficiencies in the TF/TFS controls process. In fact, 6.5% of sanctions on reporting entities during the reporting period were related to failures for checking customer names against the RePET list or keeping records of this process. Additionally, some inspections identified deficiencies related to TF-related TFS, which were addressed by remediation measures. Deficiencies were most common amongst cooperatives and mutual associations, although there were some deficiencies identified in other FIs over the review period. This is compounded by the fact that 37% of all sanctions during the same time period were related to CDD deficiencies, many of which may degrade the effectiveness of evaluating whether potential customers were designated pursuant to UNSCRs 1267 or 1373 in the RePET. Supervisors reported, however, that they had not identified any cases in which TFRs were not submitted in a timely manner or in which a TFR should have been filed and was not.

Table 6.10. Course of action resulting from inspections, by supervisors, 2019-2024

Supervisor	Remedial action	Sanction
BCRA	118	21
CNV	19	10
SSN	41	5
INAES	41	28
FIU	346	279
Joint FIU-SOB	185	N/A
Total	605	343

577. The fines that are applicable to most of the compliance issues have been very low and far from being dissuasive until the recent amendment (in March 2024) of the AML Law. In most of the compliance failures in the sample cases, fines ranged from ARG 20 000 (Approximately USD25) to ARG 100 000 (Approximately USD125). If there are multiple breaches (like CDD issues in the accounts of several clients) the fine amount could increase, but not drastically. The AT determined that it is unrealistic to expect these amounts to be effective even for small-scale institutions, let alone large-scale FIs. Only the breaches related to failing to report STRs can and have resulted in fines of relatively higher amounts, as the fine is linked to the value of transactions in such cases. The bulk value of the total fines in statistics comes from a small number of STR reporting failures. During 2019-2023 both the total amount of fines applied to other AML/CFT compliance failures, as well as the fine amount per case, were quite low for breaches other than STR failures. Relatively high amounts in 2019 and 2022 are linked to two individual cases, do not necessarily correspond to the risk profiles of sectors, and do not demonstrate a systematic pattern. The sanctions imposed over the review period were only financial penalties, despite the possibility to use reprimand, the publication of the reprimand or the disqualification of up to five years from serving as a compliance officer (See R.35). There were sanctions imposed on both natural persons and legal persons over the review period. However, the combination of a low probability to be subject to supervision and the non-dissuasiveness of sanctions result in limited effectiveness of the sanctioning framework in Argentina.

Table 6.11. Number and amount of financial penalty imposed for AML/CFT breaches by FIU, 2019-2024

Financial penalty	2019	2020	2021	2022	2023	2024	Total
Number	51	52	60	75	105	6	349
Amount (USD)	17 667 498	1 116 196	718 204	7 014 501	10 727 378	8179	37 251 955

578. While remedial actions are generally effective in improving compliance behaviour in inspected institutions, there are major issues that limit the overall effectiveness of the sanctioning regime. The number of fines imposed, as well as their amounts, are low and not dissuasive. Also, the sanctioning process is prone to delays and took on average two years from inspection over the review period. The overreliance on remedial actions, without the enforcement of dissuasive sanctions, is not adequate for system-wide effectiveness.

Impact of supervisory actions on compliance

579. The supervisory authorities prefer using softer supervision tools, such as awareness-raising campaigns and remedial actions, over administrative sanctions. Although this does not constitute a problem per se, striking a better balance with using dissuasive sanctions where needed, will improve the overall effectiveness of supervisory actions, which are moderately effective at this stage. The flow chart that guides the course of action after AML/CFT inspections is described above.

580. The records of supervisory actions over 2019-2023 clearly show the preference for remedial actions, as well as the general success of the remedial actions in addressing deficiencies.

581. Excluding the proportion of cases directly closed without the need for supervisory action, and currently ongoing remedial actions, 7% of compliance failures were directly subject to the administrative sanction process and 33% were closed after the remedial actions were applied successfully. In 7% of cases, remedial actions were not followed by actions by the reporting entity and led to administrative sanctions eventually.

582. 27 staff working at the FIU supervision operation in Buenos Aires and in the regions is inadequate to cover the more than 43 000 reporting entities. Also, the FIU has limited capacity to regularly verify the information submitted by the reporting entities. While increasing the number of supervision staff is necessary, the country should also ensure balance between the scope of the “reporting entities” and supervisory resources that it requires in a risk-based manner. The scope of reporting beyond the FATF standards seems to have limited added value and impacts the effectiveness of the supervisory regime.

583. Although Argentina has continuous training and awareness-raising efforts, there is still quite a large group of reporting entities that do not use the SRO system actively and not submit annual reports. In total, approximately 45% of all reporting entities seems dormant on the SRO system. Also, the quality of the responses is not fully reliable as some of the survey questions are difficult to comprehend, especially by small-scale entities.

584. Considering that only a small proportion of the reporting entities are subject to direct on-site or remote supervision, the above analysis on the impact of remedial actions represents the effect only in a small proportion of the reporting entities that come under the spot. More important is the effect on the bulk part of the reporting entities. As explained above, the possibility of examination by the FIU during the reporting period was 1.89%, both remote and on-site inspections, which may rarely result in fines and if so, of very limited monetary amounts.

This does not apply adequate pressure for compliance to the entire population of DNFBPs and other sectors under FIU's direct supervision. Although the possibility of being subject to a remote and on-site examination is relatively higher for FIs and others under specific supervision authorities, so far, the monetary fines have been insufficient to create the expected/desired dissuasive effect of increasing compliance by the reporting entities.

585. Moreover, the process of applying an administrative sanction is not agile enough and may take multiple years and processes, leading to significant delays. This reduces the dissuasiveness of the sanctions while unnecessarily increasing the workload for the supervisory authorities. This can easily disincentivise supervisors to follow the path of administrative sanctions and may be one of the reasons for preference of remedial actions.

586. On a positive note, as Argentina itself has identified in its NRA concluded in 2022, the need for monetary amounts of administrative sanctions to increase and for the entire administrative sanctioning regime to improve, the country is working on this. In addition to increasing the monetary penalties (which was done with an amendment to the AML/CFT Law during the on-site visit in March 2024), this should include proportionality of the sanctions (i.e., based on the severity of the breach and scale of the institution), as well as agility of the sanctioning process. In this regard, the balance between the options of remedial actions (giving time to an institution to fix the problem) and applying administrative sanctions directly can be reconsidered. The overconfidence in always having remedial actions and extra time to address any breaches may impact the self-discipline of the sector and reduce the deterrence aspect of the supervisory regime, which is an important lever. In most of the violations, the wrongdoers are given notice and generous time to fix the problems. The lack of a surprise component reduces the impact and dissuasiveness of the sanctions.

Promoting a clear understanding of AML/CFT obligations and ML/TF risks

587. The FIU regularly disseminates the NRA results, typologies, international guidance to all of the reporting entities through the electronic communication system (SRO), virtual or hybrid and face-to-face activities.

588. In addition, over the review period, the AML/CFT supervisors have delivered a total of 929 activities including training courses, seminars, workshops and conferences that have addressed various AML/CFT issues. These were provided by various specialised institutions, both in the country and abroad, and were aimed at all sectors of the economy covered by their nature as reporting entities. In terms of substance, apart from a series of 20 sector-specific seminars in 2023 with the reporting entities to review and improve the quality of STR reporting and the FIU's publications on the quality of STR and institutional risk assessments, most of these activities focused on the dissemination of FATF and other international guidance, NRA and preparation for Argentina's 4th round mutual evaluation. In terms of format, they were held in face-to-face, virtual, hybrid or virtual format, which allowed them to reach a larger number of participants, and were addressed to DNFBPs and FIs, as well as to national, provincial and municipal officials and staff of various public registries.

589. Besides its official website, in May of 2022, the official FIU LinkedIn profile was launched to expand its ability to distribute information and create a new communication channel for all reporting entities. The FIU President and other authorities also frequently encourage and participate in private sector seminars on relevant compliance topics.

590. The FIU proactively collaborates with self-regulatory bodies of all FIs and DNFBPs and leverages their capacities to reach out to the private sector for awareness raising and training. These activities were instrumental especially in the dissemination of the NRA results, and feedback on STRs, and institutional risk-assessments.

591. The FIU regularly disseminates international guidance to all of the reporting entities through the electronic communication system and face-to-face activities. The same mechanisms were used to disseminate the NRA results and typologies.

592. The material shared with the AT did not contain any evidence about the reception of these guidance. i.e. it is not clear what percentage of the institutions properly review and read these materials, whether they find it effective and useful, and how they implement any findings. The FIU could not demonstrate a systematic approach to measure the effectiveness of the reach-out and training activities though trainings were referred to during the interviews with the private sector.

593. Also, according to dissemination lists the FIU shared with the AT, most of the guidance and other material distributed to the reporting entities are publications or announcements by FATF, GAFILAT, Egmont Group etc. Domestic guidance and training activities on institutional risk assessments and quality of STRs have been found effective. Also, the Typologies and Case Studies report published by the Coordinating Committee for the Prevention and Fight against ML, FT and PF in March 2023, the FIU Typologies on the illicit use of virtual assets in December 2023, and the STR quality report of 2022 include useful insights for reporting entities. However, the Argentina was not able to demonstrate any other sector specific guidance, red flag indicators, and training activities on other aspects of AML/CFT (such as CDD, BO, internal controls, PEPs, TBML, and TF).

Overall conclusions on IO.3

Argentina has a well-designed AML/CFT supervision framework covering all FIs and DFNBPs (and VASPs though only recently), that facilitates the best use of existing resources and is risk-based to some extent, but does not achieve greater effectiveness because of serious resource constraints.

All supervisory authorities have market entry controls, with BCRA's measures being the strongest most comprehensive. Entry controls by SOBs are implemented consistently, but the entry controls by the FIU have limitations due to the high volume of reporting entities.

SOBs, and BCRA in particular, have taken steps to identify and sanction unauthorised/unregistered activities; however, enforcement and sanctions against unauthorised money transfers by BCRA are very limited, which is an important concern given Argentina's risk and context.

Supervisory authorities are equipped with appropriate powers, skills, and experience. They have a developing (though in some cases stronger, especially for ML) understanding of ML and TF risks and continuously strive to improve their understanding of risks, although risk understanding is predominantly based on off-site reports from reporting entities in most sectors. Annual supervision plans are based on understandings of risks and benefit from on-site, remote, and off-site supervision tools appropriately.

Fundamental elements of the AML/CFT risk-based supervision are in place. Supervisors have moderately effective ongoing off-site supervision and monitoring mechanisms, and relatively better remote and on-site examination, with BCRA having the most advanced framework.

Several areas require major improvements, including the limited human resources and IT monitoring capabilities of the FIU to monitor and supervise, considering its large volume of reporting entities, that exceeds 43 000 reporting entities, resulting in a low numbers for supervision; gaps in understanding of ML/TF risks; the low effectiveness and dissuasiveness in the application of administrative sanctions; the absence of AML/CFT supervision or monitoring for VASPs and lawyers; and the inadequate detection and sanctioning of informal exchange and money value transfer service providers.

Argentina is rated as having a moderate level of effectiveness for IO.3.

Chapter 7. LEGAL PERSONS AND ARRANGEMENTS

Key Findings and Recommended Actions

Key Findings

- a) Information on the creation, nature, and obligations of the different types of legal persons and arrangements is publicly available in Argentina.
- b) Express trusts cannot be formed under Argentina's law; however, foreign trusts/trustees can operate in the country subject to registration, and their trustees are not required to disclose their status to FIs and DNFBPs when establishing business relationships or conducting occasional transactions. The *fideicomiso*, a type of legal arrangement that fits the criteria established by the standards, is largely used in the country.
- c) Argentina has developed a first assessment of the ML/TF risks of legal persons and arrangements in its 2022 NRA and associated mitigating measures. While this is a good step, it lacks depth and does not capture important features (e.g., intrinsic risk, geographical areas, type of business, etc.). Competent authorities demonstrated a better empirical understanding of these risks. However, they did not fully consider potential risks associated with irregular or *de facto* companies, as well as the so-called inactive companies.
- d) Argentina's federal structure leads to a fragmented registration system for legal persons, that does not favour a clear path to access related basic and BO information. The 24 Public Commerce Registries are independent and not interconnected, and do not always contain the same type of information on legal persons. In addition, some are still paper based, which complicates the access to information. Mutual associations and cooperatives are registered with the National Institute of Associations and Social Economy (*Instituto Nacional de Asociativismo y Economía Social – INAES*). The Tax Authority (*Administración Federal de Ingresos Públicos – AFIP*) holds the most accurate and comprehensive registry in terms of information related to active legal persons – while some of it is subject to tax secrecy, LEAs access it in a timely manner through a Court order. The recently created BO Registry (and consequent lifting of tax secrecy) is a step in the right direction in that it will provide broader access to and centralise information, but its effectiveness could not be assessed.
- e) Except for Simplified Joint Stock Companies (*Sociedades por Acciones simplificadas, SAS*), notaries collect and verify ownership information including BO information as part of the registration process of legal persons and arrangements when its creation requires the preparation of a public deed. In cases where the constitution of the legal person or

arrangement does not require a public deed, the intervention of the notaries is rather limited, which is a major deficiency since BO and other information are supported by affidavits.

- f) LEAs and the FIU can obtain timely information on BO by requesting it to the different authorities holding it and have demonstrated their ability to identify the actual BOs in some cases where the information was not accurate in the Registry. Argentina does not allow bearer shares/warrants or nominee shareholders or directors, though the use of frontmen has been observed in some ML/TF cases.
- g) Although available in the law, Argentina is applying sanctions for failures to comply with the requirements regarding disclosure of basic and BO information to a limited extent.

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Recommended Actions

- a) Mindful of and without prejudice of its federal system, Argentina should simplify its public commercial registries system, namely by digitalising all provincial registries and interconnecting them electronically and ensuring that they all implement the legal registration requirements in practice. In parallel, Argentina should finalise the completion of the National Registry of Companies.
- b) Argentina should ensure that the recently created central registry of BO information contains verified, exhaustive, and up to date information.
- c) Argentina should enhance its understanding of the risks associated with the abuse of legal persons and arrangements for ML/TF purposes, considering inherent vulnerabilities of the different types of legal persons and arrangements (including irregular, *de facto* and so-called inactive companies in the whole country), geographical and sectorial risks, as well as other risk factors as relevant. Where needed, Argentina should implement additional relevant mitigation measures in light of the conclusions of the updated assessment.
- d) Argentina should develop a robust system of verification of the information subject to registration.
- e) Argentina should oblige trustees of foreign trusts operating in Argentina to disclose their status to FIs and DNFBPs when establishing business relationships or conducting occasional transactions.
- f) Argentina should implement timelines for updating the information on legal persons for all Public Registries of Commerce and should implement a timeline for *de facto* companies to finalise their registration.
- g) Argentina should ensure that proportionate and dissuasive sanctions are applied to legal persons, whenever relevant, and adapt its sanctioning regime consequently.

594. The relevant Immediate Outcome considered and assessed in this chapter is IO.5. The Recommendations relevant for the assessment of effectiveness under this section are R.24-25, and elements of R.1, 10, 37 and 40.⁵³

Immediate Outcome 5 (Legal Persons and Arrangements)

595. Section 1.4.8 *Legal persons and arrangements* under Chapter 1 describes the various types of legal persons and arrangements in Argentina. As mentioned there, the three main types of legal persons in Argentina are the *Sociedad de Responsabilidad Limitada* – SRL or Limited Liability Company – LLC (25%), the *Sociedad Anónima* – SA or Corporation (23%), and the civil association (14%). *De facto* and irregular companies represent more than 7% of legal persons in Argentina. As explained under Chapter 1, irregular companies refer to companies that do not comply with the legal requirements and, for this reason, are not registered in the relevant Public Registry of Commerce; while *de facto* companies are those companies lacking a written instrument including the contractual clauses. Both financial and non-financial *fideicomisos* (a type of legal arrangement widely used in Argentina) account for less than 3%. The authorities consider that legal persons being the most at risk are the *Sociedad Anónima Simplificada* – SAS or simplified corporations (7%), and the companies incorporated abroad.

596. About 60% of legal persons and arrangements are registered in the Autonomous City of Buenos Aires (*Ciudad Autónoma de Buenos Aires* – CABA) and the Province of Buenos Aires (PBA), which the AT took into account in its weighting and conclusions.

597. The definition of BO is broad enough in Argentinean law. There is no technical deficiency that could impact on effectiveness.

Table 7.1. Registered legal persons and arrangements in Argentina, as of 31 January 2024

Type of legal person or arrangement	Number	Overall representation	Registered in CABA and PBA (as of 2023)
Limited liability company (SRL)	158,308	24.24%	59%
Corporation (SA)	147,748	22.62%	71%
Civil association	87,412	13.38%	40%
De facto and irregular companies	47,710	7.30%	55%
Simplified corporation	44,444	6.80%	29%
Cooperative association	24,491	3.75%	39%
Foundation	16,315	2.50%	31%
<i>Fideicomiso</i>	16,129	2.47%	51%
Mutual association	4,151	0.64%	42%
Company incorporated in a foreign country	1,889	0.29%	89%
Limited partnership (SCS)	2,241	0.34%	88%
Partnership limited by shares (SCA)	1,318	0.20%	80%
Single shareholder corporation (SAU)	895	0.14%	74%
General partnership	718	0.11%	44%
Financial <i>fideicomiso</i>	449	0.07%	85%
Capital and industry companies	19	0.00%	33%
Others	98,958	15.15%	71%
TOTAL	653,195	100%	57%

⁵³ The availability of accurate and up to date basic and beneficial ownership information is also assessed by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. In some cases, the findings may differ due to differences in the FATF and Global Forum's respective methodologies, objectives, and scope of the standards.

Note: Others include mutual funds, joint ventures and condominium associations, and other type of entities not considered relevant for the purposes of IO.5.
Source: AFIP and INAES

Public availability of information on the creation and types of legal persons and arrangements

598. Due to its federal nature, Argentina has a significant number of public registries of legal persons and arrangement – 24 in total, one for each of the 23 provinces, and one for the Autonomous City of Buenos Aires. Both legal persons and arrangements are subject to the same registration obligations with the Public Registries of Commerce, except for cooperatives and mutual associations which are all registered with INAES. Each public registry is independent. There is some collaboration between the Registry of Legal Persons (*Inspección General de Justicia – IGJ*), which is the registry for the city of Buenos Aires, and the Provincial Directorate of Legal Persons (*Dirección Provincial de Personas Jurídicas – DPPJ*), which is the registry for the wider province of Buenos Aires. A particularity in Argentina is that company registrars are reporting entities, which means that they must report to the FIU any ML/TF suspicion arising when performing their duties.

599. Information on the creation, nature, and obligations of the different types of legal persons and arrangements is widely available in Argentina through different means e.g., websites, publications as well as leaflets and brochures. Argentina's official gazette⁵⁴ publishes all legal texts relating to the different types of legal persons in the country. The IGJ⁵⁵ and the DPPJ⁵⁶ provide this information online.

600. The INAES⁵⁷ holds comprehensive information on the requirements for creation of mutual associations and cooperatives.

Identification, assessment and understanding of ML/TF risks and vulnerabilities of legal entities

601. Argentina has assessed the ML/TF risks of legal persons and arrangements through the 2022 ML and TF NRAs. Authorities have consequently developed a relatively good understanding of their threat profile but did not comprehensively assess their vulnerabilities for ML/TF abuse.

602. Both NRAs determined the risk level of the different types of legal persons using data from the FIU. The analysis elaborated a “coefficient of prevalence” based on (i) the overall number of legal persons for each type that exist in Argentina and (ii) their occurrence in STRs received by the FIU. This first stage was complemented with the number of investigations initiated by the FIU where different types of legal persons were involved. This led Argentinian authorities to conclude that foreign companies and SAS were high risk, while joint stock companies, mutual associations, cooperatives, limited liability companies and *fideicomisos* were medium risk; and foundations, civil associations and *de facto* or irregular companies were low risk.

603. However, the risk assessment did not consider the specific characteristics and inherent vulnerabilities (e.g., geographical area of operations, type of business they are involved in) of the different types of legal persons – except for foreign incorporated companies and SAS that, due

⁵⁴ Boletín Oficial de la República Argentina (2024), www.boletinoficial.gob.ar/seccion/primera

⁵⁵ Official Government Site of Argentina (n.d.), <https://www.argentina.gob.ar/justicia/igi>

⁵⁶ Official Government Site of Argentina (n.d.) <https://www.gba.gob.ar/dppj>

⁵⁷ Instituto Nacional de Asociativismo y Economía Social (n.d.), <https://www.argentina.gob.ar/capital-humano/inaes>

their nature, were directly identified as high risk. This was confirmed in practice for SAS (see Box 7.1). Nor does the risk assessment provide typologies of ML/TF risks of legal persons and arrangements being abused for ML/TF purposes.

604. In addition, while the NRA concluded on the low risk of *de facto* and irregular companies, the AT questions the extent to which the authorities considered the particular situation and related risks of these entities, which may escape supervision from the Public Registries of Commerce due to their irregularities or incomplete registration process, although they will still be under AFIP's supervision because of the existence of a CUIT.

605. Furthermore, authorities did not assess the situation of the approx. 360,000 so-called inactive legal persons in Argentina. In 2010, IGJ requested legal persons to update their company data within 60 days – that timeline was extended up to 2015. In 2014, IGJ created a register of inactive entities (*Registro de Entidades Inactivas – REI*) to monitor compliance of these legal persons that failed to update their company data by 30 April 2015. While this is a commendable step, authorities did not assess the risks related to this specific situation, nor implemented specific measures. In particular, while inactive entities face limitations to operate in Argentina, they maintain their legal personality and can thus still operate outside of Argentina and be abused for ML/TF purposes. Since the REI is managed by IGJ, it is applicable to CABA only; the exact number of inactive legal persons is unknown to the authorities.

606. During the on-site meetings, competent authorities demonstrated an empirical understanding of the risks associated with the misuse of legal persons and arrangements for ML/TF purposes that goes beyond the findings of the NRA. In particular, the FIU and LEAs (investigating judges and prosecutors) demonstrated a solid understanding of ML-related risks and vulnerabilities of legal entities, and TF-related to a lesser extent, based on the regular investigations they conduct to uncover the BO of legal entities to follow the evidence and trace illicit assets. Argentina presented ML case studies in which informal nominees or strawmen were used to hide the real BO of property and assets; nonetheless, Argentina secured very few convictions of legal persons (see IO.7). Reflective of the deficiencies in the NRA, Argentina lacks a more in-depth analysis, enabling for an enhanced and comprehensive understanding of risks and inherent vulnerabilities of the different types of legal persons and arrangements, to consequently address those risks through targeted mitigating measures.

607. The NRA recognises that the multiplicity of Public Registries of Commerce generates complexity to establish AML/CFT policies. However, Public Registries tend to have an overall awareness of the risk of misuse of legal persons for ML, and organise yearly meetings to exchange good practices, which is commendable.

608. The authorities widely disseminated the NRAs to the relevant public and private stakeholders. The private sector has a variable understanding of ML risks and vulnerabilities of Argentina's legal persons (see IO.3 and IO.4).

Mitigating measures to prevent the misuse of legal persons and arrangements

609. Argentina has adopted a number of mitigating measures aimed at preventing the misuse of legal persons and arrangements.

Registration of legal persons and arrangements and verification of information by public entities.

610. Argentina requires legal persons and arrangements to provide several public entities with basic and BO information:

- As a Tax Authority, AFIP has a universal scope of registration of legal persons and arrangements, as none can officially operate in Argentina without a tax identification number (CUIT). The Public Register of Beneficial Owners (BO Registry), created during the on-site visit, holds the BO information held by AFIP, to which secrecy was lifted consequently. However, due to its recent nature, its effectiveness could not be assessed.
- The Public Registries of Commerce have a universal scope in registering basic and BO information of all legal persons created and operating in Argentina, with the exception of mutual associations and cooperatives which are registered with the INAES.

611. The FIU has competence to register reporting entities; but since the Public Registries are reporting entities, it can eventually access basic and BO information of all legal persons and arrangements created and operating in Argentina (see R.24).

612. During the on-site, the AT met in-person with representatives from IGJ and DPPJ and held remote meetings with the commercial registries of the provinces of Mendoza and Córdoba. This represents about 70% of the population of legal persons and arrangements in Argentina. The AT understood from meetings with the private sector that, although all registries must register the same type of information (as required by the law), in practice the fragmented system of registries has led to different levels of standardisation and application of mitigating measures across Argentina. Indeed, some registration requirements (for example regarding *fideicomisos*) may vary from jurisdiction to jurisdiction, creating uneven requirements among all different jurisdictions, and thus potential gaps that may be exploited for ML/TF purposes.

613. The authorities created the National Company Register (*Registro Nacional de Sociedades – RNS*)⁵⁸ in 2019, with the aim of gathering and updating information on all registered legal persons and arrangements in Argentina, searchable by their legal name or CUIT. It also provides contact details of the different offices handling that information within the 24 provinces, without however providing the link to their online portal, except in the cases of CABA (IGJ) and PBA (DPPJ). The register is not yet complete, but authorities are working on updating the database and encouraging cooperation with provincial registries.

614. To register the legal person or arrangement, its representatives must submit the necessary information with the required supporting documentation to the AFIP, to the relevant Public Registry of Commerce or the INAES in cases of mutual associations and cooperatives, and to the FIU if they are a reporting entity (8740 cases⁵⁹). This double (or even triple) registration requirement enables some cross-verification between relevant authorities. In addition, the relevant authorities verify the information against the supporting documentation and use other methods available to other competent authorities, i.e., information held by AFIP that is not covered by tax secrecy, Public Registers of Commerce, national identification database, social security, and immigration databases, amongst others. This is particularly relevant for BO information, since it is supported by affidavits (*declaraciones juradas*). However, Argentina did not demonstrate that this verification is always conducted thoroughly, as competent authorities do not use all available tools and information for their verification – and LEAs detected instances where the registered BO was not the actual BO.

615. The IGJ, DPPJ, the public registry of Córdoba and the registry of INAES, which represents most legal persons in Argentina, are linked to the AFIP registry, which facilitates the verification

⁵⁸ <https://www.argentina.gob.ar/justicia/registro-nacional-sociedades>

⁵⁹ As of 27 May 2024

of information. However, the remaining various registries are not interconnected, which is an impediment to a fully timely and efficient verification process for all authorities in practice.

616. Although the different relevant authorities dispose of supervisory and inspection powers to verify the accuracy of the information subject to registration, they did not provide information on the number of instances in which they used those powers for this purpose, which does not allow the AT to draw firm conclusions. However, the absence of data and the interviews conducted suggest that such powers of inspection for verification of information purposes have been, if used, only to a negligible extent.

617. Argentina substantially enhanced its registration regime over the past few years, enabling for a faster and more efficient processes. This led to the regularisation of a number of *de facto* companies, although a significant number still exists, as shown in the table below.

Table 7.2. Number of *de facto* and irregular companies through the review period

Entity	2019	2020	2021	2022	2023	Variation from 2019 to 2023
<i>De facto</i> companies	63,654	61,501	59,813	58,206	56,080	-12%
Irregular companies	14,569	14,350	14,198	14,425	14,349	-1.5%
Total	78,223	75,851	74,011	72,631	70,429	-10%

Intervention of notaries in the incorporation process and subsequent changes in companies' structure.

618. In Argentina, the company incorporation process generally commences with a notary drafting the incorporation deed when required – in practice, this is the case for 100% of corporations (SA) as this is a legal requirement, for about 50% of limited liability companies (SRL), and for 20% of simplified joint-stock companies (SAS). The incorporation by public deed (when existing) is followed by the company registration in the relevant Public Register of Commerce (where the legal person is domiciled) within 20 working days, which can be extended by another 30 days for completion of the process. Some cases (i.e., when specifically required by law as in the case of SA, civil associations or foundations, and whenever the nature of the assets provided by the partners to the company so determine) require the involvement of a notary at the incorporation stage, or where there are subsequent changes in the structure and the changes are legally required to be contained in a public deed (same as the incorporation requirements). Other changes to the company structure do not require the intervention of notaries (except for the notarisation of signatures) and in such cases, there is no verification of the changes by an independent authority. Cooperatives and mutual associations must register with INAES prior to starting their operations. The CivCC (which regulates associations, foundations and *fideicomisos*) does not impose a registration timeline.

619. Where their intervention is required, notaries adequately collect and verify all the basic and BO information of the legal person through CDD and KYC principles and may consequently refuse the drafting of the public deed (when one is required) or to certify the signatures of the individuals (when their intervention is limited only to this certification). If they suspect an ML/TF breach, they terminate the relationship with their client and report the transaction to the FIU, which happens in practice, although STR reporting is not fully in line with their risks (see IO.4).

620. Notaries' interventions constitute a mitigating measure to some extent, it is not applicable in all situations (i.e., when the company is incorporated by private instrument). In addition, since the different authorities (Public registries, AFIP and the FIU) conduct a limited verification of the basic and BO information submitted to registration, there is no alternative verification

mechanism in situations where there is no intervention of a notary. This is considered a major deficiency in the context of Argentina, where the NRA itself recognises the misuse of legal persons for ML purposes as an important risk.

621. Simplified joint-stock companies (SAS) are generally incorporated electronically through digital signatures, and in some cases through a public deed. The incorporation process does not require a notary intervention, nor do updates of changes, which creates a potential gap in the system given their risk and materiality in Argentina; only partially mitigated by the requirement of a digital signature, i.e., authentication (cf. case Los Monos). The non-face-to-face nature of the process bypasses any type of verification of basic and BO information related with this type of companies that, although still relatively new in Argentina's legal system (introduced in 2017), is already the 4th widely used in Argentina (44 444 entities in 2024, corresponding to approximately 7% of registered legal persons), with numbers increasing significantly throughout the reporting period (+143% from 2019 to 2024). Authorities took some remedial actions after a notable ML case involving SAS (see below).

7

Box 7.1. Case “Los Monos” and remedial actions taken

In the framework of a drug trafficking investigation, LEAs initiated a financial investigation revealing links of investigated persons with numerous companies, primarily LLCs and SAS with no real business activity, but that were used to carry out illicit activities. The investigation identified a criminal network setting up commercial entities and issuing related false invoices. The case led to a successful conviction and IGJ removed these entities from their Registry. In addition, authorities took several mitigating measures: they amended the regulatory framework to oblige entities to have a precise and determined purpose, established oversight powers over SAS, implemented additional controls over their incorporation and the obligation to submit financial statements, as well as replaced the electronic signature by a digital signature for the incorporation of documents.

622. Legal entities are required to update their basic and BO information at least once a year (with the submission of their company disclosures and activity records) and after any modification of the information, within 10 days with AFIP and within 30 days with the FIU when they are reporting entities. Any changes to the information of mutual associations and cooperatives must be registered with INAES within 10 days at the end of every quarter. However, there is no legal timeframe to update registration information with the Public Registries of Commerce, which is considered a major deficiency.

623. Lawyers do not usually intervene in the incorporation process of legal persons and arrangements but when they do, they proceed to the verification of the basic and BO information through CDD and KYC principles. Lawyers became reporting entities during the on-site visit and therefore did not submit any STR to the FIU during the review period. Accountants do not intervene in this process as they were only recently (during the on-site visit) designated as TCSPs.

Prohibition on bearer shares/bearer share warrants.

624. Argentina prohibits bearer shares or bearer share warrants. Nominee shareholders are also expressly prohibited. Since Argentina does not recognize express trusts, nominee shareholders under a trust arrangement cannot be formed. Neither does Argentinian law recognises the concept of nominee directorship; as directorship functions in companies are

personal and non-transferable, directors must be partners or nominated in the incorporation act and, as such, registered in the relevant Public Registry. Any formal rights and obligations associated with the condition of director, when performed by a third party, depends on the granting of specific powers through power of attorney drafted by a notary where both parties – nominator and nominee – are identified. Nevertheless, LEAs (investigative judges and prosecutors) have identified cases where BOs of legal persons and arrangements identified in the relevant registries are not the actual BOs. LEAs demonstrated to the AT their ability to identify these situations and determine the real BOs.

Registration obligation for fideicomisos.

625. Whether established by a public instrument (public deed when the nature of assets transferred to the *fideicomiso* so require) or private contract, the legal instrument establishing the *fideicomiso* must be registered with the relevant Public Commerce Registry. However, the law does not set any timeframe to complete the registration.

626. The AFIP requires *fideicomisos* and foreign trusts operating in Argentina to register their information and update it annually, and any time that there are changes to the initial contract within 10 days. This obligation extends to representatives of foreign trusts. Since *fiduciarios* are reporting entities, they must equally register with the FIU, where the registration and update of information is the same as for companies.

627. The CivCC regulates the financial *fideicomiso*, where the *fiduciario* is a financial institution or a company specially authorized by the CNV (securities markets supervisor) to act as financial *fiduciario*, and beneficiaries hold title to the securities guaranteed with the assets transferred. In these cases, the authorisation of the public offering in the *fideicomiso* agreements, as regulated by the CNV, constitutes the act of registration.

628. Argentina implemented some specific mitigating measures following its ML/TF risk assessment for legal persons. Foreign legal persons are subject to deeper controls, depending on the extent to which they conduct business in Argentina. The registries of CABA (IGJ) and PBA (DPPJ) require additional supporting documentation, but as mentioned in the NRA, this might not be the case for other registries; but this is considered a minor deficiency since almost 90% of foreign companies are registered in CABA and PBA. As for SAS, they have 24 hours to register, they are prohibited to engage in business operations involving capitalisation or savings, and they cannot exploit concessions or public services.

629. Altogether, the basic and BO information registration obligations for both legal persons and arrangements, the intervention of notaries in the incorporation process and subsequent changes in companies' structures (when required), the prohibition of bearer shares and share warrants, as well as nominee shareholders and directors, constitute a comprehensive set of measures to mitigate risks of abuse of legal persons and arrangements for ML/TF purposes. This is however affected to some extent by the dispersion of the relevant information, a relative weak system of verification of information, and the fact that notaries' intervention is not always required.

Timely access to adequate, accurate and current basic and beneficial ownership information on legal persons

630. LEAs (investigative judges and prosecutors) access basic and BO information on legal persons through different means: (i) from the registries, i.e., Public Registries of Commerce and INAES; (ii) from relevant competent authorities, including the FIU, AFIP, BCRA, SSN, and CNV, (iii) from FIs and DNFBPs and (iv) from the legal entity itself. LEAs have access to the virtual platform elaborated by DAFI, which indicates where to retrieve and how to request basic and

BO information. LEAs request information from AFIP when necessary and can lift secrecy (e.g., for information protected by tax secrecy, including identity, tax information and residential address of the listed BO) through a Court order, which the judge grants without impediments and in a timely manner. The FIU can request the AFIP to lift tax secrecy in the framework of an STR. During the on-site visit, Argentina created a BO Registry based on data held by AFIP, consequently lifting tax secrecy for requesting competent authorities – but its effectiveness could not yet be assessed.

631. The information available to the different registries and relevant authorities includes the name of the BO, the BO's corporate correspondence and the BO's relationship with the legal person. LEAs can set a timeframe to comply with their request depending on its urgency and indicated that requested authorities always comply with the deadline.

Table 7.3. Requests for basic and BO information from LEAs⁶⁰

Requested entity	2019	2020	2021	2022	2023	TOTAL
IGJ	64 031	27 931	83 908	89 563	68 599	334 032
DPPJ	14 035	5896	15 377	21 981	20 489	77 778
Public Registry of Mendoza	938	799	1461	1730	1645	6573
FIU (UIF-Argentina)	1002	588	864	832	935	4221
INAES	1826	645	1390	1628	1756	7245
BCRA	2	9	8	7	9	35
CNV (financial <i>fiduciarios</i>)	1	3	6	5	4	19
SSN	-	1	2	1	-	4
Total	81 835	35 872	103 016	115 747	93 437	429 907

632. Overall, LEAs routinely request relevant authorities for BO and basic information on legal persons – mainly Public Registries of Commerce, and the FIU. Regarding Public Registries of Commerce, LEAs indicated their satisfaction with the timeliness of the answers provided, and rarely send reminders. When they establish a deadline to their requests, the replies are often immediate. When LEAs do not indicate a deadline to answer their request, the relevant Public Registry generally provides a reply within a maximum of ten calendar days. However, as previously mentioned, some Public Registries of Commerce are not yet digitalised, which complicates the swift access to information for LEAs – but they concentrate a smaller share of legal persons in Argentina.

633. As for the FIU, it has a direct access to the information of public registries since they are reporting entities and has demonstrated its ability to effectively look for BO information on different types of entities (see IO.6). Depending on the type and complexity of the information requested by LEAs, this takes up to 40 days. Considering that this might include information from foreign counterparts, and that the quality of the information provided is satisfactory, the AT considers this timing adequate.

634. LEAs indicated that BO information obtained from competent authorities has been useful in their ML investigations, as illustrated by the case below and the case Carbon Blanco (see IO.8). However, because of gaps in the verification processes as highlighted above, it is not always accurate nor up to date. As mentioned previously, LEAs have indicated instances where the BO mentioned in the registries of competent authorities was not the actual BO, and authorities took limited remedial actions consequently.

⁶⁰ Argentina could not provide the relevant data for the remaining 21 Public Registries of Commerce.

Box 7.2. Access and use of BO information in an investigation

LEAs (investigative judges and prosecutors) tracked criminal assets back to a company and obtained the BO information of several companies through data held by competent authorities. The information revealed the suspect's network which included their relatives and subordinates, as well as the fact that the corporations were not conducting any activity. Based on their investigations, PROCELAC found out that the corporations were in fact being used to disguise money received from narcotic activities. During the investigation process, investigators identified a flow of transactions to the corporate accounts. Within a few days of their request, PROCELAC received corporate data from the Public Registries of Commerce, AFIP and the FIU, including the incorporation deed, through which they obtained the identities and addresses of the directors and management of the corporation. LEAs consequently arrested the suspects and successfully traced the proceeds of crime.

635. LEAs can also obtain BO information of legal persons from FIs and DNFBPs (where available), as well as from legal persons themselves – although authorities indicated using this channel as last resort. Concerns regarding DNFBPs and, to a lesser extent, FIs' application of the BO requirements, exist (see IO.4).

Timely access to adequate, accurate and current basic and beneficial ownership information on legal arrangements

636. As noted in R.25, the Argentinean legal system does not provide a basis for the creation of express trusts, but foreign trusts can operate in the country upon registration with the Public Registries of Commerce. In practice, LEAs obtain BO information related to such arrangements through information collected by public registries and the FIU, and from FIs and to a lesser extent DNFBPs, as part of their CDD/KYC process. The FIU obtains information from open sources and its internal databases to identify BO information related to foreign legal arrangements. In some instances, especially for foreign trusts operating in Argentina, LEAs indicated that international cooperation was instrumental to obtain BO information. The FIU and LEAs have mechanisms in place to obtain BO information through cooperation with foreign authorities (see IO.2) and increasingly use them, but the frequency remains modest considering Argentina's risk profile.

637. The registration system of *fideicomisos* with the Public Registries of Commerce or the CNV (in the case of financial *fideicomisos*) provides an adequate level of transparency as information is accessible to LEAs in a timely manner. Gaps previously described regarding the verification of the information, apply.

Effectiveness, proportionality, and dissuasiveness of sanctions

638. Sanctions available for inaccuracy of information and failure to comply with disclosing information were, until recently, outdated, and not proportionate nor dissuasive. In addition, for the data provided did not distinguish the different breaches of different requirements (inaccurate information, non-disclosure of information, failure to update of information, etc). During the on-site visit, Argentina introduced a new range of sanctions which is dissuasive (pecuniary fines ranging from USD 600 to USD 100,000 for each offence), but still does not make distinction between the different breaches (e.g., inaccurate information, non-disclosure of information, failure to update information, etc.), which makes it proportionate to some extent

only. In addition, the impact of this regulatory change could not be assessed in terms of effectiveness.

639. Public Registries of Commerce, the FIU, INAES and AFIP have supervisory powers to make inspections and verify the accuracy of basic and BO information submitted and impose sanctions for breaching of registration obligations (both initial registrations and updates), namely the non-grant or dissolution of the legal person; but they used them to a limited extent, except for INAES which used them to some extent.

640. During the review period, AFIP applied 51 fines for an amount of ARS 1,256,000 (approx. USD 12,400) for not submitting affidavits in a timely manner, and 46 fines for an amount of ARS 1,445,000 (approx. USD 14,270) for submitting inaccurate statements. The FIU applied 22 pecuniary sanctions for a total of ARS 1,180,000 (approx. USD 11,650), both for the omission to verify the BO of the legal person and the existence of deficiencies in the verification of the BO of the legal person (see IO.3). Interviews with Public Registries of Commerce and data provided suggest that they use sanctions for not complying with the information requirements to a negligible extent. INAES ordered in 2019 the suspension of cooperatives and mutual associations which had not initiated the update of their data, resulting in massive suspension of licenses (9,576 cooperatives out of 20,171, and 420 mutual associations out of 1,777 in 2019). In total during the review period, for not complying with the information update, INAES applied sanctions of license suspension, revocation of authorisation to operate, and cancellation of legal entities, to a total of 24,758 cooperatives and mutual associations.

Overall conclusions on IO.5

Information in the type and creation of legal persons and arrangements is publicly available in Argentina. Argentina has assessed the ML/TF risks of legal persons and legal arrangements through its 2022 ML/TF NRAs, but the NRAs lack depth and important information – which is considered a major deficiency in Argentina’s context, where the misuse of legal persons for ML/TF purposes is a significant risk. Nevertheless, the authorities have a relatively good empirical understanding of the risks related to legal persons and arrangements, and have implemented several, yet insufficient measures to prevent their misuse. Bearer shares and nominee share ownership arrangements are prohibited in Argentina, while nominee directorships are not allowed. While legal persons and arrangements must register basic and BO information with the relevant authorities, BO and other important information is supported by affidavits, and the verification process is not comprehensive and robust enough. The recent creation of a BO Registry is a positive step to remedy the current dispersion and multiplicity of BO information sources, but its effectiveness has not been demonstrated yet. In addition, SAS do not require the intervention of a notary in their incorporation process, which is only partially mitigated by the requirement of a digital signature in the absence of a mechanism to verify their BO information.

LEAs efficiently obtain basic and BO information on legal persons and arrangements from competent authorities (Public Registries of Commerce, the FIU, AFIP and INAES) and from banks, and to some extent DNFBPs. The fragmented nature of public registries, and the fact that some of them are not digitalised, remains a challenge. In addition, trustees of foreign established trusts are not under an obligation to disclose their status to FIs, making it more difficult to ascertain their identification. Argentina is not applying available sanctions for failures to declare basic and BO information to competent authorities. Public Registries of Commerce, AFIP and the FIU supervise legal persons and *fideicomisos* for compliance with disclosure and registration of information obligations to a limited extent, and INAES to some extent.

Argentina is rated as having a moderate level of effectiveness for IO.5.

Chapter 8. INTERNATIONAL COOPERATION

Key Findings and Recommended Actions

Key Findings

- a) Argentina provides constructive legal assistance and extradition to a large extent. Delays may occur usually in the judicial phase. The average time of execution for MLA is six to seven months, for extradition ten months, but some cases have been pending for years.
- b) Argentina's central authorities for MLA and extradition are staffed with specialised officers and they efficiently perform their duties. DAJIN (within the Ministry of Foreign Affairs) has a case management system and a prioritisation mechanism, but it does not monitor the status of pending requests. While DNAI (within the Ministry of Justice) does not have a proper case management system, all the requests it received have been monitored and rapidly executed.
- c) While the majority of ML/TF cases in Argentina have international elements and illicit funds are often moved and laundered abroad, Argentina seeks MLA (246 requests issued over the review period) and extradition (24 requests) to some extent. Requested countries and underlying offences are not fully in line with the country's risks. The emphasis on pursuing cross-border aspects of the investigations and the authorities' expertise in seeking formal judicial cooperation is still developing. Feedback from the global network underlined that the quality of requests issued was generally good.
- d) Regarding asset-tracing and recovery in particular, Argentina seeks MLA to a limited extent, although some improvements have been made in the recent years. About 10% of active MLA requests (25) included asset tracing and/or recovery measures: in 15 cases preventive measures were requested and enforced abroad, with limited results since only two cases resulted in final repatriation of assets so far (see IO.8). However, the use of joint investigative teams has had a direct impact on the need to seek more MLA requests for asset-recovery.
- e) Competent authorities seek and provide other forms of international cooperation to varying degrees. The FIU actively shares spontaneous disclosures with its counterparts but is less proactive when it comes to seeking information for its STR analysis (see IO.6 on proactive dissemination). Although the FIU does not have clear processes to prioritise incoming requests, it has improved its average response time. Feedback on quality and timeliness of assistance provided is good.

- f) AFIP actively seeks and provides international assistance for both tax and customs information, with the exception of active cooperation related to cross-border cash movements, for which no requests have been issued during the assessed period. The exchange of information between the securities forces, PPO and foreign counterparts is effective and conducted through various channels, including Interpol, asset recovery networks, dedicated task forces, joint investigative teams and bilateral and multilateral agreements such as AIAMP.
- g) Other forms of international cooperation are negligible for supervisors. The FIU, in its capacity as the sole AML/CFT supervisor for the entire DNFBP sector and for some financial sectors, has never sought or provided international cooperation for AML/CFT supervision purposes. Although the requirement for SOBs to channel cooperation requests through the FIU is inefficient and has not been used successfully, SOBs have exclusively provided and sought international cooperation directly with their counterparts based on signed MoUs within their prudential supervision responsibilities.
- h) Argentina responded to some requests made by foreign authorities regarding basic and BO of legal persons, however shortcomings identified in IO.5 regarding accuracy and updating of BO information affect the quality of the assistance provided to some extent.

Recommended Actions

- a) DAJIN should proactively monitor pending incoming MLA and extradition requests and follow-up with local courts (judges or prosecutors) in charge of their execution.
- b) Argentina should ensure that the judicial phase of MLA and extraditions is not a barrier to their timely execution, especially in relation with the extradition appeal process.
- c) Prosecutors and investigative judges should enhance the active use of formal international cooperation in a systematic manner and more in line with the country's risk profile; with a focus on recovering proceeds of crime committed within Argentina being moved and laundered abroad.
- d) Competent authorities should continue to develop training activities for prosecutors and investigative judges, both at the federal and local level, on (i) the different formal and informal cooperation tools and channels available within the framework of a criminal proceeding involving ML, predicate offences, and TF, and (ii) the execution of passive MLA and extradition requests in a timely manner.
- e) In line with the country's risk profile, the FIU should: (i) be more proactive in seeking international assistance for STRs analysis involving international elements; (ii) adopt clear prioritisation processes that ensures timely

execution of incoming requests, especially for those classified “urgent” by the requesting FIU.

- f) Argentina should provide the SOBs with effective channels and mechanisms, enabling direct international cooperation for AML/CFT purposes with their foreign counterparts.
- g) The FIU, in its capacity as the sole AML/CFT supervisor for the entire DNFBP sector and for some financial sectors, should seek and provide international cooperation for AML/CFT supervision purposes where relevant.

641. The relevant Immediate Outcome considered and assessed in this chapter is IO.2. The Recommendations relevant for the assessment of effectiveness under this section are R.36-40 and elements of R.9, 15, 24, 25 and 32.

Immediate Outcome 2 (International Cooperation)

642. International cooperation is a crucial element for Argentina due to the transnational nature of its ML/TF threats and its porous and long borders. The scale of Argentina’s financial sector is limited, and the current high inflation and exchange restrictions have made the traditional financial system less attractive for both the domestic and foreign markets. At the same time, Argentina tends to hold a large amount of domestic assets (both of licit and illicit origin) abroad, leading to capital flows leaving the country through various formal and informal channels, which often include the use of complex corporate structures with international reach (see Chapter 1). Seeking assistance of foreign counterparts is therefore key for Argentinean competent authorities to fight ML, TF, and main predicate offences.

643. Argentina’s most strategic partners for international cooperation include several GAFILAT countries such as Brazil, Bolivia, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay, but also the United States and some European countries, such as Spain and Switzerland.

644. The assessment team’s findings are based on statistics on MLA, extradition and other forms of international cooperation; cases and examples; feedback from 38 jurisdictions from the Global Network including most of Argentina’s strategic partners⁶¹; interviews with all the relevant competent authorities and other data.

Providing constructive and timely MLA and extradition

645. Incoming and outgoing MLA and extradition requests are handled by two central authorities: The National Directorate of International Affairs (DNAI), within the Ministry of Justice which is responsible for MLA requests pursuant to the agreements signed with the United States and Uruguay, and the Directorate of International Legal Assistance (DAJIN), within the International Trade and Worship department within the Ministry of Foreign Affairs, which is the central authority for MLA requests pursuant to all other MLA treaties and for all extradition requests. In the absence of a treaty, requests are sent through diplomatic channels and do not

⁶¹ The following jurisdictions provided inputs on the international cooperation with Argentina: Andorra; Azerbaijan; Belgium; Bolivia; Brazil; Chile; Costa Rica; Cyprus; Czech Republic; El Salvador; Finland; France; Germany; Guatemala; Honduras; Hong Kong China, China; India; Italy; Japan; Jordan; Macao, China; Malaysia; Malta; Mexico; Norway; New Zealand; Peru; Romania; Slovenia; South Africa; Spain; Switzerland; Türkiye; the United Kingdom; the United States; and Uruguay; and IOSCO.

require certification or authentication in the requesting country, ensuring timeliness and efficiency.

646. Both central authorities have adequate resources and dedicated staff for legal cooperation in criminal matters. DAJIN counts 17 dedicated staff and has a case management system (DAJINGES), which has basic features: it allows for the registration of incoming requests and for the retrieval of relevant statistics, but not for active monitoring of on-going and pending requests. It is currently being updated to ensure compatibility with the electronic document management system (GDE) used at national level by the Public Administration. DAJIN also uses a computerised encrypted communication system called MOVDOC, enabling secure communications with the network of Argentinian embassies and consulates abroad. As of 2019, 90% of the MLA and extradition requests were handled electronically. DNAI counts seven staff and does not have a specific case management system. Instead, it uses the GDE as follows: for each request received, a confidential electronic file is created indicating an identification number and a level of urgency attributed by DNAI.

647. In addition to the central authorities, the General Directorate of Regional and International Cooperation (DIGCRI) within the National Attorney General's office (MPF-PPO) plays a relevant role in the provision and execution of ML and extradition requests received and sent within the responsibilities of the PPO only (PGN Res. 426/16).⁶² DIGCRI is a specialised supporting Unit for the PPO (similar to others mentioned in the report – see IO.7 and IO.8), it does not act as a central authority and only provides support and coordination to those requests that fall into the PPO's authority. DIGCRI has eleven staff members who proactively monitor requests and follow-up with national prosecutors and foreign authorities, as appropriate. DIGCRI is also a member of the International Criminal Cooperation Network (RedCoop), established within the framework of the AIAMP (Ibero-American Network of Prosecutors), which allows monitoring through the designated points of contact. The PPO uses their case management system COIRON to register active MLA requests issued by prosecutors and passive MLA requests that do not require judicial intervention and are referred to the competent unit of the PPO for their execution.

648. DAJIN web pages contain relevant and useful documents and information (in Spanish only), including annotated templates, for filing MLA and extradition requests to Argentina. DIGCRI's web page also provides relevant information on its role, functions and activities, as well as guidelines for domestic authorities on different aspects of international cooperation.

649. The existence of a treaty is not a requirement to provide and request MLA and extradition. Argentina has signed with strategic partners for international cooperation four MLA and extradition treaties, four regional MLA treaties, 17 bilateral MLA treaties, and 19 extradition bilateral treaties. In the absence of an agreement, the principle of reciprocity applies. Dual criminality is required only for MLA requests involving coercive measures and extradition; both ML and TF are extraditable offences. Argentina can also extradite its own nationals and has simplified extradition procedures when the requested person consents to surrender.

650. DAJIN classifies all incoming MLA requests according to four levels of urgency, with corresponding execution deadlines ("emergency", executed within two to three hours, e.g. controlled delivery; "very urgent", executed the same day, e.g. asset recovery, extradition, wiretapping; "urgent", executed within 48 hours, e.g. offences related to organised crimes; and "regular", executed within 72-96 hours). DAJIN's formal guideline to prioritise incoming MLA requests lists the following criteria to take into account: the type of measures, some underlying offences and urgency of the request specified by the requesting country. Notably, no geographical criteria regarding high risk jurisdictions or strategic partners for international

⁶² As better explain below, passive/active MLA and extradition can be executed/issued by both judges and prosecutors, depending on the case.

cooperation are taken into account. While ML and other main predicates are not expressly mentioned to be treated as urgent, in practice, the authorities indicated that the only incoming request received during the review period including an asset recovery measure had been treated as urgent. DAJIN does not proactively monitor the status of on-going requests unless requested by the foreign central authority.

651. DNAI does not have a formal prioritisation mechanism. Discussions during the on-site visit indicated that in practice, authorities prioritise requests to include the level of urgency specified by the requesting country, the predicate crime and the amounts involved in an asset recovery measure. DNAI monitors requests and have executed all requests during the review period, within four days of registration.

652. Active and passive MLA and extradition requests falling within the PPO's authority, after being received by DIGCRI are registered and processed within 24 hours. Formal prioritisation criteria do not exist, but in practice priority is given to requests involving a detained person or offences posing imminent risk or flagged as urgent by requesting authorities. In addition, DIGCRI monitors all requests made by prosecutors on an on-going basis and follows up with foreign authorities as appropriate. To this end, unanswered requests are identified, once a month, and the requested authority is inquired accordingly.

Mutual legal assistance

653. During the assessed period, Argentina received 65 MLA requests, mainly from Peru (54%), the United States (10%) Uruguay (8%), Panama (6%), regarding ML, TF and main predicates offences. Only one request involved asset recovery measures and repatriation of assets. With respect to the underlying offences, most of MLA requests received relate to ML (38), drug trafficking (nine), fraud (six), organised crime (five) and corruption (five), which is consistent with Argentina's risk profile. The other incoming requests related to tax evasion (three), smuggling (three), human trafficking (two), TF (two) and other crimes (three). Some requests relate to more than one offence.

654. Argentina generally provides constructive MLA in relation to ML, associated predicate offences and TF (35 completed incoming MLA requests), with only four requests unanswered over the review period. Out of the four unanswered requests, three were withdrawn by the requesting countries and only one could not be executed due to material impossibility of completion (the witness had left the country). 33% of incoming requests (22) are pending response from Argentina. Overall, feedback received from the FATF and FSRB jurisdictions was positive, with few countries flagging delays in executing the requests.

Table 8.1. Status of incoming MLA requests

Status	2019	2020	2021	2022	2023	2024	TOTAL
MLA received	4	7	15	10	17	12	65
MLA fulfilled	1	7	11	6	5	5	35
Withdrawn by requesting countries	2	0	0	1	0	0	3
In progress in Argentina	0	0	3	2	7	10	22
In progress in requesting countries	1	0	1	0	5	4	11
Rejected by Argentina	0	0	0	1	0	0	1

655. Over the review period, the average time for execution was six to seven months for MLA requests: out of the latter, around 23% took between six and twelve months and 12% more than a year. The AT did not identify any legal impediments that could hinder the timeliness of

assistance. Overall, the administrative process is carried out by both central authorities in a timely manner and delays in the execution of MLA requests usually occur during the judicial phase. In the current “mixed-inquisitorial” judicial system (see IO.7), passive MLA requests, which require a prior judicial authorisation (e.g. seizure order) or relate to a case already under investigation by a judge, are handled by the judiciary; other cases are managed by a prosecutor. Several factors influence the processing time of incoming requests, such as: the measures requested which might require certain investigation process or prior factual verification (e.g. locating a witness or the assets to be seized), the authority (judge or prosecutor) and the court (federal or provincial) in charge of their execution. Discussions during the on-site visit revealed that local courts may not have adequate training and need support from the central authorities. To address this issue, DAJIN started to provide guidance on MLA and extradition to local courts in 2023 by organising itinerant training activities in various jurisdictions which have been attended by some judges and prosecutors. Argentinean authorities are hopeful that the new federal procedural code (FCCP) could also improve resource allocation and timeliness of execution as it gives exclusive responsibility to handle incoming MLA requests to the prosecutors. As of the end of the on-site visit, out of the four passive MLA requests executed in application of the new FCCP measure, one, relating to a witness statement, was carried out within 17 days due to the coordinated effort of the CA, DIGCRI and local prosecutor in charge. In the jurisdiction of Salta, instead, three other passive MLA relating to obtaining documents and information were executed after nine months, which does not seem to indicate an improvement.

Box 8.1. Relevant cooperation provided by Argentina to a foreign investigation

In February 2023, Argentina provided evidence (information relating to a domestic criminal investigation, including on the ownership of a property and the identification of an aircraft), in response to a formal request for assistance made by Chile in November 2022, relating to a ML case classified as very urgent. The MLA request was executed in three month and the successful cooperation between the Argentinean and Chilean authorities (involving the Central Authorities and the Federal Court) and the evidence provided through MLA were useful to support the proceedings. The request was based on the Inter-American Convention on Mutual Assistance in Criminal Matters.

656. The Argentinean authorities have the ability to secure, seize and confiscate assets for their return as a result of an MLA request. During the assessed period, Argentina received only one request involving asset recovery measures and repatriation of assets to the requesting country, which has been successfully executed (see box below).

Box 8.2. Seizure and repatriation of an aircraft in the framework of an MLA request issued by foreign authorities

In June 2022, a Boeing 747-300 aircraft with a Venezuelan and Iranian citizens crew landed in Argentina. As the purpose of the trip and of the goods transported were not clear or justified, competent authorities started an investigation for illicit association to commit customs offences, as well as possible terrorist acts and TF, in which various form of international cooperation (both formal and informal) were sought. Furthermore, in October 2022, DNAI received a request for MLA from the United States for the purpose of obtaining a provisional measure (confiscation/withholding) on the aircraft in order to obtain approval for its registration, inspection and maintenance. These provisional measures were carried out by the competent Argentinean authorities without delay within the same month. Subsequently, while the aircraft was withheld, two complementary requests were received to seize the aircraft, based on a confiscation order issued by a US Court. After the DNAI requested clarification from the US Central Authority (Department of Justice) necessary to comply with Argentinean regulations, both requests were filed before the Argentinean judicial authority and executed in December 2023.

657. Some international agreements also allow Argentinean authorities to share information spontaneously. Between 2022 and 2023, 28 spontaneous disclosures were sent to foreign counterparts through Argentine central authorities or diplomatic channels, mainly regarding the following offences with transnational links: homicide, sexual abuse, smuggling, domestic violence, theft, exploitation of minors, child pornography and child abduction.

Extradition

658. All extradition requests are handled by DAJIN, treated as very urgent and transmitted to the judiciary on the same day of receipt. During the review period Argentina received 25 extradition requests from Albania, Andorra, Brazil, Ecuador, El Salvador, France, Germany, Guatemala, Hungary, Italy, Mexico, Paraguay, Peru, Poland, Spain and the United States relating to ML, TF, and main predicates, out of which 20 have been fulfilled and four were withdrawn by requesting countries. Currently there are 15 pending requests: the authorities indicated that seven are pending in the requesting countries and were followed up for additional information and eight are in progress in Argentina (in one case the person escaped and is being searched to continue processing the case).

659. Over the review period, Argentina extradited six of its own nationals. In 2023, five were extradited to Brazil and Uruguay for the crime of smuggling and international drug trafficking; one was extradited to Mexico for tax fraud.

Table 8.2. Status of incoming extradition requests

	2019	2020	2021	2022	2023	2024 (until March)	Total
Extradition requests received	1	0	3	7	14	0	25
Extradition requests fulfilled	1	0	2	3	9	5	20
Withdrawn by requesting countries	0	0	0	2	2	0	4
In progress in Argentina	0	0	0	0	1	7	8
In progress in requesting countries	0	0	1	2	2	2	7
Rejected by Argentina	0	0	0	0	0	0	0

660. Over the review period, one ML-related extradition request and 19 requests related to main predicate offences (see above) have been successfully completed, even though not always in a timely manner. The average time of execution for extradition relating to main predicates is usually ten months, even though some cases have been pending for years. For extradition as well, delays usually occur in the judicial phase. The main reasons identified by Argentinean authorities include the absence of a centralised dedicated court, the lack of adequate resources of federal courts outside the capital city or their absence of responsiveness to receive support from the central authority. The authorities also mentioned five cases of simplified extradition processes. Above all, they cited the length of the appeals to the Supreme Court, which does not have a deadline for ruling, unlike the criminal appeals; authorities pointed out that in complex ML and main predicates cases, such lack of deadline is frequently misused by the defence to prolong the proceedings.

661. With regards to the underlying offences, most passive extradition requests involved drug trafficking (15), while only few related to ML, main predicates, and one TF-case.

662. In the table below the total numbers is higher than the total number of requests received as some of them involved more than one offence.

Table 8.3. Incoming extradition requests based on main offences

	2019	2020	2021	2022	2023	2024	Total
Drug trafficking	0	0	1	3	11	0	15
ML	1	0	0	2	2	0	5
Criminal association	0	0	2	0	2	0	4
TF	0	0	0	1	0	0	1
Tax evasion	0	0	0	0	1	0	1
Fraud	0	0	0	0	1	0	1
Corruption	0	0	0	0	0	0	0
Embezzlement	0	0	0	0	0	0	0
TOTAL	1	0	3	6	16	0	26

Box 8.3. Case study: Passive extradition for drug trafficking and money laundering

In January 2022, DAJIN received an urgent request for provisional arrest with a view to extradition of a Bolivian citizen within the framework of the Extradition Treaty in force between the Argentine Republic and the United States of America. The request was sent the same day to the competent Federal Court and a telephone call was organised to provide the details concerning its urgent nature (the person would leave the country within a matter of hours). The court immediately ordered the preventive arrest of the person, who was arrested on 21 January 2022 at the Ezeiza International Airport. In March 2022, the United States Embassy formalised the extradition request through diplomatic channel and the person was sent to court for the prosecution of the case. In August 2022, the requested person agreed to be extradited and the administrative final decision stage of the process was initiated. In September 2022, the United States authorities were informed through diplomatic channels that the extradition had been definitively granted and, subsequently, the delivery and surrender of the requested person took place within the period provided for in the Treaty in force.

Seeking timely legal assistance to pursue domestic ML, associated predicates and TF cases with transnational elements

663. Outgoing MLA and extradition requests are handled by DAJIN and DNAI, following similar procedures as incoming MLA and extradition requests. DAJIN, DNAI and DIGCRI's specialised staff provide support to judges and prosecutors to seek international cooperation. Over the review period, the PPO developed guidelines to ensure that MLA and extradition requests meet the minimum formal requirements and has provided 13 trainings covering MLA and extradition requests, attended by 1118 officials (both in person and virtually). In addition, the PPO provided seven training activities related to confiscation and asset recovery, which also included aspects on international cooperation.

Mutual legal assistance

Table 8.4. Outgoing MLA requests per competent authorities for ML and main predicates

Central Authority	2019	2020	2021	2022	2023	2024 (March)	Total
DAJIN	19	7	19	24	41	60	170
DNAI	12	9	7	15	22	11	76

664. Discussions with LEAs during the on-site visit and a review of the ML convictions (see IO.7) confirmed that the large majority of ML/TF cases have international elements. However, the emphasis on pursuing formal cross-border aspects of investigations is relatively recent and is still developing across federal and local prosecutors/judges (see IOs.7 and 8).⁶³ Furthermore, gaps identified in the country's risk assessment and understanding, which relied heavily on

⁶³ As indicated in the NRA, PROCELAC started to intervene in cases involving formal international cooperation only in 2018.

detected predicate offenses, led authorities to focus more on the domestic context at the expense of the international dimension of the crimes investigated (see IO.1).

665. The number of outgoing requests has increased in the last couple of years, but the overall volume is still not commensurate to the country's context and risk profile (see Chapter 1). In addition, underlying offences are not completely in line with Argentina's risk profile, with only a few requests issued for tax offences and human trafficking over the review period (see table below 8.7). The AT identified that 57% (42 out of 73) of the ML-related convictions presented international links; however, international cooperation actions of the authorities were not fully commensurate (see IO.7). Prosecutors and judges explained that they favour the use of informal pre-MLA agency-to-agency cooperation and the use of joint investigative teams (see section on other forms of cooperation below).

666. During the assessed period, Argentina sent 246 MLA requests, out of which 95 ML-related and 10 TF-related.⁶⁴ The main purpose of these active MLA was the collection of evidence (90%) and only 25 (10%) requests involved asset tracing and/or recovery measures. Most of active requests were issued by judicial authorities (approximately 60%) and, to a lesser extent, by prosecutors (approximately 40%). Feedback provided by the global network underlined that the quality of requests made by Argentina was generally good, with one key jurisdiction, flagging deficiencies in active MLA requests involving asset recovery measures requiring follow-up with Argentine authorities.

667. A total of 95 requests have been fulfilled, while 98 requests are still pending, mostly in the requested countries. Argentinean judicial authorities reported having encountered difficulties in some cases to obtain and provide the information requested from foreign jurisdictions to meet their legal and procedural thresholds. Steps taken in order to comply included, for example, stipulating informal arrangements between the institutions involved, conducting formal diplomatic negotiations or other informal mechanisms of cooperation to allow them to obtain the necessary information in order to complement the requests.

Table 8.5. Status of outgoing MLA requests

	2019	2020	2021	2022	2023	2024 (March)	TOTAL
MLA sent	31	16	26	39	63	71	246
MLA fulfilled	14	5	13	19	10	34	95
Withdrawn by Argentina	4	1	0	0	2	2	9
In progress in Argentina	1	0	2	2	8	4	17
In progress in requested countries	10	7	10	17	41	63	148
Rejected/refused by requested countries	2	3	1	1	2	0	9

⁶⁴ These ten TF MLA requests were all issued within the same case which involved a suspicious plane landed in Argentina with possible terrorism links.

668. In the table below total numbers is higher than the total number of requests sent as some of them involved more than one offence.

Table 8.6. Outgoing MLA requests based on main offences (including on asset tracing)

	2019	2020	2021	2022	2023	2024 (March)	Total
ML	14	11	14	4	33	19	95
Drug trafficking	3	3	5	5	13	9	39
Corruption	5	4	1	6	10	1	27
Criminal association	4	3	5	0	3	4	20
TF	0	0	0	10	0	13	16
Fraud	1	0	1	1	6	2	11
Tax offences	1	1	1	0	3	0	10
Embezzlement	0	0	1	0	2	1	7
Smuggling	0	0	0	0	1	3	7
Other offences	5	3	3	12	9	4	36
TOTAL	33	25	31	38	80	56	268

669. Most of the requests were made to the United States (35%), Uruguay (12%), Germany (9%), Panama (5%), Spain (5%), and Switzerland (4%). These countries, however, do not appear completely in line with the assessed country's risk profile: very few requests have been sent to some neighbouring countries (e.g., Bolivia, Brazil, and Paraguay) despite the fact that, according to the analysis on the 181 transnational investigations in which PROCELAC has intervened, such countries are often involved in ML schemes of criminal proceed originating from Argentina.

Box 8.4. Successful proactive MLA case

In the context of a case for weapon possession and illicit association, Argentinean authorities prepared an MLA request for the US authorities to obtain witnesses statements, on the basis of the Inter-American Convention on Mutual Assistance in Criminal Matters. Prior to issuing the request, communication was established with the U.S. Central Authority to ensure compliance of the MLA request with the formal requirements. Upon reception, the US authorities made two requests for additional information to the Argentinean judicial authorities. Authorisation was obtained from the US authorities and relevant measures were taken to conduct the witnesses' hearings at the closest Argentinean consulate of the witnesses' place of residence in the US. The information provided was useful for the case and the accused persons were convicted.

670. As mentioned in IO.8, despite some effort, Argentina seeks MLA to trace and recover illicit assets abroad to a limited extent, although some improvements have been made in the recent years. The emphasis on pursuing asset recovery measures abroad is relatively recent and is still developing across federal and local prosecutors and judges. About 10% (25) of MLA requests issued during the assessed period included asset-tracing and/or recovery measures. While judges and prosecutors make active use of RRAG and similar networks to locate and identify

assets of illicit origin abroad, only two cases resulted in final repatriation of assets as of the end of the on-site (see IO.8 for the Isle of Man case and the box below for the Jaime case). Regarding preventive measures, Argentina, at the request of the PPO, managed to seize assets located abroad in a total of 15 cases for ML and predicate offences (see IO.8 for details on such assets). In addition, MLA procedures have been initiated in three other cases for asset recovery purposes, in which ML convictions have been achieved and confiscations ordered, but in which certain procedural steps are yet to be met for the confiscation orders to be enforced. According to the authorities the main challenges involving asset recovery relate, on the one hand, to difficulties in finding concrete evidence linking the identifying asset directly with the instruments or the proceeds of the investigated crimes and, on the other hand, to higher standards required by some foreign countries to apply seizing and confiscating measures, especially with countries with which there is no specific asset recovery agreements in force. Argentina took initial steps to remediate to this issue and signed one bilateral (with Uruguay) and one multilateral (Mercosur) agreement specifically aimed at asset recovery and sharing of confiscated assets; other similar treaties are currently being negotiated with 15 countries.

Box 8.5. Jaime case

In February 2009, a former official acquired a vessel for one million US dollars, based on illicit enrichment, and through a foreign offshore firm. The vessel had been parked in a port in the Republic of Uruguay under the US flag since December 2012. The Argentine federal justice ordered the seizure of the vessel, first subject to a precautionary measure for several months. After due investigation, in April 2022, the court ordered the confiscation of the vessel for being the direct proceeds of the crime of illicit enrichment. Following a formal MLA request, the vessel was finally repatriated into Argentinean territory, and was placed at the disposal of the court.

671. Argentina also takes part in joint investigative teams (JITs) with foreign counterparts. During the assessed period, ten JIT were put in place through DAJIN, within the framework of Mercosur agreements and Palermo Convention against organized crime to investigate and prosecute different offences such as drug and human trafficking, smuggling and ML (see IO.7 for a JIT case example). This practice is commendable as it had a direct impact on the need to seek more MLA requests for gathering evidence and asset-recovery.

Table 8.7. Offences involved in JITs set up by the MPF

Type of crime	Number of JITs ⁶⁵
Money Laundering	3
Drug trafficking	2
Arms trafficking	1
Human trafficking	1
Corruption	1
Smuggling	1
Deprivation of liberty	1

⁶⁵ The number includes JITs both already formed and under current negotiation.

Extradition

672. Argentina seeks extradition from other countries regarding ML/TF and main predicates to a limited extent. During the review period, the country sent 24 requests to Chile, Colombia, the Dominican Republic, Mexico, Paraguay, Peru, Spain, the United States and Uruguay. 12 of them have been executed as of the time of the on-site March 2024.

Table 8.8. Status of outgoing extradition requests

	2019	2020	2021	2022	2023	2024 (March)	Total
Extradition requests sent	4	3	2	4	3	8	24
Extradition requests fulfilled	2	1	0	1	1	7	12
Withdrawn by Argentina	0	0	0	0	0	1	1
In progress in Argentina	0	0	0	0	0	0	0
In progress in requested countries	2	2	1	2	2	11	20
Rejected by requested countries	0	0	1	1	0	0	2

673. The underlying offences were organised crime (seven), drug trafficking (three), ML (three), fraud and falsification of public document (one), human trafficking (one), sexual abuse (one) and scams (one). Several requests involved more than one offence, while none of them involved tax offences, corruption, or smuggling, which is partially in line with Argentina's risk profile.

Box 8.6. Successful active extradition case

In May 2023 an Argentine-Uruguayan citizen was preventively detained in Uruguay following an INTERPOL Red Notice. The person was requested for different crimes, such as drug trafficking and ML. In June 2023, the formal extradition request was submitted within the framework of the Extradition Treaty signed by the Argentine Republic and the Eastern Republic of Uruguay. The extradition was granted within 23 days. In parallel, an MLA request was issued to identify and seize assets in bank accounts in Uruguay, for future confiscation.

Seeking and providing other forms of international cooperation for AML/CFT purposes

674. In general, competent authorities seek and provide other forms of international cooperation to varying degrees.

FIU-to-FIU

675. The FIU has signed 47 MOUs with foreign FIUs. The Egmont Secure Web (ESW) is used for information exchange. For non-Egmont members, information is exchanged based on MoUs or reciprocity. The FIU has two dedicated analysts working in its International Cooperation Department.

676. The FIU plays a central role in supporting other forms of cooperation for ML/TF and predicate offences for the needs of domestic investigative authorities (prosecutors/judges, see IOs. 6 and 7). However, over the assessed period, out of 814 total requests sent by the FIU to

foreign counterparts, only 239 (30%) were issued for internal STRs analysis (proactive requests), while the remaining 575 (70%) have all been sent on behalf of prosecutors and judges (reactive requests).

677. Seeking international cooperation on behalf of LEAs is certainly a useful tool for strengthening their investigations and prosecutions. Nevertheless, the low volume of proactive requests, which is in line with the low numbers of proactive reports disseminated by the FIU (see IO.6), does not appear consistent with the cross-border nature of the threats faced by Argentina (see Chapter 1) and with the overall number of STRs received and analysed by the FIU. While the FIU's efforts in assisting domestic authorities to access overseas intelligence are commendable, it is also essential to pursue international cooperation within the core functions of an FIU.

678. As a way of illustration, most of the requests sent to foreign FIUs in 2023 related to Argentinean nationals and, both Argentine and foreign legal persons. As for the type of operations involved, 60% of information requested related to bank transfers, 33% to foreign trade, 21% to stock exchange operations, 20% to the establishment of foreign companies, 17% to buying and selling of real estate transactions, 4% virtual asset trading and the remaining 4% to other operations.

Table 8.9. Requests sent to foreign FIU

Types of information exchange	2019	2020	2021	2022	2023	2024 (March)	Total
Outgoing FIU-to-FIU request	360 ⁶⁶	54	146	135	98	21	814

679. Over the review period, the top ten requested countries were United States (142), Uruguay (79), Panama (52), Brazil (41), Spain (40), Paraguay (33), BVIs (28), Hong Kong China (20), Switzerland (19) and Chile (17). Underlying offences appear in line with the country's risk profile, with 374 request involving ML, corruption, drug trafficking, tax evasion and organized crimes. The FIU also sent 17 requests related to TF.

680. In the table below total numbers is higher than the total number of requests sent as some of them involved more than one offence.

⁶⁶ A specific request to freeze assets on behalf of the judiciary was sent by the FIU to all FIUs of the Egmont Group (around 154 at the time) accounting for 40% of the total 360 requests sent in 2019.

Table 8.10. Requests sent to foreign FIU based on main offence

Crime	2019	2020	2021	2022	2023	2024 (March)	Total
ML	134	16	72	74	78	21	395
Corruption	85	9	15	9	2	0	120
Drug trafficking	28	4	21	11	9	0	73
Tax evasion	14	1	23	11	15	0	64
Organised crime	41	2	8	6	0	7	64
Smuggling	6	2	15	7	11	0	41
Human trafficking	1	4	13	1	4	0	23
TF	1	1	2	11	2	0	17
Other	13	23	14	21	7	8	86
Total	323	62	183	151	128	36	883

681. To facilitate international cooperation requests, the FIU has a template available on-line through a secure portal for the domestic competent authorities to fill, which ensures that the requests sent by prosecutors and judges comply with all the requirements provided by the Egmont principles on information exchange between FIUs, and in turn support a timely response. Feedback from the Global Network indicate that the requests sent from the FIU are usually clearly structured and motivated.

Box 8.7. International cooperation sought by the FIU

The FIU received two STRs during October 2023 regarding a natural person, who presumably violated the exchange regulatory and customs regime, through simulated operations within the stock market. More specifically, cash movements were detected to fund alleged agro-export companies located in the province of Mendoza, without apparent economic-financial justification. Migration records and open databases showed that the person under investigation may have had economic activities in multiple international jurisdictions. Therefore, the FIU sought international cooperation by issuing requests for information to Brazil, the USA, Spain, Ireland, the British Virgin Islands and Paraguay. The responses received by the FIU exposed the existence of transnational legal arrangements, banking products and financial flows consistent with unauthorised financial intermediation activities, as well as new links with other jurisdictions not detected at first instance. Thus, in a second stage of international cooperation, requests were sent to the UK, Hong Kong China, Saint Kitts and Nevis, and Uruguay. The FIU was able to identify assets in several jurisdictions and, within the framework of the criminal proceedings, a real estate property and bank accounts were seized in Brazil, based on MLA request issued in April 2024.

682. During the review period, the FIU responded to all the 236 incoming requests. The top ten countries sending requests were Uruguay, Bolivia, Peru, United States, Chile, Bahamas, Spain, Paraguay, Brazil and Luxembourg. Main predicates offences were drug trafficking (35), tax evasion (20), organized crimes (24), smuggling (22) and corruption (37). This is in line with the main threats identified by Argentina. The assistance provided related mostly to intelligence information related to STRs submitted by the reporting entities, personal and tax identification

data, business activity and employment history, information on legal persons, information related to financial institutions (such as bank accounts and both domestic and international transactions, transactions carried out with capital market agents), information related to real and personal property (mainly information provided by the registry of motor vehicles and the registry of real estate properties), migratory crossings (obtained from the National Directorate of Migration), criminal records (from the national registry of criminal records).

Table 8.11. Requests received by the FIU from foreign FIUs

Types of information exchange	2019	2020	2021	2022	2023	2024	Total
Incoming FIU-to-FIU request	46	40	57	40	34	19	236

683. The two FIU specialised analysts working in the International Cooperation Department are also responsible for drafting the responses to incoming requests, unless they involve a case that is already being analysed by the FIU. In such instances, the foreign request is handled directly by the analyst in charge, which happens rarely in practice.⁶⁷ In cases of requests flagged as urgent by the foreign FIU, if there are doubts regarding the reason of such urgency, the FIU will immediately contact the requesting FIU for further clarification before answering the request.

684. The FIU does not have clear processes to prioritise incoming requests (See R.40) and usually treats them chronologically unless there is an obvious reason for urgency, according to the FIU. The average time of response to foreign FIUs' requests improved over the review period (see table below 8.12). There also have been a few instances of serious delays due to the switch to a new case management system for international cooperation in 2020, with few requests receiving an answer within two to three years.

Table 8.12. Average response time to foreign FIU requests

Type of requests	2019	2020	2021	2022	2023
Normal requests	Not available	135 days	69 days	31 days	22 days
Urgent requests	Not available	132 days	31 days	3 days	9 days

685. Feedback from the Global Network indicated that the cooperation provided by the FIU was of good quality, except for one delegation having important commercial links with Argentina that raised concerns about the FIU's limited access to bank and tax information. Up until the on-site, Argentina's AML/CFT law provided that the FIU could not access information covered by bank, tax and professional secrecy for international cooperation unless a previous STR on the same subject of the foreign FIU's request had already been submitted. Amendments of the AML law during the on-site visit addressed this technical deficiency (see R.40). During the interviews, the FIU confirmed that such limitation prevented them to access and to share with foreign FIUs information covered by tax secrecy, in the absence of a previous STR already under analysis. Authorities stated that over the review period, banks and other FIs did not oppose bank secrecy when replying to FIU's request for information, despite the legal text that existed at that time.

686. During 2023 the FIU surveyed all the foreign FIUs that engaged in information exchange with Argentina, through the Egmont Secure Web regarding the quality of information exchanges

⁶⁷ The FIU indicated that, during the assessed period, 94% of the requests were handled by members of the International Co-operation Division, while the remaining 6% were assigned to Analysts, as they were linked to a case in progress in the Analysis Division.

with FIUs that occurred between April 2021 and May 2023. The very large majority of responses (75%) were positive. In addition, 69% said that the information provided was useful and 20% indicated that it allowed to start a new investigation. Similarly, 87% declared that the timeliness of responses was “excellent” (31%), “very good” (31%) or “good” (25%).

687. Over the review period the FIU also actively shared 1457 spontaneous disclosures of information to foreign FIUs, which is commendable. The top ten recipients were the United States, Brazil, Paraguay, Colombia, Liechtenstein, Canada, Chile, Spain, Island of Man, and Panama. According to the authorities, at the start of the review period, the disclosures related mostly to criminal association, illicit enrichment, embezzlement of public funds, fraud and fraudulent administration, drug trafficking. The authorities noted that some disclosures made in 2021 related as well to arms trafficking, extortion, money and document forgery, simple evasion and smuggling. In the most recent years, the main predicate offences underlying spontaneous disseminations were commercialization of child abuse material, violations to the Foreign Exchange Criminal Regime, customs offences, simple evasion and document forgery. The FIU also received 511 spontaneous disclosures from foreign counterparts within the review period. The main offences were ML (340), tax offences (65) and corruption (63). Ten spontaneous disclosures related to TF issues.

Table 8.13. FIU’s outgoing and incoming spontaneous disclosures

Types of information exchange	2019	2020	2021	2022	2023	2024	Total
Outgoing spontaneous information	290	304	347	339	177	0	1457
Incoming spontaneous information	262	56	76	61	56	7	518

Law enforcement

AFIP

688. AFIP actively seeks international assistance for both tax and customs purposes. AFIP signed 29 bilateral tax information exchange agreements, nine MoUs for automatic tax exchanges of information and 34 bilateral agreements for custom information exchange. AFIP is also a party to the Joint Council of Europe/OECD Conventions on Mutual Administrative Assistance in Tax Matters.

689. The Tax Information Exchange Division and the Customs Information Exchange Division respectively have seven and five full-time staff for international cooperation. AFIP has an Exchange of Information on Request (EOIR) Unit and adequate procedures in place for handling requests. Most of the information needed to respond to incoming requests are directly available in the AFIP’s centralised database (E-FISCO), which includes a wide range of information, including data on financial transactions and foreign currency transactions registered with the Central Bank of Argentina. Requested information that is not directly available in AFIP’s centralised database is generally gathered by AFIP’s relevant operational area from the taxpayer involved in the EOI request in Argentina.

690. During the assessed period, AFIP sent 1244 requests of tax information to 64 foreign counterparts, out of which 384 involved BO information. All of them were completed. AFIP also provide good international cooperation to foreign tax authorities, completing 92 requests from 25 countries, and shared 20 spontaneous disclosures. The average time of response was 78 days.

Table 8.14. Statistics on AFIP incoming and outgoing ML/TF-related requests for tax purposes

Types of information exchange	2019	2020	2021	2022	2023	2024 (until March)	Total
Completed outgoing request	148	108	337	319	293	39	1244
Completed incoming request	13	22	11	4	34	8	92
Incoming spontaneous information	45	31	32	53	19	14	194
Outgoing spontaneous information	0	0	18	0	2	0	20

691. The Customs Information Exchange Division sent 633 requests for information to 42 countries, mostly regarding exported goods and to a lesser extent drug trafficking and transshipment. No requests of information have been sent regarding cross-border cash movements, which is not completely in line with the country's risk (see IO.8). Top ten foreign recipients were United States (76), China (53), Spain (44), Netherlands (51), Morocco (30), Italy (29), Paraguay (29), Germany (25), Brazil (22) and Uruguay (22).

692. The Customs Information Exchange Division also received 65 requests for information from Spain (44), The Netherlands (14), Uruguay (4), Brazil (1), France (1) and Portugal (1). Customs also received 12 spontaneous disclosures on cross-border movements of cash, which did not trigger any ML investigations (see IO.8).

Security forces

693. Security forces usually act on behalf of LEAs (see IO.7) but investigations can be initiated following their work (e.g. detention). The Ministry of Security signed a series of cooperation agreements which facilitate the information exchanges between the Argentina's Federal Police (PFA) and foreign police forces. Specific MoUs have also been signed by each Argentinean police force. PFA is an active member of INTERPOL and had issued 30 international arrest requests ("red notices") over the review period. PFA further executed nine arrests, based on "red notices" requests issued by foreign authorities. The Argentine National Gendarmerie (GNA) takes part in the so-called Comando Tripartito with Brazil and Paraguay, which is a specific task force created in 1996 in the Tri-Border Area for facilitating the exchange of information and the execution of joint operations.

694. Exchange of information between the PPO and foreign counterparts is effective and is mostly conducted through informal means. In recent years, the MPF has regularly sought and provided informal assistance through direct inter-institutional cooperation mechanisms, which complement and strengthen formal channels of international legal assistance. Such a tool offers an agile and secure exchange of information for criminal investigations, based on mutual knowledge and trust between contact points, and allows prosecutors to request information or documentation which is necessary for the preparation of a formal MLA request. To this end, the MPF signed sixteen bilateral agreements with foreign Public Prosecutor's Offices, including Andorra, Bolivia, Brazil, Chile, China, Costa Rica, Colombia, Ecuador, Guatemala, Italy, Mexico, Panama, Paraguay, Peru, Portugal, Spain and Uruguay. The MPF is also a member of multilateral prosecutors' networks and working groups, through which it actively provides and requests direct inter-agency cooperation, such as the Ibero-American Network of Public Prosecutors (IBERRED), Ibero-American Association of Public Prosecutors (AIAMP), Acuerdo de Cooperación Interinstitucional entre los Ministerios Públicos, Fiscales Despachos y Fiscalías Generales Integrantes de la Reunión Especializada de Ministerios Públicos del MERCOSUR (REMPM). The PPO is also part of the GAFILAT Asset Recovery Network (RRAG) which also connects Argentina to a number of global and regional asset recovery networks, including the CARIN, ARIN-CARIB, CARIN, ARIN-CARIB, ARIN-AP, ARIN-WA, ARIN-SA, ARIN-EA and ARIN-

WCA. Argentina also has a point of contact in EUROJUST and is a party of various other prosecution networks and working groups.

695. Between 2019 and 2023, the DIGCRI, on behalf of the PPO, sent 1 043 active requests for direct cooperation through INTERPOL, EUROJUST and AIAMP. PROCELAC is also in charge of executing incoming ML/TF requests received by DIGCRI within the framework of inter-institutional cooperation between public prosecutors. DIGCRI sends the replies either directly to the foreign prosecutor or through the INTERPOL department of the PFA, depending on the case. The PPO indicated that it takes an average of 35 days to complete an incoming request.

Table 8.15. Statistics on PROCELAC's incoming and outgoing ML/TF-related requests sent through asset recovery networks and DIGCRI

Types of information exchange	2019	2020	2021	2022	2023	2024 (March)	Total
Completed outgoing request through RRAG	70	36	39	36	19	4	204
Completed outgoing request through other asset recovery networks	19	7	14	4	0	0	44
Completed outgoing request through INTERPOL	64	27	34	48	30	17	220
Completed outgoing request through EUROJUST	2	1	1	2	0	0	6
Completed outgoing request through AIAMP	62	130	133	170	252	70	817
Completed incoming request through RRAG	4	5	3	6	11	0	29
Completed incoming request through other asset recovery networks	0	0	1	1	2	0	4
Completed incoming request through INTERPOL	5	3	7	4	10	1	30

AML/CFT supervisors

696. To cooperate with their foreign counterparts for AML/CFT purposes, the SOBs must go through the FIU, as the FIU has the exclusive responsibility for AML/CFT supervision (see R. 40). The FIU, though, has no direct mechanism to contact foreign supervisors and uses the Egmont Network between FIUs. Discussions during the on-site visit underlined that this mechanism is inefficient and discourages the SOBs to seek international cooperation via the FIU for AML/CFT purposes: it has been used twice by the BCRA, which in the end did not receive a response to their request for international cooperation from the FIU. It has never been used by the CNV, SSN and INAES. Furthermore, in addition to being the authority in charge of AML/CFT supervision acting as a channel for the SOBs, the FIU has exclusive supervision competence over DNFBPs and some FIs (see Chapter 6 on Supervision). Notably, in its supervisor capacity, the FIU has never sought or provided international cooperation for AML/CFT purposes.

697. In light of the above, SOBs exclusively seek and provide cooperation directly with their foreign counterparts and on the basis of MOUs signed within the framework of their prudential supervision responsibilities. Although MoUs are not signed specifically for AML/CFT purposes, they allow for the exchange of a wide range of relevant information, including confidentiality clauses and appropriate provisions for the use of the information exchanged. The requests sent under such a framework mainly relate to prudential supervision and fit & proper checks. All SOBs have MoUs in force and dedicated human resources for international cooperation.

698. The BCRA signed 14 MoUs. Over the assessed period, it sent 44 requests to foreign counterparts and timely replied to 29 requests received from its counterparts of Brazil, Chile, Mexico and Uruguay. The requests were mainly related to fit and proper checks and background information on Argentinean' branches. The BCRA treats incoming request in a chronological order, except when the foreign counterpart expressly requests for urgent treatment.

699. The CNV signed three multilateral and 33 bilateral agreements. Over the assessed period, it sent 19 requests and completed 53 requests out of a total of 53 requests received to/from

foreign counterparts, for supervisory purposes. All the requests sent by the CNV related to fraudulent or manipulative practices (as insider dealing, market manipulation, misrepresentation of material information, etc.). 44 of the incoming requests concerned fit & proper checks.

700. The SSN signed 12 MoUs. Over the assessed period, it sent two requests, one in the framework of a branch capital contribution process and the other for an internal fraud investigation. The SSN received three requests for information from foreign insurance supervisors of Brazil, Colombia, and Paraguay and 14 from the Central Bank of Uruguay regarding background information on authorities and shareholders of insurance companies.

International exchange of basic and beneficial ownership information of legal persons and arrangements

701. AFIP responded to 48 requests relating to basic information on legal persons and to 5 requests relating to BO information on legal persons. The FIU responded to 15 requests relating to BO of legal persons.

702. While Argentina has numerous registries, some of which have direct online access, containing basic and BO information about legal persons, weaknesses in the accuracy and updating of BO information, as well as gaps in the verification processes, hamper the quality of the assistance provided to foreign counterparts to some extent (see IO.5). Argentina's federal structure leads to a fragmented registration system for legal persons, that does not favour a clear path to access related basic and BO information, especially outside the CABA/PBA regions. As noted in Chapter 7, the 24 Public Commerce Registries are independent and not coordinated. In addition, while Argentina does not recognise legal arrangements in its legal system, they can still operate in the country upon registration with the Public Registries of Commerce.

703. LEAs (investigative judges and prosecutors) can obtain BO information related to such arrangements by requesting it to the different authorities holding it (public registries, INAES, FIU, SOBs, FIs and to a lesser extent DNFBPs, as part of their CDD/KYC). In practice, LEAs do not request BO information to AFIP. LEAs can set a timeframe for such authorities to comply with their request depending on its urgency and indicated that such deadline is always respected. When secrecy needs to be lifted (e.g., for information held by AFIP protected by tax secrecy), a Court order is issued. According to the authorities, the judge grants it without impediments and in a timely manner.

704. The FIU has a direct access to the information of public registries since they are reporting entities; depending on the type and complexity of the information requested, this process can take up to 28 days for more complex cases (as noted under IO.6). The FIU can also obtain information from open sources and its internal databases.

Overall conclusions on IO.2

Argentina provides constructive legal assistance and extradition to a large extent. Their execution is sometimes slowed down in the judicial phase due to different factors (e.g. local courts may not have adequate training). Argentina seeks MLA and extradition to some extent: even though the large majority of ML/TF cases have international elements, the numbers of outgoing requests including for asset-recovery purposes, their underlying offences and the requested countries, are not fully in line with Argentina's risk profile. The emphasis on pursuing cross-border aspects of ML and predicate crimes investigations is recent and still developing across federal and local prosecutors, who tend to favour informal cooperation rather than MLA/extradition. For example, JITs have had a direct impact on the need to seek more MLA requests for gathering evidence and asset-recovery.

Regarding other forms of cooperation, AFIP actively seeks and provides international assistance for both tax and customs information, with the exception of active cooperation related to cross-border cash movements, for which no requests has been issued during the assessed period; LEAs (judges and prosecutors) and security forces regularly cooperate through Interpol, asset recovery networks (e.g., RRAG), dedicated task forces (e.g., *Comando Tripartito*) and joint investigative teams. Prosecutors also actively cooperate directly with foreign counterparts within the framework of bilateral and multilateral agreements signed by the Attorney General Office (e.g., AIAMP).

The FIU actively shares spontaneous disclosures with its counterparts but is not proactively seeking enough international assistance for STR analysis. It has improved its response time and prioritises incoming requests where the urgency appears "obvious" to the FIU. Other forms of international cooperation are negligible for supervisors. SOBs provide and seek international assistance directly to their counterparts within their prudential supervision responsibilities, as the requirement to provide cooperation for AML/CFT supervision through the FIU is inefficient. Furthermore, the FIU, in its capacity of main AML/CFT supervisor, has never sought or provided international cooperation for AML/CFT supervision purposes. Cooperation on basic and BO information is provided, although weaknesses in the accuracy and updating of BO information hamper the quality of the assistance provided to foreign counterparts to some extent.

Argentina is rated as having a substantial level of effectiveness for IO.2.

Annex A. TECHNICAL COMPLIANCE

This section provides detailed analysis of the level of compliance with the FATF 40 Recommendations in their numerical order. It does not include descriptive text on Argentina's situation or risks and is limited to the analysis of technical criteria for each Recommendation. It should be read in conjunction with the Mutual Evaluation Report.

Where both the FATF requirements and national laws or regulations remain the same, this report refers to analysis conducted as part of the previous Mutual Evaluation in 2010 and Argentina's 11th follow-up report. These reports are available from <https://www.fatf-gafi.org/en/publications/Mutualevaluations/Mutualevaluationofargentina.html> and <https://www.fatf-gafi.org/en/publications/Mutualevaluations/Follow-up-report-argentina-2014.html>.

Recommendation 1 – Assessing risks and applying a risk-based approach.

This is a new Recommendation that was not assessed in Argentina's 2010 MER.

Criterion 1.1 – Argentina identifies and assesses its money laundering and terrorist financing (ML/TF) risks primarily through its National Risk Assessments (NRAs). The FIU's typology reports also contribute to risk identification and understanding. Argentina conducted its first ML NRA using the FATF Guidance for conducting risk assessments⁶⁸ with support from the Interamerican Development Bank (IDB). Relevant federal/provincial authorities and the private sector were actively involved in the NRA and provided wide range of inputs in their respective areas. The ML NRA was conducted by five thematic working groups on: a) threats, b) vulnerabilities, c) financial sector, 4) non-financial sector, and 5) intelligence. It covered the period from 01/01/2017 to 31/12/2020 and was completed in 2022.

Argentina also conducted a separate National Terrorist Financing and Proliferation Financing Risk Assessment in 2019 (Presidential Decree 1231/2019) and updated it in 2022 (Presidential Decree 652/2022). The TF/PF risk assessment was conducted through a single working group that involved six key government agencies related to TF/PF, including the Secretariat of Intelligence of the State (SIDE). Although the supervisory authorities demonstrated a stronger understanding of risks during the on-site visit, the analyses on VASPs, lawyers, trust and company services providers in the NRA are very limited and focus mostly on discussion of technical compliance. Also, the coverage of vulnerabilities related to competent authorities in the NRA needs improvements. Legal persons were covered in a detailed way both in the ML and TF/PF risk assessments. Argentina completed a separate risk assessment on NPOs in December 2023. Prior to the NRA and other risk assessments mentioned above, Argentina identified risks through the Risk Matrix of the FIU Supervision Division approved in 2013. The Supervision Division elaborated a new tool in 2017—the inter-sectoral risk matrix—, approved in 2018 and updated in 2023. However, the scopes

⁶⁸ National Money Laundering and Terrorist Financing Risk Assessment guidance, February 2013, available at: [fatf-gafi.org/content/dam/fatf-gafi/reports/National ML TF Risk Assessment.pdf](https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/National%20ML%20TF%20Risk%20Assessment.pdf), consulted 23 Oct, 2023.

of these tools were limited and a nationwide a risk-based approach started only more recently, with the NRAs conducted in 2019 and 2022.

Criterion 1.2 – Argentina’s National Coordination Committee for the prevention and fight against ML/TF and PF is the authority and mechanism designated to coordinate actions to assess risks in Argentina. The committee executes this duty in collaboration with the National Coordination Program for Combating Money Laundering and Terrorist Financing (CNCLAFT), which provides technical and administrative support to the Committee in fulfilling its functions.

Criterion 1.3 – Argentina keeps its risk assessments up to date (as noted under 1.1 above). The National ML/TF/PF Risk Assessments are by law, subject to review every two years (Decree 331/2019, art.7) and have been updated as needed. A new ML risk assessment is scheduled for 2024.

Criterion 1.4 – Argentina has mechanisms in place to provide information on the results of its risk assessment(s) to all relevant competent authorities and self-regulatory bodies (SRBs), financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs). The CNCLAFT is responsible for the dissemination of the NRA results to public agencies and the private sector (Decree 331/2019, art.9).

Sanitised versions of the NRAs were published on the website⁶⁹ of the Ministry of Justice and replicated on the website of other competent authorities. The results of the NRA were also disseminated to FIs and DNFBPs via the FIU’s Transaction Reporting System (SRO; which facilitates information flow in both directions). The FIU, supervisors, and professional associations for banking, securities, insurance, and other major FIs jointly organised a series of workshops for the dissemination of ML/TF/PF NRA findings.

Criterion 1.5 – Argentina applies a risk-based approach to allocating resources and mitigating ML/TF risks in line with its understanding of risks and especially, its understanding of geographic risks (see IO.1). Examples include having brought Argentina’s AML/CFT legislation further in line with the FATF Standards (e.g. with most recent reforms approved during the on-site visit) and having approved a National Strategy for the prevention of and fight against ML, TF and PF (the “National AML/CFT/CPF Strategy”) which includes 125 actions aimed at addressing specific vulnerabilities for ML/TF identified in Argentina’s NRA, such as the lack of regulation for VASPs, a highly material sector in Argentina and vulnerable to ML/TF misuse.

All competent authorities, including prosecutorial, judicial, and supervisory agencies are well-informed about the NRAs and the National Strategy through dissemination activities, as well as their direct involvement in these. Although at varying degrees and with caveats related to effectiveness, they plan and conduct their AML/CFT functions in a risk-based manner. As an example, all supervisory authorities have risk-based supervision plans, which are based on risk monitoring tools and subject to the FIU’s risk-based review and approval.

Another example of how Argentina allocates resources based on its understanding of risks, is the special focus and resources given to the city of Rosario, where many of

⁶⁹

https://www.argentina.gob.ar/sites/default/files/2022/11/evaluaciones_nacionales_de_riesgos_de_lavado_de_activos_y_de_financiacion_del_terrorismo_y_de_la_proliferacion_de_armas_de_destruccion_masiva_1.pdf; consulted 23 October 2023.

the criminal organisations that Argentina identified as operating in the country are based, and where Argentina has ML/TBML (e.g. under invoicing) concerns. The FIU established a Central Regional Agency of the FIU in Rosario (FIU Resolution 31/2023). Other competent authorities, including prosecutorial, judicial, and supervisory agencies have also established branches or assigned staff to Rosario (e.g. PROCELAC opened an office to focus on economic crime) and have also focused on combatting major predicate offences such as drug trafficking and corruption, through specific strategies.⁷⁰

In addition, the FIU elaborated risk-based CDD and other risk-based obligations/Resolutions for the following reporting entities:

Table A 1. Sector-Specific FIU Resolutions (FIU-SSRs)

Sector	Relevant FIU-SSR
Banking and other financial entities	Res. 14/2023
Foreign exchange	Res. 14/2023
Remittance Providers	Res. 1/2023
Casinos and gambling	Res. 194/2023
Capital Markets	Res. 78/2023
Dealers of Precious Metal and Stones	Res. 55/2024
Insurance Companies	Res. 126/2023
Non-bank credit cards (includes pre-paid cards, PSPs and other payment systems)	Res. 76/2019
Notaries	Res. 242/2023
Capitalisation & Savings	Res. 169/2023
Professionals of Economic Sciences (includes Accountants)	Res. 42/2024
Real Estate Brokerage	Res. 43/2024
Mutual Associations and Cooperatives	Res. 99/2023
Lawyers	Res. 48/2024
Trust and company services providers (prior to the onsite only covering trust services providers)	Res. 140/2012
Virtual assets services providers	Res.49/2024

Criterion 1.6 – (a) Argentina has not decided to not apply FATF Recommendations to entire sectors as a whole. However, for DNFBPs, Argentina applies thresholds to CDD obligations on notaries, lawyers, or accountants when i) managing client money, securities, or other assets of an amount of 150 minimum monthly wage (approximately USD 39 000, depending on the exchange rate); and ii) management of bank, savings, or securities accounts for an amount of 50 minimum monthly wage (approximately USD 13 000, depending on the exchange rate). These thresholds are not in line with R.22 or based on risk. **(b)** No financial activity is exempted as a whole, however, VASPs are only covered when operating above ARS Value Units 35 000

⁷⁰ See IO.1. Federal Plan to tackle organised crime and National Integrity Strategy (Estrategia Nacional de Intergrated, ENI) of the Anti-Corruption Office approved November 2023 and part of a wider Anti-corruption plan (2019-2023).

(approximately USD 28 000 which is not insignificant). This exemption is not based on risk.

Criterion 1.7 – (a) All reporting entities are required to conduct CDD for business relationships and occasional customers and apply a risk-based approach to AML/CFT (AML/CFT Law, art.21 (h)). Articles 14 and 21 of the Law authorise the FIU to regulate the details of these two obligations. The FIU elaborated or updated (if existing at the time) the relevant CDD and other risk-based obligations of reporting entities in the FIU-SSRs as noted in c.1.5 above. These sector-specific FIU resolutions require reporting entities to classify their customers based on their ML/TF/PF risk levels and defines some high-risk situations and high-risk customers for which EDD is required (e.g., PEPs, private banking, and natural or legal persons or other legal arrangements and FIs having business relationships or transactions with countries, jurisdictions or territories included in the lists of high-risk jurisdictions subject to a call for action as established by the FATF). Although not fully explicit, these resolutions do not limit high-risk customers to the listed situations and require reporting entities to consider other risk factors. The AML/CFT Law also requires lawyers, VASPs, and TCSPs to implement a risk-based approach to AML/CFT/CPF.

(b) The different FIU Resolutions require reporting entities to incorporate the findings of national ML/TF/PF risk assessments into their institutional risk assessments and risk mitigation measures (except for TCSPs, where this is not explicitly required (see R.22)).

Criterion 1.8 – Argentina allows simplified due diligence for low-risk customers, provided there is no ML/TF suspicion, that monthly payments do not exceed the equivalent to four Adjustable Minimum Living Wages (approximately USD 1049⁷¹) and considering the National ML and TF/PF Risk Assessments and other documents identifying risks linked to the sector and the risks identified by the reporting entity itself. (FIU Res. 14/2023, art.3 and art.28, as well as corresponding articles in similar FIU - SSRs for other FIs/DNFBPs). In such cases, simplified CDD should be conducted by the reporting entity, by identifying and verifying the identity of its customers in accordance with the provisions of articles 21, 22, 23, 24 and 25 of FIU Res. 14/2023 and equivalent for other FIs (general rules for identifying and verifying customers; specific rules for identifying natural and legal persons or arrangements, etc.). If the customer passes the threshold, the reporting entity is required to ask for supporting documents in relation to the customer's business activity and the source of its income, funds and/or wealth.

Criterion 1.9 – Argentina's FIU, in its supervisory role, ensures FIs/DNFBPs comply with their obligations under R.1 (AML/CFT Law, art.14, para.7, and FIU Res. 61/2023 and Annex). The FIU works in collaboration with the sector-specific supervisors (SOBs). FIU Res. 72/2023 regulates the duty of collaboration between the FIU and the Central Bank of Argentina (BCRA), the National Superintendence of Insurance (SSN), the National Securities Commission (CNV) and the Institute of National Associations and Social Economy (INAES).

Criterion 1.10 – FIU Resolutions except for the related to TCSPs (FIU SSR 1/2023, 14/2023, 78/2023, 99/2023, 126/2023, 242/2023, 78/2024, 42/2024, 43/2024, 48/2024, 49/2024 and 55/2024) require FIs and DNFBPs to take appropriate steps to identify, assess, and understand their ML/TF risks (e.g. as a minimum by Law: those

⁷¹ The official exchange rate used was the BCRA selling rate for the US dollar on 29 May 2024 (ARS 893.5).

related to customers, countries, or geographic areas, products, services, transactions, or delivery channels), including to:

- a) document their risk assessments (FIU SSRs art. 5);
- b) consider all the relevant risk factors before determining what is the level of overall risk and the appropriate level and type of mitigation to be applied (FIU SSRs, art. 4);
- c) keep these assessments up to date (FIU SSRs, art.5); and
- d) have appropriate mechanisms to provide risk assessment information to competent authorities and SRBs (FIU SSRs, art.5).

Criterion 1.11- FIU - SSRs require FIs and DNFBPs to have policies, controls and procedures, which are approved by senior management, to enable them to manage and mitigate the risks that have been identified (either by the country or by the FI or DNFBP) (as in sub-criterion a) and monitor the implementation of those controls (as in sub-criterion b), and take enhanced measures to manage and mitigate the risks where higher risks are identified (as in sub-criterion c).

Criterion 1.12 – Argentina only allows simplified due diligence if lower risks have been identified (FIU -SSRs). Criteria 1.9 to 1.11 above are met or mostly met and simplified measures are not allowed whenever there is a suspicion of ML/TF (FIU Res. 14/2023, art. 28; FIU Res. 78/2023, art.27; FIU Res. 126/2023, art.29; FIU Res. 76/2019, art.29; FIU Res.99/2023, art.27, etc.). However, this criterion requires that 1.9 to 1.11 be met for criterion 1.12 to be rated “Met”.

Weighting and Conclusion

Argentina has in place most of the mechanisms and legislative framework needed for assessing, understanding, and mitigating AML/CFT. Argentina’s assessment and understanding of ML/TF risks are still in a developing stage due to some limitations that are mostly related to effectiveness and covered in the assessment of IO.1. Argentina’s approach in assessing and understanding including the risks related to VASPs, lawyers, TCSPs, and the vulnerabilities of competent authorities requires improvements as noted in c.1.1. The AML Law requires Lawyers, VASPs, and CPSPs to implement a risk-based approach to AML/CFT/CPF. However, Argentina had not updated risk-based approach sectorial requirements for TCSPs at the end of the on-site visit. In addition, Argentina applies thresholds to notaries, lawyers, accountants and VASPs which are not based on risk.

Recommendation 1 is rated Largely Compliant.

Recommendation 2 - National Cooperation and Coordination

In its 2010 MER, Argentina was rated largely compliant with these requirements because domestic cooperation and coordination, at the policy and operational level were not working effectively and there were no cooperation and coordination mechanisms between federal authorities and provinces. Argentina also did not periodically review the effectiveness of its AML/CFT measures. Argentina has since put in place the AML/FT/CPF Coordination Committee which includes mechanisms to co-ordinate among authorities at a federal and provincial level.

Criterion 2.1 – Argentina has national AML/CFT policies which are informed by the risks identified and are regularly reviewed. The AML/CFT/CPF Coordination Committee approved the National Strategy for the Prevention and Fight against Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction (the “National AML/CFT/CPF Strategy”) for 2022-2024 on 30 September 2022. The National AML/CFT/CPF Strategy includes actions linked to the vulnerabilities identified in the national risk assessment (NRA) in a clear and systematic way, with established deadlines, as well as ten high-level objectives which start by strengthening the basis for joint work of all its AML/CFT/CPF stakeholders (see also c.1.5 above). This shows the awareness of and the effort by the competent authorities to base the national strategy on the assessment and understanding of risks, which is key for a risk-based approach. The National ML/TF/PF Risk Assessments are subject to review every two years to make corresponding updates to the National Strategy ((Decree 331/2019, art.7)).

Criterion 2.2 - Argentina has designated an authority (the AML/CFT/CPF Coordination Committee) and has a coordination mechanism that is responsible for national AML/CFT policies (Decree 331/2019, art. 1). CNCLAFT provides the Committee with the technical and administrative support necessary to fulfil its duties (Decree 331/2019, art.1). The Committee includes representatives from key stakeholders: Ministry of Justice, FIU, Ministry of Security, Central Bank, National Superintendence of Insurance, National Securities Commission, Federal Administration of Public Revenue, Federal Intelligence Agency, National Institute of Associations and Social Economy, Ministry of Foreign Affairs and Worship and a judge and a prosecutor representing the Supreme Court and the Attorney General’s Office respectively. In addition, the Committee has among its functions to encourage participation of the inter-agency coordination mechanism of Provincial Public Administrations and the rest of the public and private agencies and non-state public entities involved in AML/CFT/CPF. This provides the flexibility to expand the coordination, as necessary (Decree 331/2019, art.4 (c)).

Criterion 2.3 - The AML/CFT/CPF Coordination Committee and CNCLAFT serve as the national mechanisms to enable policy makers, the FIU, law enforcement authorities, supervisors, and other relevant authorities to cooperate, and where appropriate, coordinate and exchange information domestically with each other concerning the development and implementation of AML/CFT policies and activities. Committee’s duties are focused on national policies and strategies. CNCLAFT is responsible for operational aspects of national coordination (Decree 360/2016) and provides the Committee with the technical and administrative support necessary to fulfil its duties (Decree 331/2019, art.1). The two bodies together cover all necessary coordination functions.

Within the Committee, the FIU is designated as the operational coordinator at the national, provincial, and municipal levels in issues falling within its competence and these include ML/TF/PF, as well as covered predicate offences (Decree 1936/2010, art.3 and AML/CFT Law, art.6). There are 11 coordination and information-sharing agreements between the FIU and all other critical federal authorities, and 7 others between the FIU and provincial authorities. A framework is in place for cooperation and exchange of information between the FIU and supervisors (FIU Res. 72/2023). The FIU and other authorities also frequently hold bilateral or multilateral *mesas de trabajo* to discuss ongoing, common AML/CFT matters and address specific situations as they arise.

Criterion 2.4 - The task description of the AML/CFT/CPF Committee refers to PF along with ML/and TF; therefore, high-level coordination mechanisms described in 2.1. and 2.2., are applicable to PF. PF has been considered in risk assessments adopted by the Committee and in the National Strategy, which is led by the Committee. The National Strategy identifies, for example, promoting the reform of the CPF regulatory framework as one of its objectives.

Criterion 2.5 - Argentina has through its AML/CFT/CPF Coordination Committee, cooperation, and coordination between relevant authorities to ensure the compatibility of AML/CFT requirements with Data Protection and Privacy rules and other similar provisions, although Argentina's Data protection authority is not a member of the Committee. In line with its functions, the FIU is empowered to request documents and information from any public body, either national, provincial, or municipal, and from any natural or legal persons, either public or private. Reporting entities are not entitled to invoke banking, tax, stock exchange or professional secrecy rules, nor legal or contractual confidentiality obligations before the Financial Information Unit (FIU) (AML/CFT Law, art.14, para.1).

Weighting and Conclusion

All criteria are met.

Recommendation 2 is rated Compliant.

Recommendation 3 - Money laundering offence

In its 2010 MER, Argentina was rated partially compliant with these requirements. The main deficiencies were: exemption of criminal responsibility for relatives or friends in some money laundering (ML) offences (e.g., acquisition, concealing and disguising under art. 277); no criminalisation of self-laundering; ancillary offence of conspiracy not covered; insider trading and market manipulation were not predicate offences; the range of offences within the terrorism and terrorist financing (TF) definitions not sufficient; possession of proceeds of crime was not specifically covered; the acquisition, concealment, and disguising elements of the ML offence not covering property that was indirectly the proceeds of crime. Argentina introduced in 2011 a separate ML offence in its Criminal Code (Law 26683, art. 5) addressing some of the previously noted shortcomings.

Criterion 3.1 -

The Argentinian Criminal Code (CC) criminalises ML mostly in line with the Vienna and Palermo Conventions, as follows: "whoever converts, transfers, manages, sells, encumbers, acquires, disguises/conceals or in any other way, places assets arising from a criminal offence in circulation on the market, with the possible consequence that the original assets appear to come from a lawful source" (CC, art. 303(1)) and "whoever receives money or other assets arising from a criminal offence, in order to use them in one of the before-mentioned operations, which gives them the possible appearance of a lawful origin" (CC, art. 303(3)).

- *Transferring or converting the proceeds or conducting any transaction with the aim of concealing or disguising their illegal sources:* this is fully covered in the CC.
- *Concealing or disguising the true nature, source or location of the proceeds, or the method involving the disposition, movement or ownership of the proceeds or*

rights related to them: the wording “possible consequence that the original assets appear from a lawful source” is restrictive and goes beyond the Conventions, which do not require such purposive element when it comes to concealment. In addition, the question arises whether concealment of proceeds of crime should be prosecuted under article 303 or article 277 of the CC, which specifically deals with concealment, but has lower penalties and allows for certain exemptions, namely criminal liability for family members. The authorities explained that this article is used for simple concealment of goods and in a very limited number of cases where it was not possible to prove the intentional element of the ML offence. In practice, it was used in conjunction with art. 303 in an ML case. Nonetheless, the AT did not come across instances where this article was applied to use the exemption of criminal liability for family members in ML cases, and Argentina has successful such convictions including family members, using art. 303 (e.g. case Loza).

- *Acquiring, possessing or using proceeds*: possession is not explicitly mentioned within the afore-mentioned provisions – but may be covered by the terms “manages”, “acquires” and “receives”.
- *Helping a person evade the legal consequences of his or her action*: this is not covered by art. 303, but by art. 277(1)(a) of the CC, with the caveats mentioned above.

Criterion 3.2 –

Argentina applies an ‘all-crime approach’ to the ML offence: the CC refers to “any offence” defined in the Criminal Code as a predicate offence for ML (CC, art. 303, para. 1). As such, Argentina has criminalised all the designated categories of predicate offences as understood by the FATF.

Criterion 3.3 – (N/A)

Argentina does not apply a threshold approach.

Criterion 3.4 –

The ML offence extends to any type of goods and other assets, including original assets and their substitutes (CC, art. 303, para. 1), which adequately covers indirect proceeds of crime. The term “goods” encompasses anything that can have an economic value (CivCC, art. 16) and covers both tangible and intangible assets (property).

Criterion 3.5 –

The CC does not require the person to be convicted for a predicate offence to be convicted for ML. There are convictions for ML in Argentina without prior conviction for a predicate offence.

Criterion 3.6 –

The aforementioned ML provisions shall apply even when the predicate offence is committed abroad, provided that the offence is considered typical behaviour and is punishable in the place where it was committed (CC, art. 303, para. 5).

Criterion 3.7 –

The ML offence is also applicable to persons who have committed the predicate offence, since it contains no statement to the contrary and there is no fundamental principle of law implicated. This has been confirmed by the Argentinean case law. Possession is not explicitly covered for self-laundering, but it is covered by the generic terms of “manage”, “acquire” and “receipt” (see c.3.1).

Criterion 3.8 –

The definition of the ML offence infers that the *mens rea* element of the offence is not limited to direct intention, as the definition does not require “knowingly” and “intentionally” commission of crime.

Criterion 3.9 –

In terms of penalties applicable to natural persons, the Argentinean legal framework provides for three (3) to ten (10) years’ imprisonment and a fine of two (2) to ten (10) times the amount of the transaction, when the value of assets arising from a criminal offence exceeds the sum of one hundred fifty (150) adjustable minimum living wages at the time of the events, whether in a single act or by the reiteration of various events linked to each other (CC, art. 303(1)). If the amount of the transaction does not exceed the 150 minimum wages (USD 34 431⁷²), the penalty shall be a fine from five (5) to twenty (20) times the amount of the operation (CC, art. 303(4)).

Aggravating circumstances and penalties are foreseen when the perpetrator is (i) part of an association or a group formed for the commission of the offence, or (ii) a public servant (CC, art. 303(2)). Natural persons can also be suspended from participating in State-related activities, including holding public functions, for a maximum period of ten (10) years (CC, art. 304(3)).

Anyone who receives money or other proceeds from a criminal offence with a view to use them in a ML operation which gives them the possible appearance of a lawful origin, shall be applied a prison sentence of between six (6) months and three years (CC, art. 303(3)).

The lower end of applicable fines does not appear to be fully proportionate and dissuasive. In addition, sanctions provided by art. 277 are not considered proportionate nor dissuasive enough, but this is considered a minor deficiency since art. 277 is rarely or not applied in ML cases.

Criterion 3.10 –

As regards legal persons, the Criminal Code provides for a range of where ML offences are committed on their behalf, with their involvement or for their benefit. The following penalties shall be imposed jointly or alternatively: (i) a fine of two (2) to ten (10) times the value of the property that is the object of the offence; (ii) total or partial suspension of activities for a maximum of ten (10) years; (iii) suspension from participation in public tenders or bids for public works or services, or any other activity related to the State, for a maximum period of ten (10) years; (iv) cancellation of the legal personality if it was created for the sole purpose of committing the offence or if such acts constitute the main activity of the entity; (v) loss or suspension of state benefits; and (vi) publication of an extract from the conviction at the legal person's expense (CC, art. 304).

⁷² Official exchange rate as of 9 April 2024.

To determine the level of these sanctions, judges will consider the non-compliance with internal rules and procedures, the failure to monitor the activity of the perpetrators and participants, the extent of the damage caused, the amount of money involved in the commission of the crime, and the size, nature, and economic capacity of the legal person. Where it is essential to maintain the operational continuity of the entity or of a particular work or service, the penalties provided for in paragraphs 2 and 4 shall not apply (CC, art. 304). These sanctions appear to be proportionate and dissuasive.

Criterion 3.11 –

Argentina's legal framework provides for ancillary offences which can apply to the ML offence and include attempt (CC, art. 42 to 44); participation – direct perpetrator, accomplice, co-perpetrator, primary accomplice, secondary accomplice and instigator, aiding and abetting person – (CC, art. 45 to 49); criminal association – which implies that the acts constituting the purpose of the association are 'crimes', i.e., a conduct criminalised by the CC or its complementary criminal laws, including ML (CC, art. 210). However, conspiracy to commit an offence is not explicitly covered, for cases other than the offences committed by virtue of being a member of a criminal organisation.

Weighting and Conclusion

Argentina's legal framework broadly covers the requirements of R.3, but there are some minor shortcomings. ML through mere possession is not explicitly covered. The requirement to purposely have assets appear as a lawful source is restrictive when it comes to concealing, acquiring, and using illicit proceeds, and Argentina applied the concealment offence in a limited number of ML cases for this reason. The lower end of applicable fines is not fully proportionate nor dissuasive. Conspiracy to commit an offence is not fully covered. **Recommendation 3 is rated Largely Compliant.**

Recommendation 4 - Confiscation and provisional measures

In its 2010 MER, Argentina was rated partially compliant with these requirements. The main deficiencies related to the absence of specific provisions allowing for seizure/confiscation of property of corresponding value and of specific coverage of indirect proceeds of crime; the limited ability to freeze/confiscate TF-related property due to shortcomings of the TF offence; the absence of criminalisation of insider trading/market manipulation (and thus inability to freeze/confiscate in such cases); and the lack of clarity in the judges' powers to void illicit acts and contracts. Argentina's law now provides for most of the required powers to seize and confiscate property, including to void illicit acts and contracts.

Criterion 4.1 –

Confiscation applies to all offences included in the Criminal Code or special criminal laws, which cover, *inter alia*, ML, TF, and other special, financial, and stock exchange offences (CC, art. 23). In addition, confiscation is possible for ML, TF, and other crimes against economic and financial order without the need for a criminal conviction (CC, art. 23 and 305).

- a) *Property laundered.* The Criminal Code enables the confiscation of "property used to commit the crime and of the assets or profits that are the product or proceeds of the crime" for all criminal offences covered by the CC or in special criminal laws, for the benefit of the State (CC, art. 23(1)). These provisions

also cover property held by third parties when it has been transferred for no consideration (CC, art. 23(3)). As for ML offences, laundered assets can also be definitely confiscated without the need for a criminal conviction under certain conditions (CC, art. 305).

- b) *Proceeds of (including income or other benefits derived from such proceeds), or instrumentalities used or intended for use in, ML or predicate offences.* The Criminal Code provides for the confiscation of “property used to commit the crime and of the assets or profits that are the product or proceeds of the crime” in all crimes covered by the CC or special criminal laws (CC, art. 23(1)).
- c) *Property that is the proceeds of, or used in, or intended or allocated for use in the financing of terrorism, terrorist acts or terrorist organisations.* Confiscation applies to any act criminalised by law (CC, art. 23), which therefore includes TF, terrorist acts or terrorist organizations (CC, art. 306 & art. 41 quinquies).
- d) *Property of corresponding value.* Argentina’s legislation does not expressly provide for the possibility of confiscating legal property of corresponding value, neither does it expressly prohibit it either. However, Argentina seized and confiscated property of corresponding value once.

Criterion 4.2 –

- a) *Identify, trace, and evaluate property that is subject to confiscation.* Law enforcement authorities have extensive means to identify, trace and evaluate property that is subject to confiscation including, *inter alia*, judicial inspection, house searches, personal searches, seizures, witness testimony, expert testimony, and wiretapping (NCCP, Book II, Title III). In the case of complex crimes (including TF and ML), special investigation techniques are also provided for, such as the undercover agent, the disclosing agent, the informant, and the controlled delivery (Law 27319). In addition, judges have the power to lift tax secrecy (Law 11683, art. 101; AFIP Resolution 98/2009, art. 3), banking secrecy (Law 21526, art. 39), stock exchange secrecy (Law 26831, art. 25) and FIU secrecy (Law 25246, art. 22). Similar provisions apply under the FCCP (FCCP, Book Four, Titles II, III, IV, V, VI). In the framework of its competencies, the FIU also has powers allowing for asset identification (Law 25246, art. 9).
- b) *Carry out provisional measures, such as freezing or seizing, to prevent any dealing, transfer or disposal of property subject to confiscation.* Judges may, from the beginning of the proceedings, adopt and order precautionary measures, either in their competency of investigative judge or at the request of the prosecutor, to ensure the future confiscation of any property that is the instrument or proceeds of a crime (CC, art. 23(9)). In specific ML cases, the judge may adopt the precautionary measures as may be necessary to ensure the custody, administration, conservation, execution, and disposition of the property which is the instrument, proceeds, benefit, or effect related to the crimes investigated (CC, art. 305). The FIU can request a competent judge, through the Attorney General’s Office (AGO), to order the suspension of the execution of any transaction, where suspicious activities are under investigation and there exist serious and substantial indications that they constitute ML, TF, or PF (AML/CFT Law, art. 14(5)).
- c) *Take steps that will prevent or void actions that prejudice the country’s ability to freeze or seize or recover property that is subject to confiscation.* From the

beginning of the judicial proceedings, the judge may take all types of precautionary measures to ensure the confiscation, custody, administration, maintenance, execution and disposal of assets (CC, art. 23 & 305 and NCCP, art. 518 & 520). Argentina also provides for the possibility of non-conviction-based confiscation of assets for offences against the economic and financial order, including ML (CC, art. 23 and 305). In addition, asset forfeiture is provided in the case of actions involving third parties acting in bad faith or whose transfer of property was made without consideration. Third parties who own the movable or immovable property used as an instrumentality of the offence are excluded from confiscation to the extent that they can be considered “bona fide” (Decree 62/2019, Annex I, art. 20).

- d) *Take any appropriate investigative measures.* Competent authorities have broad investigative powers of investigation (see c.4.2(a), R.30 & 31). Specific investigative measures are usually carried out by the police or security forces. However, minor deficiencies identified under R.31 apply.

Criterion 4.3 –

The rights to restitution or compensation of third parties shall be safeguarded in all cases (CC, art. 23). When filing an action for asset forfeiture, the AGO shall subpoena as compulsory intervening third party any other person who exercises any rights over the property that constitutes the subject-matter of the complaint that may be adversely affected by the action for the forfeiture of assets (Decree 62/209, Annex I, art. 4, para. 2).

Criterion 4.4 –

Argentina has mechanisms for managing and, when necessary, disposing of property frozen, seized, or confiscated. These provisions include precautionary measures to be taken for perishable or income generating assets (Ley 20785, art. 2-12). In addition, judges have a regulation from the National Court of Justice on how to proceed with seized and confiscated assets (Supreme Court Resolution 2/2018). The Agency for the Administration of State Assets (AABE) shall proceed with the immediate disposal of all assets that become the property of the National State as a result of confiscations made by judicial order, unless a specific destination for their use and/or exploitation is provided (Decree 598/2019, art. 1). The AABE notably elaborated a Real Estate Management Regulation to deal with this type of assets. Under certain circumstances, proceeds obtained from the sale of confiscated assets in the framework of ML/TF/PF cases will finance the functioning of the FIU (AML/CFT Law, art. 27).

Weighting and Conclusion

Argentina has put in place a wide range of measures to enable confiscation and use of provisional measures. Minor deficiencies are still noted in relation to confiscation of property of equivalent value, and shortcomings related to powers of competent authorities regarding provisional and investigative measures.

Recommendation 4 is rated Largely Compliant.

Recommendation 5 - Terrorist financing offence

In its 2010 MER, Argentina had shortcomings in the scope of its TF offence, including not covering collection or provision of funds to be used (for any purpose) by an individual terrorist or a terrorist act outside the context of the terrorist organisation as defined in Argentina; limited definition of TF (it must, inter alia, have international connections), among others. Argentina has since updated its CFT framework. Most recently in March 2024, before the end of the on-site visit.

Criterion 5.1 – Argentina has criminalised TF based on the Terrorist Financing Convention, mostly consistent with Article 2 of the International Convention for the Suppression of TF (TF Convention). TF criminalisation is set forth in Art. 306 of the Criminal Code and applies together with the criminalisation of terrorism provided by Art. 41 *quinquies* of said Code. Art 41 *quinquies* applies to any criminal act in Argentina committed with a terrorist purpose. This provision though broad and covering a broad variety of offences, is not entirely in line with Article 2(1)(a) of the TF Convention because it requires that the act constitutes an offence within the scope of and as defined in the treaties listed in its annex (Article 2(1) (a) and does not require the additional element of “intent of terrorising the population or compelling national public authorities, or foreign governments or officials from an international organisation to do or abstain from doing an act” (although such intent is required for the acts included in Article 2(1)(b) of the TF Convention).

In addition, there is a provision indicating that “The aggravating circumstances provided in this section (Art. 41 *quinquies*) shall not be applied when such act(s) constitute the exercise of a human and/or social rights or any other constitutional right.” This is an exception for pursuing TF that is not in line with R.5, although authorities explained that it was clear from the legislative process when art. 41 were approved, that this was a clarification to ensure the preservation of the legitimate exercise of human or social rights only and not intended to limit the scope of the criminalisation of terrorism and/or TF.

Criterion 5.2 – The TF offence in Argentina extends to any person who provides or collects money or other property by any means, directly or indirectly with the intent or knowledge that it may be used in whole or in part, for the purposes of terrorism, or by an individual terrorist or terrorist group, whether or not linked to a specific terrorist act. (CC, art.306).

Criterion 5.2 bis – The TF offence in Argentina does include financing the travel of individuals who travel to a country other than their country of residence or nationality for the purpose of the perpetration, planning, or preparation of, or participation in, terrorist acts or the providing or receiving of terrorist training (CC, art.306 section 1. paragraph d).

Criterion 5.3 – The TF offence in Argentina applies to money or “other property”, which are interpreted in line with the Civil and Commercial Code broadly to cover assets of any kind or value, tangible or intangible, whether derived from legal or illegal sources. (CC, art. 306 CC; related to Art. 16 of the National Civil and Commercial Code).

Criterion 5.4 – The TF offence in Argentina does not require that the funds or other assets were used to carry out or attempt a terrorist act or were linked to a specific terrorist act. (CC, art.306; s. 1 and 2).

Criterion 5.5 – Although there is no specific provision in the law stating that the intent and knowledge required to prove the offence can be inferred from objective factual circumstance, the broad concept is addressed by the application of some legal principles set by the NCCP such as the principle of freedom of evidence and the adoption of the sound rational and criticism rules as a system for evaluating evidence (Criminal Procedures Code (FCCP), s. 10, 20, 111, 134, 357.a, 358.c and 359.c)

Criterion 5.6 – Natural persons convicted of a TF offence in Argentina are punishable by proportionate and dissuasive criminal sanctions from 5 to 15 years' imprisonment, and a fine of two to ten times the amount of the transaction. Additionally, Article 41 quinquies establishes an aggravating circumstance when any of the offences provided for Criminal Code is committed with terrorist proposes. In these circumstances the sanction of the maximum and minimum sentences shall be doubled (CC, art.306 and 41 quinquies).

Criterion 5.7 – Criminal liability and proportionate, dissuasive sanctions apply to legal persons convicted of a TF offence, without prejudice to the criminal liability of natural persons. In this sense, legal persons are punishable by a criminal fine of five to twenty times the value of the property involved in the offence (AML/CFT Law, s. 23). Likewise, in addition to the criminal fine, the convicted legal person may have a sanction jointly or alternatively of the following: i) the total or partial suspension of activities, that cannot exceed 10 years; ii) the suspension to participate in state contests or tenders for public works or services or in any other activity linked to the State, which cannot exceed ten 10 years; iii) the cancellation of the legal status when it had been created for the sole purpose of the commission of the crime, or those acts constitute the main activity of the entity; iv) the loss or suspension of any state benefits that it may have; and v) the publication of an extract of the conviction at the expense of the legal entity (Art.304 in relation to art.313). Art. 304 further notes that in applying sanctions, judges will consider the breach of rules and procedures, the duty of care over offenders and accomplices, damage caused, and amount of money involved in the offence as well as the size, nature, and economic capacity of the legal person.

Criterion 5.8 – In Argentina the ancillary offences that apply to all offences, including TF, are set forth in the general section of the Criminal Code. Thus, the CC criminalises attempt to commit a crime (CC, s. 42-44); complicity and complicity in an attempted offence (CC. art. 45-49); and organising or directing others to commit an offence (CC, art. 45). Likewise, the participation in the activity of an organised criminal group is criminalised (CC, art. 210).

Criterion 5.9 – The TF offence in Argentina is a predicate offence for ML. The ML offence covers the money or property that are the proceeds of any crime, either committed in Argentina or abroad including TF (CC, art. 303 (1), (3) and (5)).

Criterion 5.10 – TF offences are pursued in Argentina regardless of whether the person or offender is in its territory or in a different country in which the terrorist or terrorist organisation is located and regardless of where the terrorist act occurred or will occur. (CC, art. 306 para.4 in relation to art. 41 *quinquies*).

Weighting and Conclusion

Argentina criminalises TF mostly in line with the TF Convention. There are minor deficiencies in that the TF offence in Argentina requires for the offences of Article 2(1)(a) of the convention an additional element of intent. Likewise, the TF offence in Argentina includes an exemption for when activities constitute the legitimate exercise of human, social or economic rights.

Recommendation 5 is rated Largely Compliant.

Recommendation 6 - Targeted financial sanctions related to terrorism and terrorist financing

In its 2010 MER, Argentina was rated non-compliant with these requirements primarily because Argentina relied on a reporting mechanism to implement UNSCR 1267 (1999) which did not equate to regulation or other enforceable means. Argentina also relied on ordinary criminal justice procedures for freezing which do not ensure freezing without delay. Argentina largely addressed some of these deficiencies in its 2014 follow-up report.

Criterion 6.1 –

- a) The proposals of persons or entities for designation to the 1267/1989 and 1988 Sanctions Committees created by the UN Security Council are carried out by the Ministry of Foreign Affairs, International Trade and Worship (Decree 918/2012, art.18).
- b) (Argentina does not have a mechanism for identifying targets for designations pursuant to UNSCR 1267 and subsequent and related resolutions.
- c) Argentina does not have a process to consider potential targets for designation pursuant to UNSCR 1267 and subsequent resolutions, including to apply an evidentiary standard of proof, although Argentina does apply such a standard in the UNSCR 1373 context (see 6.2(d)).
- d) Argentina does not have procedures in place to nominate targets for designation pursuant to UNSCR 1267 and subsequent resolutions.
- e) Argentina does not have processes for providing relevant information on nominations for designation pursuant to UNSCR 1267 and subsequent resolutions.

Criterion 6.2 –

- a) The FIU is the competent authority responsible for designating persons or entities that meet the specific criteria for designation as set forth in UNSCR 1373. The FIU considers proposals for designation from its own analysis of Terrorist Financing Reports (TFR), Suspicious Transaction Reports, proposals by national authorities, and requests by foreign authorities (Art. 4, Decree 278/2024, Decree 918/12, art.15-16).
- b) c) Argentina has a process for identifying targets for designation based on criteria set out in UNSCR 1373. Argentina's FIU is the authority responsible to implement TFS and identifies persons for potential administrative freezing in three key ways. Firstly, through TFRs filed by reporting entities of activity that may be linked to criminal activities committed for terrorist purposes or for terrorist financing. In that case, the FIU is required to analyse TFRs without

delay (defined as immediate execution for the purposes of TF-TFS) and decide on whether the reports are reasonable (Art. 15, Decree 918/2012, Decree 278/2024). If the request is deemed relevant, the FIU shall order, without delay and *ex parte*, the administrative freezing of the property or money held by the reported person and list relevant persons in the RePET (Decree 918/2012, Arts.5,25). Secondly, upon request of a foreign competent authority invoking the provisions of UNSCR 1373 and subsequent resolutions (Art. 4, Decree 278/2024, Decree 918/12, art.15-16). In that case, the FIU shall, without delay begin the analysis of the request and consult the Ministry of Foreign Affairs and Worship and the Ministry of Security (Art. 4, Decree 278/2024). If deemed appropriate, the FIU shall order, without delay and *ex parte*, the administrative freezing of the property or money held by the reported person (Decree 918/2012, art.5) and list; relevant persons in the RePET (Decree 918/2012, Art.25). Third, upon request by a national body with reasonable grounds to consider that the property or money involved in completed or attempted transactions could be related to criminal activities completed for terrorist purposes or for the financing of terrorism. The first and third processes focus on identifying nominees based on transactional activities, which may not always be the basis for identifying persons that meet the criteria for potential designations under UNSCR 1373. As noted in 6.2(a) a new Decree passed during the on-site allows for the National Executive Branch to list individuals, groups, or entities in the RePET. However, Argentina currently lacks the supplementary, operational, and procedural rules for use of the authority (Preamble, Decree 496/2024).

- d) Argentina applies an evidentiary standard of proof of “reasonable grounds” or “reasonable basis” when deciding whether or not to make a designation. As an administrative act, administrative freezing orders must be supported by facts and precedent serving as grounds and by the applicable law, and the justification for the act must be expressed (Law 19549, art.7, para. b, e). Additionally, upon review of evidence for administrative procedures, including administrative freezing orders, assessments of evidence must be based on real and proven facts and in accordance with the rules of sound criticism (Decree 1759, art.62; Code of Civil and Commercial Procedure of the Nation, art.63, para.5).

There is no provision that conditions the admission or initiation of a UNSCR 1373 listing on the existence of a criminal proceeding. If the FIU deems the request to be well-founded and reasonable, they will issue a freezing order and, if there is a requesting authority, notify such requesting authority. The order, however, shall be effective for a maximum of six months, with a potential extension for another six months upon request of the FIU or the requesting foreign authority. After this term, the freeze will cease for UNSCR 1373 nominated by TFRs or national nominations unless the judge decides to maintain it effective. In the case of nominations from foreign governments, the freeze will cease unless the requesting foreign authority has requested the measure to be maintained through the mutual legal assistance channels (Decree 278/2024, art. 4). As this does not affect the nomination of persons for designation but impacts whether designated persons remain designated and subject to TF-TFS, this deficiency is more heavily weighted under 6.5(a).

- (e) – Argentina empowers the FIU through the Egmont Group to request cooperation of Financial Intelligence Units of third countries for administrative freezing of property or other assets of persons or entities pursuant to UNSCR 1373. Such requests will describe in detail all the data of the person identified in the request, as well as the reasons that sufficiently justify the application of the measure (Art. 4, Decree 278/2024).

Criterion 6.3 –

- a) Argentina's FIU has legal authorities and procedures to collect or solicit information to identify persons and entities that, based on reasonable grounds, or a reasonable basis to support or believe, meet the criteria for designation. In particular, the FIU can use information from reports by reporting entities in investigations; can request information from all persons, public and private; and request collaboration from all the information services of the State, which are bound to render it pursuant to the procedural regulations in force (AML/CFT Law, art.9, art.10).
- b) Argentina's FIU can operate *ex parte* against a person or entity who has been identified and whose proposal for designation is being considered. The FIU is able to issue administrative freezing measures for UNSCR 1373 designations, *ex parte*, if nominations related to TFRs meet the administrative threshold; persons against which there are administrative freezing orders are listed in the RePET (Art. 5, 25, Decree 918/2012). It is not specified that administrative freezing orders issued pursuant to other nominations (national public bodies, foreign governments) are issued *ex parte* (Arts. 15, 16, Decree 918/2012). Reporting entities are required to abstain from disclosing information to customers or third parties about any relevant steps taken, including the freezing of funds or assets (Art. 9, Decree 278/2024, Law 27739, art.15).

Criterion 6.4 – Argentina has regulations for the freezing of funds or other assets of persons or entities designated pursuant to UNSCR 1267 and subsequent resolutions. Obligations for reporting entities related to UNSCRs 1267 apply upon the addition of designated persons and entities to the RePET, which is required to be kept up to date (Art. 2, Resolution 509/2019). While this does not explicitly require that updates be conveyed within 24 hours, the RePET has been updated automatically on a daily basis at 4.10am (Argentina's time),⁷³ regardless of holidays and weekends, since its creation and the listings are conveyed in no more than 24 hours.

For TFS under the UNSCR 1373 mechanism, the FIU issues administrative freezing orders for nominations that meet the administrative evidentiary threshold; while nominations are often based on transactions, the freezing orders apply to any funds or assets associated with the identified person in the order. The FIU must issue administrative freezing orders based on TFRs without delay, but there is no such explicit specification for nominations from other national authorities or foreign jurisdictions (Art. 5, Decree 918/2012). Administrative freezing orders are sent to all reporting entities, which are required to freeze any associated funds or assets and report back to the FIU within 24 hours (Arts. 5-8, Decree 918/2012). All persons against which the FIU has issued an administrative freezing order are listed in the RePET; the FIU is required to alert the Registry immediately after ordering the freeze, and the RePET (Art. 11, 25, 29 Decree 918/2012).

⁷³ Argentina provided evidence that this is a rule set into the system.

Criterion 6.5 – The FIU is the responsible authority for implementing and enforcing TFS (Art.6, Law 26734; Para 11, Art. 9, Law 27739) with the following standards:

- a) There are no freezing obligations for persons who are not reporting entities for either UNSCR 1267 or 1373. This is considered an important deficiency given the common use of cash and informal economy in Argentina.

For UNSCR 1267 designations, all reporting entities are required to freeze without delay and without prior notice goods or other assets involved in operations when they are able to verify that funds or other assets are owned or controlled by designated persons or entities; property or other assets wholly or jointly owned or controlled by designated persons or entities; property or other assets derived from or generated by property or other assets owned or controlled by designated persons or entities; property or other assets of persons or entities acting on behalf of or at the direction of designated persons or entities (Art. 2, Decree 278/2024). The reporting entity is required to without delay file a TFR to the FIU and report the action to the Ministry of Foreign Affairs as well as to a competent court. The latter will determine the legality of the measure if the freezing is in accordance with the formalities required by the legal framework, which does not include an evaluation of the merits or appropriateness of the administrative freeze. The freeze shall be in place as long as the designated person remains on the 1267 list (Arts. 9-11, Decree 918/2012).

Implementation of UNSCR 1373 designations executed via administrative freezes is explained in 6.4. Lastly, administrative freezing orders pursuant to UNSCR 1373 only last 6 months, which can be renewed for another 6 months. After this time, the freeze must be converted into a judicial injunction, or the freezing will be lifted (Decree 918/2012, art.15-16). This is considered an important deficiency as the requirement to regularly ratify listings and freezing orders is not of indeterminate duration (absent applicable and appropriate challenges).

- b) The FIU can order an administrative freezing of assets linked to criminal activities related to terrorism and terrorism financing (Law 26734, art.6; CC, art.306). The FIU can order the administrative freeze of the funds for applicable instances (Law 26734, art.2). although the definition for property or money related to this authority does not include funds or other assets of persons and entities acting on behalf of, or at the discretion of, designated persons or entities (Art. 2, Decree 278/2024). Reporting entities are empowered to freeze funds or assets of designated persons and entities for designations pursuant to UNSCR 1267 *ex parte* are able to freeze transactions for instances outlined in 6.5(a) (Art. 2, Decree 278/2024); this includes funds or other assets of persons and entities acting on behalf of, or at the discretion of, designated persons or entities partially mitigating the gap noted above in the case of UNSCR 1267 designations (Art. 2, Decree 278/2024).
- c) Aside from the required freezing for reporting entities for UNSCR 1267 designations and the reporting and, upon issuance of an administrative freezing order, freezing requirements for reporting entities for UNSCR 1373 designations, Argentine nationals or persons and entities within their jurisdiction are not prohibited from making funds or other assets or economic resources, or financial or other related services, available, directly or indirectly, wholly or jointly, for the benefit of designated persons and entities;

entities owned or controlled, directly or indirectly, by designated persons or entities; and persons and entities acting on behalf of, or at the direction of, designated persons or entities, unless licensed, authorised or otherwise notified in accordance with the relevant UNSCRs.

- d) Argentina has mechanisms for communicating designations to FIs and DNFBPs and has provided guidance for reporting entities (which includes FIs and DNFBPs) to check the RePET and to report potential positive hits for designated persons to the FIU (Decree 918/2012, arts.3-4; FIU Res. 29/2013). Decree 918/2012 also explains process for reporting entities to conduct an administrative freeze and reporting to the FIU for matches to UNSCR 1267 designations (Art. 2, Decree 278/2024; Decree 918/2012). Argentina does not communicate updates to the RePET directly to reporting entities, although administrative freezing orders, when issued, are disseminated to all reporting entities.

The RePET (Decree 918/2012, arts. 23-32) includes information related to any natural or legal person or entity included in the lists created in accordance with UNSCRs 1267 or 1373. The Ministry of Foreign Affairs and Worship also publishes designations pursuant to the UNSCR or its subsidiary bodies on its official website and in the Official Gazette (Decree 1867/2014, art.1, s.2).

- e) Reporting entities are required to immediately inform the FIU of freezing measures executed for UNSCR 1267 designations and file a TFR without delay (Art. 2, Decree 278/2024). Additionally, when the FIU issues an administrative freezing order for a reporting entity, the reporting entity is required to implement and within 24 hours to inform the FIU of outcomes (Decree 918/2012, art.7). The FIU is required within 24 hours of effective implementation of a freezing order through either method to communicate the action to the Ministry of Foreign Affairs and Worship so that the information is conveyed to the UN Security Council through appropriate means (Decree 918/2012, art.13).
- f) Compliance by reporting entities with their reporting requirements in good faith with the duty to report will not be subject to civil, commercial, labour, criminal, administrative or any other kind of liability whatsoever (AML/CFT Law, art.18). Enforcement agencies as well as officials and employees are exempt from civil, administrative, and criminal liability for applying the administrative freezing of property or money in good faith and in accordance with the regulations in force (Decree 918/2012, art.22).

Criterion 6.6 –

- a) Argentina has procedures to submit de-listing requests to the relevant UN sanctions Committee in the case of persons and entities designated pursuant to the UN Sanctions Regimes, in the view of the country, do not or no longer meet the criteria for designation. Any person, group, or entity included as a designated person in the lists issued by UNSCR 1267 and subsequent resolutions may submit a formal request directly to the Ombudsman Office of the UNSC or through the Ministry of Foreign Affairs and Worship to have their names removed from the list (Decree 918/2012, Art. 18). Once the UNSC decides to remove the name of the person, group or entity, the Ministry of Foreign Affairs and Worship shall communicate this to the FIU, the interested party, and the intervening court, if relevant. Any freezes of property or money

affected in the corresponding proceedings will be immediate lifted (Decree 918/2012, art.20).

- b) Argentina has legal authorities and procedures or mechanisms to de-list and unfreeze the funds or other assets of persons and entities designated pursuant to UNSCR 1373, that no longer meet the criteria for designation. The FIU is required to report orders of administrative freezing to the Attorney General's Office and the federal judge in criminal matters for their knowledge so that they ratify, rectify, or revoke the measure (Decree 918/2012, art.17). As noted in 6.5a, administrative freezing orders issued by the FIU based on terrorist financing suspicious transaction reports, upon the request by a national body, or at the request of a foreign competent authority invoking the provisions of UNSCR 1373 and subsequent resolutions are time limited, which may mean that freezes are lifted due to timeframe rather than findings that targets no longer meet the criteria for designation. The RePET shall include information on updated procedural status for administrative freezing orders (Decree 918/2012, art.26).
- c) In the event of administrative freezing orders based on TFRs or requests from national authorities, the order may be lifted by a federal judge competent in criminal matters upon request of the interested party when the corresponding investigations or proceedings identify that the property or money affected are not related to the criminal activities provided for in article 306 of the Criminal Code (Decree 918/2012, art.15). With regards to administrative freezing orders at the request of foreign competent authorities in line with UNSCR 1373, the measure is subject to the ratification by a federal judge and the order is initially time-limited (see 6.5(a)). There is not, however, a mechanism for persons to otherwise request a review of the designation before a court or other independent competent authority if they are subject to an administrative freeze (Decree 918/2012, art. 17).
- d) Regarding designations pursuant to UNSCR 1988, designated persons and entities can submit de-listing petitions either directly to the UN Office of the Ombudsperson or through the Ministry of Foreign Affairs and Worship to be forwarded via appropriate means (Decree 918/2012, art.18).
- e) With respect to designations on the Al-Qaida Sanctions List, designated persons and entities can submit de-listing petitions either directly to the UN Office of the Ombudsperson or through the Ministry of Foreign Affairs and Worship to be forwarded through the appropriate means (Decree 918/2012, art.18).
- f) Argentina has public procedures for unfreezing the funds or other assets of persons or entities with the same name as designated persons or entities who are inadvertently affected by a freezing mechanism upon verification that the person or entity involved is not a designated person or entity. If an interested party or a false positive, requests the lifting of the freezing order, the competent federal judge may lift the order and notify the FIU. The FIU shall disclose this within 24 hours to the Ministry of Foreign Affairs and Worship for communication to the UNSC (Decree 918/2012, art.13).
- g) Argentina has a mechanism to communicate de-listings and unfreezings to FIs and DNFBPs upon taking such action through the Ministry of Foreign Affairs and Worship's official website and the Official Gazette as well as the RePET,

although there is no communication directly to reporting entities upon delisting; (Decree 918/2012; art. 14; Res. 509/2019, art.2). As noted in 6.4, the RePET is updated daily and automatically; the Ministry of Foreign Affairs and Worship's official website and the Official Gazette are updated manually. Additionally, UNSC de-listings are communicated to the FIU and to the intervening federal court, if applicable, and shall result in the immediate lifting of the freezing of property or money affected. However, there is no specific guidance for reporting entities that are holding targeted funds or other assets with regard to their obligations to respect a de-listing or unfreezing action.

Criterion 6.7 – Argentina has procedures for authorising access to frozen funds or other which have been determined to be necessary for basic expenses, for the payment of certain types of fees, expenses, and service charges, for extraordinary expenses. This can be authorised by the relevant federal judge for the administrative freeze upon the request of the affected party and applies to sanctions pursuant to UNSCR 1267 and UNSCR 1373 (Decree 918/2012, art.12 and 17). However, Argentina's procedures only explicitly indicate that basic expenses cover water and electricity, rather than public utilities (which may go beyond these two items), although this not considered a deficiency because regulations clarify that basic expenses include but are not limited to enumerated expenses. Judicial authorization may be granted as long as it is not otherwise ordered by said Committee within 48 hours following the notification (Art. 3, Decree 278/2024).

Weighting and Conclusion

UNSCR 1267 designations are listed to the RePET within 24 hours, as the RePET is updated automatically on a daily basis and Argentina has mechanisms for the FIU and reporting entities to implement administrative freezes for funds or assets of designated persons and to consider and act in relation to persons or entities that could meet the criteria for designation in line with R.6. However, there are deficiencies that compromise these and other measures to prevent designated persons from accessing funds. Firstly, non-reporting entities have no obligations regarding making funds available to designated persons. This deficiency is weighted heavily in particular in light of size of the informal economy and use of cash in Argentina. Gaps in the types of funds for which the FIU is able to issue administrative freezing orders as identified in 6.5(b) could potentially impact the implementation of sanctions. This weighting must also consider the lack of mechanism for designations pursuant to UNSCR 1267 and subsequent and related resolutions, as this affects Argentina's ability to propose targets for designations; the lack of formalized process for UNSCR 1373 designations; the time-limited nature and conditioning of some UNSCR 1373 designations on judicial ratification for renewal; a lack of ability for some UNSCR 1373 designated persons to request a delisting and the lack of guidance and absence of relevant processes for de-listings.

Recommendation 6 is rated Partially Compliant.

Recommendation 7 – Targeted financial sanctions related to proliferation⁷⁴

These are new requirements that were not assessed in Argentina's 2010 MER. Argentina amended a law during the on-site that identified the FIU as being able to issue freezing orders related to PF UNSCRs (Art.13, para.12, Law 27739), although no specific measures have been implemented.

Criterion 7.1 – Argentina's Constitution requires that international treaties and concordant obligations, including UNSCRs adopted under Chapter VII of the Charter of the United Nations relating to the prevention, suppression, and disruption of the proliferation of weapons of mass destruction, take precedence over laws (art.75, para.22). While Decree 1521/2004 directs public agencies, bodies of the State, Provinces, Municipalities, and the Autonomous City of Buenos Aires to adopt any necessary measures to comply with UNSCRs, including related to PF (art.3) and Argentina has identified the FIU as being able to issue freezing orders related to PF UNSCRs (Art.13, para.12, Law 27739), no specific measures have been implemented. In turn, Argentina currently lacks a framework that allows for implementation of TFS relating to the prevention, suppression, and disruption of the proliferation of weapons of mass destruction. This lack of domestic framework and regulations affects all criteria for this Recommendation.

Criterion 7.2 – The FIU has the authority to order, without delay, the freezing of property and other assets to prevent other funds or other assets from being made available, directly or indirectly, to or for the benefit of, any person or entity either designated by the United Nations Security Council under Chapter VII of the Charter of the United Nations, in relation to the prevention and disruption of the financing of proliferation of weapons of mass destruction (Art.13, para.12, Law 27739). While Argentina's new law requires reporting entities to develop AML/CFT/CPF procedures and report suspicious activity related to the financing of proliferation of weapons of mass destruction within 24 hours of the transaction being conducted or attempted, Argentina does not have a framework for the issuance and execution of administrative freezing orders in the PF-TFS context or specific requirements related to implementation of PF-TFS by reporting entities or other persons in Argentina (Art. 15, paras. b, e, Law 27739; FIU Resolution 56/2024).

Criterion 7.2 (a) – There is no requirement for all natural and legal persons within Argentina to freeze, without delay and without prior notice, the funds or other assets of designated persons and entities. As noted above, Argentina's FIU is able to issue administrative freezing orders associated with PF-TFS, although there are no established measures for the issuance and implementation of these orders by reporting entities.

Criterion 7.2 (b)– Argentina does not have freezing obligations with regards to UNSCRs relating to the prevention, suppression, and disruption of proliferation of WMD and its financing (see criterion 7.2(a)).

Criterion 7.2 (c) – Argentina currently does not have a method from ensuring that funds or other assets are prevented from being made available by their nationals or any persons or entities within their territories to or for the benefit of designated persons or entities unless licensed, authorised, or otherwise notified in accordance

⁷⁴ As of 18 October 2023, assessors should exclude an analysis of UNSCR 2231 under Recommendation 7 (and Recommendations 1 and 2 related to PF).

with the relevant UNSCRs.

Criterion 7.2 (d) – Argentina lists updates to persons or entities subject to the regime of sanctions by the United Nations Security Council or its subsidiary bodies on the website of the Ministry of Foreign Affairs and Worship and in the Official Gazette—this is done manually upon updates (Decree No.1867/2014, s.2). Additionally, the Ministry of Foreign Affairs and Worship in decrees has announced UNSCR Resolutions 1718, 2087, 2094, 2270, and 2321 decrees (Resolution 52/2007; Resolution 682/2013; Resolution 682/2013; 44-E/2017. However, Argentina does not have a framework to allow for implementation of TFS for PF and financial institutions and DNFBPs have no specific obligations with regards to PF TFS. Additionally, the list of UNSC-designated persons on Ministry and Foreign Affairs and Worship website and in the Official Gazette resources are not directly tailored to financial institutions and DNFBPs, though they do have access to them. Argentina has not provided any guidance to financial institutions and other persons.

Criterion 7.2 (e) – Argentina requires that reporting entities report STRs related to completed or attempted transactions related to PF within 24 hours to the FIU (FIU Resolution 56/2024). However, Argentina does not require FIs and DNFBPs to report to competent authorities any assets frozen or other actions taken in compliance with the prohibition requirements of the relevant UNSCRs.

Criterion 7.2 (f) – Argentina does not have measures which protect the rights of bona fide third parties acting in good faith when implementing the obligations under R.7.

Criterion 7.3 – Argentina does not have measures for monitoring and ensuring compliance by financial institutions and DNFBPs with the relevant laws or enforceable means governing the obligations under Recommendation 7. While Argentina places some obligations related to CPF efforts on reporting entities and supervises reporting entities for compliance with relevant requirements, these obligations are not directly related to implementation of PF-TFS.

Criterion 7.4 –

Criterion 7.4 (a) – Argentina does not have a publicly known procedure to enable listed persons and entities to petition a request for de-listing at the Focal point for de-listing established pursuant to UNSCR 1730 or informing designated persons or entities to petition the Focal Point directly.

Criterion 7.4 (b) – Argentina does not have publicly known procedures to unfreeze the funds or other assets of persons or entities with the same or similar name as designated persons or entities, who are inadvertently affected by a freezing mechanism (i.e., a false positive), upon verification that the person or entity involved is not a designated person or entity.

Criterion 7.4 (c) – Argentina does not have a process for authorising access to funds or other assets, where countries have determined that the exemption conditions set out in UNSCRs 1718 are met, in accordance with the procedures set out in those resolutions.

Criterion 7.4 (d) – Argentina lists updates to persons or entities subject to the regime of sanctions by the United Nations Security Council or its subsidiary bodies on the website of the Ministry of Foreign Affairs and Worship and in the Official Gazette—this is done manually upon updates (Decree No.1867/2014, s.2). These resources are not used regarding TFS related to proliferation financing or directly tailored to financial institutions and DNFBPs, though they do have access to them.

Argentina has not provided guidance to FIs and other persons that may be holding targeted funds or other assets.

Criterion 7.5 –

Criterion 7.5 (a) – Argentina does not have a process to permit the addition to the accounts frozen pursuant to UNSCRs 1718 of interests or other earnings due on those accounts or payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of this resolution, provided that any such interest, other earnings and payments continue to be subject to these provisions and are frozen.

Criterion 7.5 (b) – Argentina does not have a process to ensure that freezing action taken pursuant to UNSCR 1737 should not prevent a designated person or entity from making any payment due under a contract entered into prior to the listing of such person or entity in instances outlined in this sub-criterion.

Weighting and Conclusion

Argentina's Constitution requires giving precedence to UNSCRs, and the FIU has the capability to issue administrative freezing orders for PF-TFS. However, there is a lack of a domestic framework for implementation for UNSCRs relating to the prevention, suppression, and disruption of the proliferation of weapons of mass destruction. Argentina's absence of requirements for FIs, DNFBPs, and other persons in Argentina to implement TFS in line with R.7 compromise Argentina's ability to prevent, suppress, or disrupt the proliferation of WMD.

Recommendation 7 is rated as Non-Compliant.

Recommendation 8 – Non-profit organisations

In its 2010 MER, Argentina was rated non-compliant with these requirements mainly because the authorities had not reviewed the adequacy of its domestic laws and regulations that relate to non-profit organisations. In addition, the Argentinean authorities had not undertaken general outreach to the NPO sector and did not have the capacity to obtain timely information on the activities, size, and other relevant features of its NPO sector for the purpose of identifying the features and types of at-risk NPOs, as well as monitor and sanction them. Argentina amended its AML/CFT Law to remove the status of reporting entities from organisations working in the not-for-profit realm in March 2024. Additionally, the Law established that the government should, through regulations establish adequate measures proportionate to the risks identified, which promote the transparency, integrity and public confidence in the administration and management of non-profit organisations. Relevant regulations, however, were not issued during the reporting period and no measures, other than the ones already in place and mentioned previously, had been developed.

Criterion 8.1 –

Criterion 8.1 (a) –

The first Argentina's not-for-profit sectoral TF risk assessment released in 2023 identified that foundations, associations, and religious entities are the three categories of entities that might fall under the FATF definition of NPOs. However, the risk assessment clearly noted that not all entities within the three categories met the

FATF definition, and that the country still needed to further develop its understanding of exactly which not-for-profit sector participants would fall within or outside of the FATF definition (*Evaluación del Riesgo de Financiamiento del Terrorismo para el Sector de Organizaciones Sin Fines de Lucro en Argentina*; paras.41-56). Further distinction is important given that there are over 100 000 entities registered as foundations and associations with Argentina's tax authorities (*Evaluación del Riesgo de Financiamiento del Terrorismo para el Sector de Organizaciones Sin Fines de Lucro en Argentina*; Table 4). This shortcoming is weighted heavily for this criterion as it impacts Argentina's ability to take a focused, proportionate, and risk-based approach to NPOs. Argentina's AML/CFT Law defines NPOs and establishes that public bodies and authorities, as determined by regulations, must identify the subsector of NPOs at risk of being abused for TF (AML/CFT Law, art.4 bis). However, relevant regulations that take in consideration the findings and recommendations of the country's risk assessment were still in development and not issued during the reporting period.

Criterion 8.1 (b) –

The TF risk assessment on the not-for-profit sector released in 2023, based on interagency consultation with stakeholders, reported that Argentina had not identified any financial intelligence information or court cases showing examples or identifying persons in the NPO sector in the country that have been used to raise and/or mobilise funds for the financing of terrorist organizations or individual terrorists (*Evaluación del Riesgo de Financiamiento del Terrorismo para el Sector de Organizaciones Sin Fines de Lucro en Argentina*, para. 103-106).

However, Argentina used data from other sources, such as regional or international reports, and survey results from not-for-profit sector participants that Argentina assessed to be representative of the sector to identify specific vulnerabilities that could render persons in the NPO sector high risk for TF. For example, the risk assessment outlined some characteristics of activities that could pose TF risks, including operations in the tri-border area, participation to a broader network of legal entities controlled by unidentified persons, the use of cash or new payment service providers, operations outside regulated financial services, activities undertaken by unregistered not-for-profit sector participants (*Evaluación del Riesgo de Financiamiento del Terrorismo para el Sector de Organizaciones Sin Fines de Lucro en Argentina*, para. 137-144). However, the risk assessment did not address how actors could exploit such vulnerabilities for TF and did not specifically identify the types of NPOs that are at risk (*Evaluación del Riesgo de Financiamiento del Terrorismo para el Sector de Organizaciones Sin Fines de Lucro en Argentina*, para 107-125). Argentina identified that, in some cases, they lacked sufficient information to provide this level of detail.

It was not clear if the not-for-profit respondents to the survey done as part of the risk assessment that informed the risk assessment were NPOs under the FATF definition.

Criterion 8.1 (c) – Technical deficiencies identified at 8.1 (a) and 8.1 (b) prevent Argentina from having in place focused, proportionate, and risk-based measures to address TF risks identified for the organisations falling within the definition of NPOs. Until the on-site visit, many non-for-profit sector participants were considered as reporting entities with the FIU and had the same CFT obligations as other reporting entities (FIs and DNFBPs). In this approach, the authorities gained considerable insight into the activities of many organisations working in the not-for-profit realm

for purposes of countering TF abuse, but there was no differentiation for the subset falling within the FATF definition of NPOs.

At the same time, some initiatives show an effort of the authorities to review the country's approach to the not-for-profit sector, including through engagement with the sector stakeholders. First, Argentina's TF risk assessment on the not-for-profit sector reviewed the adequacy of measures in place, including laws and regulations, that relate to the portion of the not-for-profit sector participants that may be abused for terrorism financing in order to be able to take proportionate and effective actions to address the risks identified (*Evaluación del Riesgo de Financiamiento del Terrorismo para el Sector de Organizaciones Sin Fines de Lucro en Argentina*). A recently adopted Law removed certain participants in the not-for-profit sector from the list of reporting entities and directed the creation of new regulations to mitigate TF risk for NPOs. The FIU has consulted members of the NPO sector in consideration for possible future measures to address TF risk in the NPO sector. This effort follows Argentina's identification of strengthening measures to protect the not-for-profit sector from being misused for TF as an objective in the 2022 National Strategy and completion of a not-for-profit sectoral risk assessment (*Estrategia Nacional para la Prevención y el Combate al Lavado de Activos, la Financiación del Terrorismo y la Proliferación de Armas de Destrucción Masiva*, art.5, s.8).

Criterion 8.1 (d) – Argentina has considered TF risks to the NPO sectors in the context of their National Risk Assessment, which must be completed every two years (Decree no.331/2019, art.4, para.e; Decree no.331/2019, art.7). For the 2022 assessment, Argentina conducted a survey with participants from the NPO sector on their perceptions of TF risks and conducted outreach with the NPO sector, although information on which types of NPOs are most vulnerable to TF risk and how NPOs could be misused would have benefited from further detail. While not conducted periodically, Argentina's SRA included a review of information on the sector's potential vulnerabilities to terrorist activities. Argentina has indicated that they plan to include a specific module in the 2024 National Risk Assessment TF risk to NPOs under the FATF definition (para. 171, *Evaluación del Riesgo de Financiamiento del Terrorismo para el Sector de Organizaciones Sin Fines de Lucro en Argentina; Estrategia Nacional para la Prevención y el Combate al Lavado de Activos, la Financiación del Terrorismo y la Proliferación de Armas de Destrucción Masiva*, art.5, s.8.1.2)).

However, there is no specific requirement for a periodic reassessment specific to NPOs and the work has not yet begun

Criterion 8.2 –

Criterion 8.2 (a)

Argentina has policies to promote accountability, integrity, and public confidence in the administration and management of participants in the not-for-profit sector through requirements as legal persons (See R.24). Persons in the not-for-profit sector in Argentina are considered private legal entities if organized in Argentina (Law 26995, part 2, s.148), likely as civil associations or foundations, which require government approval for operation, registration with Public Registries of Commerce, information on founders, procedures for governance and oversight, provision of information to the government, among other requirements and have restrictions on operating for profit (Law 26995, Chs.2, 3). Additionally, provincial Public Registries of Commerce with which private legal persons, including foundations and civil associations must register, have their own requirements for registrants. The

information filed with the Registries is publicly available and open for consultation without conditions for making requests, although the extent and procedure for consultation by the public varies based on the province the consultation is timely, although information may in some cases not be accurate or up to date (See R.24). For some Registries, a request by the public can be made online and a response is provided within a few days, whereas other Registries have more other requirements and/or longer timing for processing a request by the public.

Religious entities other than the Catholic Church, which is treated as a public entity are required to register with the National Registry for Worship (Law 21745). The requested registration can be denied or cancelled if, among other requirements, if it has been proven that the activities of the entity are harmful to the public order or national security (Law 21745, art.3). Religious entities may, but are not required to, register as legal persons; if they choose to, they can register as civil associations or foundations.

Participants in the not-for-profit sector that are organized abroad and operating in Argentina are regulated by provisions of the Company Law. Such persons are required to provide proof of its existence in accordance with the law of the country of incorporation, be domiciled in Argentina and fulfil the requisites of registration and publication according to the type of company and justify the decision of creating the representation and appoint a person in charge (Law 19550, part XV, s.118). The not-for-profit sector stakeholders must have separate book-keeping for operations in Argentina and submit to the appropriate regulator corresponding to that type of corporation (Law 19550, part XV, s.120).

Additionally, not-for-profit sector participants must file with AFIP to receive a tax identification number (CUIT) in order to conduct financial activity; certain not-for-profit sector participants may also be eligible for tax exempt status with AFIP subject to provision of additional information filed on an annual basis and meeting certain requirements (see 8.2(d)).

However, there is a considerable number of participants in the not-for-profit sector that are not registered as legal persons—the not-for-profit sector and the sectoral risk assessment identify that these entities are community based, and deal in small amounts of funds, if any. The sectoral risk assessment, however, also identified unregistered not-for-profit stakeholders as a potential inherent vulnerability. Moreover, a lack of incorporation may limit the ability of these entities to get bank accounts, intersecting with another potential inherent vulnerability identified in the not-for-profit sectoral risk assessment. It is not clear how many of these entities would fall under the FATF definition of NPOs.

A new law in Argentina establishes that public bodies and authorities, as determined by regulations, must establish adequate measures proportionate to the risks identified, which promote the transparency, integrity and public confidence in the administration and management of non-profit organisations (Article 26 of Law 27739). Relevant regulations, however, were not issued during the reporting period and no measures, other than the ones already in place and mentioned previously, had been developed.

Criterion 8.2 (b) –

The National Coordination Program for Combatting Money Laundering and Terrorist Financing has engaged with ten participants in the not-for-profit sector, including a representative of an organization of more than 200 civil society organizations to both

develop and share key findings from the not-for-profit sectoral risk assessment to raise the sector's awareness. It is not known whether and how many of them fell under the FATF definition of NPOs.

While the government undertook some dissemination, it has not yet shared the document widely, and the direct recipients represent a small portion of the overall sector. While the government has not engaged in other outreach or education programs with regards to the SRA findings, they had already planned dissemination programs and trainings with relevant stakeholders (NPOs, financial sector, public authorities, etc) after the on-site visit. Shortcomings with regard to educational programming about TF risk and mitigation measures is further illustrated by the fact that nearly 75 % of not-for-profit sector participants that responded to the sectoral risk assessment survey indicated that they had not received information from the government on this matter (Figure 18, *Evaluación del Riesgo de Financiamiento del Terrorismo para el Sector de Organizaciones Sin Fines de Lucro en Argentina*). In addition to the sectoral risk assessment, National Risk Assessment is public and therefore available to the community, but the short section on TF risks and NPOs does not constitute per se outreach or educational programming. There has been no engagement or outreach to the donor community to deepen the understanding of risk, although Argentina recognised the need for further engagement with the NPO sector and donor community in the sectoral risk assessment. Argentina's new law requires the development of training activities to raise awareness of TF risk, and Argentina has developed a training plan for 2024, although trainings were planned and the schedule approved, they weren't held until after the reporting period (Law 27739, art. 26).

Criterion 8.2 (c) – In June 2022, Argentina, in the context of conducting the sectoral risk assessment, held four trainings for compliance officers for the same ten participants in the not-for-profit sector noted in 8.2(b) with technical assistance from the AML/CFT Global Facility Program of the European Union. Sessions covered general TF risks to not-for-profit sector, the FATF standards and Recommendation 8, and assessing risk in the not-for-profit sector (<https://www.argentina.gob.ar/noticias/concluyo-una-serie-de-talleres-con-la-sociedad-civil-para-prevenir-el-financiamiento-del>). Argentina further engaged with the same not-for-profit sector participants noted above via virtual and face-to-face meetings to inform the risk assessment as well as to discuss the development of potential reforms for the sector. Additionally, one of the ten participants, led a survey to more than 2000 not-for-profit sector representatives for the purpose of the sector risk assessment.

These efforts, however, only cover a small portion of the not-for-profit sector and have mainly been focused on consultation and assessing risk rather than working with the subsector of stakeholders falling in the FATF definition for developing and refining best practices to address identified TF. Moreover, as with 8.2(b), it is not known whether and how many of the participants with which Argentina engaged fell under the FATF definition of NPOs.

Criterion 8.2 (d) – Argentina has tax incentives to encourage the not-for-profit sector participants to use regulated financial channels to conduct transactions, when feasible. Profits from religious institutions, civil society organisations, foundations and civil social assistance, public health, charity, beneficence, education and instruction, scientific, literary, artistic, and union associations, as well as physical or intellectual culture associations are exempt from taxation (Law 20628, s.26, paras. e-f). To qualify for tax exempt status, applicants sign a sworn statement indicating that

they used certain methods (bank deposit, bank transfer or money order, cheque, debit on back account through ATM, direct debit on bank account, electronic payment through credit or debit card, among others) to receive income or collections for amounts equal to or exceeding ARG 10 000 (Approximately USD 10; AFIP Res.4739/2020, s.5, para.c, AFIP Res.2681/2009, s.21). Religious entities that fall under tax exempt categories have a separate process, however, and are not required to meet the requirement of receipt of funds through certain methods to receive a tax exemption certificate (AFIP 4573/2019).

Even though not considered under this criterion, it is interesting to note that donors are also incentivized to make donations using regulated financial channels. Donations made in cash (in the name of the donor through bank deposit, bank or wire transfer, account debit through an ATM, direct debit from a bank account, or direct debit in a credit card account) or in kind may also be deducted by the donor if donated to tax exempt entities (AFIP Res.2681/2009, ss.31-32).

Criterion 8.3 – Argentina has measures in place to monitor non-for-profit stakeholders, but the authorities could not demonstrate that measures are focused, proportionate, risk-based and apply to the subset of entities falling in the FATF definition of NPOs. Argentina has a new law requiring that public bodies authorities and authorities, as determined by regulations, with perform supervision for NPO compliance with administrative regulations regarding TF risk prevention and TF-TFS, but regulations had not been issued during the reporting period (Art. 26, Law 27739). See criterion 8.1(c).

With regards to the measures that Argentina does have in place and the steps taken to monitor compliance with these measures, the Public Registries of Commerce have authorities over not-for-profit sector participants that are registered as foundations or civil associations as noted in 8.2(a). These entities are required to obtain government approval to operate, which requires providing substantive information on the foundation or civil association's identity and structure. Supervisors for foundations and civil associations are able to supervise a foundation or civil association's compliance with legal regulations, and some local registries have additional requirements, including related to AML/CFT, in addition to requirements outlined in the Civil Code, as noted in 8.2(a). Moreover, foundations and civil associations are required to provide Public Registries with documents that they require for assessment of their operations (Law 26994, ch.3, part 4, ss.214,215; Law 26994, ch.2, part 1, s.174). While the primary focus of Public Registries of Commerce may not be compliance with R.8-related measures, Public Registries are reporting entities to the FIU, which requires them to file STRs and implement the same CFT measures as FIs and DNFBPs (AML/CFT Law, art.20, para.15). While the public registries have authorities to supervise certain NPOs, there is no requirement that supervision be completed in a risk-based manner and no specific measures for parts of the NPO sector that fall under the FATF definition or engage in activities that have been identifying as posing higher TF risk (see 8.1(a), 8.1(b)).

The importance of employing focused, proportionate, and risk-based oversight or monitoring is critical in consideration of the large number of not-for-profit sector participants registered as civil associations (98 188) or foundations (16 596) (2023 Not-for-profit sector risk assessment, para.35, Table 4). This deficiency is weighted heavily as the approach is not based on risk and limits the degree to which Argentina is able to mitigate TF risk without discouraging legitimate not-for-profit activities.

Criterion 8.4 –**Criterion 8.4 (a) –** As above.

Criterion 8.4 (b) – Authorities can apply a range of sanctions for violations by not-for-profit sector stakeholders or persons acting on behalf of them. Some measures, such as revocation of registration as a legal person or of tax-exempt status, are effective, proportionate, and dissuasive sanctions, for the not-for-profit participant but do not affect persons acting on their behalf.

Public Registries of Commerce are able to sanction private legal entities (including foundations or civil associations) under their jurisdiction, including through revocation of registration if it has committed serious acts that violate the law, the statute, and the regulations subject to due process (Law 26994, Title II, s.3, para.4, art.164). Administrators of private legal persons, including foundations and civil associations are liable for the legal person, members and third parties, and, in the case of foundations, Public Registries have the ability to suspend managers who have violated the duties under their responsibility process (Law 26994, Title II, ch.1, art. 160s.3, para.7, art.222). Specific provincial Public Registries of Commerce also have additional sanctions at their disposal for civil associations and foundations as well as their directors, trustees, administrators, or any other person (Law 22315, Ch.2, art.12).

Additionally, the tax authority has the ability to cancel tax exemption if irregularities are found in the documentation and the decision will be published on a public website (AFIP Res.4739/2020, s.6; AFIP Res.2681/2009, s.23). Religious entities also have registration requirements and registration can be denied or cancelled as outlined in 8.2(a) (Law 21745, art.3). Lastly, criminal sanctions apply to natural or legal persons convicted of TF offenses (see 5.6-5.7).

In addition, foreign not-for-profit entities organised abroad and regulated by Argentina's Company Law are subject to the supervision of the local regulator of their jurisdiction during their operation, dissolution, and liquidation (Law 19550, Part V, art. 9, p.299).

However, Public Registries lack jurisdiction over not-for-profit entities that fail to register as civil associations or foundations, limiting the ability to apply effective, proportionate, and dissuasive sanctions in such instances.

Criterion 8.5 –

Criterion 8.5(a) – All levels of appropriate authorities holding relevant information on not-for-profit sector participants have the authorities to co-operate, co-ordinate and share information. As noted above (in criterion 8.4(a)), there are several authorities in Argentina that play a role in collecting information from participants in the not-for-profit sector, in particular, Public Registries of Commerce and tax authorities.

Supervising authorities for foundations can request and receive documentation from other official agencies (AML/CFT Law, art.14, para.1); (Law 26994, ch.3, part 4, s.215). Additionally, in the event of investigations by the FIU involving not-for-profit sector participant, the FIU can enter into agreements and contracts with national, international, and foreign bodies to participate in information networks related to its mission on the condition of necessary and effective reciprocity (AML/CFT Law, art.14, para.9). The FIU also has liaison officers from various government departments and agencies, and including those that may hold relevant information on NPOs, such as IGJ

and AFIP. Lastly, the Federal Administration of Public Revenue and the Secretariat of Worship under the Ministry of Foreign Affairs and Worship can also share relevant information (AFIP Resolution 4573/2019, art.6).

Criterion 8.5 (b) – provincial Public Registries of Commerce are able to conduct investigations into activities of registrants, including foundations and civil associations (Law 22315, art.6). Additionally, Public Registries of Commerce, as reporting entities, are also required, among other obligations, to have an Anti-Money Laundering and Terrorist Financing policy that must include a compliance officer, personnel training, risk management of STRs, transaction monitoring tools; procedures for methodologies and criteria for analysing and assessing information that allow detecting unusual and suspicious transactions; among other requirements related to identifying and analysing transactions potentially linked to TF (FIU Res. 29/2011). The FIU oversees analysis, handling, and transmitting of information for the purposes of preventing and deterring terrorist financing offenses (AML/CFT Law, art.6, para.2). In addition to the abilities to collect information from public and private entities noted in 8.5(a), the FIU is also able to request that the Attorney General's Office require a competent judge to order searches useful for an investigation or otherwise take all necessary legal measures to obtain information from any source or origin (AML/CFT Law, art.14, para.6).

The FIU, Public Registries of Commerce, or law enforcement agencies have staff focused on TF. In the framework of the sectoral risk assessment, said institutions participated in specific trainings related to global risk and methods on how NPOs were abused for TF in other countries, although they likely have limited experience in identifying NPOs being misused for TF.

Criterion 8.5 (c) – Argentine authorities have full access to information on the administration and management of NPOs (including financial and programmatic information), which may be obtained during an investigation. Civil associations or foundations must be approved by the government, provide identifying information for natural and legal persons information, the governing body, and provide some financial information upon registration (Law 26995, chs.2,3). Foundations are required to provide the relevant Public Registry of Commerce with requested information, and Public Registries of Commerce can also require other official agencies to provide necessary information (Law 26994, ch.3, part 4, ss.214,215). Civil associations are subject to permanent control of component authorities (Law 26994, ch.2, part 1, s.174). Specific provincial Public Registries of Commerce may have additional authorities, such as the ability to examine and, if necessary, seize books and documents for entities, including civil associations and foundations, it supervises (Law 22315, art.6). Additionally, as noted in 8.4(a) the FIU is also able to request information from public or private persons and the is also able to request the Attorney General's Office to take necessary legal measures to obtain information as outlined in 8.5(b) (AML/CFT Law, art.14, para.1, 6).

Criterion 8.5 (d) – Reporting entities, including Public Registries of Commerce, are required to file TFRs for transactions or acts that may be linked to terrorism finance within 24 hours from the moment the transaction was attempted or conducted (AML/CFT Law, art.21 bis, art. 35, Resolution 55/2024). Additionally, as noted in 8.5(a), the FIU can share certain information with the Attorney General's Office or the intervening judge in specific cases (AML/CFT Law, art.18,19). Participants in the AML/CFT Committee, including the IGJ, have received the NPO sectoral risk assessment to inform the identification of potentially suspicious activity related to TF

and NPOs. As noted in 8.2(b), the not-for-profit sectoral risk assessment has not been shared broadly within the not-for-profit sector or amongst reporting entities; the assessment or other information on specific risks or typologies of TF risk for NPOs could help other reporting entities identify relevant activity and file potential TFRs.

If law enforcement or securities services identify a potentially suspicious NPO for TF, they could file a complaint with the PPO, which would determine whether or not to open a relevant case or . shared through the competent authorities' liaison to the FIU (AML/CFT Law, art.12). While the FIU can receive voluntary disclosures from natural or legal persons, there is no guidance about the process or how to such persons could identify potential NPO activity tied to TF. Argentina's new law requires public bodies and authorities, as determined by the regulations, to establish measures for the communication to competent authorities about TF suspicions related to NPOs (AML/CFT Law, art.26), but as of the on-site relevant regulations had not been passed and no measures had been issued.

Criterion 8.6 –

Argentina has identified appropriate points of contact and procedures to respond to international requests for information regarding NPOs suspected of terrorist financing or involvement in other forms of terrorist support. The FIU oversees information related to countering TF and is able to enter into agreements with national, international, and foreign bodies to share relevant information (AML/CFT Law, art.14, para.9; art.6, para.2). The Argentine FIU has relationships with 37 other FIUs and has an identified process for responding to requests for information (FIU Res. 135/2016, Ch.3). Other parts of the Argentine government can make and respond to requests for information from foreign counterparts, and requests related to ML/TF in certain instances must be sent through the FIU. The Attorney General's Office is responsible for international assistance and liaising with regional and international institutional cooperation bodies (Law 27148, art.35, para. e), and criminal matters involving Mutual Legal Assistance are managed by the Ministry of Foreign Affairs, International Trade, and Worship (Law 24747).

Weighting and Conclusion

Argentina has several significant deficiencies in relation to the monitoring of NPOs. Critically, Argentina has not identified the not-for-profit sector participants falling under the FATF definition of NPOs. This shortcoming is weighted heavily for this criterion as it impacts Argentina's ability to take a focused, proportionate, and risk-based approach to NPOs. Moreover, this impacts Argentina's ability to monitor NPOs given the large number of not-for-profit sector participants registered as foundations and civil associations; this deficiency is also weighted heavily as it limits Argentina's ability to mitigate TF risk without discouraging legitimate not-for-profit activities. While Argentina does have policies to promote accountability in management of not-for-profit entities and the encourage NPOs to conduct transactions via regulated channels, Argentina has not worked broadly with the sector to deepen understanding of TF risk or develop best practices to mitigate TF risk. Argentina has authority to acquire and share information related to NPOs and staff of relevant authorities have expertise in TF, albeit limited experience with TF related to NPOs. There are some shortcomings related to identifying potential TF activity by NPOs, in particular by reporting entities through TFRs or voluntary disclosures. These deficiencies are partly mitigated by the overall low risk of the NPO sector for TF in Argentina.

Recommendation 8 is rated Partially Compliant.

Recommendation 9 – Financial institution secrecy laws

In its 2010 MER, Argentina was rated partially compliant with these requirements because of 1) securities secrecy; 2) financial or professional secrecy only lifted in the framework of a suspicious transaction report (STR) originated in Argentina and 3) tax secrecy lifting requiring judicial authorisation. Secrecy no longer limits AML/CFT functions and sharing of information is not limited to an STR originated in Argentina.

Criterion 9.1 – FI secrecy laws do not inhibit the ability of competent authorities to access information they require to properly perform their functions in combating ML or TF and sharing information domestically or internationally, and between FIs.

Access to information by competent authorities: FIs cannot invoke banking, tax, securities, professional secrecy rules, legal or contractual confidentiality obligations before the FIU within the framework of the analysis of an STR, a voluntary declaration, or the exchange of information with foreign analogous organizations (AML/CFT Law, article 14.1.2). More broadly, the FIU is empowered to request documents, information and any element deemed useful for its function (AML/CFT Law, art.14.1.2). In addition, securities secrecy provisions are noted as lifted between the National Securities Commission (CNV) and other authorities, including the FIU (Capital Markets Law 26831, art. 27). Banking secrecy is also lifted for FIs with respect to information requested by courts, BCRA, tax authorities and authorised FIs (Law 21526, Central Bank Law, art.39).

Sharing of information between competent authorities: The FIU can share information with foreign counterparts and supervisors (AML/CFT Law, art. 14 para.9; FIU Resolution 30/2013 and 135/2016). The Organic Charter of the BCRA (Law 24144, art.53) allows the BCRA to share information with prior authorisation from the Superintendent. The BCRA has MoUs with all other supervisors: SSN, CNV, INAES and the Federal Administration of Public Revenue (AFIP) which allow it to share information. Other supervisors such as INAES, have similar arrangements to share information with AFIP and other competent authorities.

Sharing of information between FIs: There are no FI secrecy laws that explicitly restrict the sharing of information between FIs where this is required by R.13, 16 and 17. FIs can share client related information with other FIs in the same financial group and in the context of wire transfers and third-party reliance as explained under R.16 - 20.

Weighting and Conclusion

All criteria are met. **Recommendation 9 is rated Compliant.**

Recommendation 10- Customer Due Diligence

In its 2010 MER, Argentina was rated non-compliant with these requirements because some reporting entities, such as remittance companies were not covered for AML/CFT purposes and deficiencies in CDD requirements. Argentina largely addressed these deficiencies with remittance companies now covered and expansion of the requirement to conduct the full range of CDD measures.

Criterion 10.1 – There is no explicit requirement in Law to prohibit anonymous accounts or under obviously fictitious names. However, all FIs are required to identify and verify their customers (natural or legal persons) using information, documents, and public databases “before conducting any type of activity included in its purpose”

(AML/CFT Law, art. 21) which would prevent the opening or maintaining of anonymous accounts and meets this criterion. In addition, banks and foreign exchange companies, capital market and capitalisation and savings entities, mutual and cooperative associations, insurance companies and postal remittance services are explicitly prohibited from opening or maintaining anonymous accounts or under false or fictitious names (FIU Res. 14/2023, 78/2023, 99/2023 and 126/2023, art.21; 169/2023, 1/2023 and 2/2023, art. 21 and art.22 respectively).

Criterion 10.2 – CDD is required when:

- a) **Establishing business relations** - FIs are required to undertake CDD measures including to obtain from their customers, requesting or contributing parties, documents irrefutably evidencing their identity, legal status, domicile, and other data to be specified in each case “ before conducting any type of activity included in their purpose” (AML/CFT Law, art. 21, paragraph a). The timing of these measures is specified for each type of FI in the different FIU Resolutions (FIU Res. 14/2023, 76/2019, 78/2023, 99/2023, 126/2023, 1/2023, 2/2023, art.21 and 169/2023, art.22).
- b) **Carrying out occasional transactions above the applicable designated threshold (USD/EUR 15 000), including situations where the transaction is carried out in a single operation or in several operations that appear to be linked.** The general obligation in the AML/CFT Law that CDD must be applied regardless of the transaction being occasional or not and regardless of the amount (e.g., no threshold) applies to all FIs. In addition, FIU Resolutions that apply to remittances, banks and foreign exchange companies, capital market entities, mutual and cooperative associations and insurance companies clarify CDD must occur when carrying out occasional transactions (FIU Res. 1/2023, 2/2023, 14/2023, 78/2023, 99/2023 and 126/2023 art.21, and 169/2023, art.22).
- c) **Carrying occasional transactions that are wire transfers in the circumstances covered by Recommendation 16 and its Interpretative Note.** As above, as there are no thresholds to apply CDD.
- d) There are no exemptions or thresholds, CDD applies in every case as explained in (b) above.
- e) Although CDD applies in every case, nor the Law or FIU SRRs clarify that CDD should be applied when the FI has doubts about the veracity or adequacy of previously obtained customer identification data.

Criterion 10.3 – The obligation to identify customers described in 10.1 explicitly requires FIs by Law to the use reliable, independent source documents, data, or information, applies both to permanent or occasional customers and does not distinguish between natural and legal persons. In addition, the FIU Resolutions that apply to banks and foreign exchange companies, capital market entities, mutual and cooperative associations, insurance companies, postal services, and money remitters clarify that the identity of the customer must be verified using documents, data, or information from public registries and/or other reliable sources for both natural and legal persons (FIU Res. 1/2023, 14/2023, 78/2023, 99/2023 and 126/2023, art.22, and 169/2023, art.23).

Criterion 10.4 – FIs are required to verify that any person purporting to act on behalf of the customer is so authorised and to identify and verify the identity of that person (AML/CFT Law, art. 21 and relevant FIU Res. for the different reporting entities).

Criterion 10.5 – FIs are required to identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner, using the relevant information or data obtained from a reliable source, such that the reporting entity is satisfied that it knows who the beneficial owner is (AML/CFT Law, art.21 a and relevant FIU Res. for all reporting entities, as well as the specific provisions to identify beneficial owners in FIU Res. 112/2021). In all cases, regulation is clear that reporting entities should identify the natural person or individual who controls the legal person.

Criterion 10.6 – FIs are required to understand and as appropriate, obtain information on the purpose and intended nature of the business relationship (AML/CFT Law art. 21 and FIU Res. that apply to banks and foreign exchange companies, capital market entities, mutual and cooperative associations, insurance companies, remittances, and companies which operate credit cards or issue traveller's cheques (FIU Res. 14/2023, 78/2023, 99/2023 and 126/2023, 169/2023, art.22, FIU Res.1/2023 and 76/2019, art. 21). In addition, such resolutions note that a customer's transaction profile should be based on the understanding of purpose and expected nature of business relationship, transaction information, among others (FIU Res. 14/2023, art.37, FIU Res. 78/2023, art.33, FIU Res. 126/2023 and 76/2019, art. 34 of FIU Res. 169/2023 and 1/2023, and art. 33 of FIU Res. 2/2023).

Criterion 10.7 – FIs are required to conduct ongoing due diligence on the business relationship including

- a) scrutinising transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the reporting entity (including FI's) knowledge of the customer, their business, and risk profile, including where necessary, the source of funds (AML/CFT Law, art.21(a) and relevant FIU Res. noted above); and
- b) To variable levels of detail, ensuring that documents, data, or information collected under the CDD process is kept up to date and relevant, by undertaking reviews of existing records, particularly for higher risk categories of customers. Customer files of high-risk clients are required to be updated in accordance with risk, at a frequency that must not exceed one year for high-risk customers (FIU Res. applicable to banks and foreign exchange companies, capital market entities, capitalisation and saving companies, mutual and cooperative associations, insurance companies, money remitters, postal services and companies which operate credit cards or issue traveller's cheques, FIU Resolution 14/2023, 169/2023, art.3 1, FIU Resolution 76/2019, 1/2023, 78/2023 and 99/2023, art.30 and 126/2023 art.32).

Criterion 10.8 – For customers that are legal persons or legal arrangements, FIs are required to understand (Argentina uses the term “individualize” which is broad enough to cover “understanding”)the ownership and control structure but not required to understand the nature of their business (AML/CFT Law, art. 4 bis).

Criterion 10.9 – FIs are required, for customers that are legal persons or arrangements, to identify the customer and verify its information through the following information, in addition to other minimum information:

- a) name, legal form and proof of existence
- b) the powers that regulate and bind the legal person or arrangement, as well as the names of the relevant persons having a senior management position in the legal person or arrangement, and
- c) the address of the registered office, and if different, a principal place of business (Executive Order 290/2007).

Criterion 10.10 – For customers that are legal persons, FIs are required to take reasonable measures to verify the identity of beneficial owners through the following information:

- a) The identity of the natural person (s) (if any) who ultimately has a controlling ownership interest in a legal person (AML/CFT Law, art. 21 1 a)). In addition, the specific FIU Res. for each type of FI have specific rules for identifying and verifying the beneficial owner and the FIU Resolution 112/2021 further establishes measures reporting entities must follow to identify beneficial owners defined as those who hold ten percent or more of the ownership interest or voting rights of a legal person, *fideicomiso* (trust, in which case the beneficial owner of each of the parties should be identified), mutual fund or other type of property ("*patrimonio de afectación*"), and any other legal arrangement; and/or the natural person(s) who, by other means, exercise(s) ultimate control over them (FIU Res. 112/2021, art.2).
- b) To the extent there is doubt under (a) as to whether the person with the controlling interest is the beneficial owner (s) or where no natural person exerts control through ownership interests, the identity of the natural person(s) (if any) exercising control of the legal arrangement through other means (As above, FIU Res. 112/2021, art.2). FIU Res.112/2021 also includes a definition of "ultimate control" to be understood as the control exercised either directly or indirectly, by one or more natural persons through a chain of ownership and/or by other means of control and/or where, because of de facto or de jure circumstances, such person(s) has/have sufficient power to reach by themselves the majority needed for the decisions of the governing body of the legal person or arrangement and/or to appoint and/or to remove members of the administration body. To verify beneficial ownership information, reporting entities are required to use declarations by customers in addition to being allowed to request further information as needed for that purpose.
- c) Where no natural person is identified under (a) or (b) above, the identity of the relevant natural person who holds the position of senior management official (As above FIU Res. 112/2021, art.2 which requires identifying the natural person responsible for the direction, administration or representation of the legal person, *fideicomiso*, etc; without prejudice of the FIU verifying and enquiring of the causes of the failure to identify the beneficial owner by steps described in (a) – (b).).

Criterion 10.11 – For customers that are legal arrangements, all FIs are required to identify and take reasonable measures to verify the identity of beneficial owners through the following information:

- a) for trusts (*fideicomisos* in Argentina) reporting entities are required to identify all the parties of the *fideicomiso* and this covers the identity of

equivalents to the settlor, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust (including through a chain of control/ownership) (FIU Res. 112/2021, art.2). In addition, specific FIU Resolutions applicable to including banks and foreign exchange, capital markets, mutual and cooperative associations, and insurance, further clarify that for *fideicomisos*, the customer must be identified by means of its name and proof of its existence (for instance, by means of the *fideicomiso* agreement). The *fiduciario*, *fiduciantes*, and, where already determined, the beneficiaries and/or *fideicomisarios* must be identified, as well as the administrator or any other person with similar characteristics, in accordance with the general rules provided for in respect of natural and/or legal persons, as appropriate. In addition, the beneficial owners of the *fideicomiso* must be identified, in accordance with the regulations in force. In the case of Financial Fideicomisos that make public offerings whose *fiduciarios* and placement intermediaries are Reporting Entities, only *fiduciarios* must be identified. (FIU Res. 14/2023, 78/2023, 99/2023, 126/2023, 1/2023 and 2/2023, art. 24, and 169/2023, art. 25).

- b) for other types of legal arrangements FIs are required to verify the identity of persons in equivalent or similar positions (FIU Res. 112/2021, art.2). Specific FIU Res. applicable to the different FIs further clarify that requirements for legal persons are also applicable to joint ventures, cooperating groups (*agrupaciones de colaboración empresarial*), cooperating consortia (*consorcios de cooperación*), associations, foundations, fideicomisos and other entities with or without legal personality and rules for legal persons must be followed as appropriate (FIU Res. 1/2023, 2/2023, 14/2023, 78/2023, 99/2023, 126/2023, art. 24; FIU Res. 76/2019, 169/2023, art.25).

Criterion 10.12 – In addition to general CDD measures, FIs are required to conduct the following CDD measures on the beneficiary of life insurance and other investment related insurance policies, as soon as the beneficiary is identified or designated:

- a) Regulations available do not specify that the name of the person should be taken but reporting entities are required to establish who is the beneficiary (the natural or legal person, or arrangement that will receive the proceeds of the insurance taken out) (FIU Res. 126/2023, art. 2.d) and 22.k).
- b) For a beneficiary designated by characteristics or by class or by other means-obtaining sufficient information concerning the beneficiary to satisfy the reporting entity that it will be able to establish the identity of beneficiary at time of payout (As above FIU Res. 126/2023, as beneficiaries of coverage need to be identified at the beginning of relationship (can only be deferred until payout for retirement insurance).

Criterion 10.13 – Beneficiaries of life insurance policies need to be identified regardless of risk level (FIU Res. 126/2023, art. 2.d, art.22.g).

Criterion 10.14 – (N/A (a) – (c)) FIs are required to verify the identity of the customer and beneficial owner before any activity (see 10.1) even if the AML/CFT Law allows for some non-face-to-face customer identification, information needs to be verified by FIs before any transaction (AML/CFT Law, art.21 and FIU Res. 76/2019, art.26).

Criterion 10.15 – (N/A) Customer cannot transact without going through prior verification, since CDD would not be complete. This rule, which appears in all FIU resolutions applicable to FIs (Resolution 14/2023 art. 25, 169/2023 art. 26, Resolutions 1 and 2/2023, 99/2023, 126/2023, 78/2023 art. 25, and Resolution 76/2019, art. 26) in relation to non-face-to-face customer identification, verification, and acceptance, set forth that reporting entities are responsible for verifying the authenticity of the information or documents provided, which may be submitted electronically by the Customer. The verification shall be conducted upon identification, or where appropriate, prior to the moment in which the Customer starts to operate.

The Reporting Entity may establish automatised verification mechanisms, as long as there is evidence that such mechanisms work in the same way or better (superior) than verification by a human person or agent.

Criterion 10.16 – FIs are required to apply CDD requirements to existing customers based on materiality and risk, and to conduct due diligence on such existing relationships, at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained (FIU Resolution applicable to banks and foreign exchange companies, capital market entities, mutual and cooperative associations, insurance companies and companies which operate credit cards or issue traveller's cheques, FIU Res. 1/2023, art. 2g), 8d), 8g), 21, 26, 27, 28, 29, and 30; FIU Res. 2/2023, art. 2d), 8d), 8g), 21, 27, 28, 29, and 30; FIU Res. 14/2023, art. 2d), 8d), 8g), 21, 27, 28, 29, 30 and 31; FIU Res. 78/2023, art. 2 e), 8 d), and 8g), 21, 26, 27, 28, 29 and 30; FIU Res. 76/2019, art. 2.f), 2g), 2h), 7f), 21, 22, 27, 28, 29 and 30; FIU Res. 99/2023, art. 2d), 8d), 8g), 21, 26, 27, 28, 29 and 30; FIU Res. 126/2023, art. 2g), 8d), 8g), 21, 28, 29, 30, 31 and 32; FIU Res. 169/2023, art. 2d), 8d), 8g), 22, 27, 28, 29, 30 and 31).

Criterion 10.17 – FIs are required to apply enhanced due diligence (EDD) whenever higher risks are identified (FIU Res. 14/2023, art. 2, paragraph d, 7, 8, 21, 27 and 30; FIU Res. 78/2023, art. 2, paragraph e) 7,8, 21, 26 and 29; FIU Res. 126/2023, art. 2, paragraph g), 7, 8, 21, 29 and 31; FIU Res. 99/2023, art. 2, paragraph d, 7, 8, 21, 27 and 29; FIU Res. 169/2023, art. 2, paragraph d, 7, 8, 21, 27 and 30; FIU Res. 1/2023 and FIU Res. 2/2023, art. 2, paragraph d, 7, 8, 21, 27 and 29).

Criterion 10.18 – FIs are allowed to apply simplified due diligence (SDD) when risks are lower provided there is no ML/TF suspicion and the reporting entity is able to support its assessment (AML/CFT Law, art. 21 and FIU Res. 14/2023, art. 2 paragraph d., 7, 8 paragraph f., 21, 27, 28), capital markets (FIU Resolution 78/2023, art. 2 paragraph e., 7, 8 paragraph f., 21, 26 and 27), insurance sector (FIU Resolution 126/2023, arts. 2 paragraph g., 7, 8 paragraph f., 21, 28 and 29), mutual and cooperative associations (FIU Resolution 99/2023, arts. 2 paragraph d., 7, 8 paragraph f., 21, 26 and 27), capitalisation and savings companies (FIU Resolution 169/2023, arts. 2 paragraph d., 7, 8 paragraph f., 22, 27 and 28), money remittance companies including postal services (FIU Resolution 1/2023, arts. 2 paragraph g., 7, 8 paragraphs f., 21, 26 and 27), may adopt simplified due diligence measures in situations identified as low ML/TF risk in order to mitigate the risks identified, provided that there is no suspicion of ML/TF.

Criterion 10.19 – (a) – (b) Where an FI is unable to comply with relevant CDD measures, it cannot establish or continue a business relationship and FIs must further analyse and consider filing an STR (AML/CFT Law, art. 21).

Criterion 10.20 – Where an FI forms a suspicion concerning the existence of ML/TF and reasonably believes that performing the due diligence process will tip-off the customer, it may not perform said due diligence process, if it files the report, in accordance with the second paragraph of article 35 of FIU Resolution 14/2023. FIU Resolutions 14/2023, art.21; 76/2019 and 78/2023, art.30; 2/2023 and 99/2023, art.32; and 1/2023 and 169/2023, art. 33 also cover this issue.

Weighting and Conclusion

Argentina meets most of the criteria in R. 10. There is no requirement to apply CDD when the FI has doubts about the veracity or adequacy of previously obtained customer identification data and no requirement to understand the nature of the business for customers that are legal persons or arrangements.

Recommendation 10 is rated Largely Compliant.

Recommendation 11 – Record-keeping

In its 2010 MER, Argentina was rated partially compliant with these requirements primarily because the AML Law did not require keeping records of transactions and the five-year period for keeping customer identification information and documents was not set out in law or regulations. Argentina addressed or largely addressed deficiencies in its 11th FUR including by extending record keeping requirements to ten years.

Criterion 11.1 – FIs are required to keep records of information gathered in compliance with their AML/CFT obligations for at least ten years after the respective transaction and after the termination of the business relationship and must be recorded in a way that allows for reconstruction of national or international transactions and be available to the FIU and/or the competent authorities at their request to respond in a rapid and satisfactory manner (AML/CFT Law, art.21 n)). This covers the required by this criterion.

Criterion 11.2 – FIs are required by law to maintain records of information gathered in compliance with their AML/CFT obligations for at least ten years after the respective transaction and after the termination of the business relationship. They must keep all records obtained through CDD measures, customer files and business correspondence, including the results of any analysis undertaken (AML/CFT Law, art.21, FIU Res 14/2023, art. 17 a and b). Other FIU SSRs contain similar provisions.

Criterion 11.3 – FIs are required by law to maintain records of information gathered in compliance with their AML/CFT obligations for at least ten years. They must be sufficiently recorded to allow reconstruction of national or international transactions, so that they can be used as evidence (AML/CFT Law, art.21.n).

Criterion 11.4 – As noted above, FIs are required to maintain records of information gathered in compliance with their AML/CFT obligations for at least ten years and must be recorded in a way that allows reconstruction of national or international transactions and is swiftly made available to authorities (AML/CFT Law, art. 21.n bis, par.1c.; see 11.1).

Weighting and Conclusion:

All criteria are met.

Recommendation 11 is rated Compliant.

Recommendation 12 – Politically exposed persons

In the 2010 MER, Argentina was rated non-compliant with these requirements. There was no requirement in law, regulation, or other enforceable means for securities and insurance to identify and apply enhanced CDD for foreign PEPs. The approval by the Head of the branch office to establish a business relationship with a PEP did not constitute approval by senior management level. In addition, there was no requirement to require such approval when an existing customer became a PEP. Banks and foreign exchange were not required to take reasonable measures to establish the source of wealth of customers or beneficial owners identified as PEPs. This has since been addressed in Law and with a dedicated FIU Resolution on AML/CFT obligations related to PEPs (FIU Res. 35/2023).

Criterion 12.1 –

- a) FIs are required to take reasonable measures to determine if a customer or beneficial owner is a Politically Exposed Person (PEP) when establishing or continuing a business relationship (FIU Res. 35/2023, introduction, and art.7). FIU Resolution 35/2023 on PEPs, both foreign and domestic, is mandatory for all reporting entities referred to in the AML/CFT Law.
- b) FIs are required to obtain, according to the legislation applicable to all reporting entities, the approval of the compliance officer in order to initiate business relationships, or to maintain them with PEPs and beneficial owners where there is an existing business relationship and whenever they change their status of Politically Exposed Person (FIU Res.35/2023, art.5 para.1.a.).
- c) FIs are required to take reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs (FIU Res. 35/2023, art.5 para.1.b).
- d) FIs are required to apply ongoing monitoring considering risk (FIU Res. 35/2023, art.5) and sectoral FIU regulations provide similar requirements (see Articles 25 and 28 of FIU Resolution 194/2023, articles 16 and 19 of FIU Resolution 242/2023, and articles 27 and 30 of FIU Resolution 169/2023. Article 22, paragraph h) and 23, paragraph l) of FIU Resolution 1/2023 and article 29 of FIU Resolution 2/2023 also deal with the issue).

Criterion 12.2 – In relation to domestic PEPs or persons who have been entrusted with a prominent function by an international organisation, in addition to performing the CDD measures required under R. 10, FIs are required to take reasonable measures to determine whether a customer or the beneficial owner is such a person; and (b) in cases when there is higher risk business relationship with such a person, adopt the measures in criterion 12.1 (b) to (d) (FIU Res. 35/2023, art.5, para.2).

- FIU Res. 1/ 2023, art. 21;
- FIU Res. 2/2023, art. 21;
- FIU Res. 14/2023 art. 8, para. x) and w); art. 27; art. 12, para. e) and f);
- FIU Res. 126/2023, art. 12, para. e) and art. 21
- FIU Res. 76/2019, art. 21 and 22
- FIU Res. 99/2023
- FIU Res. 24/2011, art. 17 f

- FIU Res. 78/2023, art. 8, para. c) and x); art. 12, para. e) and f)

Criterion 12.3 – Requirements in criteria 12.1 and 12.2 apply to family members or close associates of all types of PEP (FIU Res. 35/2023, art. 4).

Criterion 12.4 – In relation to life insurance policies, the general framework requires FIs to take reasonable measures to determine whether the beneficiaries and/or, where required, the beneficial owner of the beneficiary, are PEPs. This should occur, at the latest, at the time of the payout. Where higher risks are identified, FIs should be required to inform senior management before the payout of the policy proceeds, to conduct enhanced scrutiny on the whole business relationship with the policyholder, and to consider making a suspicious transaction report (FIU Resolution 35/2023, art.5, para.1.a.). The insurance sectoral regulations contain similar provisions (FIU Res. 126/2023 art. 2.d., 22, 23, and 36).

Weighting and Conclusion

All criteria are met.

Recommendation 12 is rated Compliant.

Recommendation 13 – Correspondent banking

In the 2010 MER, Argentina was rated non-compliant with these requirements because there were no AML/CFT requirements vis-à-vis cross-border correspondent banking.

Criterion 13.1 – In relation to cross-border correspondent banking and other similar relationships, FIs are required to (FIU Res. 14/2023, art.33 para.a-d):

- a) gather sufficient information about a respondent institution to understand fully the nature of the respondent's business, and to determine from publicly available information the reputation of the institution and the quality of supervision, including whether it has been subject to a ML/TF investigation or regulatory action;
- b) assess the respondent institution's AML/CFT controls;
- c) obtain approval from the administration body or senior management before establishing new correspondent relationships; and clearly understand the respective AML/CFT responsibilities of each institution.

Criterion 13.2 – With respect to “payable-through accounts” and other similar relationship, FIs are required to satisfy themselves that the respondent bank (FIU Res. 14/2023, art.33 para.e.):

- a) has performed CDD obligations on its customers that have direct access to the accounts of the correspondent bank; and
- b) is able to provide relevant CDD information upon request to the correspondent bank.

Criterion 13.3 – FIs are required to identify their customers and must pay special attention to prevent natural persons from using legal arrangements, such as shell companies or patrimonies of affectation, to conduct their transactions (AML/CFT Law, art.21 para.1. a.). FIs are prohibited from entering, correspondent banking relationships with shell banks. They are also required to satisfy themselves that

respondent financial institutions do not permit their accounts to be used by shell banks (FIU Res. 14/2023, art.33).

Weighting and Conclusion

All criteria are met.

Recommendation 13 is rated Compliant.

Recommendation 14 – Money or value transfer services

In its 2010 MER, Argentina was rated non-compliant with these requirements. While exchange houses were licensed by the BCRA and subject to some AML/CFT requirements, all the other money or value transfer companies, representing a large part of the market, were not required to be licensed or registered, and were not regulated or supervised. MVTs are now required to be licensed.

Criterion 14.1 – FIs that provide money value transfer services (MVTs) in Argentina are required to be licensed by the BCRA. The BCRA is expressly mandated to regulate the “*remesadoras de fondos*” (money remitters) and any other financial and exchange activity which is broad enough to cover the different types of MVTs providers (Law 24144, art.4; Law 21526 on Financial Institutions, art. 7). Payment Services Providers (PSPs) that offer payment accounts or that initiate a payment instruction at the request of a client or issuer of an instrument of payment, even if only providing a digital wallet service, need to register in the Registry of PSPs of the Superintendence of Financial and Foreign Exchange institutions of the BCRA (BCRA’s Consolidated Text on Payment Services Providers, s.2.1).

Money remitters and PSPs are required to register with the FIU for compliance and FIU reporting purposes (AML/CFT Law, art.20, para. a) and c) and FIU Res. 50/2011).

Criterion 14.2 – Argentina has taken action to identify natural or legal persons that carry out MVTs without a licence or registration and applied proportionate and dissuasive sanctions to them (see IO.3; Law 21526 on Financial Institutions, art.41, 42; Consolidated Text on PSPs, s. 1.1.5). The BCRA is entitled to order the immediate and definitive cessation of the activity and to apply the sanctions provided for in art. 41. Possible penalties include on a solo or combined basis: warning; official reprimand; fine; temporary or permanent disqualification from using the bank current account; temporary or permanent disqualification from acting as promoters, founders, directors, administrators, members of surveillance committees, comptrollers, liquidators, managers, auditors, partners, or shareholders in the institutions subject to this law, and/or the license revocation. The BCRA will establish fines taking the following parameters into account: seriousness of the breach; damage caused to third parties; benefit for the offender, size of offender’s transactions; institution’s capital.

Administrative investigations are initiated and handled by the FIU when potential violations of the law are detected. If, because of the administrative investigation, non-compliance is established, sanctions must be applied, including effective, proportionate, and dissuasive fines for both natural and legal persons involved.

If an MVTs fails to comply with the requirements (e.g., submit relevant documents) for the registration process within the 30-day registration period, the respective registration with the Transaction Reporting System (SRO) will be automatically

blocked and subject to the application of the sanctions (e.g., fines and others in line with the AML/CFT Law, Chapter IV).

Criterion 14.3 – MVTs including companies or concessionaires providing postal services providers (that provide money value transfers services) are monitored for AML/CFT compliance by Argentina's FIU (AML/CFT Law, art. 20, para.2 and para.11).

Criterion 14.4 – MVTs including PSPs are required to be registered as noted under 14.1, however, no information was provided on whether agents are required to be registered or if MVTs providers are required to maintain a current list of their agents accessible by competent authorities in the countries in which the MVTs provider and its agents operate.

Criterion 14.5 – Postal service companies or concessionaires that conduct money order transactions or transfers of different types of currencies or notes are required to develop an AML/CFT training programme for their employees and officials, which should include: a) dissemination of the relevant Resolution and its amendments, as well as information on techniques and methods for preventing, detecting and reporting suspicious transactions; b) delivery of training courses, at least once a year, addressing the content of Money Laundering and Terrorist Financing prevention policies, among other aspects (FIU Res. 1/2023, art.9). FIU Resolution 1/2023 establishes that one of the functions of the Compliance Officer is to monitor compliance with AML/CFT regulations in force.

FIU Resolution 1/2023 also establishes MVTs should have a manual of procedures that must always be updated and available to all the employees, in all the offices of the Reporting Entities, considering the nature of their duties, and that a mechanism must be set up to verify their acquaintance with it.

However, these provisions do not clarify (neither those cited in 14.4) if MVTs are permitted to use agents and if there is a requirement for MVTs to include them in their AML/CFT programmes.

Weighting and Conclusion

MVTs including postal services and PSPs that offer money value transfer services (MVTs) are required to be licensed by the BCRA and registered with the FIU for compliance and monitoring purposes. There are no measures for agents (though partly mitigated with the fact that the main/parent remains responsible for any agent).

Recommendation 14 is rated Partially Compliant.

Recommendation 15 – New technologies

In its 2010 MER, Argentina was rated partially compliant with these requirements because it had no measures to prevent the misuse of technological developments in ML/TF schemes. There were also contradictory provisions concerning non-face-to-face business relationships between the FIU, BCRA and no guidance on EDD. Since then, R.15 has been amended significantly to include new requirements relating to virtual assets and virtual asset service providers. Argentina passed legislation to regulate and issue registration requirements for VASPs before the end of the on-site visit in March 2024.

Criterion 15.1 – Argentina has assessed ML/TF risks that may arise in relation to the development of new products, and new business practices, including new delivery

mechanisms and the use of new or developing technologies for both new and pre-existing products in its ML and TF NRAs (see R.1) though in a limited manner.

All FIs are required to identify ML/TF risks associated with virtual currencies (FIU Res. 300/2014, art.1 and 2). In addition, FIs are required to determine the ML/TF/PF risk of their clients, products, services, transactions, operations, distribution channels, geographic areas, to perform a self-assessment of such risks and apply mitigating measures (AML/CFT Law, art.21).

Sector specific FIU resolutions (except for companies which operate credit cards or issue traveller's cheques) have similar requirements to consider ML/TF risks arising from new technologies and to put in place mitigating or precautionary measures to address risks and clarify that risks should be assessed before the launch or implementation of new products, practices, or technology (art. 4). Nor the AML/CFT Law or the FIU Resolutions (except for insurance, FIU Res. 126/2023) clarify that such assessment should be done for existing products but the definition of products and services in article 4 (b) clarifies that the ML/TF risks to be assessed are those associated to the design or development and the "*vigencia*" or entire life of the product which would partially cover this. The FIU Res. for companies which operate credit cards or issue traveller's cheques are less comprehensive because although they require to consider ML/TF risks associated to products and or services, distribution channels and new technologies, they do not do so "prior" to their launch (FIU Res. 76/2019, art.5)

Criterion 15.2 – (a) – (b) As above, most reporting entities, including banks, and foreign exchange are required to undertake risk assessments prior to the launch or use of new products, services, practices, and technologies; and to take appropriate measures to manage and mitigate the risks but nor the AML/CFT Law or FIU Res. clarify that risk assessments should be done prior to the launch or change in practice, except for the FIU Resolution applicable to insurance (FIU Res. 126/2023, art. 4 and 5).

Criterion 15.3 – (a) As noted in 15.1, Argentina has assessed the ML/TF risks emerging from virtual asset activities and the activities or operations of VASPs though in a limited manner, focusing on compliance but also on the vulnerability presented by these new payment products and services, along with a lack of comprehensive regulation of virtual assets (VAs) and virtual assets services providers (VASPs). **(b)** Based on this initial understanding of risks, Argentina has applied some risk-based measures commensurate to the risks identified regarding VASP and will but has not yet applied a risk-based approach to ensure that measures to prevent or mitigate ML/TF commensurate with risks. Before approving its latest revisions to the AML/CFT Law in March 2024 which regulate VASPs, Argentina had already implemented measures to tackle risks: (i) requesting reporting entities pay greater attention to risks entailed by virtual currency transactions since 2014 (FIU Res. 300/2014); ii) FIU communication on need to increased attention and monitoring of transactions with virtual assets; iii) Joint Securities Commission and BCRA's communication on risks of transactions with virtual assets; iv) Prohibition of transactions with virtual assets for entities regulated by the BCRA and v) requirement for payment services providers (PSPs) operating digital platforms (which would include VASPs because of broad definition, even if not required to register or obtain a license yet), to report to the Fiscal Authority, the Federal Administration of Public Revenue (AFIP) monthly transactions: total amount of income and expenses, type of income (e.g. cash, bank transfer, digital currency, foreign currency); monthly balance

of accounts in legal tender, foreign currency and/or digital currency or cryptocurrency (FIU Res. 4614/2019). In addition, the National Strategy for the Prevention and Fight against Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction includes a general objective of harmonising Argentina's legislation with international standards and a specific objective of promoting legislative regulation of VASPs which materialised in the legislation for VASPs approved March 2024. **(c)** VASPs have been recently regulated by FIU Resolution 49/2024, which tackles the issues of risk assessment, management, and mitigation in its articles 4-7.

Criterion 15.4 – (a) (b) Law 27739/2024 has included VASPs among Argentina's reporting entities. In its Chapter VI, it establishes that they must be included in a centralised registry for VASPs to be managed by the CNV, who has supervisory powers over the sector (Arts. 37 and 38). Such registry was created on 25 March 2024 (CNV Resolution 994/2024) and requires registration for both natural and legal persons providing VASP services if created and/or operating in Argentina –VASPs currently operating in Argentina had 45 days to register, from the day of publication of the Law. However, it subjects this registration to a threshold, which is not in line with the FATF Standard (which limits registration to those VASP operating above a threshold of 35000 UVA (*Unidad de Valor Adquisitivo*/ Acquiring Value Unit) – around ARS 27 million (USD 28 000) – per month. It also does not require explicitly registration of entities created in Argentina unless also operating in or with some connection to Argentina (e.g. use of .AR domain or publicity targeting Argentina), this is mitigated because of the general requirement in the AML/CFT Law to register without this limitation.

Criterion 15.5 – Law 27739/2024 made VASPs a reporting entity with a similar regime to that of FIs as noted above. However, given that VASP were only recently (in March 2024) incorporated into the AML/CFT regime formally there are no actions taken to identify natural or legal persons that carry out VASP activities without the requisite license or registration, and apply appropriate sanctions to them.

Criterion 15.6 – (a) (b) Law 27739/2024 has included VASPs among the obligated persons of the AML Law. In its Chapter VI, it establishes that they must be included in a centralized registry for VASPs to be managed by the CNV, who has full supervisory powers over the sector (Arts. 37, 38 and 39), although no supervisions have yet taken place.

Criterion 15.7 – Guidelines and feedback for VASPs has not been developed The FIU has nevertheless commenced feedback activities with credit card operators that also operate with virtual assets.

Criterion 15.8 – (a) (b) The FIU has its entire (existing/already in place) range of sanctions at its disposal for VASPs, since they have been included as obligated persons under the AML Law and their activity and supervision regulated by FIU Res. 49/2024. The FIU would in turn rely on the CNV as an SOB.

Criterion 15.9 – As reporting entities, VASPs are held to the same standards as other FIs under the country's AML/CFT Law, which includes the requirements of FATF Standards. However, when it comes to the specific qualifications of this criterion, a few observations need to be made: **(a)** There is no provision dealing with VASP-specific threshold for CDD related to occasional transactions. **(b)** Art. 37 of FIU Res. 49/2024 states that VASPs must comply with FATF Standards concerning originator and beneficiary information as established by the FIU. Therefore, VASP regulations

reflect the same framework assessed in R.16, with the same strengths and weaknesses presented there.

Criterion 15.10 – VASPs are reporting entities and hence the communication mechanisms, reporting obligations and monitoring referred to in criteria 6.5(d), 6.5(e), 6.6(g), 7.2(d), 7.2(e), 7.3 and 7.4(d) concerning Targeted Financial Sanctions (TFS) fully apply.

Criterion 15.11 – Argentina has a legal basis that allows it to fulfil this criterion (R.37 is rated C; R.38 and 39 are rated LC and C respectively and R.40 PC). The FIU already received some information from VASPs, even before the issuance of regulation, and could request further information from them and exchange information with foreign counterparts, as needed, based on the FIU's broad power to request any information from any natural or legal person (AML/CFT Law, art. 14). Nonetheless, after Law 27739 amending Argentina's AML/CFT Law, and FIU Res. 49/2024, VASPs are fully covered by the AML/CFT Law provisions and obligations, including providing information for FIU international cooperation.

Weighting and Conclusion

Argentina and FIs identify and assess ML/TF risks that may arise from the development of new technologies, products, services, and business practices, including virtual assets to some extent. VASPs are already regulated in Argentina, although not yet supervised due to the recentness of their inclusion as obligated entities under AML Law. Registration requirements are subject to a threshold and do not explicitly cover entities created in Argentina which operate elsewhere which is not in line with the requirement. VASPs are a material sector in Argentina hence deficiencies related to VASP are weighted heavily.

Recommendation 15 is rated Partially Compliant.

Recommendation 16 – Wire transfers

In its 2010 MER, Argentina was rated largely compliant with these requirements. The main technical deficiencies were i) no requirements for money remittance companies and postal services rendering transfer of funds; ii) no requirements applicable for occasional wire transfers made by banks; iii) no requirement for banks and foreign exchange institutions to adopt a risk-based approach to handle wire transfers without the full information on the originator, which might encourage the use of non-regulated systems; and iv) FIs were not required to restrict or terminate business relationship with FIs not complying with requirements set by the Recommendation. This has been mostly covered by updated FIU Resolutions.

Criterion 16.1 – FIs must ensure that cross-border wire transfers over or below USD 1 000 (no matter what value) are accompanied by the originator full name or corporate name, its address or identification number or code as well as the client account number within the originator FI. The abovementioned requirements for the originator's identification are considered fulfilled when the account number or the international bank account number has been provided (Foreign Trade and Exchange Consolidated Text (FTECT) paragraph. 5.4; 5.5.1.1; 5.5.2); On the other hand, ordering FIs are required to verify the identity of the originator, and include the beneficiary information with the transmission order, although no specific provision concerning the beneficiary account number or a transaction reference number for traceability exists (FIU Resolution 14/2023 art. 41 and 78/2023 art. 37 in relation to art. 23 and

24 applicable to the banking and foreign exchange companies and capital markets respectively; Res 1/2023, art 38, in relation to art 22 and 23 applicable to money remittances and postal services).

Criterion 16.2 – Requirements regarding batch files are partially covered by the FTECT para. 5.8. This provision indicates that in any case, when filing a “global file (batch file)”, a detailed list of the beneficiaries/originators is required that at least informs of their full name or corporate name. However, the text does not explicit cover i) the required originator information and full beneficiary information, that is fully traceable within the beneficiary country; and ii) the obligation to include the originator’s account number or unique transaction reference number according to the FATF requirements. Regarding money remittances and postal services, the relevant provision is too broad and does not refer to batch files (Res 1/2023 art. 38).

Criterion 16.3 – The Argentinean legal framework does not set a threshold for the requirements of criterion 16.1 to apply. Therefore, the requirements for the originator and beneficiary information that must accompany all transfers below USD/EUR 1 000 would be consistent with the FATF Standards. See Criterion 16.1.

Criterion 16.4 – There is no specific provision in the Argentinean AML/CFT framework that set the obligation to verify the originator and beneficiary information of a wire transfer when there is a ML/TF suspicion. However, article 21 of Res. 14/2023 and 78/2023 requires FIs to apply CCD and identify and verify their customers according to their corresponding internal manuals. Likewise, article 41 of said FIU Resolutions request, in general terms, to identify and verify the client information within a wire transfer. In this case, since there is no threshold, it covers the requirement of verifying such information when there is a ML/TF suspicion in a wire transfer transaction regardless of the threshold. In the same line, these requirements are addressed for money remittance and postal services (Res 1/2023 art. 21).

Criterion 16.5 – Domestic wire transfers individually and by bulk, should include the information on the originator customer (full name/corporate name, and payer’s taxpayer identification number). The ordering FI also must include the banking account and the beneficiary tax number as well as the amount transferred. Res. 14/2023, art 41 applicable to the banking and foreign exchange companies; 78/2023 art 37, applicable to capital markets; Res 1/2023, art 38, applicable to money remittances and postal services. There are not such specific obligations for Payment Service Providers (PSPs) that perform domestic wire transfers.

Criterion 16.6 – Information on the originator and beneficiary of the transaction is always part of the transfer, whether domestic or international, and always remains in the payment chain. There is no need to request the information since this should be included in the transaction chain (FIU Res. 14/2023, art. 41, applicable to the banking and foreign exchange companies; 78/2023 art 37, applicable to capital markets; Res 1/2023, art 38, applicable to money remittances and postal services. For PSPs that perform domestic wire transfers there are not such specific obligations).

Criterion 16.7 – FIs are required to maintain physical or digital records of the information gathered about their customers for a minimum of ten years (AML/CFT Law, art. 21 bis, paragraph c) and related to Article 17 (a) of FIU Res 14/2023 and Res. 78/2023 applicable to the banking and foreign exchange companies and capital markets respectively; Res 1/2023, art 17, applicable to money remittances and postal services).

Although those provisions do not cover the specific scope of this criterion (e.g., there is no specific mention of the originator and the beneficiary information on all wire transfers), the relevant provisions are broad enough in requesting to maintain all documents of national and international transactions, carried out by its clients to cover the requirements to some extent. Those documents must be sufficient to allow the reconstruction of individual transactions.

Criterion 16.8 – The ordering FI is not allowed to execute the wire transfer if it does not comply with the requirements set out in c.16.1-16.7; transactions will be pending until information is completed (Paragraphs 5.5.1, 5.5.3. y 5.5.4. FTECT). Although, this prohibition is not very clear in the case of domestic “instant” transfers provided by the Supplementary Rules of the Payment System (TO-SNP-NC), Resolution 14/2023, and Res. 78/2023 art. 8, paragraph j) applicable to the banking and foreign exchange companies and capital markets respectively, establishes that, among other measures, at a minimum the FI must determine when to reject or suspend a wire transfer if the information has not been completed. Similar provision is applied to money remittances and postal services Res 1/2023 art. 8 j). For PSPs that perform domestic wire transfers there are not such obligations.

Criterion 16.9 – As mentioned in criterion 16.1 in a cross-border wire transfer, FIs are required to ensure that all originator and beneficiary information that accompanies a wire transfer is retained with it (FIU Resolution 14/2023 art. 41 and 78/2023 art. 37 in relation to art. 23 and 24 applicable to the banking and foreign exchange companies and capital markets respectively; Res 1/2023, art 38, in relation to art 22 and 23 applicable to money remittances and postal services.) Although these provisions do not refer to the specific obligation of the intermediary entity, the AT consider that the provisions are broad enough to apply to the relevant entities whether they are originators, intermediaries, or beneficiaries.

Criterion 16.10 – FIs are required to keep records of the information described in criterion 16.1 on cross-border wire transfers for at least ten years (FIU art.17 of Res.14/2023, applicable to the banking and foreign exchange companies; 78/2023, applicable to capital markets; and Res 1/2023, applicable to money remittances and postal services), Although these provisions does not expressly cover *intermediary institutions* the AT considers that the provisions are broad enough to apply to the relevant entities whether they are originators, intermediaries or beneficiaries.

Criterion 16.11 – Entities covered by the FTECT (paragraph 5.5.2) are generally required to detect wire transfers that lack the information required. For the rest of the relevant entities the provisions applicable do not refer to the intermediaries’ entities.

Criterion 16.12 – Although there is no explicit requirement for intermediary institutions to have policies and procedures for determining when to execute, reject, or suspend a wire transfer lacking required information or any follow-up question, the intermediary financial entity should apply what is provided by the FIU resolutions even when this is not the originator entity. (Resolution 14/2023, Res. 78/2023 and Res 1/2023 article 8, paragraph j)).

Criterion 16.13 – Entities covered by the Consolidated Text “Foreign trade and exchange” (paragraph 5.5.2) are generally required to detect wire transfers that lack the information required. For the rest of the relevant entities, the applicable provisions require in general (originators or beneficiaries’ entities) to determine when to reject or suspend a funds transfer that lacks required information, as well as

the appropriate follow-up action (Resolution 14/2023, Res. 78/2023 and Res 1/2023 article 8, paragraph j).

Criterion 16.14 – As indicated in 16.3, Argentina does not set a threshold for CDD/record-keeping requirements, hence information on all parties involved in the transfer needs to be collected and kept for at least 10 years in line with R.11.

Criterion 16.15 – Relevant entities, in general are not allowed to complete transactions until the required information has been completed (see 16.8 above).

Criterion 16.16 – MVTS are required to comply with the CDD/KYC requirements as reporting entities (AML/CFT Law) and there is a requirement for them to comply with the requirements of this Recommendation (based on obligations provided by Res.14/2023 and Res 1/2023 art. 21 and 22). Regarding remittances, the agents are required to perform the CDD, but the obligation is on the entity. Res 1/2023 art. 32. See also c. 16.1.

Criterion 16.17 – There are no measures in Argentina to meet this requirement except for making transaction information available which would be done as part of the obligation to file an STR (AML/CFT Law, art.21bis; Res 1/2023 art. 8 m), art. 37). No information is available regarding whether the non-bank money remittances are required to file an STR in any country affected by the suspicious wire transfer and make relevant transaction information available to the FIU.

Criterion 16.18 – In the context of processing wire transfers, FIs take freezing action and comply with prohibitions from conducting transactions with designated persons or entities, as per obligations set out in the relevant UNSCRs 1267 and 1373 and their successor resolutions (Decree 918/2012, art.9, for banks, foreign exchange, capital market and insurance sectors. FIU Res. 29/2013 art.4 - 12, FIU Res. 14/2023, FIU Res. 78/2023 and Res. 1/2023 art. 8 a) and b). It is not clear how PSP obligations are covered when they perform funds transfers domestically.

Weighting and Conclusion

Argentina has measures in place applicable to the ordering and the beneficiary FI regarding wire transfers that are broad enough to cover intermediaries. However, there are some moderate deficiencies regarding i) batch filing in the case of the entities not covered by the FTECT ii) lack of clear requirements for PSP that perform funds transfers domestically; and iii) no information is available regarding whether the non-bank money remittances are required to file an STR in any country affected by the suspicious wire transfer and make relevant transaction information available to the FIU.

Recommendation 16 is rated Partially Compliant.

Recommendation 17 – Reliance on third parties

In its 2010 MER, Argentina was rated non-compliant with these requirements because whilst in practice FIs did rely on third parties to perform CDD measures, there was no requirement in law, regulation, or other enforceable means to regulate the conditions of this reliance. This has since changed for most FIs with enforceable FIU Resolutions.

Criterion 17.1 – Banks and foreign exchange (FIU Res. 14/2023, art.16), capital markets (FIU Res. 78/2023, art.16), insurance (FIU Res. 126/2023, art.16) mutual and cooperative associations (FIU Res. 99/2023, art.16) money remitters including

postal services (FIU Res. 1/2023, art. 16) and capitalisation and savings institutions (FIU Resolution N° 169/2023, art 16)), debit and prepaid credit card, traveller check issuers (FIU Res. 76/2019, art.32) are permitted to rely on third-party FIs and DNFBPs to perform elements (a)-(c) of the CDD measures set out in R. 10 or to introduce business. In that case, the ultimate responsibility for CDD measures remains with the FI relying on third parties, and it is required:

- a) To obtain immediately the necessary information concerning elements (a)-(c) of the CDD measures set out in R. 10.
- b) To take steps to satisfy itself that copies of identification data and other relevant documentation relating to CDD requirements will be made available from the third party upon request without delay.
- c) Satisfy itself that the third party is regulated, and supervised or monitored for, and has measures in place for compliance with, CDD and record-keeping requirements in line with R. 10 and 11.

FIU Resolutions applicable to debit and prepaid credit card, traveller check issuers, and PSPs do not cover this criterion.

Criterion 17.2 – Except for issuers of travellers’ cheques and operators of credit and purchase cards (FIU Res. 76/2019, art.32) that explicitly cannot rely on a third-party that is based on a jurisdiction that is considered non-cooperative or high risk by the FATF. For the rest of the sectors although the provision related to geographical risk is very broad and does not make direct reference to taking this factor into account when relying on a third party, the provisions set the geographical risk, as a risk factor to be considered for the purposes of identifying, assessing, monitoring, managing and mitigating ML/TF risks (see R.15).

Criterion 17.3 – When FIs in Argentina rely on a third party that is part of the same financial group, supervisory authorities, may determine that the requirements are met in the following circumstances:

The AML/CFT Law and the sectoral regulations for banks and exchange companies (FIU Res. 14/2023, art.13), the mutual and cooperative associations (FIU Resolutions 99/2023, art.13) and the capital markets entities (FIU Resolutions 78/2023, art.13) insurance sector (FIU Res. 126/2023, art.13) money remitters including postal services (FIU Res. 1/2023, art. 13). Capitalisation and savings (FIU Res. N° 169/2023, art 13) establish that one single compliance officer may be designated for a financial group. This officer must be part of the administration body or the highest group’s reporting entities and is also responsible for the implementation of AML/CFT programmes (17.3.b)). As such, the implementation of these requirements and programs is supervised at the group level by a competent authority. Although Resolution 76/2019 art. 13, applicable to debit and prepaid credit card, traveller check issuers and PSPs, refers to the use of a single compliance officer, it is not clear that this guarantees that the implementation of the requirements and programs may be supervised at the group level by the authority.

In addition, regulations require that when there are differences between standards applied in different countries where the financial group operates, the most stringent requirements apply. In that respect, any higher country risk is adequately mitigated by the group’s AML/CFT policies.

Weighting and Conclusion

Argentina has measures in place regarding reliance on third parties to perform some CDD measures. However, there are gaps for debit and prepaid credit card, traveller check issuers, and PSPs regarding implementing the requirements and programs that may be supervised at the group level. Except for the issuers of travellers' cheques and operators of credit and purchase cards, FIs are not expressly forbidden to rely on a third-party based on a jurisdiction that is considered non-cooperative or high risk by the FATF.

Recommendation 17 is rated Partially Compliant.

Recommendation 18 – Internal controls and foreign branches and subsidiaries

In its 2010 MER, Argentina was rated partially compliant with these requirements because there were no measures in law, regulation, or other enforceable means to require FIs of the securities and insurance sector and other FIs not supervised to adopt policies and controls to prevent ML and TF and requirements for policies and controls in other sectors did not cover all the requirements. Requirements are now more comprehensive while not fully compliant.

Criterion 18.1 –

FIs are required to have in place implement programmes against ML/TF, which have regard to the ML/TF risks and the size of the business. These include:

- (a) compliance management arrangements (including the appointment of a compliance officer at the management level) (AMLCFT Law, art.21 for the general framework; sectoral resolutions cover this as well);
- (b) screening procedures to ensure high standards when hiring employees (there is no requirement in the AMLCFT Law, but it is covered by the relevant sectoral regulations. [Banks and exchange companies (FIU Res. 14/2023, art.8.u and art.20), the mutual and cooperative associations (FIU Resolutions 99/2023, art.8.u and art.20) and the capital markets entities (FIU Res. 78/2023, art.8.u and art.20) insurance sector (FIU Res. 126/2023, art.8.u and art.20) money remitters including postal services (FIU Res. 1/2023, art.8.u and art.20) and capitalisation and savings (FIU Res. 169/2023, art.8.s and art.20) to debit and prepaid credit card, traveller check issuers and PSPs (FIU Res.76/2019 art.7.r and art.20)]).
- (c) an ongoing employee training programme (this is not covered in the AMLCFT Law, but it is covered by the relevant sectoral regulations: FIU Res.14/2023 articles 18 and 8, paragraph q; FIU Res.78/2023 articles 18 and 8, paragraph q, FIU Res.99/2023 articles 18 and 8, paragraph q, FIU Res.126/2023 articles 18 and 8, paragraph q, FIU Res.76/2019 articles 18 and article 7 paragraph n, FIU Res. 1/2023 and Res. 2/2023 articles 18 and 8 paragraph k; and Resolution 169/23 articles 18 and 8 paragraph o; and(d) an independent audit function to test the system ((there is no requirement in the AMLCFT Law, but it is covered by sectoral regulations: FIU Res.14/2023, FIU Res.78/2023, FIU Res.99/2023, FIU Res.126/2023, FIU Resolution 1/2023 and FIU Resolution 2/2023, art.8 paragraph t, 10 paragraph i, 12 paragraphs s and t, 19 paragraph a. FIU Res.76/2019, arts. 7 paragraph q, and 19

paragraph a, Res 169/2023, arts. 8 paragraph r, 10 paragraph i, 12 paragraphs s and t, 19 paragraph a.

Criterion 18.2 –

Argentina requires financial groups to implement group-wide programs against ML/TF to all their branches and majority-owned subsidiaries, including:

- (a.) Policies and procedures for sharing information required for the purposes of CDD and ML/TF risk management (AMLCFT Law, art.21); however, it provides that FIs can share customer information when they are part of the same financial group, subject to the consent of the “owner of the data”/customer. According to the authorities the consent is required and given at the beginning of the relationship and prior the implementation of any group policy. This condition seems nevertheless restrictive and does not fully address this sub-criterion.
- (b.) Argentina does not require that these programs include the provision, at group-level of compliance, audit, and/or AML/CFT functions, of customer, account, and transaction information from branches and subsidiaries when necessary for AML/CFT purposes, including information and analysis of transactions or activities which appear unusual.
- (c.) Adequate safeguards on the confidentiality and use of information exchanged are set in AML/CFT Law, art.22. However, there are no specific provisions including safeguards to prevent tipping-off.

Criterion 18.3 –

FIs are required to ensure that their foreign branches and majority-owned subsidiaries apply AML/CFT measures consistent with the home country requirements, where the minimum AML/CFT requirements of the host country are less strict than those of the home country, to the extent that host country laws and regulations permit. See art. 15 of the relevant resolutions (FIU Res. 14/2023, 126/2023, 78/2023, 99/2023, 169/2023, 76/2019, 1/2023 and 2/2023).

There are no provisions providing that if the host country does not permit the proper implementation of AML/CFT measures consistent with the home country requirements, financial groups should be required to apply appropriate additional measures to manage the ML/TF risks and inform their home supervisors.

Weighting and Conclusion

FIs are required to develop and implement programmes against ML/TF and are required to implement internal policies at the group level, including on data protection and information sharing. An independent audit function is not mandatory for some insurance intermediaries. Argentina does not require that AML/CFT programs include the provision, at group-level of compliance, audit, and/or AML/CFT functions, of customer, account, and transaction information from branches and subsidiaries when necessary for AML/CFT purposes, including information and analysis of transactions or activities which appear unusual. There are no provisions requiring that if the host country does not permit the proper implementation of AML/CFT measures consistent with the home country requirements, financial groups should be required to apply appropriate additional measures to manage the ML/TF risks and inform their home supervisors. **Recommendation 18 is rated Partially Compliant.**

Recommendation 19 – Higher-risk countries

In its 2010 MER, Argentina was rated non-compliant with these requirements primarily because FIs were not required to give special attention to business relationships and transactions with persons from or in countries which did not or insufficiently apply the FATF requirements. Requirements in line with R.19 were added to sector specific resolutions.

Criterion 19.1 – FIs are required to apply enhanced due diligence, proportionate to the risks, to business relationships and transactions with natural and legal persons (including FIs) from countries for which this is called for by the FATF (FIU Res.14/2023, art.4, 8, 12, 30, for the financial and foreign exchange entities; FIU Res.78/2023, art.4, 8, 12, 26 and 29, for the securities sector; FIU Res. 126/2023, art.2, 8, 12, 31 for the insurance sector; FIU Res.76/2019, art.5, 12, 22, 28 and 32 for the credit and purchase cards operators and traveller's checks issuers; FIU Res.1/2023 art.4, 8, 12, 26 and 29 for money remitters, postal services ; FIU Res. 169/2023, art. 4, 8, 12, 27 and 30 for the capitalisation and savings companies; FIU Res.99/2023, art.4, 8, 12, 26, 29 for the cooperative and mutual associations.).

Criterion 19.2 – There is no impediment in Argentina's legal framework for the country's implementation of countermeasures, either by a FATF call to do so or in an independent manner, e.g. by the country's own initiative in line with due diligence requirements (FIU Res.14/2023, art. 28, 29 and 30, for the financial and foreign exchange entities; FIU Res.78/2023, art. 27, 28 and 29, for the securities sector; FIU Res. 126/2023, art. 29, 30 and 31 for the insurance sector; FIU Res.76/2019, art. 27, 28 and 29 for the credit and purchase cards operators and traveller's checks issuers; FIU Res.1/2023 and 2/2023 art. 27, 28 and 29 for money remitters, postal services; FIU Res. 169/2023, art. 28, 29 and 30 for the capitalisation and savings institutions; FIU Res.99/2023, art. 27, 28 and 29 for the cooperative and mutual associations).

Criterion 19.3 – After each FATF Plenary, the FIU publishes on its website the FATF public statements (the so-called black and grey lists) and shares it with all reporting entities through the transaction reporting system. This information is also communicated by the FIU in the context of consultations after FATF plenary meetings.

Weighting and Conclusion

All criteria are met.

Recommendation 19 is rated Compliant.

Recommendation 20 – Reporting of suspicious transactions

In its 2010 MER, Argentina was rated non-compliant with these requirements. Deficiencies related to the lack of reporting obligations for some actors (mutual associations and cooperatives, stock exchange), the definition of suspicious transactions not being in line with the FATF's and lack of an explicit requirement to report TF suspicion. These deficiencies were addressed since Argentina's 11th FUR.

Criterion 20.1 – FIs are obliged to inform the FIU without delay of any activity or transaction, whether carried out or attempted, regarding which there is suspicion or reasonable grounds to suspect that the goods or other assets involved come from or are linked to a criminal offense, or are related to ML/TF/PF, or whose previously identified unusual nature cannot be justified after the analysis and assessment conducted by the reporting entity (AML/CFT Law, art. 21 b)). In cases of TF and PF,

the concept of “without delay” corresponds to a period of maximum 24 hours since the transaction was conducted or attempted. For ML cases, it corresponds to 24 hours since the reporting entity concludes that the transaction is suspicious.

Criterion 20.2 – All FIs are obliged to report any suspicious act or transaction regardless of their amount. This applies for cases when the transaction was conducted or attempted, both for ML and TF (AML/CFT Law, art. 21 b)).

Weighting and Conclusion

All criteria are met.

Recommendation 20 is rated Compliant.

Recommendation 21 – Tipping-off and confidentiality

In its 2010 MER, Argentina was rated partially compliant with these requirements primarily because the scope of the persons benefiting from the safe harbour provision was not clearly defined and the prohibition of tipping-off did not cover directors, officers, and employees of reporting entities. There were also no sanctions available where a reporting entity did not comply with prohibition of tipping-off (now included in the AML/CFT Law).

Criterion 21.1 – Compliance in good faith with the duty to report will give rise to no civil, commercial, labour, criminal, administrative or any other kind of liability whatsoever (AML/CFT Law, art. 18). However, it is not specified that this protection applies even when not knowing precisely what the underlying criminal activity was, and regardless of whether illegal activity occurred as reporting does not require identifying the underlying criminal activity and covers attempted transactions.

Criterion 21.2 – FIs shall abstain from disclosing to customers or third parties the proceedings which are being conducted in fulfilment of the AML/CFT Law (AML/CFT Law, art. 21 c)) which includes filing STRs. The law does not specifically refer to directors, officers and employees but mentions that officials and employees of the FIU, as well as persons and entities bound by the AML/CFT Law to provide information to the FIU, shall keep secret any information received as a result of their position and will be punished with six months to three years’ imprisonment if they reveal confidential information outside the purview of the FIU (AML/CFT Law, art. 22). Reporting entities, whether they are part of the same economic group or not, may exchange information if there is consent from the owner of the data (AML/CFT Law, art. 5.1). This does not meet the requirements of c.18.2b) which does not require the owner’s consent.

Weighting and Conclusion

FIs are required to avoid tipping-off and comply with confidentiality requirements. However, the law does not specify the scope of the safe harbour provision and consent of the data’s owner is required for exchanging information within the same group.

Recommendation 21 is rated Largely Compliant.

Recommendation 22 – DNFBPs: Customer due diligence

In its 2010 MER, Argentina was rated non-compliant with these requirements. The main shortcomings were: i) real estate agents, lawyers and TCSPs were not subject to any AML/CFT requirements; ii) dealers in precious stones and metals were not captured satisfactorily by the AML/CFT Law; iii) only very limited identification and record keeping requirements applied to public notaries, accountants, and casinos, among others, partly solved by updated AML/CFT Law and FIU Resolutions.

Criterion 22.1 – – The CDD requirements set out in R.10 are required to be applied in the following situations:

- a) Casinos (any gambling business)- when the face-to-face customers engage in transactions amounting to 15 minimum monthly wage (approximately USD 3900 depending on the exchange rate) or more. However, it is not clear whether the transaction should be carried out in a single operation or in several operations that appear to be linked during a certain period. In the case of online gambling, it is required to perform CDD at the beginning of the business relationship to every person when they are performing the registration on the gambling or betting website) (AML/CFT Law art. 20 (14) and 21; Res. 194/2023, art. 22. The threshold required for the face-to-face customers is higher than the one required by this criterion.
- b) Real estate agencies and agents – when they are involved in transactions for a client involving the purchase and selling of real estate. The real estate agent is considered to enter in a business or contractual relationship with the seller and/or the purchaser. (AML/CFT Law art. 20 (15) and Res. 43/24, art.2. d. in relation to a.)
- c) Dealers in precious metals and dealers in precious stones – when they engage in any transaction with a customer amounting to 6 minimum monthly wage (approximately USD 2000 depending on the exchange rate). (AML/CFT Law art. 20 (16) and Res. 55/2024, art. 2 d))
- d) Notaries, accountants, and lawyers - when they carry out transactions for their client concerning all the activities listed in c.22.1(d). However, that the relevant legislation sets thresholds to apply CDD on the following: i) buying and selling of real estate, an amount of 700 minimum monthly wage (approximately USD 182,000, depending on the exchange rate); ii) managing of client money, securities or other assets an amount of 150 minimum monthly wage (approximately USD 39,000, depending on the exchange rate); and iii) management of bank, savings or securities accounts for an amount of 50 minimum monthly wage (approximately USD 13,000, depending on the exchange rate). However, the mentioned thresholds set are not in line with what is provided by this criterion. (AML/CFT Law art. 20 (17), and Res. 242/2023, art. 2 (a) and (o) Res. 42/2024, art 2 (a) and (o); and; Res. 48/2024, art 2 (a) and (o).
- e) Argentina, through the amendment of the AML/CTF Law, included as a regulated sector the natural and/or legal persons, or other arrangements with or without legal personality that regularly prepare for or actually carry out i) acting as a formation agent of legal persons; ii) acting as (or arranging for another person to act as) a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons; and iii) providing a registered office, business address or accommodation,

correspondence or administrative address for a company, a partnership or any other legal person or arrangement. (Law 25246, art 20, num18 a), b) and c). . Regarding trust services providers, all natural or legal person acting as trustee (*"fiduciario"*) in any kind of trust (*"fideicomiso"*) as well as those directly or indirectly involved with trust accounts, trustors and trustees under trust contracts are subject of the AML/CTF system (Law 25246 Art 20, (18.d)) of and, therefore, are obligated to perform CDD to their clients. (Law 25246 Art 21, and Res. 140/2012 Art. 11 and 12). Finally, according to the country's legal framework, the provision of nominee shareholder is not permitted.

Criterion 22.2 – DNFBPs must comply with the recordkeeping requirements in R.11 (AML/CTF Law art. 21 (n) and FIU Res. 194/2023, art. 17, applicable to casinos; FIU Res. 43/2024, art. 15, applicable to real estate agents and brokers; FIU Res. 55/2024, art. 16, applicable to dealers in precious stones or metals; FIU Res. 242/2023, art. 10 applicable to notaries public; FIU Res. 42/2024, art. 10 applicable to accountants, FIU Res. 140/2012, art. 24 applicable to reporting entities of the trust *"fideicomisos"* sector, FIU Resolution 48/2024, art. 10 applicable to lawyers).

Criterion 22.3 – DNFBPs are required to comply with PEP requirements as FIs in R.12 (AML/CTF Law, art. 21bis and Res. 35/2023 applicable to all reporting entities). However, the threshold set by the AML/CTF Law mentioned in c. 22.1 could lead to not fully comply with the requirements of this criterion regarding notaries, lawyers and accountants.

Criterion 22.4 – DNFBPs are required to i) identify and assess the ML/TF risks posed by new products or technologies; ii) carry out risk assessments before launching or using new products, practices, or technologies; and to take appropriate measures to manage and mitigate the risks resulted by those new products practices or technologies. As general rule, notaries, public accountants, real estate agents and brokers, dealers in precious metals and stones, lawyers and casinos are required to consider, at a minimum, customer, product, distribution channels and geographic factors in order to mitigate the risks posed by them including new products and technologies. However, the relevant regulation for no financial trust services providers is too broad and only mentions the obligation for the compliance officer to pay special attention on new ML/TF typologies as well as any threat arising from the development of new technologies. (Res 242/2023, art. 4 applicable to notaries, Resolution 42/2024, art. 4 applicable to accountants, Resolution 43/2024, art. 4 applicable to real estate agents and brokers, FIU Resolution 48/2024, art. 4 applicable to lawyers, FIU Resolution 55/2024, art. 4 applicable to dealers in precious metals and stones and Resolution 194/2023, art. 4 applicable to casinos; 140/2012, art. 7 (k) applicable to no financial trust services providers).

Criterion 22.5 – Reliance on third parties for CDD is permitted for DNFBPs. (AML/CTF Law, art. 21) However, in case of notaries, due to the nature of their activities, and no financial trust services providers (Res. 140/2012, art. 22) reliance on third parties is not allowed. Regarding casinos, a very limited form of reliance is allowed for intermediaries in sale of games exploited by National or Provincial reporting entities but as a measure, winners need to be identified before payout (Res. 194/ 2023, art. 16, applicable to casinos) The relevant resolutions applicable to real estate and dealers in precious metals and stones covers all requirements set by this criterion. (Res. 43/2014, art. 14, applicable to the real estate and Res. 55/2024). Resolutions applicable to lawyers and accountants does not cover this criterion.

Weighting and Conclusion

DNFBPs are required to comply with most of the CDD and other requirements set out in R.10, 11, 12, and 17. However, there are still some deficiencies related to the threshold applied to notaries, lawyers and accountants, no specific requirements for no financial trust services providers to identify and assess the ML/TF risks posed by new products or technologies, neither to carry out risk assessments before launching or using new products, finally, reliance on third parties' obligations is not fully covered in all sectors. **Recommendation 22 is rated Partially Compliant.**

Recommendation 23 – DNFBPs: Other measures

In its 2010 MER, Argentina was rated non-compliant with these requirements because: i) real estate agents, lawyers, trust and company services providers (TCSPs) and dealers in precious metals and stones were not subject to suspicious transaction reporting requirements; ii) the safe harbour and prohibition from tipping off provisions suffered from the same deficiencies than for financial institutions; iii) most DNFBPs were not required to have AML/CFT policies and controls in place, nor compliance officer functions; iv) none of the DNFBP sectors was required to pay special attention to business relationships and transactions involving persons from or in countries that do not (or insufficiently) apply the FATF Recommendations; and v) there were serious concerns about the reporting system as most DNFBPs rarely submitted reports.

Criterion 23.1 –

DNFBPs are subject to the same STR requirements as FIs (see analysis of R.20) and subject to the following:

- a) Notaries, accountants, and auditors and, more recently, lawyers must file STRs according to the scope analysed in R 20 – when they are involved in the activities listed in c.22.1(d) regardless of the amount of the transaction. (AML/CFT Law, art. 20 par.17; and art. 21 (b)). Said provision establishes that lawyers, notaries public and accountants acting as independent professionals are not required to report suspicious transactions if the relevant information was obtained in circumstances in which they are under professional secrecy. However, the threshold set by the amended AML/CTF Law mentioned in c. 22.1 hinder the full ability of the professionals to file STRs as required by the standard.
- b) Dealers in goods, including precious metals and stones, are considered subject to the AML/CTF system and therefore to the same STR reporting requirements as FIs when they engage in any transaction with a customer engaged in transactions amounting approximately USD 2000 depending on the exchange rate regardless the method of payment. (AML/CFT Law, art. 20 (16)). In this regard, once they are considered as reporting entities, they are obligated to file STR of a transaction or attempted transaction that is considered suspicious, regardless its amount as provided in Art. 21 (b) of the above-mentioned Law. (Res. 55/2024, art. 2.d))
- c) Regarding the scope and nature of the TCSPs in Argentina, please see C. 22.1(e). All natural or legal persons acting as trustee (*"fiduciario"*) in any kind of trust (*"fideicomiso"*) as well as those directly or indirectly involved with trust accounts, trustors and trustees under trust contracts are subject to AML/CTF obligations. (AML/CFT Law art 20, (18 b.), and therefore are

obligated to file STR in terms of R.20, according to Art. 21 (b) of the above-mentioned Law.

Criterion 23.2 – Besides the appointment of the compliance officer, the AML/CFT Law does not make specific reference to the obligation to apply internal control requirements mentioned in R. 18. The Resolutions addressed to the different DNFBPs recently issued by the FIU set forth the obligation to have some internal controls and a “Procedures manual”. This manual should cover some internal controls required such as: i) procedures to ensure high standards when hiring employees; ii) ongoing employee training programme and iii) independent external audit function, in some cases internal review, to test the systems. (Res. 55/24 art. 8, 9 art. 11, 17, 18 and 19 applicable to precious metals and stones; Res. 42/2024 art. 7, 8, 9 and 11 applicable to accountants; Res. 140/2012, art. 4 b), c), j), n), and art. 8, 9 and 10 applicable to no financial trusts services; Res. 242/2023, art. 8 in relation to art 7 applicable to notaries; Res. 48/2024, art. 8, 9 and 11, applicable to lawyers; Res 194/2023 art. 8 in relation to art 7, applicable to casinos; and Res. 43/2024 art. 8 in relation to art 7, applicable to real estates). However, there are still some controls missing regarding i) the appointment of a compliance officer as high-level official in some sectors (lawyers, accountants and notaries) and ii) the independent audit to test the system, in the case of no financial trusts services. In addition, group wide programmes and foreign branch considerations are not addressed except for casinos and, to a lesser extent, real estates, and dealers in precious metals and stones.

Criterion 23.3 – DNFBPs are required to implement measures to mitigate the risk as well as to set provisions to monitor and to perform ongoing control with a RBA (AML/CFT Law, art.21 g), h), i)), however, this Law does not make specific reference to the obligation to apply EDD and countermeasures proportional to the risk from countries for which this is called for by the FATF. Resolutions issued by the FIU provides the obligation for those sectors to verify and keep a list of countries and territories considered as non-cooperative according to the FATF website. Likewise, reporting entities have the obligation to perform EDD to the transactions and commercial relationships carried out with persons from or in countries that do not apply or insufficiently apply the FATF Recommendations. Res 242/2023, art. 4 d), 7 s) and t) and art. 19 applicable to notaries, Res 42/2024, art. 4 d), 7 s) and t) and art. 19 applicable to accountants, Res 43/2024, art. 4 d) 7 u) and v) and art. 26 applicable to real estate agents and brokers, Res 48/2024, art. 4 d) 7 s) and t) and art. 19 applicable to lawyers, Res 55/2024, art. 4 d) 7 v) and w) and art. 28 applicable to dealers in precious metals and stones and Res 194/2023, art. 4 d) art. 8 t) and u) and art. 28 applicable to casinos; Res 140/2012, arts. 4 (g), (h), 7 (j), 18 (e) and (i), 21 and 26 (g) applicable to no financial trust service providers). Deficiencies mentioned in sub criterion 23.1 a) hinder the full ability of the professionals (lawyers, notaries and accountants) to perform EDD in some cases as required by the standard.

Criterion 23.4 – DNFBPs regulated in Argentina are required by Law to comply with the same tipping-off and confidentiality requirements as FIs. – see analysis of R.21 and the last sentence of sub-criterion 23.1 a).

Weighting and Conclusion

Argentina meets most STR and other internal controls and tipping-off requirements. However, there are some exceptions set by threshold in sectors such as lawyers, accountants and notaries which hinder the full ability of the professionals to file STRs as required by the standard. There are also some omissions in sectoral regulations

regarding internal controls applicable to lawyers, notaries, and accountants (especially related to c.23.3).

Recommendation 23 is rated Partially Compliant.

Recommendation 24 – Transparency and beneficial ownership of legal persons

In its 2010 MER, Argentina was rated non-compliant with these requirements primarily because competent authorities did not have access in a timely fashion to adequate, accurate and current information on the BO and control of legal persons (LPs). Argentina has addressed some of these deficiencies including by providing access to BO information through different means.

In Argentina, LPs can be classified as public or private. Among the private ones, we find companies, civil associations, simple associations, foundations (Civil and Commercial Code – CivCC, Law 26994, art. 148). Companies are regulated by the Company Law (*Ley General de Sociedades* – LGS, Law 19550). According to the LGS, companies can assume the form of (i) foreign incorporated companies, (ii) partnerships, or *Sociedad Colectiva*, (iii) limited partnerships or *Sociedad en Comandita Simple*, (iv) Capital Intensive Industry Companies or *Sociedad de Capital e Industria*, (v) Limited Liability Companies – LLC or *Sociedad de Responsabilidad Limitada* – SRL, (vi) Joint stock companies or *Sociedad Anónima* – S.A, (vii) Simplified Shares Companies or *Sociedad por Acciones Simplificada* – SAS (introduced in Argentina’s legal system by Law 27349), including one-person simplified shares companies.

The LGS also regulates *de facto* and irregular companies, which are companies incorporated not following any of the types provided by the LGS, or incorporated with omission of some essential requirements, or that fail to comply with some formalities as required by the LGS (Law 19550, art. 21 to 26). In addition, Argentina’s landscape of LPs includes cooperatives (regulated by Law 20337) and mutual associations (regulated by Law 19331 and Law 20321).

As a general principle, legal personality is acquired upon grant of the constitutive act and the LP does not require any special authorization to start operating, unless otherwise required by law.

As Argentina is a federal State, LPs (except cooperatives and mutual associations) can be incorporated in any of the 23 provinces of the country and in the Autonomous City of Buenos Aires (CABA). When considering risk and context, the AT decided to focus on four provinces: CABA, where most companies are incorporated, the province of Buenos Aires (PBA), the province of Mendoza and the province of Santa Fe.

Criterion 24.1 – The different types, forms and legal features, and process of creation of legal persons in Argentina are described in the relevant legal diplomas:

- General Company Law (*Ley General de Sociedades*, LGS) for companies: foreign incorporated companies (art. 118 to 124), partnerships (art. 125 to 133), limited partnerships (art. 134 to 140), capital intensive industry companies (art. 141 to 145), limited companies (art. 146 to 162) and joint stock companies (art. 163 to 307).
- Law 27349 for simplified shares companies (SAS).
- Law 20337 for cooperatives.

- Laws 19331 and 20321 for mutual associations.
- Civil and Commercial Code (CivCC, Law 26994) for civil associations (CivCC, art. 169), simple associations (CivCC, art. 187) and foundations (CivCC, art. 193).

All companies must register in the relevant provincial Public Registry of Commerce, except cooperatives and mutual associations which register with the national Registry of the INAES (National Institute of Associations and Social Economy – *Instituto Nacional de Asociaciones y Economía Social*). Besides, AFIP (*Agencia Federal de Ingresos Públicos*), which is the Tax Authority in Argentina, holds a register of all active LPs incorporated and operating in Argentina, as they all require a tax identification number (CUIT) to operate. AFIP requires LPs to register basic (General Resolutions AFIP N° 10/1997, art. 1 and N° 4991/2021, art. 1, 2 and 3) and BO information (General Resolutions AFIP N° 3312/2012, art. 1 and N° 4697/2020, art. 1, 2 and 3).

Moreover, the Public Registry for legal persons of CABA (*Inspección General de Justicia – IGJ*), has an online dedicated section about formalities, including the requirements for LPs to proceed with their incorporation (<https://www.argentina.gob.ar/justicia/igj/guia-de-tramites-igj>).

Criterion 24.2 – Argentina assessed the ML/TF risks associated with all types of LPs in its 2022 ML NRA and its 2022 TF/PF NRA. However, except for simplified corporations (SAS) and legal persons incorporated abroad, the risk assessment did not consider the intrinsic characteristics of the various legal persons to assess their risk level. Neither does the NRA cover the risk of misuse for ML/TF purposes of inactive companies.

Criterion 24.3 – All companies must register with the relevant Public Registry (LGS, art. 5 & 6), and their incorporation act shall record all elements as required by the FATF standards (LGS, art. 10 & 11). This also the case for foreign incorporated companies (LGS, art. 118 & 123).

Associations and foundations must register with the relevant Public Registry (CivCC, art. 169 & 193 respectively). Their incorporation act must record all elements as required by the FATF standards (CivCC, art. 170 and 195, respectively).

Cooperatives must register with the National Registry of Cooperatives (Law 20337, art. 10 and Administrative Decision 1302/22, Annex IV) while mutual associations must register with the National Registry of Mutual Associations (Law 20321, art. 3). Both are managed by INAES. Their incorporation act must contain all the information required by the FATF standards (Law 20337, art. 7; Law 20321, art. 6). The INAES publishes a publicly accessible list with basic information on cooperatives and mutual associations on its website.

SAS must register with the relevant Public Register of Commerce and their incorporation acts must contain all information required by the standards (Law 27349, art. 36).

Besides the registration with the Public Registers of Commerce or INAES, all legal persons must register with AFIP, which also requires the registration of the information as set up by the standards (General Resolutions AFIP N° 4991/2021 and subsequent resolutions (art. 2, j)) and General Resolution AFIP N° 4697/2020 and subsequent resolutions (paragraph c) of Annex III and art.8).

Criterion 24.4 – Legal persons are required to maintain the information set out in c.24.3, and to maintain a register of their shareholders or members (LLCs: LGS, art. 152; joint stock companies: LGS, art. 213; SAS: Law 27349; art. 58, associations and foundations: CivCC, art. 320 to 328). However, in case of joint-stock companies, they are not required to report changes to the Public Registry of Commerce since share transfer is free (LGS, art. 213).

The same requirements apply to:

- cooperatives (CCivC, art. 322, Law 20337, art. 38(1) and art. 21; Resolution INAC 250/82, art. 1; Resolution INAES 5586/12, art. 1 and 3, Resolution INAES 5587/12, art. 1 and 3).
- mutual associations (CivCC, art. 322, Law 20321, art. 19 and 24; Resolution INAM 115/88, art. 3 and 4, Resolution INAES 5586/12, art. 1 and 3; Resolution INAES 5587/12, art. 2 and 3).

The AFIP establishes the same requirements (General Resolution AFIP N° 4991/2021 art. 2 paragraph j) and General Resolution AFIP N° 4697/2020 (paragraph c) of Annex III and art.8).

Criterion 24.5 – Neither the CivCC nor the LGS impose specific obligations regarding the accuracy and updating of basic information as referred to c.24.3 and c.24.4 on the entities they regulate.

For cooperatives and mutual associations, the INAES requires information referred to in c.24.3 and c.24.4 to be updated quarterly and within 10 days of the end of each quarter (Resolution INAES N° 5586, art. 3 electronically through INAES website (Resolution INAES N° 5587, art. 3, 4 and 5). AFIP requires entities to update this information within 10 days after any modification (Law 11.683, art. 13 of; General Resolution n.° 3312/2012, art. 8 of and Title I (art.1 to 7); and Resolution AFIP n.° 4697/2020, art. 9 and 15). In both cases, however, verification obligations as regards BO information are very limited.

Criterion 24.6 –

- a) Legal persons registering in CABA must submit affidavits (*declaraciones juradas*) regarding their BO to the IGJ and renew them annually (General Resolution n.° 7/2015; General Resolution n.° 17/2021, art. 518), which is not considered timely. Similar obligations apply to cooperatives and mutual associations (INAES Resolution n.° 5586/2012, art. 3; INAES Resolution n.° 5587/2012, art. 1). All legal persons also must register BO information with AFIP (AFIP General Resolution n.° 4697/2020).
- b) Neither the CivCC nor the LGS require the entities they regulate to take reasonable measures to obtain and hold up to date information on their BO. INAES requires cooperatives (INAES Resolution 5586/2012, art. 1 and 2 in conjunction with Resolution 250/82 of former INAC and 115/88 of former INAM and INAES Resolution 5587/2012, art. 1) and mutual associations (Resolution INAES 3108/18, art. 1, 2, 3 and 4; Resolution INAES 5586/12, art. 3 and Resolution INAES N° 5587/12, art. 3, 4 and 5) to hold the information required by this sub-criterion. AFIP does not impose obligations in line with this sub-criterion.
- c) Competent authorities use existing information including by obtaining (i) information from FIs/DNFBPs in accordance with R.10 and 22; (ii)

information held by other competent authorities, including the different Public Registries of Commerce, the Registry of INAES and the Registry of AFIP; as well as the National Register of Companies (RNS); (iii) information from the legal persons itself as described under c.24.5 and c.24.6(b). Deficiencies identified in these criteria apply.

Criterion 24.7 – Neither the CivCC nor the LGS impose specific obligations regarding the accuracy and updating of BO information in relation to the entities they regulate. In relation to cooperatives and mutual associations, the legal diplomas of INAES referred under c.24.5 in relation to basic information are equally applicable to BO information. The same goes for the legal and regulatory instruments of AFIP. In both cases, the absence of verification obligations is considered a major shortcoming.

Criterion 24.8 – LGS (art. 58 and art.10(9)a)) and CivCC (art. 158) grant representation of the companies they regulate to designated natural persons. The same applies to cooperatives (Law 20337, art.73) and to mutual associations (Law 20321, art. 16b)). AFIP establishes a regime of representation of different legal persons in face of the tax authority (AFIP General Resolution 4697/2020, art. 1).

Criterion 24.9 – Legal persons are required to maintain the information referred to for 10 years (CivCC, art. 328, applicable to companies, cooperatives, and mutual associations).

Criterion 24.10 – Competent authorities (investigative judges, prosecutors, and the FIU) access the National Commercial Registry for basic information and can request BO information from the legal persons and the Public Registries (see R.31). In addition, Argentina recently created⁷⁵ a central BO Registry (Law 27739), which allows for the centralisation and timely access to BO information of all legal persons and arrangements in Argentina.

Criterion 24.11 – All shares representing company capital in Argentina must be nominative and non-endorsable (Law 24587, art. 1). As a result, Argentina prohibits bearer shares.

Criterion 24.12 – Nominee shareholders are expressly prohibited in Argentina (LGS, art. 34). As for nominee directors, the performance of directorship functions in companies is personal and non-transferable: they have to be partners or nominated in the incorporation act and, as such, registered in the Public Registry (LGS, art. 58 to 60).

Criterion 24.13 – A range of sanctions for failure to comply with the requirements of this recommendation is provided for:

- Companies regulated by the LGS: warning, warning with publication, and fines to the company, its directors and administrators of maximum ARS 8 million (USD 8,477) (LGS, art. 302);
- All entities under supervision of the IGJ, which are the ones provided for in the LGS, art. 302 (Law 22315, art. 12 and 13);
- Reporting entities: from USD 600 to USD 100,000 (AML/CFT Law, art. 23 and 24);

⁷⁵ At the end of the on-site visit.

- Cooperatives: warning, disqualification and withdrawal of the license, fines ranging from ARS 4 million to ARS 400 million (USD 4,239 to USD 423,900) (Law 20337, art. 101);
- Mutual associations: disqualification and withdrawal of the license. Fines are still denominated in *australes*, an Argentinian currency replaced by the current peso in 1995, and not superior to 100,000 Argentinian pesos (approximately USD 110) (Law 20321, art. 35);
- Entities regulated by AFIP: from ARS 0,01 to ARS 2500 (up to USD 2.64) (Law 11683, art. 38 and 39).

With the exception of the revised sanctions included in the AML/CFT Law (revised during the on-site visit), and the sanctions established by Law 20337 for cooperatives, all other sanctions are not proportionate or dissuasive.

Criterion 24.14 – The FIU has the necessary powers to comply with the requirements of these 3 sub-criteria (FIU Resolution n.º 30/2013, Chapter III). Indeed, in Argentina the Public Registers of Commerce, INAES, AFIP and other public entities *are themselves reporting entities* (AML/CFT Law, art. 20(19)(20)). Thus, the FIU's powers extend to these entities, which have to comply with the relevant provisions. This is combined with the fact that the FIU can request from public authorities the information required to comply with the requirements of this criterion (FIU Resolution 112/2021, art. 8).

Criterion 24.15 – Outgoing requests for assistance are tracked and filed electronically. Some, but not all relevant authorities have an efficient case management system to track the progress of requests. In addition, the FIU shall produce and maintain up to date statistics on exchanges of information with foreign counterparts (FIU Resolution 135/2016, art. 24).

Weighting and Conclusion

Argentina complies with some of the requirements of R.24. However, deficiencies in obtaining accurate and up to date BO information on some types of legal persons by the Public Registries of Commerce; the absence of a duty for some types of legal persons on keeping accurate and up-to-date information on their BO; shortcomings in the risk assessment and the absence of a comprehensive sanctions regime, are considered moderate deficiencies.

Recommendation 24 is rated Partially Compliant.

Recommendation 25 – Transparency and beneficial ownership of legal arrangements

In its 2010 MER, Argentina was rated non-compliant with these requirements primarily because competent authorities did not have access in a timely fashion to adequate, accurate and current information on the BO and control of legal arrangements. Argentina has since put in place several measures in place including to regulate *fideicomisos*.

Criterion 25.1 – Trusts and express trusts are not regulated nor recognised under Argentinian law. However, the *fideicomiso* agreement is governed by article 1666 and consecutive articles of the National Civil and Commercial Code of Argentina (CivCC). A *fideicomiso* is established when a natural or legal person (*fiduciante*) transfers the

ownership of certain assets to another natural or legal person (*fiduciario*) who undertakes to exercise such ownership for the benefit of the person designated in the agreement (beneficiary), and to transfer it to the *fiduciante*, beneficiary or *fideicomisario* (final beneficiary) upon the expiration of a term or fulfilment of a condition (CivCC, art. 1666). The property of the *fideicomiso* constitutes a separate patrimony from the assets of the *fiduciario*, the *fiduciante*, the beneficiary and the *fideicomisario* (CivCC, art. 1685). The *fideicomiso* can be a financial *fideicomiso*, empowered to issue negotiable securities, namely certificate of participation and debt *fiduciario* securities. These securities are negotiated in the securities market, and their holders are BOs. Financial *fiduciarios* shall register and obtain license from the Securities Market Supervisor (CNV), and then request an authorization for public offering.

- a) The legal instrument establishing the *fideicomiso* must contain (i) detailed information of the assets subject of the agreement; (ii) the manner in which other assets may be included in the *fideicomiso*, where appropriate; (iii) the term or condition to which the *fideicomiso* property is subject to; (iv) the identification of the beneficiary; (v) the destination of the assets upon termination of the *fideicomiso*, stating the *fideicomisario* to whom they shall be transferred and (vi) the rights and obligations of the *fiduciario* and the way of replacement if its existence as such ceases (CivCC, art. 1667). This legal instrument is drafted by the *fiduciante* who in term has to be also identified. The legal instrument establishing the *fideicomiso* must be registered with the Public Registry (CivCC, art. 1669).
- b) Neither the CivCC nor any of the Resolutions submitted by Argentina in support of R.25 make mention of the duty for *fiduciarios* to hold basic information on other regulated agents of, or service providers to the *fideicomiso*.
- c) *Fiduciarios* of any type of *fideicomiso* are reporting entities (AML/CFT Law, art. 20, para. 22), which obligates them to keep the information regarding all the parties to the *fideicomiso* for a minimum period of five years after their involvement with the *fideicomiso* (AML/CFT Law, art. 21 bis, para. 1).

Criterion 25.2 – Argentina has in place a system of registration of information pertaining to the *fideicomisos* established in Argentina or established abroad under foreign law, to be observed by the ordinary *fideicomisos*, any *fiduciario* of financial *fideicomisos* (in both cases established in Argentina) as well as any persons residing in Argentina acting in their capacity as trustees/fiduciaries or similar, trustors/settlors or similar, and/or beneficiaries of ordinary and financial trusts created or located in a foreign country (AFIP Resolution 3312/2012). The information shall be updated annually (art. 5) and whenever there are changes to the initial contract (art. 6, para e)). At the same time, *fiduciarios* in their capacity of reporting entities of any type of *fideicomiso* or trustees of foreign trusts must identify in all cases the BO to each of the parties to the *fideicomiso* or foreign trust (article 2), and this information must be kept up to date: any modification and/or change of the BO must be reported within a maximum period of thirty (30) calendar days from the occurrence of the event (FIU Resolution 112/2021, arti. 2 & 5).

However, there is no obligation for *fiduciaries* to hold basic information on other regulated agents of, or service providers to the *fideicomiso* (see c.25.1(b)), hence there is no obligation to keep this information up to date.

Criterion 25.3 – There are no specific measures ensuring that *fiduciarios* of domestic *fideicomisos* or trustees of foreign trusts disclose their status to FIs or DNFBPs when forming a business relationship or when carrying out an occasional transaction above the threshold on behalf of the *fideicomiso* or foreign trust.

Criterion 25.4 – There are no legal or regulatory instruments in Argentinean law preventing *fiduciarios* of any *fideicomiso* or trustees of any foreign trust from providing competent authorities with any information relating to the trust. However, the fact that *fiduciarios* of any type of *fideicomiso* are designated reporting entities, obliges them to keep the relevant information regarding the *fideicomiso* and make it available to competent authorities when requested, which meets this requirement.

Likewise, no legal or regulatory provisions were identified preventing or allowing *fiduciarios* of domestic established *fideicomisos* or trustees of foreign incorporated trusts to provide such information to foreign competent authorities pursuant to an appropriate international cooperation request; or to domestic FIs or DNFBPs, upon request, with information on the BO and the assets of the *fideicomiso* or the trust to be held or managed under the terms of the business relationship.

Criterion 25.5 – LEAs have powers to access information held by trustees, and other parties (in particular information held by FIs and DNFBPs), on information related to the trust, including: (a) the BO; (b) the residence of the trustee; and (c) any assets held or managed by the FI or DNFBP, in relation to any trustees with which they have a business relationship, or for which they undertake an occasional transaction (see c.31.1(a)). The FIU has also access to this information (see c.29.3(b)). The recently created⁷⁶ central BO Registry (Law 27739) allows for the centralization and timely access to BO information of all legal persons and arrangements in Argentina.

Criterion 25.6 – There are no specific provisions under Argentinean law regarding the exchange of information regarding *fideicomisos* or foreign established trusts namely in what regards the specific requirements of this criterion.

- a) There is no provision intended to facilitate access by foreign competent authorities to basic information held in the Public Registry, which contains the legal instruments establishing the *fideicomisos*.
- b) The FIU can exchange BO information regarding *fideicomisos* or foreign established trusts with its foreign counterparts, if the foreign counterpart asks for it, and subject to reciprocity (see c.40.11(a), FIU Resolution 135/2016, art. 15-18).
- c) There is no impediment for competent authorities to use their investigative powers to obtain BO information on behalf of foreign counterparts. They can exchange this information through the FIU (see R.40). As noted above, impediments remain for authorities to act promptly.

Criterion 25.7 – *Fideicomisos* that fail to comply with their obligations are liable to a general fine of between ARS 150 (USD 18 cts⁷⁷) and ARS 2500 (USD 3), and a maximum of ARS 45000 (USD 50,50) in serious cases (AFIP Resolution 3312/2012; Law 11683, art. 39). This does not seem to be proportionate and, specifically, not dissuasive enough.

⁷⁶ At the end of the on-site visit.

⁷⁷ Exchange rate at the date of 27 February 2024.

In addition, there are no sanctions associated with the breaching of the duty impending over *fiduciarios* of domestic *fideicomisos* or trustees of foreign trusts for violation of the disclosure obligation (c.25.3) nor the duty for *fiduciarios* to hold basic information on other regulated agents of, or service providers to the *fideicomiso* (c.25.2(b)) because these obligations do not exist under Argentinean law.

Criterion 25.8 – There are no specific sanctions in relation to the failure to grant competent authorities timely access to information regarding *fideicomisos*.

Weighting and Conclusion

Argentina's legal framework regarding legal arrangements lacks (i) legal requirement to collect information required by c.25.1.b), which is considered a minor shortcoming; (ii) specific measures to ensure that *fiduciarios* of domestic *fideicomisos* or trustees of foreign trusts disclose their status to FIs or DNFBPs when forming a business relationship or when carrying out an occasional transaction above the threshold; (iii) regulatory provisions preventing or allowing *fiduciarios* of domestic established *fideicomisos* or trustees of foreign incorporated trusts to provide information to foreign competent authorities pursuant to an appropriate international cooperation request, or to domestic FIs or DNFBPs, upon request, with information on the BO and the assets of the *fideicomiso* or the trust to be held or managed under the terms of the business relationship and (iv) proportionate and dissuasive sanctions. These are considered moderate shortcomings.

Recommendation 25 is rated Partially Compliant.

Recommendation 26 – Regulation and supervision of financial institutions

In its 2010 MER, Argentina was rated partially compliant with these requirements mainly because FI such as credit card issuers, traveller checks operators, or remitters were neither regulated nor supervised and in practice SSN did not supervise life insurance intermediaries. In addition, there were, among others, several deficiencies with respect to market entry requirements for banks. Argentina has since strengthened licensing requirements and supervision.

Criterion 26.1 – The FIU is the main authority responsible for regulating and supervising (or monitoring) FIs' and all other reporting entities' compliance with the AML/CFT requirements (AML/CFT Law, art.14). The FIU has a Supervision Division for this task (FIU Res. 127/2023). The FIU Supervision Division is supported by the Northern, Littoral, and Central Regional Agencies, each with jurisdiction over various provinces.

In addition, Specific Oversight Bodies (SOBs):

- The Central Bank of Argentina (BCRA), for banks and foreign exchange companies under art.20.1 and 20.2;
- The National Securities Commission (CNV), for the capital market sector under art.20.7, art.20.8 and art. 20.13
- The Superintendence of Insurance of the Nation (SSN), for the insurance sector under art.20.8 and art.20.16; and
- The National Institute of Associations and Social Economy (INAES), for mutual and cooperative associations under art.20.20.

have been assigned with the responsibility to collaborate with the FIU in AML/CFT

regulation and supervision of listed FIs under their jurisdiction (AML/CFT Law, art. 14 (7) and FIU Res. 72/2023). These SOBs are equipped with the necessary powers to fulfil this function and can also issue rules complementary to the resolutions and guidelines issued by the FIU (AML/CFT Law, art.14 (10)).

Criterion 26.2 – All FIs that are subject to core principles are appropriately subject to licensing (Law 21526 on Financial Institutions, art.7; the Capital Markets Law 26831, art.19(d); Law 20091 on Insurers and their Supervision art.2. and art.64).

All other categories of FIs are at least obliged to register with the FIU pursuant to the FIU Res. 50/2011 and 47/2024. In addition, some of the FI categories should also be authorised/licensed by the SOB, as per the laws referred to earlier in this paragraph, and Laws 19331, 20337, 20321, 24144.

Licensing and operation requirements in Law 21526, Central Bank Law, are robust, and adequately prevent the establishment and operation of shell banks. Furthermore, art. 33 of FIU Res. 14/2023 bans the provision of bank accounts to shell banks from other jurisdictions.

Criterion 26.3 – The conditions for ownership and management of FIs are included in FIU Resolution 47/2024 and are also governed by specific oversight bodies and sector-specific laws (Law 21526, Law 26831, Law 20091, Law 20337, Law 20321).

All reporting entities are required to report their beneficial owners to the FIU during the registration. They are further required to submit a certification issued by the national registry regarding criminal background for natural persons and a similar document for the members of the management bodies and the beneficial owners, in case of a legal structure (FIU Res.47/2024). However, this resolution does not contain legal consequences linked to this.

The sector-specific measures provide that:

Banks – an individual is unable to act as promoters, founders, directors, administrators, members of surveillance committees, controllers, liquidators or managers if they are delinquent debtors of financial institutions, were disqualified from holding public office, or have been found responsible for irregularities in the governance and management of a financial institution, or are subject of incompatibilities or ineligibilities (section.10, Chapter III, Law 21526 on Financial Institutions). Notably, there is no general prohibition on criminals being appointed to the management function of a bank.

Foreign exchange companies - prospective members of the governing body must provide a criminal records certificate, which must be issued by the National Registry of Criminal Records within five working days prior to the date of its submission to the BCRA. This does not extend to holding a management function and does not include those holding a significant or controlling interest or beneficial owners (items 2 and 6 of the consolidated text of Foreign Exchange Traders, Communication “A” 7655).

Securities - an individual is unable to apply for registration as agent if convicted of crimes under articles 176 to 180 of the Argentine Criminal Code or crimes committed for profit or against public trust, convicted for bankruptcy, subject to insolvency proceedings. The suitability, integrity and solvency are checked by the CNV for natural (for administrators, directors, and managerial functions) and legal persons applying for a license. Prospective individual to act as an administrator, controllers and members of the surveillance or similar committee) bodies and first-line manager must provide a criminal record. In addition, an entity is unable to apply for

registration if it or its beneficial owner have been convicted for money laundering or terrorist financing or if they appear on the UNSC list or the RePET list. (art.5-12, Part IV titled “Suitability, Integrity and Solvency Requirements” of Title XI “Prevention of Money Laundering and Terrorist Financing” of the CNV Rules; art.19 Law 26831). The definition of criminal is an incomplete definition.

Insurance – The suitability, probity and solvency of shareholders and the members of the governing body of insurance entities are checked by SSN (Law 19550 and art. 7, 8 and 9, Law 20091). Prospective individuals convicted for crimes committed for profit or for crimes against property or public trust, or for any crime excluding those involving negligence, having imprisonment or disqualification punishment, for bankruptcy, those under reorganisation proceedings or being delinquent debtor of the entity; those disqualified to use bank current accounts and issue cheques; punished as directors, administrators or managers of a bankrupt company or considered responsible for the liquidation of an insurance entity or been disqualified. The definition of criminal is an incomplete definition.

Mutual association – Prospective for the position of administrators or controllers cannot have been declared bankrupt, convicted of intentional crimes, or disqualified by the National Institute of Associations and Social Economy or the Central Bank (art.13, Law 20321). The definition of criminal is an incomplete definition and there is no general prohibition on criminals being appointed to the management function of a mutual association. Prospective to the position of member of the board of director in a mutual association that provides economic assistance must provide a criminal background record (article 12.d.i of INAES Resolution 2359/19). The relevant dispositions do not cover those holding (or being the beneficial owner of) a significant or controlling interest in a financial institution.

Credit cooperative associations - Prospective for the position of members of the board of directors must provide a criminal record (art.14.b.9, INAES Res. 2362/19) and cannot have been declared bankrupt as a result of negligent or fraudulent bankruptcy (art.64, Law 20337). Prospective for the position of administrator or, controllers and members of the surveillance or similar committee must submit a certificate issued by the national registry of criminal records. The definition of criminal is an incomplete definition and there is no general prohibition on criminals being appointed to the management function of a credit cooperative association. The relevant dispositions do not cover those holding (or being the beneficial owner of) a significant or controlling interest in a financial institution.

Capitalisation and savings companies (Law 19550) – Individuals and legal persons and their shareholders that are prospective for the position of administrators and controllers, and directors must provide a declaration on wealth situation and on personal and business background, a criminal record certificate issued by the National Registry of Criminal Records and Statistics, proof of not having been found guilty of bankruptcy, a copy of the latest wealth tax; the board of directors of authorised corporations cannot enter the transfers of shares into the ledger prescribed by article 213 of Law 19550 without having previously confirmed that the new holder duly complies. The relevant dispositions do not cover those holding (or being the beneficial owner of) a significant or controlling interest in a financial institution.

None of the requirements have reference to associates of criminals.

Criterion 26.4 –

- a) Core principles institutions are subject to AML/CFT regulation and supervision in-line with the core principles where relevant for AML/CFT. Policies and procedures for effective, risk-based supervision have been established by FIU resolutions and sector-specific laws. BCRA has a clear rule that requires AML/CFT consolidated group supervision for banks. Annex I – Article 2 (I) of FIU Resolution 72/2023 requires group supervision for all SOBs, including securities and insurance sector supervision.
- b) All other FIs are subject to risk-based supervision (or monitoring) by the FIU's Supervision Division (AML/CFT Law, art.14, FIU Resolutions 61/2003 and 127/2023).

Criterion 26.5 – FIU Resolutions 61/2023 (Annex I) and 72/2023 (Annex 1) explicitly state that the frequency and intensity of on-site and off-site AML/CFT supervision of FIs should be determined on the basis of: (a) the ML/TF risks and the policies, internal controls and procedures associated with the institution, as identified by the supervisor's assessment of the institution's risk profile; and (b) the ML/TF risks identified in the country's NRA. The reference to "other parameters deemed significant for compliance with its oversight functions" in the same resolutions adequately covers criterion (c).

Criterion 26.6 – . The FIU must prepare an annual risk-based AML/CFT supervision strategy (FIU Resolutions 61/2023 (Annex I). Likewise, specific oversight bodies must prepare annual risk-based AML/CFT supervision plans (FIU Res.72/2023 (Annex 1)), implying that they need to update the risk profiles of institutions on an annual basis. The Risk Matrix must be kept up to date and reflect the changes of the regulated sector (FIU Res.72/2023 (Annex 1), art.7). This meets the first part of the criterion indirectly. However, there is no explicit requirement to review the ML/TF risk profile of a FI or group, including the risks of non-compliance, when there are major events or developments in the management and operations of the FI or group.

Weighting and Conclusion

Core principle institutions are subject to licensing and supervision in line with Core Principles. Sector-specific measures to prevent criminals or their associates from holding (or being the beneficial owner of) a significant or controlling interest or holding a management function in an FI are not fully complete, for example there is no general prohibition on criminals being appointed to the management function of a bank. In addition, there is no explicit requirement to review and update the ML/TF risk profile of a FI or group (including the risks of non-compliance) when there are major events or developments in the management and operations of the FI or group.

Recommendation 26 is rated Largely Compliant.

Recommendation 27 – Powers of supervisors

In its 2010 MER, Argentina was rated partially compliant with these requirements mainly because the FIU had no power to conduct off-site or on-site inspections; the SSN and the CNV had a lack of clarity of their power to compel production of documents and to conduct on-site inspections and the CNV had not yet conducted a full on-site inspection. As noted in R.26 above all supervisors in place and, among others, the FIU was given appropriate supervisory powers in the AML/CFT Law.

Criterion 27.1 – The FIU is the main supervisor for AML/CFT purposes, for all reporting entities including FIs (AML/CFT Law, art. 14). The FIU collaborates with sector specific oversight bodies (SOBs) for this supervision, as explained under R.26 above.

These supervisors have adequate powers to supervise or monitor and ensure compliance by FIs with AML/CFT requirements:

- FIU – Conduct inspections (AML/CFT Law art.14, para.7).
- BCRA – Conduct inspections (Law 21526, art.4 for banks and Law 18924, art.2, for foreign exchange and agencies), compel production of any information relevant to monitoring compliance with the AML/CFT requirements (Law 21526, art.37).
- National Securities Commission- Conduct inspections (Law 26831, art. 19 (a)) and compel production of any information relevant to monitoring compliance with the AML/CFT requirements (Law 26831, art. 20).
- Superintendence of Insurance of the Nation (SSN)- Conduct inspections and compel production of any information relevant to monitoring compliance with the AML/CFT requirements (Law 20091, art. 68, 69 and 70 and Administrative Decision 616/2017).
- National Institute of Associations and Social Economy (INAES)- Conduct inspections; compel production of any information relevant to monitoring compliance with the AML/CFT requirements (Administrative Decision 1302/22 (Annexes II and IV).

Criterion 27.2 – Supervisors have the authority to conduct inspections of FIs as described under 27.1.

Criterion 27.3 – Supervisors are authorised to compel production of any information relevant to monitoring compliance with the AML/CFT requirements as described under 27.1.

Criterion 27.4 – The FIU as the main AML/CFT supervisor is authorised to impose sanctions on FIs for breaches of the AML/CFT Law in line with R.35 (see R.35). FIs that are under the jurisdiction of SOBs are also subject to a range of sanctions mainly aimed for non-compliance with their sector-specific laws (Law 21526 on Financial Institutions; Capital Markets Law 26831; Law 20091 on Insurers and their Supervision). For these institutions losing the AML/CFT-related market entry conditions including fit and proper may result in suspension and revocation of licences of institutions or officers with AML/CFT management functions.

Weighting and Conclusion

All criteria are met. **Recommendation 27 is rated Compliant.**

Recommendation 28 – Regulation and supervision of DNFBPs

In its 2010 MER, Argentina was rated non-compliant with these requirements primarily because there was no regulatory and supervisory regime in Argentina that ensured casinos were effectively implementing their AML/CFT obligations and other categories of DNFBPs were not subject to any systems for monitoring and ensuring compliance.

Criterion 28.1 –

- a) In Argentina, casinos are subject to AML/CFT regulation, and supervision or monitoring (AML/CFT Law, art.20(3)). FIU Resolution 194/2023 regulates the sector's AML/CFT duties. In addition to national, provincial, municipal, or private casinos in any form, all other providers of games of chance including bingos and lotteries; race betting shops; and providers of internet-based games of chance are also reporting entities. Casinos and other providers of games of chance are licensed by 24 provincial government authorities. Provincial regulations set out the requirements and conditions for obtaining licenses. In addition, all the reporting entities (including casinos) must register with the FIU (FIU Res. 50/2011) by submitting comprehensive information, including on their beneficial owners.
- b) The provincial agencies responsible for regulating and licensing casino operations require interested parties to verify that they are not criminals or associates of criminals who hold a significant or controlling interest, hold management positions or act as operators of a casino. Applicants must also provide detailed information on the beneficial owners of the casino. (This is based not on review of regulations of all 24 provinces rather on the review of a sample of provincial regulations.)
- c) Casinos are subject to supervision or monitoring for compliance with AML/CFT requirements. FIU's Supervision Department has the primary responsibility for AML/CFT supervision, monitoring and control of reporting entities, including casinos (AML/CFT Law, art.14(7), FIU Res.127/2023, and FIU Res.61/2023 and its Annex for the relevant supervisory procedures). Although all other DNFBP categories can be subject to supervision or monitoring, casinos should be subject to "supervision". This implies a more structured and systematic supervisory approach that should have established procedures and on-site and off-site tools. However, Argentina has a blanket approach in DNFBP supervision/monitoring and casinos are not distinguished from the rest of the DNFBPs. The current approach applied by FIU has the characteristics of a monitoring system that mostly relies on off-site tools.

Criterion 28.2 – The Supervision Department of the FIU is the competent authority for supervision or monitoring DNFBPs and ensuring their compliance of with AML/CFT requirements (AML/CFT Law, art.14(7) and FIU Res.127/2023). The FIU Supervision Division is supported by three regional agencies: The Northern, Littoral, and Central Regional Agencies. Each of these agencies has jurisdiction over various provinces.

Criterion 28.3 – In Argentina, DNFBPs are subject to systems for monitoring compliance with AML/CFT requirements. FIU Resolution 61/2023 and its Annex describe the supervisory procedures for controlling the compliance of reporting entities with the obligations to identify, assess, monitor, manage, and mitigate ML and TF risks.

Criterion 28.4 –

- a) The FIU has adequate powers for supervision, monitoring, and control of compliance with the obligations imposed on reporting entities including DNFBPs (AML/CFT Law, art.14).
- b) All reporting entities are required to report their beneficial owners to the FIU during the registration (FIU Res.50/2011). They are further required to submit a certification issued by the national registry regarding criminal background for natural persons, and a similar document for the members of the management bodies and the beneficial owners, in case of a legal structure (FIU Res.47/2024). However, there are no provisions about the consequences in the situation where the FIU detects an application for registration by criminals or their associates from being professional holding or being the beneficial owner of a significant or controlling interest or holding a management function. The FIU also relies on the entry controls of the provincial authorities.
- c) Argentina has sanctions applicable to DNFBPs if they fail to comply with AML/CFT requirements. (AML/CFT Law, art.23, 24). Some deficiencies related to dissuasiveness of sanctions have been addressed with revisions to the AML/CFT Law approved during the on-site as explained under R.35.

Criterion 28.5 –

- a) Argentina has a framework for supervising, monitoring, and controlling the AML/CFT compliance all reporting entities (including DNFBPs) on a risk-sensitive basis. The frequency, intensity, scope, and modalities (e.g., on-site/off-site) of AML/CFT supervision/monitoring are required to be based on the understanding of the risks of the different sectors and reporting entities.
- b) Corrective action must also be risk-based (FIU Res. 61/2023, Annex, A.2.(b)), even though the regulatory framework is quite prescriptive, and the discretion left to the reporting entities appears quite limited. This however adequately meets this criterion which refers to risk-based supervision.

Weighting and Conclusion

In Argentina, casinos are subject to AML/CFT regulation and monitoring and most lawyers (within a threshold) and of other DNFBP categories are subject to systems for monitoring compliance with AML/CFT requirements. All reporting entities including DNFBPs are required to register with the FIU. Argentina has a framework for supervising, monitoring, and controlling the AML/CFT compliance all reporting entities (including DNFBPs) on a risk-sensitive basis and corrective action must be risk-based.

However, Argentina has a blanket approach in DNFBP supervision/monitoring, and

casinos are not distinguished from the rest of the DNFBPs. There are also no provisions about the consequences in the situation where the FIU detects application for registration by criminals or their associates from being professionally accredited or holding or being the beneficial owner of a significant or controlling interest or holding a management function.

Recommendation 28 is Largely Compliant.

Recommendation 29 - Financial intelligence units

In its 2010 MER, Argentina was rated partially compliant with these requirements. Deficiencies included that only 6 out of 20 designated categories of offences were covered by the law; that the FIU did not have adequate access to additional information to assist in its analysis functions (partly due to secrecy provisions), and that it had not published any strategic report on ML/TF. Argentina has since addressed these deficiencies including by revising secrecy provisions and granting the FIU access to a broad variety of sources.

Criterion 29.1 – The Financial Intelligence Unit (FIU) is the national centre for the receipt and analysis of suspicious transaction reports and other information relevant to ML, associated predicate offences and TF, in charge of analysing, processing, and transmitting information for the purposes of preventing ML and TF (AML/CFT Law, art. 5). The FIU is empowered to receive STRs, instruct and conduct the analysis of acts that may constitute ML/TF and, where appropriate, make evidential elements obtained available to the AGO so that relevant actions are taken (AML/CFT Law, art. 13).

Criterion 29.2 – The FIU serves as the central agency for the receipt of STRs filed by reporting entities as required by Recommendation 20 and 23.

- a) The FIU is empowered to request reports (i.e., SARs/STRs), documents, background information and any other element it deems useful for the fulfilment of its functions (AML/CFT Law, art. 14).
- b) In addition to STRs, the FIU receives Monthly Systematic Reports and Annual Systematic Reports regarding certain transactions which meet a certain threshold (e.g., cross-border transactions, cash transactions for high amounts, incorporation of commercial companies). Their frequency and modality of submissions are indicated by the FIU (FIU Resolution 70/2011 and more recently, FIU Resolution 84/2023).

Criterion 29.3 –

- a) The FIU is able to obtain and use additional information from reporting entities as it is empowered to request reports, documents, background information and any other element it deems useful for the fulfilment of its functions from any legal person. In the context of STR/TFR analysis, reporting entities are not entitled to invoke banking, tax, stock exchange or professional secrecy rules (AML/CFT Law, art. 14).
- b) The FIU is empowered to request reports, documents, background information and any other element it deems useful for the fulfilment of its functions from any public body, either national, provincial, or municipal. The FIU is empowered to request collaboration from all information services of

the State (AML/CFT Law, art. 14.1 & 14.3). To facilitate access to information, between 2019-2023, the FIU entered into 18 agreements with public and private institutions which include the AGO, the PROCELAC, DAJuDeCO, the AABE, among others. The FIU also has access to motor vehicle, real estate, and migratory transit registers, among others; as well as commercial databases.⁷⁸

Criterion 29.4 –

- a) The Analysis Division of the FIU is responsible for conducting the financial intelligence analysis of operations/transactions or acts reported by reporting entities (FIU Resolution 127/2023, Annex II). Within the Analysis Division, the Operational Subdivision uses all information available as analysed under c.29.3 to identify targets, follow the proceeds of crime generated by predicate activity, and investigate ML and related predicate offences as well as TF offences (FIU Resolution 127/2023, Annex IV).
- b) Within the Analysis Division of the FIU, the Strategic Subdivision conducts strategic analysis, namely the identification and analysis of ML/TF patterns and trends, the identification of ML/TF typologies, preparation of reports on the quality of STRs, and STRs monitoring. It may also propose improvements to the Monthly Systematic Reports as well as to the STRs risk rating system (Risk Matrix of the Analysis Division) (FIU Resolution 127/2023, Annex IV).

Criterion 29.5 – Argentina's FIU can disseminate spontaneously and upon request, information, and the results of its analysis to relevant competent authorities using secure and dedicated channels. When the FIU upon completion of its analysis of a transaction, obtains sufficient evidentiary elements to confirm its ML/TF suspicious nature, it informs the Attorney General's Office. When the transaction is linked to an ongoing investigation, the FIU may communicate its suspicion directly to the judge in charge (AML/CFT Law, art. 19). In addition, the FIU may, at its own discretion, communicate information to other public entities having intelligence or investigative powers (Law 27260, art. 88).

The FIU signed several cooperation agreements with competent authorities to ensure that the information is exchanged through secure and protected channels.

Criterion 29.6 –

- a) The officials and employees of the FIU shall keep secret any information received in the course of their duty (AML/CFT Law, art. 22). The information handled by the FIU is incorporated and managed through a secure database. The FIU's Information and Communications Technologies Division (ICTD) is responsible for administrating the information and communication systems. The ICTD has a manual of procedures, lastly updated in 2019, and currently being reviewed and updated. The Manual of procedures includes measures such as classification and compartmentalisation of the information, different access levels, log-in controls, two-factor authentication, authorizations, and remote access.
- b) Upon their arrival at the FIU, all new staff are informed about their obligations to comply with the Information Security Policy and related regulations. They

⁷⁸ Including, among others: WorldCheck, NOSIS

are due to complete an onboarding course on information security and sign a confidentiality agreement.

- c) The information in the FIU database is stored in secure premises (biometric turnstiles, CCTV, badge access, etc.). The FIU has regional branches in Rosario, Salta and Posadas, but they do not store sensitive information locally – it is accessed via secured connections.

Criterion 29.7 –

- a) The FIU is autonomous and financially self-administered (AML/CFT Law, art. 5). It has the autonomous decision to analyse, request and/or forward or disseminate specific information (AML/CFT Law, art. 13, 14 & 19). The FIU's Advisory Council is integrated by seven representatives of relevant public organisms,⁷⁹ designated by the FIU President on a proposal from these organisms. The Advisory Council is presided by the President of the FIU, who has a voice but no vote in the decisions. The President of the FIU decides on the internal regulation of the Advisory Council, whose opinions/views are non-binding (AML/CFT Law, art. 16).
- b) The FIU has the capacity to enter into agreements and contracts with national, international, and foreign bodies to exchange information based on reciprocity (AML/CFT Law, art. 14, para. 9). At the time of the on-site, the FIU had signed 65 agreements with foreign partners and MOUs with national authorities.
- c) (N/A) The FIU is not located within any other authority.
- d) The FIU is a self-administrated and autonomous body, accountable to the Ministry of Justice since December 2023⁸⁰ but accounting of its obligations to the National Congress. The financial resources available to the FIU to perform its functions are provided by the national budget (AML/CFT Law, art. 27) and the National Treasury holds a special account for the FIU's budget.

Criterion 29.8 – The FIU of Argentina is a member of the Egmont Group since 2003.

Weighting and Conclusion

All criteria are met.

Recommendation 29 is rated Compliant.

Recommendation 30 – Responsibilities of law enforcement and investigative authorities

In its 2010 MER, Argentina was rated partially compliant with these requirements. Deficiencies related to an absence of effectiveness and the lack of a specific authority to waive or postpone arrest or seizure of criminal proceeds for evidence gathering purposes. Effectiveness is assessed separately from technical compliance in this mutual evaluation.

⁷⁹ BCRA, AFIP, CNV, Anti-drug Secretariat, Ministry of Justice, Ministry of Finance and Ministry of Interior.

⁸⁰ Prior to Decree DNU-2023-8-APN-PTE, the FIU was part of the Ministry of Economy.

Criterion 30.1 – In Argentina, the designated law enforcement authorities (LEAs) that have responsibility for ensuring the ML, associated predicate offences and TF are properly investigated are the National Judicial Branch (Constitution, art. 116) and the Public Prosecutor’s Office – PPO (Constitution, art. 120 and Law 27148, art. 1 & 3).

Argentina is currently implementing a new Federal Code of Criminal Procedure (FCCP) under which the PPO is exclusively in charge of the criminal investigation and proceedings against perpetrators, leaving the judge with a purely decision-making function (FCCP, art. 25, 52, 56 and 90). This Code is in effect in the provinces of Salta and Jujuy⁸¹ and in the jurisdiction of Rosario (province of Santa Fe and north of the province of Buenos Aires), while, for the rest of the country, the National Code of Criminal Procedure (NCCP) remains in force. Under the NCCP, the judge may choose either to conduct the investigation himself, in which case the public prosecutor will promote the criminal proceedings by formulating allegations, proposals and requests to the judge (NCCP, art. 193, 194 & 196; Law 27148, art. 3), or to delegate the conduct of the investigation to the public prosecutor, who will become directly responsible for it (NCCP, art. 196).

Within its central structure, the AGO – Head of the PPO – has specialised offices competent to initiate preliminary investigations and filing the criminal complaint. The competent investigating judge or public prosecutor, depending on the case, may request the assistance of these offices to follow up with the case (Law 27148, art. 10, 22, 24, 27 & 32).

The Prosecutor’s Office for Economic Crimes and Money Laundering (PROCELAC) is a specialised office with competence over ML, TF, smuggling, tax evasion, financial and stock market fraud. In the matter of corruption, the competence is complementary to that of the Prosecutor’s Office for Administrative Investigations (PIA). Other specialised offices include notably the Prosecutor’s Office against Drug Crime (PROCUNAR), the Prosecutor’s Office for Trafficking and Exploitation of Human Beings (PROTEX), the Specialised Unit for Cybercrime (UFECI) and the Secretariat for the Comprehensive Analysis of International Terrorism (SAIT).

When conducting investigations, judges and prosecutors may request the assistance of security forces, i.e., the Argentinian Federal Police (PFA), the Airport Security Police (PSA), the Argentinian National Gendarmerie (GNA) and the Argentinian Coast Guard (PNA) to investigate public offences, prevent the acts committed from leading to further consequences, identify the perpetrators and collect the evidence on which the charges are based (NCCP, art. 183). Similar provisions are foreseen by the FCCP, which provides that the PPO shall issue the general instructions necessary to coordinate the work of the security forces with a view to achieving maximum efficiency in the investigation of criminal offences (FCCP, art. 97). As such, these security forces act as auxiliary forces to LEAs and have competence to participate, in said role, in ML, TF, and related-offences investigations – in addition to their preventive measures they carry out in the framework of their competencies. They are directed and coordinated by the National Ministry of Security, which, when appropriate, ensures its coordination with the provincial security forces, and assists the AGO and prosecutors as requested.

Criterion 30.2 – In Argentina, it is at the discretion of judges and prosecutors to investigate ML/TF through a financial investigation conducted in parallel with the

⁸¹ And in the jurisdiction of Rosario (province of Santa Fe and north of the province of Buenos Aires) since 6 May 2024 (Resolution 2024-64-APN-MJ).

investigation of the predicate offence under their own competence. Confiscation provisions stipulate that judges, either on their own initiative or at the request of the prosecutor, may take measures to ensure the confiscation of assets when investigating ML/TF cases (CC, art. 23 & 305). Besides, prosecutors are authorised to examine any facts and collect evidence related to property/financial information that makes it possible to identify and trace assets being likely to subject to confiscation (NCCP, art. 194 and 196; FCCP, art. 25 & 90). In addition, prosecutors shall conduct property/financial investigations in cases of corruption, drug trafficking, ML, human trafficking, tax evasion, smuggling and other crimes related to economic crime (PGN Resolution 134/2009, applicable both where the CPPN and FCCP apply). This however does not fully encompass the elements of a financial investigation as understood by the FATF standards.

Criterion 30.3 – Both the PPO and the judiciary may take measures to identify and trace assets, including real estate, movable property, commercial funds, deposits, means of transport, computers, technical and communications equipment and any other property or patrimonial rights which, being instruments or effects connected with the offence(s) under investigation, which are or become subject to confiscation. The judge is responsible for freezing or confiscating these assets, either on his own initiative or at the request of the public prosecutor (CC, art. 23 & 305). Judges and prosecutors shall proceed immediately with the investigation of facts that happened in their legal circumscription and shall decide how to guide the investigation (NCCP, art. 194 and 196). In jurisdictions where the FCCP applies, investigative measures aimed at identification and tracing are the exclusive competence of the public prosecutors (FCCP, art. 90 and 310).

As an exception to the requirement of judicial authorisation to order the freezing of assets, the FIU is empowered to order the administrative freezing of assets and listing of persons in cases of TF by means of a well-founded decision and with immediate notification to the competent judge (Law 26374, art. 6; Decree 918/2012, art. 5 & 11; and 29 & 30). Besides, the FIU can request a competent judge, through the PPO, to order the suspension of the execution of any transaction before it is carried out, in the framework of ML, TF or PF investigation (AML/CFT Law, art. 14, para. 5). Also see R.4.

Criterion 30.4 – In Argentina, R.30 applies to the General Customs Directorate (DGA) and the General Tax Directorate (DGI) – since 1997 grouped under the Federal Administration of Public Revenue (AFIP) – which are not LEAs *per se* but are empowered to instruct proceedings in cases of customs or tax and social security violations (not offences) (Decree N° 618/1997, art. 1 & 9, paras. 2 h) and 3 b)). Both are empowered to freeze and seize goods (Law 22415, art. 119, 122, 915 to 926 and 947 to 993 – also see R.32). DGI may request the criminal judge to apply the necessary measures (Law 24769, art. 21) to collect evidentiary elements related to a tax or social security crime, such as the search of a domicile or the seizure of such evidence. R.30 also applies to the FIU which is empowered to conduct financial analysis to prevent ML and TF (AML/CFT Law, art. 6).

Criterion 30.5 – Federal prosecutors and judges are competent to investigate acts of corruption, as well as ML derived from corruption. Within the PPO, there are a series of specialised prosecution offices (Law 27148, art. 22), which have the power to initiate property/financial investigations aimed at identifying, freezing, and confiscating assets linked to these crimes. Two specialised offices share complementary competence over corruption offences: PROCELAC (PGN Resolution 914/12, art. 1, 2 & 4; ch. IV, parts a and b), and PIA (PGN Resolution 2970/2015, art.1).

In addition, the PPO has general directorates that provide support in financial investigations, asset tracing and strategies to freeze and confiscate assets: the General Directorate for Economic and Financial Advice in Investigations (DAFI, PGN Resolution 341/2014) and the General Directorate for Asset Recovery and Forfeiture (DGRADB, Resolutions 339/2014 and 2636/2015, art. 5; Law 27148, art. 33.g). Argentina also has a dedicated Anti-Corruption Office (OA) under the President's Office, which has a mandate to conduct administrative investigations related to the Law of Public Ethics (Law 25233, art. 13). It does not have a criminal investigation power on ML/TF cases.

Weighting and Conclusion

Argentina has most elements of R.30 in place. The law does not explicitly refer to financial investigations as understood by the FATF standards.

Recommendation 30 is rated Largely Compliant.

Recommendation 31 - Powers of law enforcement and investigative authorities

In its 2010 MER, Argentina was rated largely compliant with these requirements because of effectiveness concerns, which are now assessed separately in this mutual evaluation.

Criterion 31.1 -

Competent authorities in charge of investigating ML, TF and associated predicate offences can access a wide range of information.

- (a) The PPO and judges are empowered to access all the documentation and information necessary for investigations and prosecutions and related actions, including requesting any reports considered pertinent and useful (NCCP, art. 212 & 232). In addition, the PPO is empowered to request reports from national, provincial, and municipal agencies, as well as to private entities and individuals (Law 27148, art. 7). These provisions do not explicitly refer to records held by FIs, DNFBPs and other natural or legal persons, but are broad enough to cover them. Federal judges can request information from governmental and private entities to promote the investigation on any type of offence within federal jurisdiction (FCCP, art. 122). Any person who is in possession of objects or documents that may be used as evidence shall have the duty to produce and deliver them upon request (FCCP, art.147). Besides, the FIU is empowered to request any kind of reports from any public and private entities to prepare financial analyses to be used in investigations (AML/CFT Law, art. 14).
- (b) The judge may order *ex officio* or at the request of the PPO the search of persons and premises with the proper search warrant, if necessary (NCCP, art. 212, 216, 224, 225 & 226; FCCP, art. 136-144).
- (c) The judge is empowered to interrogate any person when their statement may be useful to find out the truth, who is obliged to attend the court summons and tell the truth (NCCP, art. 239 & 240; FCCP, art. 161). However, lawyers and notaries are exempted to do so for information that is specific to the lawyer-client relationship, is provided on a confidential basis, and is for the purpose of seeking, obtaining or providing legal assistance, and that came to their

knowledge through their office or profession – unless they are released from the duty of secrecy by the interested party (NCCP, art. 244; FCCP, art. 160). The PPO may summon persons to give testimony, who shall have the duty to appear and, if they fail to do so, they may be forced to appear by the security forces (Law 27148, art.7).

- (d) LEAs are empowered to seize, maintain in custody, and analyse evidentiary elements within the framework of any criminal proceedings (NCCP, art. 184, 216, 231, 233, 234, 235; FCCP, art. 147, 148, 152, 156 & 157). It should be noted that the authorities are working towards a more efficient interaction between the PPO and the security forces when it comes to seizure and custody (PGN Resolution 40/2019): in that sense, they elaborated a guide on “Best practices for the registration and preservation of evidentiary elements and/or for precautionary purposes through the chain of custody” (PGN Resolution 76/2019) and a “Practical Guide for the Identification, Traceability and Seizure of Crypto assets” (PGN Resolution 33/23).

Criterion 31.2 –

The PPO and the Judiciary are provided with a series of special investigative techniques encompassing the necessary tools and powers for the investigation, prevention, and fight against complex crime, including:

- (a) Undercover operations, which cover both undercover and revealing agents (Law 27319 – complementary to the NCCP – art. 212; FCCP, art. 182, 185 & 186).
- (b) Interception and seizure of mail and telegraphic correspondence, and interception of any type of communication (NCCP, art. 212, 213, 234-236; FCCP, art. 150 & 153).
- (c) Access to computer systems through a judge’s order, either *ex officio* or at the request of the prosecutors (NCCP, art. 213, 216, 232 & 236; FCCP, art. 136 & 151).
- (d) Application of controlled delivery measures – at the judge’s own initiative or at the request of the AGO, in a unilateral hearing (Law 27319, art. 15; FCCP, art. 193 & 194). The judge may even suspend the interception in the Argentine territory of an illicit consignment and allow it to enter, pass through or leave the national territory, without interference of the competent authority but under its control. These provisions are applicable to the criminal investigations being held for ML, TF and a set of associated predicate offences covered (Law 27319, art. 2; FCCP, art. 182). However, these do not cover all designated predicate offences as required by the FATF standards since migrant smuggling, counterfeiting currency, environmental crimes, robbery, tax crimes and bribery, are not mentioned unless committed by a criminal association – since this is usually the case, the AT deems it is a minor deficiency.

Criterion 31.3 –

- (a) Investigative judges and prosecutors are empowered to request, as appropriate, information from private entities, who shall provide it without delay (NCCP, art. 212 & 232; FCCP, art. 122, 147 & 174; Law 27148, art. 7). Investigative judges and prosecutors send their requests to the BCRA when it comes to identifying bank accounts, and to the Caja de Valores when it comes

to negotiable securities. In addition, the PPO has signed cooperation agreements for the exchange of information with the BCRA, the National Securities Commission, and the settling mechanism COELSA.⁸² The judge can order private entities to disclose information about their liabilities and transactions conducted by brokers on behalf of third parties (Law 21526, art. 39 and Law 17811, art. 46). Where the NCCP applies, the judge issues an order lifting secrecy, either ex officio or at the request of the public prosecutor; while where the FCCP applies, the request is made by the prosecutor leading the investigation, without the need for a prior court order (BCRA Communication “A” 7711). The PPO and the FIU are also empowered to request data to private entities (see c.31.1(a)).

- (b) Argentina’s legislation ensures the secrecy of the criminal investigation before third parties (NCCP, art. 204; FCCP, art. 230 & 233). With regard to financial investigations, the National Code of Civil and Commercial Procedure (NCCCP) stipulates that precautionary measures shall be taken and complied with without hearing of the other party; the interested party is notified only when the precautionary measure is carried out, guaranteeing the secrecy (NCCCP, art. 198; NCCP, art. 520). Public servants who disclose secrets will be subject to a penalty (CC, art. 157) and failure to comply with the judge order constitutes a crime (CC, art. 239).

Criterion 31.4 – Judges and prosecutors are empowered to request, as appropriate, information from any public entity, which includes the FIU (NCCP, art. 212 & 232; FCCP, art. 122, 147 & 174; Law 27148, art. 7). Although no explicit provisions exist, the AFIP can request info from every public entity, including the FIU, during the investigations on ML/TF and associated predicate offences. Please also refer to c.31.1(a). In addition, the FIU can, at its own discretion, communicate information to other public entities with intelligence or investigative powers (Law 27260, art. 88). The FIU is also empowered to sign agreements with national, international, and foreign bodies (AML/CFT Law, art. 14 para. 9). In this regard, between 2019 and 2023 the FIU entered into 18 agreements with public and private institutions which include, among others, the PPO (general and specific with PROCELAC), DAJuDeCO and the AABE, to facilitate information exchange.

Weighting and Conclusion

Competent authorities in Argentina have a broad range of investigation powers. However, some minor deficiencies remain. Lawyers and notaries are exempted of testimony when it comes to confidential acts that came to their knowledge through their office or profession if they are not released from the duty of secrecy by the interested party. Some predicate offences are not covered by the application of controlled delivery measures if not committed by a criminal organisation. The AFIP has no explicit powers to ask for all relevant information held by the FIU.

Recommendation 31 is rated Largely Compliant.

⁸² Compensadora Electrónica SA (COELSA) is a technology company and electronic chamber engaged in the clearing of transactions among financial entities comprising the National Payment System in Argentina.

Recommendation 32 – Cash Couriers

In its 2010 MER, Argentina was rated partially compliant with these requirements. Deficiencies related to the lack of provisions for incoming and outgoing cash or bearer negotiable instruments (BNIs), the absence of an authority to seize or restrain currency/BNIs when there is an ML/TF suspicion, the inability to apply sanctions if a person does a truthful declaration but authorities suspect it could be related to ML/TF, the inability to seize and confiscate property of corresponding value, and the fact that ability to confiscate TF-related property was limited to the scope of the TF offence. Argentina largely addressed most of these deficiencies. Notably, authorities now have powers to seize documents and any material or element useful for investigations, and collect any urgent information useful to the PPO, among other measures.

Criterion 32.1 – Argentina has a declaration system implemented by the Federal Administration of Public Revenue (AFIP) for incoming and outgoing accompanied cross-border transportation of currency and monetary instruments⁸³, in national or foreign currency, when their amount equals or exceeds USD 10 000⁸⁴ (USD 5 000 for passengers aged below 16 years of age) (AFIP General Resolutions 2704 and 2705, art. 4).

Since 2001, there is a general prohibition in Argentina to take out of the territory foreign currencies, in cash and monetary instruments, when their amount equals or exceeds USD 10 000. When this is the case, Argentina requires the export of foreign currency and monetary instruments to be done through entities supervised by the Superintendence of Financial Foreign Exchange Entities and with previous authorization of the BCRA (AFIP General Resolution 2705, art. 1 & 3). As indicated by the authorities and supported by cases, this prohibition also applies to Argentinian pesos, although the text is not clear.

When it comes to unaccompanied cash or BNIs, there is an obligation to declare any *incoming* amount of foreign or national currency (transported through cargo, mail or other means) that equals or exceeds USD 10 000 (AFIP General Resolution 3751/1994, Annex III, art. 1.3). There are no such requirements when it comes to *outgoing* unaccompanied cash or BNIs, but this is somewhat mitigated by the general prohibition mentioned above, although it only applies to foreign currencies.

Criterion 32.2 – (a)(b)(c) All passengers carrying currency or BNIs above the designated threshold of USD 10 000 (or USD 5 000 for minors below 16 years of age) must complete a written declaration upon arrival and departure of the country (form OM-2249-A for incoming travelers, AFIP General Resolution 2704, art. 1; form OM-2250-B for outgoing travelers, AFIP General Resolution 2705, art. 4).

Criterion 32.3 – (N/A) Argentina uses a declaration system and not a disclosure system.

Criterion 32.4 – Customs agents and, within the scope of their competencies, security, and police forces, may identify and search persons and goods, including means of transport, where there are suspicions of the commission of a customs

⁸³ “Any method of payment, such as travelers’ checks, checks and promissory notes” (AFIP General Resolution 2704/2009, art. 1). This includes money orders and is in line with the FATF requirements.

⁸⁴ Based on the exchange rate corresponding to the previous working day as informed by the Argentinian Central Bank.

offence (Law 22415 or Customs Law, art. 119 & 122). They may question witnesses, seize documents and any material or element useful for the investigation, and collect any urgent information useful to the PPO, among other measures (NCCP, art. 184 & 230 *bis*; FCCP, art. 96 and 138).

Criterion 32.5 – Any person omitting to declare when required or making a false declaration, will be fined with half to twice the Customs value of the infringed goods (i.e., the amount in excess of what is allowed). Argentina demonstrated that bank notes may be considered goods for the purpose of this criterion. This fine should never be lower than the amount of taxes applied to the import for the consumption of the goods (Customs Law, art. 978). The minimum amount is too low to be dissuasive.

Criminal sentences can be imposed for cash smuggling: from two to eight years of imprisonment for simplified cases and for four to ten years in the most severe cases (Customs Law, art. 863-865). In addition, the Customs Code provides for seizure of the goods and a fine of four to 20 times the market value of the goods (Customs Law, art. 876).

Criterion 32.6 – (a)(b) The FIU has direct online access to the computerized “System of Incoming and Outgoing Assets” where all declarations are stored by the AFIP (AFIP General Resolutions 2704, art. 4 and 2705, art. 5).

Criterion 32.7 – Following the merger of the Customs and the Tax Directorates, the AFIP is both the Tax and Customs authority in Argentina and, as such, is responsible for customs control at the border and tax administration. The Federal Police and Security forces are auxiliary customs police force, which means that in the event of a customs and/or migratory infringement, they are empowered to act *ex officio*, (Law 22415, art. 119 & 120). The AFIP, the National Directorate of Migration, the National Administration of Civil Aviation and the National Directorate of Airport Security have created a mechanism to share relevant information in real time, with a view to prevent crime more efficiently (General Resolution 2667, Dispositions 1/2014 and 618/2014). Besides, the AFIP has signed agreements with relevant counterparts to foster and facilitate cooperation, namely the National Directorate of Migration (2010), Ministry of Security (2019 and 2021), and the National Gendarmerie (31/01/2023). The AFIP, which acts as a reporting entity, has also regular exchanges with the FIU (see c.32.6).

Criterion 32.8 – Customs officers and, within the scope of their competencies, security, and police forces, may identify and search persons and goods and hold, seize or intercept these goods when there is suspicion of a customs offence, and then submit them to the competent authority within 48 hours (Law 22415 or Customs Law, art. 119). There is no explicit reference to restraining the currency for the purposes of ascertaining whether evidence of ML/TF can be obtained. However, customs officers have general investigative powers that would allow them to seize objects as they are law enforcement authorities (see c.31.1 and c.32.4).

Criterion 32.9 – All declarations and related information are electronically stored in the “System of Incoming and Outgoing Assets” without time limit and can be made available to competent authorities when required within the framework of a judicial or administrative investigation, as well as to respond to international cooperation requests. This system contains all data contained in the relevant declarations (AFIP General Resolution 2704/2009, art. 3) including, but not limited to: amounts that exceed the prescribed threshold, whether the declaration is a false or misleading declaration and whether or not there is suspicion of ML/TF.

Criterion 32.10 – Data contained in declarations of cash or BNIs is processed by the AFIP and other competent authorities only. There are no barriers to the trade payments or freedom of capital movements.

Criterion 32.11 – Persons carrying out a physical cross-border transportation of currency or BNIs linked with ML, TF, or predicate offences, are subject to:

- (a) Penalties that apply to ML and TF offences (see. R.3 and R.5): for ML, imprisonment from 3 to 10 years and a fine of 2 to 10 times the amount of the transaction; for TF, see R.3 and R.5. in addition to the sanctions mentioned under c.32.5. These sanctions, which are additional to the sanctions mentioned under c.32.5, are considered proportionate and dissuasive.
- (b) The AFIP may seize cash, which will ultimately be confiscated if a conviction is achieved (see R.4). However, deficiencies related to property of corresponding value (see R.4) apply.

Weighting and Conclusion

Argentina has most elements of R.32, but minor shortcomings remain. There is no declaration obligation for outgoing transport by cargo or mail, although this is somewhat mitigated by the general prohibition to take out foreign (and national) currency above USD 10 000 from Argentina. There is no explicit reference to restraining the currency for the purposes of ascertaining whether evidence of ML/TF can be obtained. Sanctions for false declarations are not dissuasive. Deficiencies identified in R.4 apply.

Recommendation 32 is rated Largely Compliant.

Recommendation 33 – Statistics

In its 2010 MER, Argentina was rated non-compliant with these requirements because Argentina lacked comprehensive statistics on ML/TF investigations, prosecutions, and statistics on property frozen or seized related to ML/TF. There were also no statistics on mutual legal assistance and extradition requests. Argentina has since improved statistics to some extent.

Criterion 33.1 – Argentina maintains statistics on matters relevant to the effectiveness and efficiency of its AML/CFT system through different systems, due to the federal organisation of the country. Centralised registries have been established; however, they are not yet fully functional.

- (a) The FIU is required to submit an annual report on its management, which includes STRs received and disseminated (FIU Resolution 152/2016 and AML/CFT Law, art.15(1)).
- (b) Argentina has statistics on ML/TF investigations, prosecutions, and convictions; however, the data is not yet comprehensive and systems to keep data are under development. In addition, ML statistics are not broken down by the type of ML offence. The National System of Judicial Statistics (SNEJ) has been established since 2012 to collect data on the number of judicial proceedings initiated and the main procedural measures taken in relation to them, however the system is not yet fully functional. The Directorate of Legal Assistance in Complex and Organised Crime (DAJUDECO) has been tasked to compile statistics on ML/TF offences (CSJN Operating Rule 30/16 point 4 (e)). In addition, The Attorney General's Office (MPF) is responsible for providing

information on ML/TF-cases. (PGN Resolution 914/13). All Public Prosecutor's (PGN) offices register their criminal cases in the Coirón case management system since 2017 (PGN Resolutions 80/2020 and 56/2022).

- (c) Argentina has some statistical information on property frozen, seized and confiscated. Argentina has created a National Registry of Property Seized and Confiscated in Criminal Proceedings (RNBSD) in June 2011 (Decree 826/2011). However, the registry receives information from only some of the relevant authorities. The National Supreme Court of Justice (CSJN) has a General Database of Assets Seized and/or Confiscated in Criminal Cases (CSJN Operating Rule 1/2013 and Operating Rule 33/15), and all national and federal courts are instructed to provide complete details of all assets of any nature that are subject to a criminal jurisdictional decision. However, the information is not complete. The security forces also keep statistics on preventive measures conducted within the framework of both preventive and investigative procedures. In addition, the General Directorate of Asset Recovery and Asset Forfeiture (DGRADB), which operates under the Attorney General's Office (MPF), has a database that contains information on judicial measures aimed at asset recovery, confiscation, and management.
- (d) Argentina keeps information on mutual legal assistance or other requests for international cooperation made or received, primarily through the Directorate of International Legal Assistance (DAJIN) of the Ministry of Foreign Affairs, International Trade and Worship (MRECIC) (Administrative Decision 576/2022) and the National Directorate for International Affairs (DNAI) of the Ministry of Justice. In addition, the MPF keeps statistics on the MLA and extraditions requests it intervenes in, as well as the requests for direct cooperation based on inter-institutional memorandums between homologous authorities or through the networks that the MPF is a member of. Specifically, statistics are kept by General Directorate for Regional and International Cooperation (DIGCRI), which operates under the MPF (AG's PGN Resolution 98 (2020), Resolution No. 426/2016, Law 27148, s. 33).

Weighting and Conclusion

Argentina maintains statistics in the four areas listed by the Methodology ((a) – (d)) to monitor the effectiveness of its system, however, information on ML/TF investigations and prosecutions, and property frozen, seized and confiscated is not comprehensive.

Recommendation 33 is rated Largely compliant.

Recommendation 34 – Guidance and feedback

In its 2010 MER, Argentina was rated non-compliant with these requirements because there were no guidelines provided to FIs by financial supervisors. Some guidance and feedback have since been provided to FIs, especially by the FIU as the main AML/CFT supervisor.

Criterion 34.1 – The FIU is, as main AML/CFT supervisor, mandated by law to “issue guidance, guidelines, and instructions to be complied with and implemented by the reporting entities under the AML/CFT law, prior consultation with the SOBs (...).” (AML/CFT Law, art. 14, para.7). In line with that obligation, the FIU and the AML/CFT supervisors have delivered a total of 929 training and reach-out activities,

particularly in 2023 and 2022. Apart from a series of 20 sector-specific seminars in 2023 with the reporting entities to review and improve the quality of STR reporting and the FIU's publications on the quality of STR and institutional risk assessments, most of these activities focused on the dissemination of FATF and other international guidance, NRA, and preparation for Argentina's 4th round mutual evaluation. Notwithstanding the value of this effort, and the existence of domestic guidance and training activities on institutional risk assessments and quality of STRs there is no "guidelines" and "feedback" to assist FIs and DNFBPs in applying national AML/CFT measures such as such as CDD, beneficial ownership, internal controls, PEPs, TBML, and TF.

Weighting and Conclusion

The FIU is mandated by law to issue guidance, guidelines and instructions and has done so, as well as held several training and outreach activities, together with SOBs, including on institutional risk assessment and quality of STRs. However, there is no guidelines and feedback to assist FIs and DNFBPs in applying domestic AML/CFT measures such as such as CDD, beneficial ownership, internal controls, PEPs, TBML, and TF.

Recommendation 34 is rated Largely Compliant.

Recommendation 35 – Sanctions

In its 2010 MER, Argentina was rated non-compliant with these requirements because the legal basis of the sanctions regime (e.g., for the BCRA and SSN) were not clear or not explicit and the range of sanctions was not dissuasive. This was improved including by amendments to the AML/CFT Law before the end of the on-site visit March 2024.

Criterion 35.1 – Supervisors have a range of administrative sanctions available to deal with natural or legal persons that fail to comply with the AML/CFT requirements of Recommendations 6, and 8 to 23. The sanctions include: warnings; reprimands; reprimands with the obligation of publishing the part of the resolution containing the decision in the Official Gazette of the Argentine Republic and in up to two national newspapers at the expense of the reporting entity subject to the sanction; fines (of one to ten times the total value of the property or transaction(s), in the cases in which the breaches are related to the failure to report suspicious transactions or the failure to report such transactions within the time limits and in the form and manner prescribed; 15 to 2 500 units for the rest of the cases of non-compliance, per breach); disqualification of up to five years from serving as a compliance officer.

Upon any AML/CFT breaches the FIU can recommend suspension and revocation of license or authorisation of a reporting entity to specific oversight bodies (SOBs), registries and/or professional organisations in charge of regulating the respective professions or activities (art.24, AML/CFT Law). These bodies are required to cooperate with the FIU both for supervision and when determining sanctions (FIU Res. 72/20223).

Tipping-off and failure to comply with the duty of confidentiality will be sanctioned with a fine of 15 to 2 500 units (AML/CFT Law, art. 23). The fines are proportionate and dissuasive, and the FIU is mandated to apply them in an effective, proportionate, and dissuasive way. Chapter IV of the AML/CFT Law sets the "unit of measurement" (multiplier) at ARS 40 000. The FIU is empowered to update said value during each

budget year. It must consider the nature and risk of the breach, the size of the reporting entity's organisation, the background to and the conduct involved in the case (According to the article 24 of AML/CFT Law).

Criterion 35.2- Sanctions are applicable to directors and senior management of FIs and DNFBPs (AML/CFT Law, art. 14, 23 and 24). Fines in article 23 for facilitating ML/TF related out of recklessness or gross negligence are applicable only to legal persons. But the amended article 278 of the Penal Code adequately covers the same violation by natural persons, which would include directors, and senior management. In cases of non-compliance with the AML/CFT Law, the FIU can also disqualify natural persons from serving as a compliance officer for five years, and recommend to specific oversight bodies (SOBs), registries and/or professional organisations disqualification of natural persons from administrative bodies for up to five years (art.24(5)).

Weighting and Conclusion

All criteria are met.

Recommendation 35 is rated Compliant.

Recommendation 36 – International instruments⁸⁵

In its 2010 MER, Argentina was rated partially compliant with these requirements mainly because of deficiencies in the ML offence relating to possession of proceeds of crime and exemptions from criminal liability for acquiring, concealing, and disguising proceeds of crime (Vienna and Palermo Conventions); a lack of ML criminal liability for person who committed the predicate offence (self-laundering) and lack of adequate special investigative techniques (Palermo Convention); and a limited scope of the terrorist financing offence (CFT Convention). Argentina since has addressed some of these deficiencies including by amending its ML and TF offence.

Criterion 36.1 – Argentina is party to the Vienna (Law 24.072 (1992), Palermo (Law 25.632 (2002), Merida (Law no. 26.097 (2006)) and TF Conventions (Law no. 26.024 (2005)).

Criterion 36.2 – Argentina has mostly implemented the provisions of the Vienna, Palermo, Merida, and TF Conventions. There are still minor shortcomings in the criminalisation of their typical offences (art. 3 of the Vienna Convention, art.5 of the Palermo Convention, art. 2.1 of the FT Convention).

Weighting and Conclusion

There are minor shortcomings with respect to the criminalisation of some of the offences covered by the Vienna, Palermo, and TF Conventions (see R.3 and R.5).

Recommendation 36 is rated Largely Compliant.

⁸⁵ UNODC Implementation Review Mechanism "Review Cycle: 2 (Chapter II and V)" has not yet been published for Argentina.

Recommendation 37 - Mutual legal assistance

In its 2010 MER, Argentina was rated partially compliant with these requirements mainly because the effectiveness of the system in responding to MLA requests in a timely and constructive manner had not been demonstrated. Effectiveness is assessed separately in this mutual evaluation.

Criterion 37.1 – Argentina has a legal basis which allows competent authorities to rapidly provide the widest range of MLA in relation to ML, associated predicate offences and TF, as all domestically available investigative powers and tools can be provided (Law 24767, art. 1).

While the existence of a treaty is not a requirement to provide MLA, Argentina is a party to numerous bilateral and multilateral MLA agreements in criminal matters. Where a treaty is in force, it will govern the processing of assistance. The law is used for its interpretation and will apply to any matters not covered in the treaty (Law 24767, art. 2). In the absence of treaty, MLA can be executed based on the principle of reciprocity (Law 24767, art. 3). Coordination and support mechanisms are in place at the judicial level, including the DIGCRI, collaboration agreements between MPF and the Council of Prosecutors and collaboration agreements between MPF and some of the provincial Public Prosecutor's Offices.

Criterion 37.2 – The central authority for international legal assistance is the Directorate of International Legal Assistance unit within the International Trade and Worship department at the Ministry of Foreign Affairs is the central authority (Law 22520, art. 18). The Directorate of International Legal Assistance (DAJIN) is the unit within the Ministry that carries out the functions.

The only exception is for MLA requests pursuant to the agreement signed with United States and Uruguay, where the National Directorate of International Affairs at the Ministry of Justice, Security and Human Rights is the central authority. The National Directorate of International Affairs (DNAI) is the unit within the Ministry that carries out the functions.

In the absence of a treaty, requests must be sent through diplomatic channel and do not require certification or authentication in the requesting country (Law 24767, art. 4). This has the advantage of being time efficient.

The administrative proceedings are governed by law (Law 24767, art. 73). DAJIN has clear processes for the timely prioritisation and execution of MLA requests, which are classified according to urgency, certain types of offences and nature of measures required (Disposition DI-2024-2-APN-DAJI#MRE). DNAI has an internal strategy of processing all requests (which, as per their competences, can originate only from two countries) in four days.

As of 2019, 90 % of the legal cooperation in criminal matters has been taking place exclusively by electronic means. The only situations where electronic means are not used is when counterparts does not accept electronic documents, or where the evidence must be submitted in a physical format. DAJIN has a case management system (DAJINGES), which is currently being updated in order to make it compatible with the GDE (gestión documental electrónica), which is an electronic document management system used at national level by the Public Administrations. The National Directorate of International Affairs (DNAI) does not have a proper case management system but uses the GDE and internal e-mail alert to keep track of incoming/outgoing requests. DAJIN also uses another computerised encrypted

communication system called MOVDOC, which enables secure communication with the network of Argentinian embassies and consulates abroad.

Criterion 37.3 – Requests for MLA assistance are not subject to unreasonable or unduly restrictive conditions (Law 24767, art. 67). Grounds for refusal include situations where the request is related to an offence considered as a crime of a political nature or a crime provided for in military law, the prosecution relates political opinion, nationality, race or religion, there are substantial grounds for believing that the person sought might be subject to torture or cruel, inhuman or degrading treatment, or that the offence for which the request is made is punishable by death, and the person has already been tried for the same act. Similar conditions are included in the MLA treaties signed.

Criterion 37.4 –

- (a) Argentina’s law does not allow for requests to be refused on the sole grounds that the offence may also involve fiscal matters (Law 24767, art. 8-10);
- (b) nor on the ground of secrecy or confidentiality requirements of FIs or DNFBPs (Law 24767, art. 8-10). In addition, banking secrecy is lifted for FIs with respect to information requested by courts, the Central Bank, tax authorities and other FIs themselves, when previously authorised by the BCRA (Law 21526, art. 39).

Furthermore, the judicial authorities responsible for the execution of the MLA requests, when ordering the measures necessary for compliance, can exempt the institutions required to provide the information or documentation from their obligation to maintain secrecy, reserve, or confidentiality (See R.9, art. 39 of Law 21526 on financial institutions, art. 101 of Law 11683 on tax procedures and art. 8 of Law 17811 on public offering of securities, lifting the secrets to request or order of judicial authority).

Criterion 37.5 – The confidentiality of MLA and extradition procedures is governed by Law in Argentina (Law 24767, art. 24 and 70). In addition, authorities are also required to maintain the confidentiality of mutual legal assistance requests in accordance with the relevant multilateral conventions and bilateral treaties on mutual legal assistance. Furthermore, there is an obligation on civil servants to keep confidential all information obtained in their professional duties. A breach of this duty is criminalised (Criminal Code, art. 157).

Criterion 37.6 – The dual criminality requirement does not apply to MLA requests in cases of non-coercive measures (Law 24767, art. 68).

Criterion 37.7 – Dual criminality is just required for requesting coercive measures (Law 24767, arts.24 and 68). The Law does not provide details regarding the extent and nature of this requirement, which appreciation is left to court. However, jurisprudence shows that Argentina takes a conduct-based approach to dual criminality. To satisfy the dual criminality requirement, the foreign country’s offence provisions do not need to be identical to the equivalent offence under Argentinean law. The dual criminality requirement is satisfied if the conduct constituting the offence is considered a crime had it occurred in Argentina (CSJN “G R, Moisés y otros s/ extradición”, 14/5/2018 – Perú; CSJN “H.G., Lucas Martín y otros s/extradición”, 9/02/2018 – EEUU; CSJN “F.G., Carlos s/ extradición”, 30/5/2019 – España; CSJN “Pérez Meza, Flor Mercedes s/otros y extradición”, 5/9/2017 - Perú).

Criterion 37.8 – Argentine authorities can exercise all powers and investigative

techniques which are available to domestic proceedings, as no restrictions are provided by the Law for MLA requests. This includes:

- a) The production, search, and seizure of information, documents, or evidence from FIs or other natural or legal persons and the taking of witness statements. More specifically:
 - The search of premises and personal search (including FIs and any other legal person) (National Code of Criminal Procedure (CPPN), art. 224 to 230 bis; Federal Code of Criminal Procedure (FCCP), art. 137 to 146).
 - The seizure of objects or documents considered useful evidence, including financial records (CPPN, art. 231 to 233; FCCP, art. 147 to 149).
 - The interception of communications (including the search of computer systems) (CPPN, art. 234 to 238 and FCCP, art. 150 to 157.)
 - the taking of witness statements, which must follow the procedure (CPPN, art. 239, 240, 242, 243, 244, 247, 249);
 - The taking of evidence (CPPN, art. 239 to 252; FCCP, art. 158 to 166).
- b) A broad range of other powers and investigative techniques such as communication surveillance and interception such as “undercover agent”, “revealing agent”, “informant”, “controlled delivery” and “long-arm jurisdiction”. The offences for which Argentinean Law authorises the use of these investigative techniques include money laundering (article 303 of the Criminal Code), terrorist financing (article 306 of the Criminal Code), illicit association (article 210 of the Criminal Code) or any other offence committed for terrorist purposes (article 41 quinquies of the Criminal Code) (Law 27319).

Weighting and Conclusion

All criteria are met. **Recommendation 37 is rated Compliant**

Recommendation 38 – Mutual legal assistance: freezing and confiscation

In its 2010 MER, Argentina was rated partially compliant with these requirements mainly because the effectiveness of the system for responding to MLA requests in a timely and constructive manner had not been demonstrated. Effectiveness is assessed separately in this mutual evaluation

Criterion 38.1 –

Argentina has the authority to take expeditious action in response to MLA requests from foreign countries to identify, freeze, seize, forfeit the assets listed in sub-criteria a) to d): the same domestic powers provided for by Article 23 of the Criminal Code can be used for MLA requests (Law 24767, articles 67, 95 and 98), which shall be transmitted via central authorities or diplomatic channel, in the latter case, if no treaty is in place (See R. 37).

The requirements to proceed with a request by foreign country to execute a sentence imposing confiscation are detailed by law (Law 24767, art. 95). The administrative proceedings are like those provided for in connection with other MLA request (Law 24767, art. 96-98); during the court proceedings, the interest for the execution of the request is represented by a Public Prosecutor and precautionary measures can be

adopted. The confiscated property (funds or other assets) will be deposited at the order of the MRE, which will then transfer or deliver them to the duly accredited authorities of the requesting State (Law 24767, art. 101).

Bilateral and multilateral treaties signed by Argentina establish the possibility of cooperating in the forfeiture of both instrumentalities and proceeds of crime.

Argentina's law does not expressly provide for the possibility of confiscating property of corresponding value (See R.4). However, this has not prevented the authorities from using it, at least in one reported case, as it is not prohibited either (see IO.8).

Criterion 38.2 –

Argentina has the authority to provide assistance on requests for cooperation made on the basis of non-conviction-based confiscation for offences against the economic and financial order which include ML, TF, and stock exchange offences (CP, art. 23, Title XIII CC).

Criterion 38.3 –

- a) Argentina has a broad range of arrangements with other countries for coordinating seizure and forfeiture actions (though specific for asset recovery and asset sharing are fewer as noted and weighted under IO.2 and IO.8). This includes numerous bilateral and multilateral MLA agreements which facilitate these issues. Argentina is also part of the Asset Recovery Network of the Latin American Financial Action Group (RRAG), which connects it to a number of global and regional asset recovery networks, including the CARIN, ARIN-CARIB, CARIN, ARIN-CARIB, ARIN-AP, ARIN-WA, ARIN-SA, ARIN-EA and ARIN-WCA. Together with four Mercosur countries, Argentina adopted in 2018 the Framework Agreement for the Disposal of Confiscated Assets from Transnational Organised Crime to facilitate collaboration in investigations and sharing of forfeited assets resulting from transnational organized crime, corruption, and illicit drug trafficking.
- b) Argentina's legal framework provides for various mechanisms to manage and dispose of assets frozen, seized and confiscated within the framework of a criminal judicial process. The National Registry of Seized and Confiscated Assets aims to identify and record all the property seized, confiscated, or involved in injunction in the context of criminal proceedings (Decree 826/2011). The Agency for the Administration of State Property (AABE) and the National Registry of State Property (RENABE) operates within the scope of the Agency responsible to manage the assets of the National State when they do not correspond other State Bodies (Decree 1382/2012).

Regarding the destination of the assets, as a general rule, both the “effects seized in criminal cases and not returned to their owners” and the “seized objects” constitute specific resources belonging to the judiciary (Law 23853). The custody and disposal of property forfeited in criminal cases under the jurisdiction of the national and federal courts is specifically regulated by a separate law (Law 20785).

Once a seizure is ordered by a judicial decision, the Agency for the Administration of State Assets must proceed to the immediate disposal of the assets that had entered to the patrimony of the national public sector entities included in section 8 a) of Law 24156 (central administration and decentralised organisations, including social security institutions) (Decree 598/2019, art. 1) unless specified otherwise. With regards to property confiscated abroad, the sale shall be carried out by means of

appropriate mechanisms adapted to the modalities of the country in which the seizure takes place, applying, whatever the procedure, the guiding principles of publicity, price competition and equal treatment of bidders, with the possibility of requiring the intervention of official banking institutions specialising in real estate (Decree 598/2019, art. 2).

Finally, Argentina's legislation provides for specific destinations in the case of property confiscated for specific offences. With regards to ML, the proceeds obtained as a result of the sale or administration of the property or instrumentalities deriving from the offences will be allocated to a special account of the National Treasury (Law 25246, art. 27). Such funds will be used to finance the functioning of the Financial Information Unit (FIU).

Criterion 38.4 – Argentina can share confiscated assets with a foreign country when confiscation is directly or indirectly a result of co-ordinated law enforcement actions (Law 24767, art. 96; Law 24767, art. 110).

Similar provisions are also included in some of the bilateral and multilateral agreements. In particular, the Framework Agreement for the Disposal of Confiscated Assets from Transnational Organised Crime in Mercosur provides that confiscated assets or the proceeds from their sale will be distributed according to the negotiation carried out by the Parties, taking into account the cooperation provided and other parameters such as the nature and importance of the assets, the complexity and importance of the cooperation or the impact of the cooperation provided on the outcome of the case (art. 2).

Weighting and Conclusion

Almost all criteria have been met. Minor shortcomings identified in R.4 regarding the possibility of confiscating property value impact full compliance with this Recommendation.

Recommendation 38 is rated Largely Compliant.

Recommendation 39 – Extradition

In its 2010 MER, Argentina was rated partially compliant with these requirements mainly because the effectiveness of the system for responding to extradition requests in a timely and constructive manner has not been demonstrated. Effectiveness is assessed separately in this mutual evaluation.

Criterion 39.1 – Argentina's legal framework allows to execute extradition requests in relation to ML and TF without undue delay (Law 24767). While the existence of a treaty is not a requirement, Argentina has signed numerous bilateral and multilateral extradition agreements. In absence of a treaty, extradition remains possible based on the principle of reciprocity (Law 24767, art. 3). Where a treaty is in force, its rules will govern the processing of the assistance, but Law 24767 will be used for its interpretation and will also apply to any matter not specifically provided for in the treaty (art.2). Extradition requests must be all submitted through diplomatic channels to the Directorate of International Legal Assistance (DAJIN), within the MRE, which acts as Argentine Central Authority.

- a) ML and TF are extraditable offences in Argentina (Law 24767, art.6; CC, art. 303; CC, art.306).
- b) Argentina has a clear process to timely execute extradition requests; the procedure follows three steps (Law 24767): the administrative procedure (Law 24767, art. 19-25), is led by the Directorate of International Legal Assistance (DAJIN) of the MRE; the judicial procedure (Law 24767, art. 26-34), led by the Attorney General's Office and where a Public Prosecutor represents the interest to extradite; and the final decision (art. 35-37), made by the Executive in consideration of the elements provided by these authorities. According to DAJIN urgency criteria (Disposition DI-2024-2-APN-DAJI#MRE), all extradition requests are classified as very urgent and recorded in the case management system. This process is reasonable and allows DAJIN to process extradition requests without undue delay.
- c) Main grounds for refusal (Law 24767, art. 8-11) include situations where the request is related to an offence considered as a crime of a political nature or a crime provided for in military law, the prosecution relates political opinion, nationality, race or religion, there are substantial grounds for believing that the person sought might be subject to torture or cruel, inhuman or degrading treatment, or that the offence for which the request is made is punishable by death, and the person has already been tried for the same act. Similar conditions are included in the extradition treaties signed by Argentina.

Criterion 39.2 –

- a) According to art. 12 of Law 24767, Argentina can extradite its own nationals if a treaty applies. In the absence of treaty, a person that had the Argentinian nationality at the time of the act and still has it at the time of the request may exercise the option to be prosecuted under in Argentina. Even if a Treaty exists, the Executive Branch has the power to exercise the option to pursue an Argentinian national under the justice system in Argentina during the final stage of the process after the extradition proceedings have been substantiated.
- b) If the national exercises the option mentioned at criterion 39.2.a, the extradition will be denied and the Argentine national will be pursued in the country, according to Argentine criminal law, provided that the requesting State agrees to this, renouncing its jurisdiction, and sends all the background information and evidence that allows the trial (Law 24767, art. 12).

Criterion 39.3 – Dual criminality is required for extradition (Law 24767, art. 6). Argentina's legislation does not provide any regulation regarding the extent and notion of such requirement, which is left to the Courts. Jurisprudence shows that a conduct-based approach is applied, requiring that the norms of the requesting and requested States punish the same criminal offence in substance, regardless of its type or category (Supreme Court Cases: CSJN "G R, Moisés y otro s/ extradición", 14/5/2018 – Perú; CSJN "H.G., Lucas Martín y otros s/extradición", 9/02/2018 – EEUU; CSJN "F.G., Carlos s/ extradición", 30/5/2019 – España; CSJN "Pérez Meza, Flor Mercedes s/otros y extradición", 5/9/2017 - Perú).

Criterion 39.4 –

Argentina's law provides for a simplified extradition procedure when the requested person consents to surrender either during the provisional arrest (Law 24767, art. 51), in which case the court shall render its decision without further proceedings, or later on at any stage of the judicial process (Law 24767, art. 28).

Weighting and Conclusion

All criteria are met. **Recommendation 39 is rated Compliant.**

Recommendation 40 – Other forms of international cooperation

In its 2010 MER, Argentina was rated non-compliant with these requirements. Among others, the effectiveness of information exchange between law enforcement authorities could not be assessed due to the lack of statistics or of any other related data or information means. There were also serious deficiencies identified relating to the FIU; and to the financial supervisors, many of which have been addressed (see R.27, R.29).

Criterion 40.1 –

The FIU (FIU Res. 135/2016), financial supervisors (FIU Resolution 30/2013 for AML/CFT purposes and Law 24144, section 4, for BCRA; Law 26831, section 19, for CNV; Resolution SSN 38708, for SSN) and the Federal Administration of public Revenue/Customs (AFIP) (Decree 618/97, art. 9) can provide international AML/CFT cooperation upon request. LEAs (Federal Police, National Gendarmerie, Coast Gard, and Airport Security Police) can enter into collaboration agreements with their foreign counterparts. Argentina's framework explicitly allows only the FIU (FIU Res. 135/2016, art. 21) and AFIP (Decree 618/97, art. 9) to share information spontaneously. Specific provisions for spontaneous cooperation are set in MoUs signed by MPF and SOBs, within their supervising and regulating functions.

Criterion 40.2 –

- a) Argentina's FIU (Law 25246, art. 14), financial supervisors (FIU Res. 30/2013), the Federal Administration of Public Revenue (AFIP) (Decree 618/97, art. 9), MPF (Law 27148, PGN Resolution 98/2020), the Argentine Federal Police (Decree 338/58, art. 10), Coast Gard (Law 18398, art. 8), National Gendarmerie (Law 24767) and Airport Security Police (Law 26102, art. 21) have a lawful basis for providing cooperation for AML/CFT purposes. INAES, as a financial supervisor, can enter into collaboration agreements with legal, public, or private persons, whether national or international, with the prior approval of the Board of Directors (Decree 721/00, art.3) but has not done so and not envisaged it needs to because it has operations abroad or branches or subsidiaries outside Argentina. Hence INAES is not mentioned below whenever referring to financial supervisors. In addition, the FIU, SOBs (for international exchange of prudential and regulatory information) AFIP, as well as some LEAs, have signed bilateral and multilateral agreements with their respective counterparts.
- b) The FIU, AFIP, MPF and LEAs can cooperate directly with their foreign counterparts, thus ensuring a rapid exchange of information. SOBs can seek and provide international cooperation for AML/CFT purposes only through the FIU (FIU Res. 30/2013), otherwise they can cooperate directly with their

foreign counterparts within the framework of their supervisory and regulating activities if a MOU is in force.

- c) The FIU, SOBs (when they cooperate through the FIU), AFIP, MPF, the Argentine Federal Police (using Interpol's channel) and the National Gendarmerie (verified email and encrypted methods) have clear and secure gateways, mechanisms, or channels to facilitate, transmit and execute requests for assistance. For example, Argentina's FIU is a member of the Egmont Group since 2003 (See R.29), which facilitate the exchange of information, knowledge, and cooperation amongst member FIUs across the world. The AFIP uses protected electronic management system to processes tax information received from foreign counterparts to which access is restricted. It also uses a cloud to send requests and supporting documentation abroad via a password-protected access link, preventing sensitive documents from being sent by unencrypted email. The inter-institutional cooperation agreements signed by the MPF provide specific clauses that guarantee the protection of the information exchanged between the different PPOs and so that all communications for the execution and development of their agreements is carried out exclusively between the Points Designated Contact. Examples of these clauses are, for example, the fourth and seventh clauses of the Agreement signed within the scope of the AIAMP, or the eighth and twelfth of the REMPM agreement. The PPO, through PROCELAC, also cooperates via RRAG (GAFILAT Asset Recovery Network); the exchange is carried out via an online platform which guarantees the confidentiality and secrecy of the information circulating through it. However, no provisions are set for clear and secure gateways, mechanisms or channel to facilitate and allow for the transmission and execution of requests for the financial supervisors when they cooperate outside the scope of the FIU for regulatory and supervisory purposes.
- d) FIU Res. 30/2013 provides for a process that ensure timely responses from SOBs; such structure for supervisory cooperation applies both domestically and with foreign counterparts (for AML/CFT purposes). Foreign supervisors will send requests on AML/CFT to the FIU. The FIU will then forward these requests to the domestic supervisor (BCRA, CNV and SSN), who must respond within 10 days. The FIU then forward this information to the foreign requester (FIU Res. 30/2013, art. 10). Regarding FIU-to-FIU cooperation, FIU Res. 135/2016 only provides for the obligation for the FIU to acknowledge receipt and to reply in a timely and complete manner but no clear processes for prioritization are in place. AFIP's internal guidelines provides a deadline of 60 days to respond to requests dealing with tax information and 90 days for the ones dealing with customs information ones, but this seems long and no specific guidance for prioritisation has been provided. In providing cooperation through the RRAG, the PPO follows the criteria for prioritisation and timeliness of requests offered by the network in a standardised manner: the sending country can request that cooperation be provided within the network's "normal" timeframe of 30 days or within the "urgent" timeframe of one week. Certain inter-institutional cooperation agreements signed by the MPF provide specific clauses or mechanisms for prioritisation. . There are no clear processes for the prioritisation and timely execution of requests for the police and security forces.

- e) The FIU (FIU Res. 135/2016, art. 6), SOBs within the AML/CFT international cooperation framework (FIU Res. 30/2013) and AFIP (AFIP general instruction 950/2013) have clear process for safeguarding the information received. Specific clauses that guarantee the protection of the information exchanged are included in some of the MOUs signed by the MPF and SOBs (within the framework of their licensing and prudential supervisory activities). Argentina's framework does not provide for clear processes for the police forces for safeguarding the information received from foreign counterparts.

Criterion 40.3 – The FIU (AML/CFT Law, art. 14, paragraph 9), the financial supervisors (Law 24144, for BCRA; Law 26831, section 19, for CNV; Resolution SSN 38708, for SSN), the AFIP (AFIP General Instruction 3/2023), the LEAs and MPF have the capacity to negotiate and sign bilateral or multilateral agreements with foreign counterparts, if needed. In practice, they all have signed numerous bilateral and/or multilateral agreements to facilitate cooperation with foreign counterparts.

Criterion 40.4 – The FIU is required to provide, upon request, feedback to its foreign counterparts on the usefulness and quality of information received, unless such information may impair the normal development of the functions of the FIU or affect the ongoing investigation (FIU Resolution 135/2016, art. 11). In that case, the FIU shall inform the requesting body of the reason (FIU Resolution 135/2016, art. 11). The same provision applies to Financial Supervisors when they exchange information pursuant to FIU Reg. 30/2013. AFIP's operational unit has five days to produce a report assessing the usefulness of the information exchange; once the report is received by the International Tax Directorate, it is immediately forwarded to the foreign jurisdiction. There are no limitations in the Argentine legal system that prevents LEAs or MPF to provide feedback to countries with which information has been exchanged, though there is no specific provision requiring them to do so.

Criterion 40.5 – The main reasons for which the FIU may reject, in whole or in part, the request for information received include situations where the requested information exceeds its functional competence of the FIU; where the request is unreasonable, or contrary to domestic law or public policy; where the FIU considers that the requesting body is not able to effectively protect the confidentiality or integrity of the information, or that it will use the information in an improper manner; or where the international cooperation provided by the requesting body is repeatedly inadequate (FIU Res.135/2016, art.14). These do not constitute unreasonable or unduly restrictive conditions on the provision of exchange of information or assistance. At the same time, the law also provides that the FIU can refuse to address a request if it requires a disproportionate amount of FIU resources. In this case, the FIU shall inform the requesting body about the material difficulty to fully comply with the requirement, requesting its reformulation. This could constitute an unreasonable ground, giving too much discretion to the FIU in deciding whether to provide assistance. In all the above cases, the FIU shall notify the requesting body of the reason why it cannot comply with the request.

AFIP's terms of exchange are regulated by the relevant bilateral or multilateral agreements.

With regards to financial supervisors, when they exchange ML/TF information through the FIU, art. 10 of FIU Res. 30/2013 states that the FIU, while acting as intermediary with foreign supervisors, can return the requests received *“to the requesting body when well-founded reasons make it appropriate”*. This could constitute

an unreasonable ground, as it gives too much discretion to the FIU in deciding whether the request should be returned to requesting body or forwarded to the competent FS. When financial supervisors exchange information outside the scope of FIU Res. 30/2013, the terms are regulated by the relevant bilateral or multilateral agreements.

With regards to the LEAs, request of information will be responded to in accordance with the legislation in force, depending on the area of competence. The only limitation for the PPO is that the requested measures require coercive measures or imply confidentiality rules that can only be enforced by justice.

- (a) The FIU (FIU Res.135/2016, art.14) and the AFIP (Law 11683 on Tax Procedure, art. 101(d)) can't refuse a request on the grounds that it involves fiscal matter. There are no specific provisions in the general frameworks for financial supervisors and LEAs and such aspects are regulated by relevant MoUs.
- (b) Secrecy or confidentiality requirements on financial institutions or DNFBP does not constitute grounds for refusing a request for assistance received by the FIU (FIU Res.135/2016, art.14) and AFIP (Law 21526, art. 39). Economic and financial confidential information (tax, banking, financial, stock market and trade secrets) accessed by the Federal Police and other Agencies in the context of an investigation must be authorised by the competent magistrate in order to be shared with foreign counterparts. There are no specific provisions for financial supervisors and LEAs in their general framework.
- (c) The existence of an inquiry, investigation or proceeding underway in the requested country does not constitute for the FIU and the financial institutions when they cooperate through the FIU grounds for refusing a request for information, unless the assistance may affect an undergoing investigation in Argentina (FIU Res. 135/2016, art. 15). There are no specific provisions for the financial supervisors when they cooperate outside the FIU.
- (d) The difference in nature or status of the foreign FIU (FIU Res. 135/2016, art. 3) and foreign financial supervisors (FIU Res. 30/2013) does not affect the cooperation and cannot constitute ground for refusal). There are no specific provisions for LEAs in their general framework.

Criterion 40.6 – The FIU (FIU Res. 135/2016, art. 5, 7 and 20), the AFIP (AFIP's General Res. 3826/2015, art. 22) and the financial supervisors, (FIU Res. 30/2013, articles 6 and 11 and relevant MoUs for SOBs) are required to use information obtained from foreign counterparts for the purposes for which the information was sought or provided, unless prior consent has been given by the requested competent authority. There are no such provisions in the general framework for LEAs but some of the inter-agency cooperation agreements signed by the MPF contain specific clauses in this sense (e.g. clause 8 REMPM inter-institutional cooperation agreement or clause 5 AIAMP Inter-institutional Cooperation Agreement).

Criterion 40.7 – The FIU (FIU Res. 135/2016, art. 5, 6 and 20), the AFIP (AFIP's General res. 3826/2015, art.22) and the financial supervisors (FIU Res. 30/2013, articles 8 and 11 and relevant MoUs for the SOBs) are required to maintain appropriate confidentiality and protect exchanged information in the same manner as they would protect similar information received from domestic sources. Some of the inter-agency cooperation agreements signed by the MPF contain specific clauses to ensure both the protection and the confidentiality of the information exchanged

(see for examples the clauses four and seven of the AIAMP Inter-institutional Cooperation Agreement and clause eight and 12 of the REMPM inter-institutional cooperation agreement). With regard to LEAs, the handling of sensitive data in investigative practice is governed by national laws and by those of foreign counterparts, as well as the agreements between Interpol, Europol, Eurojust, Ameripol and Mercosur. Furthermore, the unauthorised disclosing of confidential information by public officials is criminalised (Criminal Code, art. 157).

Criterion 40.8 – The FIU and AFIP can conduct inquiries on behalf of foreign counterparts (FIU Res. 135/2016, art. 18; AML/CFT Law, art.14) and can use the powers to conduct inquiries applicable for domestic purposes. With regards to the MPF, DIGCRI might refer the matter to the competent public prosecutor's office or specialised public prosecutor's unit, entitled to launch a preliminary investigation, on behalf of a foreign counterparts (Law 27148 Articles 8, 22, 24 and 35.e, Attorney General's Resolutions No. 121/2006, 914/2012 and 98/2020). In the situation where it goes beyond the competence of the MPF, the DIGCRI will channel the request through a formal request for mutual legal assistance. Specific provisions are set in the MoUs signed by SOBs when they cooperate within their regulatory and supervisory framework.

Criterion 40.9 – FIU Argentina has an adequate legal basis for providing cooperation, spontaneously or upon request, on ML, TF, and predicate offences to its foreign counterparts, regardless of their status or nature (AML/CFT Law, art. 14 para.9; FIU Res. 135/2016, art. 1).

Criterion 40.10 – The FIU is required to provide, upon request, feedback to its foreign counterparts on the usefulness and quality of information received, unless such information may impair the normal development of the functions of the FIU or affect the ongoing investigation. In that case, the FIU shall inform the requesting body of the reason (FIU Res. 135/2016, art. 11). There are no provisions preventing the FIU from providing feedback spontaneously.

Criterion 40.11 – The FIU has the power to exchange (a) information which it can access or obtain directly or indirectly as required by R.29, and (b) any other information which it can obtain or access, directly or indirectly, at the domestic level (FIU Resolution 135/2016, art. 18; AML/CFT Law, art.14, 21, 22).

Criterion 40.12 – The FIU in its capacity of supervisor (Law 25246, art.14.9) and the SOBs can provide international cooperation to their foreign counterparts, through the FIU (FIU Resolution 30/2013, for the general framework; Law 24144, section 4, for BCRA; Law 26831, section 19, for CNV; Resolution SSN 38708, for SSN), with respect to the exchange of supervisory information related to or relevant for AML/CFT purposes. They can also exchange information directly with foreign counterparts within their prudential supervisory framework if a MoU is in force.

Criterion 40.13 – The type of information that financial supervisors can exchange with foreign counterparts on ML/TF is not specified (FIU Res. 30/2013). According to the SOBs, when they cooperate internationally for AML/CFT purposes, as the information must be sent through the FIU, they can provide all data domestically available as no secrecy can be opposed to the FIU. Specific provisions are set in their respective MoUs signed for international cooperation for prudential supervision purposes only.

Criterion 40.14 – SSN can provide (a) regulatory information (SSN Resolution 38708, article 74) and (b) prudential information (SSN Resolution 38708, article 74).

The type of information that can be exchanged are regulated by relevant MoUs signed by SOBs, which do not deal specifically with ML/TF issues, but rather with their own competences as supervising and regulating authorities, therefore they provide for the exchange of regulatory and prudential information. AML/CFT information can be exchanged only through the FIU.

Criterion 40.15 – Argentine framework does not provide whether financial supervisors are able to conduct inquiries on behalf of foreign counterparts, and, as appropriate, to authorise or facilitate the ability of foreign counterparts to conduct inquiries themselves in the country, to facilitate effective group supervision. Specific provisions are set in the MoUs signed by SOBs.

Criterion 40.16 – Financial supervisors are required to use ML/TF information obtained from foreign counterparts for the purposes for which the information was sought or provided, unless prior consent has been given by the requested competent authority (FIU Res. 30/2013, art. 11 and relevant MoUs for SOBs).

Criterion 40.17 – Argentine legal framework generally allows the Federal Police and the Argentinian Coast Guard to “maintain relationships” with foreign counterparts, without explicitly allowing (or prohibiting) them to exchange domestically available information with foreign counterparts for intelligence or investigative purposes relating to money laundering, associated predicate offences or terrorist financing, including the identification and tracing of the proceeds and instrumentalities of crime. The Argentine National Gendarmerie (GNA) does not have a specific legal framework for international cooperation, which is carried out through the tools established in Law 24767 on International Cooperation in Criminal Matters. The MPF signed various MoUs regulating direct exchange of information between prosecutors allowing for the exchange of domestically available information for intelligence purposes relating to ML, predicates and TF as well as the identification and tracing of proceeds and instrumentalities of crimes. AFIP is able to exchange domestically available tax and custom information with its foreign counterparts (Decree 618/97).

Criterion 40.18 – There are no general dispositions about Law enforcement authorities and their ability to use of their powers, including any investigative techniques available in accordance with their domestic law, to conduct inquiries and obtain information on behalf of foreign counterparts; specific provisions are regulated by relevant MoUs signed by MPF. There is no framework for judges and police forces.

Criterion 40.19 – While Joint Investigation Teams (JIT) are not expressly provided for in the International Cooperation Law (Law 24767), their use is promoted by MPF. Their application is based on the UN Conventions of Vienna, Palermo, and Mérida, under the Framework Cooperation Agreement between the States Parties to MERCOSUR and Associated States for the creation of joint investigation teams approved by Law 26952 (in force since May 2020), as well as in the PPO's participation in the framework of EUROJUST.

Criterion 40.20 – The law explicitly provides diagonal exchange of information for the FIU only, which may request and share information with foreign non-counterparts, provided they are related with investigation, prevention or combat of ML and TF. In such cases, the same provisions and safeguards foreseen with respect to the exchange of information with foreign FIUs shall be applied (FIU Res. 135/2016, art.23).

Weighting and Conclusion

Overall, Argentina's framework allows the FIU, AFIP and the PPO to provide other forms of international cooperation as well as SOBs when they cooperate through the FIU for AML/CFT purposes. However, the law provides the FIU (both when it cooperates as an FIU and as intermediary for the SOBs) certain unreasonable grounds for refusal, which attribute the FIU too much discretion in deciding whether to provide assistance or not. The PPO can provide international cooperation upon request and exchange information spontaneously through various formal and informal international cooperation mechanisms, which oblige it to provide the widest and fastest assistance in cases of ML, its predicate offences and TF. This cooperation includes the exchange of information and the taking of measures or proceedings at the request of the other country. However, there are important deficiencies in the general framework for providing other forms of cooperation for the police forces, judges and the financial supervisors, especially when they coordinate outside the FIU. For instance, Argentina's framework (i) does not allow the financial supervisors when they cooperate outside the FIU to *rapidly* provide the *widest range of international cooperation* and (ii) does not allow explicitly the financial supervisors and LEAs to share information spontaneously. No provisions provide for clear and secure gateways, mechanisms or channel to facilitate and allow for the transmission and execution of requests for the financial supervisors when they cooperate outside the scope of the FIU. LEAs and financial supervisors don't have provisions to conduct inquiries on behalf of foreign counterparts for AML/CFT supervision purposes (FIU Res. 135/2016, art. 18; AML/CFT Law, art.14) and use the powers to conduct inquiries applicable for domestic purposes, as such provision are only included in MoUs signed within their prudential supervision responsibilities. There are no general provisions allowing or prohibiting law enforcement authorities to exchange domestically available information with foreign counterparts for intelligence or investigative purposes relating to money laundering, associated predicate offences or terrorist financing, including the identification and tracing of the proceeds and instrumentalities of crime, and to use their powers, including any investigative techniques available in accordance with their domestic law, to conduct inquiries and obtain information on behalf of foreign counterparts. These have been weighted heavily due to the crucial importance of informal cooperation for LEA.

Recommendation 40 is rated Partially Compliant.

Annex B. Summary of Technical Compliance – Key Deficiencies

Compliance with FATF Recommendations

Recommendations	Rating	Factor(s) underlying the rating
1. Assessing risks & applying a risk-based approach	LC	<ul style="list-style-type: none"> The analyses on VASPs, lawyers, trust and company services providers in the NRA are very limited and focus mostly on discussion of technical compliance. The thresholds applied to CDD obligations on VASPs, notaries, lawyers, or accountants are not based on risk. TCSPs are not explicitly required to incorporate the findings of the NRA. TCSPs are not required to take appropriate steps to identify, assess, and understand their ML/TF risks.
2. National cooperation and coordination	C	<ul style="list-style-type: none"> All criteria are met.
3. Money laundering offences	LC	<ul style="list-style-type: none"> ML through mere possession is not explicitly covered. The requirement to purposely have assets appear as a lawful source is restrictive when it comes to concealing, acquiring, and using illicit proceeds, and Argentina applied the concealment offence in a limited number of ML cases for this reason. The lower end of applicable fines is not fully proportionate or dissuasive. Conspiracy to commit an offence is not fully covered.
4. Confiscation and provisional measures	LC	<ul style="list-style-type: none"> Minor deficiencies are noted in relation to confiscation of property of equivalent value, and shortcomings related to powers of competent authorities regarding provisional and investigative measures.
5. Terrorist financing offence	LC	<ul style="list-style-type: none"> The TF offence in Argentina requires for the offences of Article 2(1)(a) of the Convention an additional element of intent. The TF offence in Argentina includes an exemption for when activities constitute the legitimate exercise of human, social or economic rights.
6. Targeted financial sanctions related to terrorism & TF	PC	<ul style="list-style-type: none"> Non-reporting entities have no obligations regarding making funds available to designated persons; types of funds for which the FIU is able to issue administrative freezing orders. There is no mechanism for designations pursuant to UNSCR 1267 and subsequent and related resolutions. There is a time-limited nature and conditioning of some UNSCR 1373 designations on judicial ratification for renewal. Lack of ability for some UNSCR 1373 designated persons to request a delisting and the lack of guidance and absence of relevant processes for de-listings.
7. Targeted financial sanctions related to proliferation	NC	<ul style="list-style-type: none"> Lack of a domestic framework for implementation for UNSCRs relating to the prevention, suppression, and disruption of the proliferation of weapons of mass destruction. Absence of requirements for FIs, DNFBPs, and other persons in Argentina to implement TFS in line with R.7.
8. Non-profit organisations	PC	<ul style="list-style-type: none"> Lack of identification of not-for-profit sector participants falling under the FATF definition of NPOs. Lack of focused, proportionate, and risk-based approach to NPOs. Lack of monitoring of NPOs given the large number of not-for-profit sector participants registered as foundations and civil associations; this deficiency is also weighted heavily as it limits Argentina's ability to mitigate TF risk without discouraging legitimate not-for-profit activities. Lack of engagement with the sector broadly with the sector to deepen understanding of TF risk or develop best practices to mitigate TF risk. Shortcomings related to identifying potential TF activity by NPOs, in particular by reporting entities through TFRs or voluntary disclosures.

Recommendations	Rating	Factor(s) underlying the rating
9. Financial institution secrecy laws	C	<ul style="list-style-type: none"> All criteria are met.
10. Customer due diligence	LC	<ul style="list-style-type: none"> There is no requirement to apply CDD when the FI has doubts about the veracity or adequacy of previously obtained customer identification data and no requirement to understand the nature of the business for customers that are legal persons or arrangements.
11. Record keeping	C	<ul style="list-style-type: none"> All criteria are met.
12. Politically exposed persons	C	<ul style="list-style-type: none"> All criteria are met.
13. Correspondent banking	C	<ul style="list-style-type: none"> All criteria are met.
14. Money or value transfer services	PC	<ul style="list-style-type: none"> There are no measures for agents.
15. New technologies	PC	<ul style="list-style-type: none"> There are deficiencies for some sectors regarding lack of clarity on the obligations to assess ML/TF risks arising from new technologies prior to the launch or change in practice. The ML/TF risk emerging from virtual asset activities and the activities or operations of VASPs was assessed in a limited manner. Argentina has not yet applied a risk-based approach to ensure that measures to prevent or mitigate ML/TF are commensurate with risks. Registration of VASPs is subjected to a threshold, which is not in line with the FATF Standard. It also does not cover explicitly those entities created in Argentina. There are still no actions taken to identify natural or legal persons that carry out VASP activities without the requisite license or registration. There are not guidelines nor feedback for VASPs on applying national measures to combat money laundering and terrorist financing There is no provision dealing with VASP-specific threshold for CDD related to occasional transactions.
16. Wire transfers	PC	<ul style="list-style-type: none"> There is no specific provision concerning the beneficiary account number or a transaction reference number for traceability. Batch filing in the case of the entities not covered by the FTECT. There are unclear requirements for PSP that perform funds transfers domestically; Obligations to the intermediary institutions are not expressly covered. No information is available regarding whether the non-bank money remittances are required to file an STR in any country affected by the suspicious wire transfer and make relevant transaction information available to the FIU.
17. Reliance on third parties	PC	<ul style="list-style-type: none"> Except for the issuers of travelers' cheques and operators of credit and purchase cards, the rest of the sectors do not explicitly cover the obligation of considering country risk when determining which countries the third party can be based. In the case of prepaid credit card, traveler check issuers and PSPs It is not clear that the implementation of the requirements and programs may be supervised at the group level by the authority.
18. Internal controls and foreign branches and subsidiaries	PC	<ul style="list-style-type: none"> An independent audit function is not mandatory for some insurance intermediaries. Argentina does not require that compliance programs include the provision, at group-level compliance, audit, and/or AML/CFT functions, of customer, account, and transaction information from branches and subsidiaries when necessary for AML/CFT purposes, including information and analysis of transactions or activities which appear unusual. There are no specific provisions that include safeguards to prevent tipping-off of information exchanged as a financial group. There are no provisions providing that if the host country does not permit the proper implementation of AML/CFT measures consistent with the home country requirements, financial groups should be required to apply appropriate additional measures to manage the ML/TF risks and inform their home supervisors.
19. Higher-risk countries	C	<ul style="list-style-type: none"> All criteria are met.
20. Reporting of suspicious transaction	C	<ul style="list-style-type: none"> All criteria are met.
21. Tipping-off and confidentiality	LC	<ul style="list-style-type: none"> The law does not specify the scope of the safe harbour provision (e.g., that this protection applies even when not knowing precisely what the underlying criminal activity was, and regardless of whether illegal activity occurred).

Recommendations	Rating	Factor(s) underlying the rating
22. DNFBPs: Customer due diligence	PC	<ul style="list-style-type: none"> Consent of the data's owner is required for exchanging information within the same group. There are some deficiencies related to the threshold applied to notaries, lawyers, and accountants. There are no specific requirements for non-financial trust services providers to identify and assess the ML/TF risks posed by new products or technologies, neither to carry out risk assessments before launching or using new products. Reliance on third parties' obligations is not fully covered in all sectors.
23. DNFBPs: Other measures	PC	<ul style="list-style-type: none"> There are some exceptions set by threshold in sectors such as lawyers, accountants and notaries which hinder the full ability of the professionals to file STRs as required by the standard. There are some omissions in sectoral regulations regarding internal controls applicable to lawyers, notaries, and accountants.
24. Transparency and beneficial ownership of legal persons	PC	<ul style="list-style-type: none"> There are deficiencies in the risk assessment of legal persons. There is no requirement to report changes to the Public Registry of Commerce for joint-stock companies since share transfer is free. Neither the CivCC nor the LGS impose specific obligations regarding the accuracy and updating of basic information as referred to c.24.3 and c.24.4. There are deficiencies in the timely and accurate obtention in BO information. Most sanctions are not proportionate and dissuasive. Not all relevant authorities have appropriate mechanisms to track the progress of requests they receive from other countries on BO information.
25. Transparency and beneficial ownership of legal arrangements	PC	<ul style="list-style-type: none"> There is no duty for fiduciarios to hold basic information on other regulated agents of, or service providers to the fideicomiso. There is no obligation for fiduciarios to hold basic information on other regulated agents of, or service providers to the fideicomiso. There are no specific measures ensuring that fiduciarios of domestic fideicomisos or trustees of foreign trusts disclose their status to FIs or DNFBPs when relevant. There are no specific provisions under Argentinean law regarding the exchange of information regarding fideicomisos or foreign established trusts. Sanctions are not proportionate and dissuasive. There are no specific sanctions in relation to the failure to grant competent authorities timely access to information regarding trusts.
26. Regulation and supervision of financial institutions	LC	<ul style="list-style-type: none"> Core principle institutions are subject to licensing and supervision in line with Core Principles. Sector-specific measures to prevent criminals or their associates from holding (or being the beneficial owner of) a significant or controlling interest or holding a management function in a financial institution are not fully complete. No explicit requirement to review and update the ML/TF risk profile of a FI or group (including the risks of non-compliance) when there are major events or developments in the management and operations of the FI or group.
27. Powers of supervisors	C	<ul style="list-style-type: none"> All criteria are met.
28. Regulation and supervision of DNFBPs	LC	<ul style="list-style-type: none"> Argentina has a blanket approach in DNFBP supervision/monitoring, and casinos are not distinguished from the rest of the DNFBPs. There are no provisions about the consequences in the situation where the FIU detects application for registration by criminals or their associates from being professionally accredited or holding or being the beneficial owner of a significant or controlling interest or holding a management function.
29. Financial intelligence units	C	<ul style="list-style-type: none"> All criteria are met.
30. Responsibilities of law enforcement and investigative authorities	LC	<ul style="list-style-type: none"> There is no explicit provision requiring LEAs to pursue a parallel financial investigation when investigating related ML/TF offences.
31. Powers of law enforcement and investigative authorities	LC	<ul style="list-style-type: none"> Lawyers and notaries are exempted of testimony when it comes to confidential acts that came to their knowledge through their office or profession if they are not released from the duty of secrecy by the interested party. Some predicate offences are not covered by the application of controlled delivery measures. The AFIP has no explicit powers to ask for all relevant information held by the FIU.

Recommendations	Rating	Factor(s) underlying the rating
32. Cash couriers	LC	<ul style="list-style-type: none"> There is no declaration obligation for outgoing transport by cargo or mail, although this is somewhat mitigated by the general prohibition to take out foreign (and national) currency above USD 10 000 from Argentina. There is no explicit reference to restraining the currency for the purposes of ascertaining whether evidence of ML/TF can be obtained. Sanctions for not declared or false declarations are not dissuasive. Deficiencies identified in R.4 apply.
33. Statistics	PC	<ul style="list-style-type: none"> Information on ML/TF investigations, prosecutions, and property frozen, seized and confiscated is not comprehensive.
34. Guidance and feedback	LC	<ul style="list-style-type: none"> The FIU held several training and outreach activities, and domestic guidance and training activities on institutional risk assessments and quality of STRs exist. There are no “guidelines” and “feedback” to assist FI and DNFBPs in applying national AML/CFT measures such as such as CDD, beneficial ownership, internal controls, PEPs, TBML, and TF.
35. Sanctions	C	<ul style="list-style-type: none"> All criteria are met.
36. International instruments	LC	<ul style="list-style-type: none"> There are minor shortcomings with respect to the criminalization of some of the offences covered by the Vienna, Palermo and TF Conventions (see R.5).
37. Mutual legal assistance	C	<ul style="list-style-type: none"> All criteria are met.
38. Mutual legal assistance: freezing and confiscation	LC	<ul style="list-style-type: none"> There are minor shortcomings in R.4 that impact full compliance with this Recommendation.
39. Extradition	C	<ul style="list-style-type: none"> All criteria are met.
40. Other forms of international cooperation	PC	<ul style="list-style-type: none"> There are important deficiencies in the general principles for providing other forms of cooperation for the police forces, judges and the financial supervisors, especially when they coordinate outside the FIU. Argentina's framework (i) does not allow the financial supervisors when they cooperate outside the FIU to rapidly provide the widest range of international cooperation and (ii) does not allow explicitly the financial supervisors and LEAs to share information spontaneously. There are no provisions provided for clear and secure gateways, mechanisms, or channels to facilitate and allow for the transmission and execution of requests for the financial supervisors when they cooperate outside the scope of the FIU. LEAs and financial supervisors don't have provisions to conduct inquiries on behalf of foreign counterparts for AML/CFT supervision purposes and use the powers to conduct inquiries applicable for domestic purposes, as such provisions are only included in MoUs signed within their prudential supervision responsibilities. There are no general provisions allowing or prohibiting law enforcement authorities to exchange domestically available information with foreign counterparts for intelligence or investigative purposes relating to money laundering, associated predicate offences or terrorist financing, including the identification and tracing of the proceeds and instrumentalities of crime, and to use their powers, including any investigative techniques available in accordance with their domestic law, to conduct inquiries and obtain information on behalf of foreign counterparts.

Glossary of Acronyms⁸⁶

	DEFINITION
AT	Assessment team
AFIP	Federal Administration of Public Revenue
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
AML/CFT Law	Law 25246 as amended
AGO	Attorney General's Office
AABE	Agency for the Administration of State Assets
BCRA	Central Bank of Argentina
BNI	Bearer negotiable instruments
BO	Beneficial owner
CC	Criminal Code
CABA	City of Buenos Aires
CivCC	Civil and Commercial Code
CDI	Identification code, national identification number
CIE	Code for investors from abroad
CCPLAFTPADM	Coordination Committee for the Prevention and Fight Against Money Laundering, the Financing of Terrorism, and the Proliferation of Weapons of mass destruction
CNCLAFIT	National Coordination Program for Combating Money Laundering and Terrorist Financing
CNV	National Securities Commission (CNV)
COELSA	Compensadora Electrónica SA
CUIL	Código Único de Identificación Laboral,
CUIT	Taxpayer identification number
DNFBP	Designated non-financial business and professions
DGRADB	General Directorate for Asset Recovery
DNAI	National Directorate of International Affairs (DNAI),
DAJIN	Directorate of International Legal Assistance
DAJuDeCO	National Judiciary, including the Legal Assistance Directorate for Complex and Organised Crime
DGA	General Customs Directorate
DGI	General Tax Directorate
EDD	Enhanced due diligence
FCCP	Criminal Procedures Code
FTECT	Foreign Trade and Exchange Consolidated Text
FIU	Financial Intelligence Unit (UIF-Argentina)
FIU SSRs	Financial Intelligence Unit sector specific resolutions
GAFILAT	Grupo de Acción Financiera de Latinoamérica
GN	National Gendarmerie
ICRG	International Cooperation Review Group

⁸⁶ Acronyms already defined in the FATF 40 Recommendations are not included into this Glossary.

IDB	Interamerican Development Bank
INAES	Institute of National Associations and Social Economy
LGS	General Companies Law, Ley General de Sociedades
LPs	Legal persons
ME	Mutual evaluation
MER	Mutual evaluation report
MERCOSUR	Southern Common Market
MERIC	Ministry of Foreign Affairs, International Trade and Worship
NCCP	National Criminal Procedures Code
NPO	Non-profit organisation
NRA	National Risk Assessment
PF	Proliferation financing
PFA	Argentine Federal Police
PNA	Argentine Coast Guard
PSA	Airport Security Police
PROCELAC	Prosecutor's Office for Economic Crimes and Money Laundering
SAIT	The Secretariat for the Comprehensive Analysis of International Terrorism
SSAR	Undersecretariat for Registry Affairs
SOBs	Specific Oversight Bodies
TCSPs	Trust and company service providers
TSPs	Trust service providers
PPO	Public Prosecution Office also referred to as MPF (Ministerio Público Federal)
RePET	Public registry of persons and entities related to terrorism and its financing
SIDE	Secretariat of Intelligence of the State
SSN	National Superintendence of Insurance
UN	United Nations
UNSCR	United Nations Security Council Resolution



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December 2024

Anti-money laundering and counter-terrorist financing measures - Argentina

Fourth Round Mutual Evaluation Report

In this report: a summary of the anti-money laundering (AML) / counter-terrorist financing (CTF) measures in place in Argentina as at the time of the on-site visit in March 2024.

The report analyses the level of effectiveness of Brazil's AML/CTF system, the level of compliance with the FATF 40 Recommendations and provides recommendations on how their AML/CFT system could be strengthened.