

Fight against money laundering

On 18th February, Law 20818 came into force, fine-tuning the mechanisms for preventing, detecting, monitoring, investigating and bringing to court the crime of money laundering. It brings in significant changes to Law 19913, which created the Financial Analysis Unit (UAF) in 2003, and which had not been updated since 2006.

This law not only increases the state's power to prevent and impede money laundering in the Chilean financial system, but also develops rules to combat the financing of terrorism.

The main innovations in the text of the law are as follows:

An increase in the number of individuals required to report to the UAF activities or transactions which they come across in the exercise of their working activity, and which have the potential to be money laundering. Security exchanges and product exchanges are included in the scope of the legislation, as well as any other exchange that might be subject to oversight from the Securities & Insurance Authority in the future. Likewise, professional sports organisations will be required to report to the UAF, as will savings and loan cooperatives, local offices of foreign banks and safe deposit companies. It reduces the threshold on suspicious cash transactions which regulated private institutions must report to the UAF. The threshold of 450 Unidades de Fomento has been reduced to USD 10,000, or the equivalent in other currencies.

To combat the financing of terrorism, the assets of people on the United Nations Security Council lists may be frozen and confiscated. These measures will have to be ratified by the Justice Minister, within 30 days, which may be extended by means of a reasoned ruling handed down by the Justice Minister or by the pertinent court.

It adds to the list of crimes that form the basis of, or proceed from, money laundering: contraband, crimes against intellectual property, fraud and other deceptions, illicit association, tax crime for improper return of tax credits, selling pornographic material and bribery of a foreign public-sector employee.

These additions reinforce the Chilean system in the area of prevention, inspection and penalising of money laundering and the financing of terrorism. They also bring the country's legislation into line with the highest international standards in this area.