



# MUTUAL EVALUATION REPORT OF THE PLURINATIONAL STATE OF BOLIVIA



December 2023



The Financial Action Task Force of Latin America (GAFILAT by its acronym in Spanish) is a regionally based intergovernmental organization that groups 18 countries of South America, Central America and North America. This organization was created to prevent and combat money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction, through the commitment to continuous improvement of national policies against these crimes and the deepening of the different cooperation mechanisms among member countries.

For more information about the GAFILAT, please visit the website: [www.gafilat.org](http://www.gafilat.org)

*This assessment was adopted by the GAFILAT at its XLVIII Plenary meeting on December 2023.*

**Citing reference:**

Mutual Evaluation Report of the Plurinational State of Bolivia.

© GAFILAT 2022. All rights reserved. No reproduction or translation of this publication may be made without prior written permission. Applications for such permission, for all or part of this publication, should be made to the GAFILAT Secretariat at the following address: Libertador 218 - 10°- C1001ABP - Buenos Aires – Phone number (+54-11) 5252-9292; email: [contacto@gafilat.org](mailto:contacto@gafilat.org).



MUTUAL EVALUATION REPORT OF THE PLURINATIONAL STATE OF BOLIVIA

Executive summary.....5  
Key findings.....5  
Risks and general situation .....7  
Overall level of effectiveness and technical compliance .....7  
Priority actions .....13  
Technical compliance and effectiveness ratings .....15  
Mutual Assessment Report .....17  
Preface .....17  
CHAPTER 1. ML/TF RISKS AND CONTEXT .....17  
ML/TF risks and scoping of higher-risk issues.....18  
Materiality .....21  
Structural elements.....22  
Background and other contextual factors.....23  
CHAPTER 2. NATIONAL AML/CFT POLICIES AND COORDINATION.....28  
Key findings and recommended actions .....28  
Immediate Outcome 1 (Risk, policy and coordination) .....29  
CHAPTER 3. LEGAL SYSTEM AND OPERATIONAL ISSUES .....38  
Key findings and recommended actions .....38  
Immediate Outcome 6 (Financial intelligence ML/TF) .....42  
Immediate Outcome 7 (ML investigation and prosecution) .....55  
Immediate Outcome 8 (Confiscation).....69  
CHAPTER 4. TERRORIST FINANCING AND FINANCING OF PROLIFERATION.....88  
Key findings and recommended actions .....88  
Immediate Outcome 9 (TF investigation and prosecution).....91  
Immediate Outcome 10 (TF preventive measures and financial sanctions) .....97  
Immediate Outcome 11 (PF financial sanctions).....104  
CHAPTER 5. PREVENTIVE MEASURES .....110  
Key findings and recommended actions .....110  
Immediate Outcome 4 (Preventive measures) .....111  
CHAPTER 6. SUPERVISION .....128  
Key findings and recommended actions .....128  
Immediate Outcome 3 (Supervision) .....129  
CHAPTER 7. LEGAL PERSONS AND ARRANGEMENTS .....162  
Key Findings and recommended actions .....162  
Immediate Outcome 5 (Legal persons and arrangements).....164  
CHAPTER 8. INTERNATIONAL COOPERATION .....180  
Key findings and recommended actions .....180  
Immediate Outcome 2 (International cooperation) .....181  
TECHNICAL COMPLIANCE ANNEX.....202  
Recommendation 1 - Assessing risks and applying a risk-based approach .....202  
Recommendation 2 - National co-operation and co-ordination .....211  
Recommendation 3 - Money laundering offence.....213  
Recommendation 4 - Confiscation and provisional measures .....216  
Recommendation 5 - Terrorist financing offence .....219  
Recommendation 6 - Targeted financial sanctions related to terrorism and terrorist financing .....221



Recommendation 7 - Targeted financial sanctions related to proliferation .....	226
Recommendation 8 - Non-profit organisations.....	229
Recommendation 9 - Financial institution secrecy laws.....	236
Recommendation 10 - Customer due diligence .....	236
Recommendation 11 – Record keeping .....	244
Recommendation 12 - Politically exposed persons .....	246
Recommendation 13 - Correspondent banking.....	248
Recommendation 14 - Money or value transfer services (MVTs).....	249
Recommendation 15 - New technologies .....	251
Recommendation 16 - Wire transfers .....	257
Recommendation 17 - Reliance on third parties .....	263
Recommendation 18 - Internal controls and foreign branches and subsidiaries.....	265
Recommendation 19 - Higher risk countries .....	269
Recommendation 20 - Reporting of suspicious transactions .....	270
Recommendation 21 - Tipping-off and confidentiality .....	271
Recommendation 22 - Designated non-financial businesses and professions (DNFBPs): Customer due diligence.....	272
Recommendation 23 - DNFBPs: Other measures.....	276
Recommendation 24 - Transparency and beneficial ownership of legal persons .....	280
Recommendation 25 - Transparency and beneficial ownership of legal arrangements.....	289
Recommendation 26 - Regulation and supervision of financial institutions .....	291
Recommendation 27 - Powers of supervisors.....	296
Recommendation 28 - Regulation and supervision of DNFBPs.....	297
Recommendation 29 - Financial Intelligence Units (FIU).....	302
Recommendation 30 - Responsibilities of law enforcement and investigative authorities.....	308
Recommendation 31 - Powers of law enforcement and investigative authorities .....	311
Recommendation 32 - Cash couriers .....	314
Recommendation 33 - Statistics.....	320
Recommendation 34 - Guidance and feedback.....	321
Recommendation 35 - Sanctions .....	323
Recommendation 36 - International instruments .....	325
Recommendation 37 - Mutual legal assistance.....	326
Recommendation 38 - Mutual legal assistance: freezing and confiscation .....	329
Recommendation 39 - Extradition.....	332
Recommendation 40 - Other forms of international co-operation .....	334
Summary of Technical Compliance - Major Deficiencies.....	344
Acronyms and abbreviations.....	354

## EXECUTIVE SUMMARY

1. This report provides a summary of the AML/CFT measures in place in the Plurinational State of Bolivia (hereinafter, Bolivia) as at the date of the on-site visit, which took place on 17-28 April 2023. The report analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of its AML/CFT system and makes recommendations on how the system could be strengthened.

### *Key findings*

- In general, in Bolivia there is a good understanding of the risks. However, Bolivia's understanding of its TF risks is lower. In some cases, the understanding of the ML/TF risks has not been enhanced at the practical and operational levels.
- There are different levels of cooperation and coordination among the competent authorities of the system. In this sense, it is worth highlighting the good cooperation existing between the FIU, the Bolivian Police, Customs and the Armed Forces at borders and the opportunities for improvements between the financial supervisory authorities and DNFBPs, the Attorney General's Office (AGO) and the Supreme Court of Justice (TSJ).
- Though with low materiality, there are transactions with virtual assets (VA) and Virtual Asset Service Providers (VASPs) in the country, despite the regulatory limitation that restricts FIs and other regulated entities from using VA within the national payment system. On the other hand, although there are no records on the existence of any VASP in the country, there are measures taken that mitigate its possible misuse.
- Access to beneficial ownership information in an adequate and accurate manner presents some limitations, due to the inter-agency cooperation, the different regulations and control agencies involved. Commercial companies keep records and keep beneficial ownership information; however, the assessment team (AT) could not conclude that all the information is timely updated.
- In Bolivia, the issuance of bearer shares is allowed, except for the corporations that are regulated by the ASFI. Although their existence is relatively low and regulations have been issued recently to require companies having bearer shares to submit information and to update it on the holders of shares, under penalty of sanctions in the event of non-compliance, there are not yet enough elements to assess the result of the application of this measure.
- The disseminated intelligence products are used in a certain way by the Attorney General's Office (AGO). Out of the 507 intelligence reports sent to the AGO, 217 were used to open new investigations. Meaning that 43% of the total of the intelligence disseminated. While 57% of the financial intelligence reports are used for ongoing investigations.
- There are very few financial intelligence reports related to crimes identified in the NRA as high threat, such as smuggling and human trafficking.
- There are some limitations to the effectiveness of ML criminal prosecution, such as the number of specialised ML personnel assigned to the AGO and the TSJ, the development of parallel financial investigations, the implementation of a formal mechanisms for a more expeditious prioritisation of ML cases, and the understanding of ML as a stand-alone offence by some judges of the TSJ.
- Due to legal gaps, it is not possible to use special investigative techniques in ML cases, since they only apply to the crimes of drug trafficking and human trafficking.

- Most of the ML sentences are linked to the predicate offences of drug trafficking and corruption. Additionally, the sanctions applied in cases of ML as a stand-alone offence do not seem dissuasive or proportionate.
- The Financial System Supervisory Authority (ASFI), the Pension and Insurance Supervisory and Control Authority (APS), the Gaming Supervisory Authority (AJ) and the Directorate of the Plurinational Notary's Office (DIRNOPLU)—the supervisory authorities of financial institutions, casinos and notaries, respectively—have general and specific regulations for risk-based supervision.
- Financial supervisors largely carry out AML/CFT supervision with an EBR. In this sense, for on-site supervisions, the highest risk profiles are prioritized and for those with lower risks, off-site supervisions.
- The supervision of DNFBPs has different levels of maturity in its implementation. The Gaming Control Authority (AJ) develops supervision with RBA to a large extent, while DIRNOPLU has conducted supervision with a recently implemented RBA. The Business Supervision Authority (AEMP) was recently appointed supervisor of real estate companies, lawyers and accountants and is in the process of preparing a supervision manual with a RBA and the guideline for the risk assessment and mitigation, so supervision is in an early stage of development.
- Supervisors are empowered to apply both remedial actions and sanctions. In this sense, it is possible to observe that in general supervisors opt for remedial actions, which are to a large extent taken by the reported entities.
- The reporting entities have Specific Instructions to carry out their procedures with a RBA, as well as to develop and implement AML/CFT measures. Likewise, they have procedure manuals to help them comply with their respective obligations. However, there are instructions for DNFBPs that have been recently appointed, which could have an impact on the application of the appropriate measures.
- The National Service for the Registration and Control of the Marketing of Minerals and Metals (SENARECOM) is the prudential supervisor of the dealers in precious metals and stones but does not have the powers to supervise in AML/CFT matters. Additionally, the sector is not considered as reporting entities to comply with the AML/CFT obligations.
- Lawyers, accountants, and real estate agencies have recently been considered reporting entities; however, the country only considers large taxpayers for AML/CFT obligations.
- Regarding the obligation not to disclose the information submitted to the FIU (*tipping-off*), the country has a Supreme Decree that prohibits such action. However, this provision is not by law, and it is not in line with the international standards.
- In general, Bolivia responds to requests for mutual legal assistance (MLA), extradition and international cooperation in a constructive and timely manner based on multilateral and bilateral agreements, and in case there is no such an agreement, it does so under the principle of reciprocity.
- It is possible to observe that the provision of international cooperation is generally in accordance with the risks identified by the country. Likewise, the exchange of information occurs to a greater extent in relation to cases involving drug trafficking and to a lesser extent in relation to cases of ML and other high-impact predicate offences.
- The forfeiture of the proceeds of crime generally has a solid legal and institutional framework. In spite of this, it is considered that the government policy on the matter can benefit from the adoption of legal

reforms so that the legal concept of extinction of ownership has a broader scope and covers those crimes, other than drug trafficking, which are considered relevant for the country.

- Bolivia presents a low level of TF risk. The performance of different risk assessments on the matter, such as the TF SRA, the NPO SRA and the part related thereto in the NRA should be highlighted. To date, the country has no convictions for this crime, which is estimated based on the risk profile and the mitigating measures applied and the materiality it represents. However, it is considered that border controls are not robust enough, due to their porosity with respect to countries with greater exposure to this risk.
- Although the risk is low, there exist some TF regulatory deficiencies that limit in a lower way the Bolivian CFT system. In this regard, the criminal offence does not provide for the criminal liability of legal persons for TF cases, nor does it cover the financing of the travel of foreign terrorist fighters. Despite this, the regulatory framework and institutional capacities make it possible to investigate, prosecute and sanction TF crimes to a large extent.
- The country has a system to implement TFS in relation to TF and PF where authorities of both the executive and the judicial branches of government are involved. Before 2022, important limitations regarding the implementation mechanisms of TF/PF-related TFS existed. The applicable regulation in force establishes that in the event of any change, addition, or removal (regardless of whether they are positive or not) a complex mechanism should be set into motion, including a judicial ratification, which limits the effective implementation of TFS without delay in case it occurs. Currently, the issuance of inter-institutional protocols, complementary regulations and the implementation of freezing drills have allowed the country to remedy past limitations.

### *Risks and general situation*

2. Bolivia has made significant efforts to understand its ML/TF risks. In this regard, through the National Council Against Money Laundering and Terrorist Financing (CONAL), during 2022 the National ML/TF Risk Assessment (NRA) was carried out and approved. As a result, drug trafficking, corruption, human trafficking and migrant smuggling, smuggling, environmental crimes, and tax crimes were identified as the main threats. The main variables identified as system vulnerabilities for ML/TF were the impact of the economic model, effects of corruption, porosity of borders, financial inclusion), the challenges faced by the judicial system and the areas of opportunity regarding institutional capacities. In this regard, as a general finding, ML was rated as medium-high risk and TF as low risk.

### *Overall level of effectiveness and technical compliance*

#### *Assessment of risk, coordination and policy setting (Chapter 2 – IO.1; R.1, R.2, R.33)*

3. Based on the findings of the NRA, the country prepared its “2023-2025 National Strategy for the Fight against Money Laundering and Terrorist Financing”, so that the relevant stakeholders of the AML/CFT system implement appropriate measures to face the identified threats. This strategy also includes the actions that were not addressed in the previous strategy, although it is highlighted that the Action Plan was mostly fulfilled. By mandate of Law 262, Bolivia created the CONAL to formulate the guidelines and design

policies for the prevention of and fight against ML and TF, as well as to prepare and conduct a follow up of the AML/CFT Strategy.

4. Likewise, 4 sectoral risk assessments have been developed, which has had a significant impact in the reasonable understanding of the ML/TF risks they face. These SRAs are on NPOs, VASPs, legal persons and arrangements, and the TF risk. However, since these SRAs have been conducted recently, they require more dissemination among the stakeholders involved, to measure their impact on the AML/CFT system.

5. In turn, additional efforts have been made by the supervisory authorities to identify risks and vulnerabilities in the financial market, securities and insurance sectors, and other diagnostic and trend assessments have been conducted to identify potential risk sectors.

6. The supervisory authorities of the financial sector understand to a large extent the ML risks and to a certain extent the TF risks. Regarding the authorities in charge of supervising DNFBPs, such as casinos and notaries, the AJ understands its risks to a large extent and the DIRNOPLU understands its risks to a certain extent. In the case of the AEMP, which supervises lawyers, accountants, and real estate agencies, it is at an initial stage with regard to the understanding of its risks, powers and obligations.

7. Furthermore, law enforcement authorities largely understand the ML/TF risks. In this regard, the FIU, the National Customs, the Bolivian Police, the different intelligence services and the Vice-Ministry for the Fight Against Smuggling should be highlighted.

8. Bolivia has made progress in coordinating AML/CFT issues based on the establishment of a regulatory and institutional framework, which has been recently implemented in some aspects. Despite this, it could be verified that it has been implemented to some extent among some authorities; above all, as regards the coordination between the FIU and the different AML authorities and even other authorities engaged in the fight against other predicate offences and intelligence authorities.

*Financial intelligence, money laundering and confiscation (Chapter 3 - IO.6-8; R.3, R.4, R.29-32)*

9. The Bolivian FIU is a decentralised entity with autonomy in administrative, financial, legal and technical management and regulates the AML/CFT regime, as well as other competent authorities. This authority is responsible for investigating the cases in which there is an alleged commission of ML/TF offences and other crimes within its jurisdiction; and for analysing, processing and disseminating information to prevent, detect and pursue the aforementioned crimes.

10. The FIU has access to a wide range of databases and has signed inter-agency cooperation agreements that make it possible to establish effective and immediate collaboration mechanisms for the development of its functions. As a result of the analysis of different reports, mainly Suspicious Transaction Reports (STRs), the FIU generates different intelligence products; the main reports being the Assets and Financial Intelligence Reports and Quick Intelligence Reports.

11. Regarding the investigation of ML/TF, Bolivia has a system that generally allows for the detection, identification and prosecution of ML, and it is possible to observe certain coordination between the agencies

that are part of such system, although at some stages that coordination and cooperation is not institutionalised.

12. The ML investigations conducted by the Public Prosecutor's Office are mainly associated with cases of drug trafficking and corruption. In turn, the Judiciary implemented a strategy for monitoring ML proceedings. However, the measures have been very recently implemented and, although there has been certain improvement, the number of ML cases and sentences is still understood to be limited. Likewise, the legal limitation to apply special investigative techniques in cases of ML and other high-impact predicate offences, and the lack of protocols to apply parallel financial investigations affects the results of the investigative actions and the prosecution of cases to achieve sentences.

13. Bolivia has demonstrated to understand the importance of forfeiting property and assets which are the product of ML and its predicate offences. The country has developed asset forfeiture measures within the framework of its different AML/CFT policies, plans and strategies related to ML prosecution; however, these measures still seem to be limited in volume and scope. Moreover, the country has procedures for the extinction of ownership as a legal concept separate from the criminal action, as well as protocols; manuals and best practices, such as the Guidance on the Seizure and Confiscation of Assets Interdicted in Cases of Drug Trafficking and Subject to Extinction of Ownership. However, this legal concept and special investigative techniques are only applicable when they are related to cases of drug trafficking and human trafficking, and therefore, the government policy on forfeiture is limited as it cannot be applied to cases of ML and other predicate offences which are considered relevant for the country.

14. The Directorate for the Registration, Control and Administration of Seized Assets (DIRCABI) is the main authority responsible for the registration, control and administration of the assets seized, forfeited and subject to extinction of ownership in the event of those crimes that do not have a special law that determines a specific form of administration. This authority exercises its powers over assets resulting from important crimes in the Bolivian context, such as those related to illicit drug trafficking (including ML when this is its preceding crime); among others, since the judicial management is authorized to seize and deliver property to this authority for any crime. Regarding the crime of smuggling, the management of seized or confiscated assets is under the jurisdiction of the Bolivian Customs Agency and where it was not possible to identify adequate procedures in relation to the matter.

*Terrorist financing and financing of proliferation (Chapter 4 - IO.9-11; R.5-8)*

15. According to the NRA and the TF risk assessment, the country is exposed to a low level of risk mainly due to the fact that Bolivia is not a global or regional financial centre; its financial system is not developed except for its domestic needs; it is neither a regional economic centre nor a centre for the establishment of companies. In addition, no instances of domestic terrorism or links with international terrorist organisations have been observed in the country. However, Bolivia is considered to present a potential vulnerability that could be relevant in the context of this crime, since it has porous borders with countries in the region that present greater exposure to terrorism. Additionally, the economic informality and intensive use of cash in the country as a result thereof could increase the risk of occurrence of this crime.

16. Bolivia has an appropriate regulatory framework for TF investigation and prosecution, considering the level of risk it presents. To date, there is an ongoing TF case at the investigation stage. Additionally, the country has investigated different cases that, although they were TF cases at the beginning, throughout the course of the legal proceedings they either turned into proceedings for other crimes or resulted in dismissals. To date, Bolivia has no TF convictions, which is in line with the level of TF risk and the country's context. It is worth noting the existence of coordination mechanisms among the competent authorities for the prosecution of this crime, in spite of the fact that such mechanisms are not formalised in some cases or that there are no protocols for the investigation and prioritisation of TF cases.

17. Bolivia has the legal framework to implement to a certain extent targeted financial sanctions (TFS) related to TF, despite the fact that the procedure is complex and requires the participation of different authorities and the ratification of the forfeiture measure by the judicial authority. Likewise, important deficiencies are noted regarding compliance with the requirement to carry them out "without delay", although in recent simulation exercise the country has managed to substantially reduce compliance times. In turn, there are challenges regarding the powers of the competent authorities that prevent an adequate implementation of TFS derived from UNSCR 1373. Regarding PF, before 2022, the country did not have a specific legal framework for the freezing of funds and other assets of persons or entities designated in UNSC resolutions 1718, 2231 and successors. Currently, specific regulations have been issued on the matter.

18. Regarding NPOs and their risk of being misused for TF, the fact that the number of this type of organisations is relatively low is to be highlighted, and the country has adequate procedures and regulations for their registration and licensing, although the RBA could be strengthened for high-risk NPOs.

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

19. Financial and non-financial reporting entities (except for lawyers, accountants and real estate agencies that are not large taxpayers) have AML/CFT guidelines issued by the FIU. It is worth highlighting the risk-based Operating Procedures Manual and its Specific Instructions, which set forth that said reporting entities should develop ML/TF/PF risk management methodologies that allow them to identify, assess, control and monitor risk, taking into account their risk factors, as well as the activity and nature of each entity. Likewise, as part of the regulatory reforms, Bolivia updated the Specific Instructions corresponding to the intermediary financial institutions, exchange offices, money remitters and the securities market between 2022 and 2023.

20. Intermediary financial institutions, complementary financial services companies, the securities market, the insurance sector and casinos have an adequate level of understanding of the risks and their AML/CFT obligations. In this regard, these sectors show greater strength in the application of preventive measures, especially with regard to due diligence measures for customer verification, beneficial ownership identification and continuous monitoring. In the case of notaries, it should be noted that the risk management is in process of development through the establishment of the internal manuals.

21. On the other hand, Bolivia has recently incorporated real estate agencies, accountants and lawyers as reporting entities and therefore these sectors, at the moment of the on-site visit, were not yet applying

preventive measures linked to the ML/TF risk. In addition, for these new reporting entities only large taxpayers are covered, leaving out other entities that should comply with AML/CFT obligations without it being very clear that they represent low risk due to their non-large-taxpayer condition.

22. Regarding STRs, the reporting entities have a good understanding of the usefulness of such reporting and have received feedback on it. Notwithstanding this, the country should continue making efforts to ensure that said reports are of a higher quality, apart from taking measures to manage the STRs that will be received from the new reporting entities. Greater articulation is required between the FIU—as user and recipient of STRs—, the supervisors and the reporting entities to guide them in relation to red flags, the filling out of forms and the quality of the information they send.

23. The current regulatory framework in the country limits the use of virtual assets (VA) within the national payment system. In this regard, financial and non-financial institutions are not authorized to use and commercialise VA through the established channels. Although the country does not recognise VA as legal tender or as assets that can be commercialised in the payment system, there is no prohibition for the general public to use VA, nor to engage in the provision of VA services.

24. Likewise, it should be noted that the dealers in precious metals and stones have not yet been designated as reporting entities in the AML/CFT system, which the assessment team considers as a deficiency that could affect in some extent the effectiveness of the AML/CFT system, considering that it represents 22.4% of the total assets of the DNFBPs. In addition, it is considered of medium materiality.

#### *Supervision (Chapter 6 - IO.3; R.26-28, R.34-35)*

25. In Bolivia, the AML/CFT supervisory system is made up by financial and non-financial supervisors, which are: 1) Financial System Supervisory Authority (ASFI), 2) Pension and Insurance Supervisory and Control Authority (APS); on the non-financial side, 3) Gaming Supervisory Authority (AJ), 4) Directorate of the Plurinational Notary's Office (DIRNOPLU), and 5) AEMP. It should be noted that the supervisors, except for the AEMP, apply a specific regulation for the granting of licenses and/or registrations which largely prevent the entry or significant or majority participation of criminals and their associates in these entities.

26. Regarding trusts, it is only possible through establish one by a FI, which acts as trustee. In fact, they must have a license from the ASFI, and must comply with the same obligations established in the specific instructions for the intermediary financial institutions. Regarding corporate services, the creation of commercial companies is governed by the Commercial Code, the constitution of companies is carried out by a registered lawyer and the partners, shareholders, representatives, or those who intervene in the process must be fully identified in the incorporation instrument. act, which must be formalized by protocol before a notary public for its operation.

27. The different supervisors participated in the NRA conducted by the country and have a general understanding of the results of said exercise. In the case of FI supervisors, they are considered to have a greater understanding of the risks associated with ML/TF, while DNFBP supervisors have a more limited

understanding, particularly in the case of the AEMP, which has been recently designated as an AML/CFT supervisory body.

28. Regarding risk-based supervision, greater maturity has been observed in the case of FI supervisors, largely relying on risk management tools, such as matrices and risk profiles, supervision manuals and instructions. In addition, some FIs have updated their Specific Instructions. Regarding DNFBP supervisors, particularly in the case of notaries, it was possible to observe that AML/CFT supervision requires further development, since their supervision manuals are in the process of being updated based on the results of the NRA. The AJ has greater maturity to conduct supervision. Regarding the AEMP, which is in charge of the other DNFBPs which have been recently designated by the country as reporting entities, no supervisory procedures could be observed in the field of ML/TF risks.

29. Regarding sanctions, there is a legal framework that allows the implementation of a wide range of sanctions that can be proportional and dissuasive according to the severity and nature of the infractions. In this sense, it was possible to identify that the supervisors have applied economic sanctions and public warnings in cases warranted by the circumstances of the events according to the regulations. On the other hand, it was observed that, in general, remedial actions and observations have been applied in a phased manner, which shows a positive trend on the compliance with the reporting entities according to the statistics. However, it is important that supervisors continue to follow up on the remedial actions to verify that they are sufficient and effective in all cases for the reporting entities, particularly in sectors of higher risks.

*Transparency of legal persons and arrangements (Chapter 7 - IO.5; R.24-25)*

30. Bolivia has a regulatory framework that regulates the constitution, types and registration of legal persons, in order to ensure the public availability of basic information on these companies. Said information is available in different ways, with multiple bodies involved in the incorporation process, registration and control of the different forms of legal persons.

31. The basic information is public, and it is available to the competent authorities, through direct access or request for information. The competent authorities present a moderate level of inter-agency cooperation, except in the case of the registration of cooperative associations, since the Cooperative Associations Supervisory and Control Authority seems to lack cooperation instruments and tools.

32. The Trade Registry Service (SEPREC) is in charge of the public registry of commercial companies and sole proprietorships, where the basic information on owners, attorneys-in-fact and legal representatives is recorded. In addition, the main authorities responsible for the registration and control of legal persons, such as the AEMP, the SEPREC and the Internal Revenue Service (SIN), have cooperation agreements with the FIU and with other relevant authorities of the AML/CFT system. Notwithstanding this, in operational matters, there are certain challenges for the effective use thereof.

33. In the country, the competent authorities understand to some extent the potential risks associated with legal persons and arrangements. The SRA on the matter has been published recently, so there is still room for improving the knowledge of the authorities engaged in the prosecution of crime about the practical

ways in which the corporate sector can be misused. However, in general terms, the country has made an adequate effort to identify the risks of legal persons and arrangements.

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

34. Bolivia has the legal basis to provide MLA and extradition, since it has ratified the pertinent international conventions, apart from having signed different conventions and cooperation agreements with different countries, mainly in the Latin American region. This has allowed Bolivia to provide extensive assistance in a constructive and appropriate manner. For mutual legal assistance procedures, the Ministry of Foreign Affairs acts as the central authority.

35. It should be noted that the authorities have clear mechanisms and procedures, with good coordination between them, so as to provide timely international cooperation. Likewise, Bolivia provides and requests information in accordance with the threats identified by the country and with the countries that represent a greater risk. Although it is possible to observe good international cooperation, the country should seek more feedback from its counterparts regarding the information provided.

36. Moreover, the different competent authorities of the country can conduct other forms of international cooperation with their counterparts through platforms, such as the Ibero-American Network of Public Prosecutors (AIAMP), the Ibero-American Network of Anti-Drug Prosecutors (RFAI), the STAR GIRA Group, the GAFILAT - RRAG Asset Recovery Network, the Egmont Group, Regional Centre for Anti-Narcotics Intelligence (CERIAN), the Anti-Narcotics Operations Coordination Centre (CCOAN), among others, where they share financial intelligence, police intelligence, or other relevant information in the investigation of ML, its predicate offences and TF. In this regard, it is possible to observe that the number of requests through some of these platforms has been increasing, in addition to the fact that there is a higher incidence of requests with neighbouring countries. Likewise, they are considered tools that complement traditional international cooperation by allowing for timely attention without requiring a formal request for international assistance.

37. The country can exchange financial intelligence through the FIU and other types of information through other law enforcement authorities (LEAs); however, in terms of supervision it is possible to identify that, except for the ASFI, the rest of the supervisors have no extensive cooperation with foreign counterparts. Furthermore, there is no evidence of any restriction in Bolivia for the exchange of basic and beneficial ownership information of legal persons and arrangements; however, in terms of access to information by the competent authorities, some deficiencies are pointed out in relation to the collection of said information efficiently and its timely update.

*Priority actions*

- Strengthen the awareness and dissemination of the results of the NRA and SRA to the competent authorities and stakeholders involved, to improve the understanding of ML/TF risks through greater outreach to and workshops with the stakeholders involved, including those sectors that have been recently incorporated into the country's AML/CFT system.

- Conduct sectoral risk assessments (SRAs) of dealers in precious metals and stones, in order to assess the risks of said sectors, in view of their AML/CFT regulation, as well as lawyers, accountants and real estate agencies to improve the scope of their obligations.
- Strengthen coordination and cooperation between financial supervisors and DNFBPs, as well as between the Attorney General's Office and the Supreme Court of Justice, in order to enhance efforts for the prevention, prosecution, and punishment of ML/TF acts.
- Adapt the regulatory control framework and implement appropriate measures in order to ensure that BO information is accurate and up-to-date; that such information is available to the competent authorities; that it is monitored; and that sanctions are implemented for non-compliance.
- Increase the production and dissemination of intelligence reports and strategic analysis products in relation to the main threats detected in the NRA other than drug trafficking and corruption, by strengthening the technological and human resources of the relevant FIU's areas in order to disseminate more typologies, trends and practical cases that help the competent authorities to understand the different practical ways and manoeuvres whereby the country's systems are violated.
- Increase the training and education of prosecutors from the Attorney General's Office and the police on the importance of financial intelligence reports to initiate and guide their investigations.
- Increase the specialized human resources of the AGO, so that it can adequately deal with the volume of ML cases and have greater technical and operational capacity with respect to cases initiated and prosecuted according with the risks of the country.
- Implement adequate protocols to streamline the initiation and development of parallel financial investigations, taking into account the types of predicate offences with the highest impact; the possible manoeuvres involved; and the existence and identification of related assets and/or funds.
- Modify the legal framework and create the necessary conditions so that special investigative techniques are applied in ML and TF investigations, regardless of the predicate offence from which it derives.
- Include dealers in precious metals and stones as reporting entities, particularly considering the risk of illegal mining identified, according to the results of the NRA.
- In the case of VASPs, although they represent low materiality, their regulation should be considered in accordance with the public policy defined in the Bolivian context.
- Continue strengthening the understanding of the risks by the supervisor of the DNFBPs, particularly of those sectors that were recently designated as reporting entities to conduct risk-based supervision.
- Give timely follow-up to the remedial actions applied to financial reporting entities and DNFBPs to evaluate if these continue to be enough for their effectiveness.
- Reinforce activities with lawyers, accountants and real estate agencies, so that they effectively understand the scope of their new obligations with regard to AML/CFT policies and their implementation. Likewise, the country should verify the risk analysis regarding these reporting entities in order to broaden the range of those entities that are subject to AML/CFT obligations and not limit that scope to those that are considered large taxpayers.
- Complete the implementation of the case management system to strengthen the prioritization international cooperation by all LEAs that will have access to it, as well as implement a unified statistical database of the international cooperation conducted by the national authorities.

- Strengthen the operational capacities of the LEAs in order to increase their effectiveness in the identification, seizure and forfeiture of assets. In particular, it would be useful to increase training for the AGO and the Judiciary in order to strengthen their internal mechanisms to obtain a greater number of cases and volume of assets recovered through criminal proceedings.
- Conduct the necessary modifications to the legal framework to define the terms of action for each authority competent in the implementation of TFS to ensure freezing without delay in TF and PF cases.

*Technical compliance and effectiveness ratings*

Effectiveness ratings

<b>IO.1</b> Risk, policy and coordination	<b>IO.2</b> International cooperation	<b>IO.3</b> Supervision	<b>IO.4</b> Preventive measures	<b>IO.5</b> Legal persons and arrangements	<b>IO.6</b> Financial intelligence
<b>Moderate</b>	<b>Substantial</b>	<b>Moderate</b>	<b>Low</b>	<b>Moderate</b>	<b>Moderate</b>
<b>IO.7</b> ML investigation and prosecution	<b>IO.8</b> Confiscation	<b>IO.9</b> TF investigation and prosecution	<b>IO.10</b> TF preventive measures and financial sanctions	<b>IO.11</b> PF financial sanctions	
<b>Low</b>	<b>Moderate</b>	<b>Moderate</b>	<b>Moderate</b>	<b>Moderate</b>	

Technical compliance ratings

AML/CFT policies and coordination

<b>R.1</b>	<b>R.2</b>
<b>LC</b>	<b>C</b>

Money laundering and confiscation

<b>R.3</b>	<b>R.4</b>
<b>LC</b>	<b>C</b>

Terrorist financing and financing of proliferation

<b>R.5</b>	<b>R.6</b>	<b>R.7</b>	<b>R.8</b>
<b>LC</b>	<b>PC</b>	<b>PC</b>	<b>PC</b>

Preventive measures

<b>R.9</b>	<b>R.10</b>	<b>R.11</b>	<b>R.12</b>	<b>R.13</b>	<b>R.14</b>
C	LC	C	C	PC	C
<b>R.15</b>	<b>R.16</b>	<b>R.17</b>	<b>R.18</b>	<b>R.19</b>	<b>R.20</b>
PC	LC	C	LC	LC	LC
<b>R.21</b>	<b>R.22</b>	<b>R.23</b>			
PC	PC	PC			

Transparency and beneficial ownership of legal persons and arrangements

<b>R.24</b>	<b>R.25</b>
PC	C

Powers and responsibilities of competent authorities, and other institutional measures

<b>R.26</b>	<b>R.27</b>	<b>R.28</b>	<b>R.29</b>	<b>R.30</b>	<b>R.31</b>
LC	C	PC	C	C	PC
<b>R.32</b>	<b>R.33</b>	<b>R.34</b>	<b>R.35</b>		
LC	C	LC	PC		

International cooperation

<b>R.36</b>	<b>R.37</b>	<b>R.38</b>	<b>R.39</b>	<b>R.40</b>
LC	LC	LC	LC	LC

## MUTUAL ASSESSMENT REPORT

### *Preface*

38. 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.

39. This evaluation was based on the 2012 FATF Recommendations and was prepared using the 2013 Methodology. The evaluation was based on information provided by the country, and information obtained by the assessment team during its on-site visit to the country from 17 to 28 April 2023.

40. The evaluation was conducted by an assessment team consisting of: María Silvia Suárez, Lawyer at the Money Laundering and other Crimes Prevention Division under Argentina's National Institute of Associations and Social Economy (INAES), financial expert; Diego Iván Jácome, Deputy Director of Money Laundering Risks of the Superintendence of Banks of Ecuador, operational expert; Sulma Mendoza, Coordinator of the Anti-Money Laundering Specialised Unit of the Attorney General's Office of El Salvador, legal expert; Oscar Gabriel Calvillo, Director of the Administrative, Strategic Analysis and Technology Department of the Special Verification Intendency of Guatemala, operational expert; Odalis Johany Suazo, Legal Specialist of Honduras's Financial Intelligence Unit, legal/operational expert; José Eduardo Armoa, Interim Director General of Public and International Relations of Paraguay's SEPRELAD, operational expert; Diego Ulloa, Peru's FIU Operational Analyst, operational expert. As for the GAFILAT Executive Secretariat, the process was coordinated by the Deputy Executive Secretary, Gustavo E. Vega with the support of the technical experts, Alejandra Pérez and Juan Manuel Portilla. The report was reviewed by the FATF Secretariat, Sergio Tresguerres, from Spain and Ana Karen Aguilar from the Mexican FIU.

41. Bolivia was previously subject to a Mutual Evaluation in 2011, conducted according to the 2004 FATF Methodology. The 2011 evaluation and 2013 follow-up report have been published and are available at <https://www.gafilat.org/index.php/es/virtual-library/members/bolivia/mutual-evaluations-1/1950-informe-de-evaluacion-mutua-de-bolivia-3a-ronda>

42. The mutual evaluation concluded that the country was compliant with 1 FATF Recommendation; mostly compliant with 4; partially compliant with 26; and non-compliant with 17. Bolivia was placed under the International Cooperation Review Group (ICRG) enhanced follow-up process. During the period from 2011 to 2013, Bolivia was under review by the FATF. In June 2013, the FATF determined that Bolivia established the legal and regulatory framework to comply with its commitments in its Action Plan in relation to the identified strategic deficiencies and removed Bolivia from enhanced monitoring within the framework of the global AML/CFT compliance process in progress.

## CHAPTER 1. ML/TF RISKS AND CONTEXT

43. Bolivia has an area of 1,098,581 km<sup>2</sup>, bordering to the north and east with Brazil (3,423 km), to the southeast with Paraguay (750 km), to the south with Argentina (742 km), to the southwest with Chile (861 km) and to the northwest with Peru (1,047 km). Sucre is the capital city of Bolivia and the seat of the

Judicial Body, while the district of La Paz is the seat of the Executive, Legislative and Electoral Bodies, as well as the political and financial epicentre of the country. The country has a population of 11,841,955 inhabitants.<sup>1</sup>

44. The country is a Unitary Social State of Plurinational Communitarian Law, free, independent, sovereign, democratic, intercultural, decentralised and with autonomous regions. In addition, it adopts a democratic form of government that is participatory, representative and communitarian.

45. According to Bolivia's 2021 Article IV Consultation Report by the International Monetary Fund (IMF), the country's Gross domestic product (GDP) increased by 6.1%. In this regard, at present the GDP amounts to USD 40.04 billion and per capita GDP to USD 3,345, according to the World Bank.<sup>2</sup>

46. The activities that had the greatest impact on the year-on-year increase in the GDP in 2021 were transport and storage, mining, the manufacturing industry, construction, and commerce. The Economically Active Population (EAP) is made up of approximately 4,559,153 people living in the urban area of the country. Additionally, commerce is the main business activity of 24.3% of the employed population, whereas the manufacturing industry represents 14.6% of such population.<sup>3</sup>

47. Regarding foreign trade, Bolivia showed a significant post-COVID recovery in 2021, considering that the trade surplus reached USD 1.46 billion, equivalent to 3.6% of the GDP. Bolivian exports reached a value of USD 10.99 billion and a volume of 14.8 million tonnes by 2021. In turn, Bolivian imports also experienced a positive variation, reaching a value of USD 9.62 billion and a volume of 6.5 million tonnes.<sup>4</sup>

### *ML/TF risks and scoping of higher-risk issues*

#### *Overview of ML/TF risks*

48. The assessment team analysed the Bolivian NRA, the inputs provided by the FATF Global Network and other reliable public sources of information. Based on this, the following crimes are considered to represent the greatest threats due to the impact they generate in the country:

- **Drug trafficking:** According to Bolivia's NRA and other formal sources, due to the location of the country, the multiple borders, the orography thereof and the coca cultivation ancestral culture (third growing country), among other factors, the trafficking of drugs and illegal substances is a major crime that eventually involves important criminal groups and produces substantial profits that may be laundered through the real economy or the Bolivian financial system.
- **Corruption:** According to the NRA and other relevant sources useful for the measurement and assessment of corruption and its perception, this crime is one of the main evils that affect the Bolivian

<sup>1</sup> According to the projections of the National Institute of Statistics (INE) with data as of 2021.

<sup>2</sup> <https://datos.bancomundial.org/pais/bolivia>

<sup>3</sup> According to data from the Bolivian Economy Report 2021 (MEB 2021) published by the Ministry of Economy and Public Finance (MEFP), the Monetary Policy Report (IPM) of July 2022 published by the Central Bank of Bolivia (BCB), the Annual Reports of the public agencies involved, and the Annual Report published by the National Institute of Statistics (INE).

<sup>4</sup> Idem.

State and generates a significant amount of money that is prone to be laundered inside and outside the financial system, as well as its real economy.

- **Human trafficking and migrant smuggling:** As mentioned above, the location of Bolivia, with its multiple borders and deficiencies in controls are a relevant factor that facilitates the commission of cross-border crimes, such as human trafficking and migrant smuggling, which, in spite of having different typical elements, share many elements and even methods and routes. In this regard, Bolivia is identified as a country of origin for human trafficking. This crime generates illicit assets and flows of organised crime and according to the studies consulted it is a recurring and very profitable crime.
- **Smuggling:** Bolivia has identified the illegal cross-border transportation of goods for their eventual commercialisation in the market. This is mainly due to Bolivia's geographical location, unclear regulations, the porosity of its borders and the need for greater controls, as well as the vulnerability posed by corruption that can permeate within the competent authorities at the borders. The authorities, as well as different studies, consider smuggling as one of the main sources of unlawful profits in Bolivia, which affects different sectors of the country's economy and has an impact on tax collection.
- **Environmental crimes:** According to the NRA, illegal mining is an activity that has been threatening the country both from the economic and the environmental point of view. Bolivia has natural resources that are prone to be exploited illegally. In this respect, Bolivia has important deposits of gold, silver and zinc, which are the three most exported minerals in the country and the ones that generate the highest profits.
- **Tax crimes:** At the international and regional levels, tax crime has been identified as a major ML threat. According to the NRA, tax crimes in Bolivia are also important as a ML threat. One of the ways to violate tax controls in Bolivia has been through the issuance of false, duplicate, unauthorised, non-issued invoices and overvalued invoice amounts, as well as the simulation of operations or fictitious transactions.
- **Terrorist financing:** The threat of terrorism and its financing in Bolivia comes mainly from external dynamics, mainly regional. No national or international terrorist group is known to have shown intentions of attacking the Bolivian State or its population. In this regard, the level of risk has been rated as low. Nevertheless, the NRA recognises that the permeability of Bolivia's borders, especially with countries with greater exposure to terrorism and more sophisticated and complex financial systems, as well as the high rate of informality in the economy and possible deficiencies in the monitoring of cross-border transportation of cash, could imply a more relevant TF risk.

49. The vulnerabilities identified include:

- **Lack of institutional capacity to detect, investigate and prosecute ML/FT, as well as to confiscate the proceeds of the crime:** The legal provisions to identify, freeze, seize, or forfeit the proceeds of crime present limitations. There are no mechanisms to manage and dispose of the assets seized or forfeited for

crimes related to ML/TF, however, these are limited mainly by drug trafficking cases, which restricts the capacity for international cooperation on this matter.

- **Lack of inter-agency coordination:** The existence of regulatory instruments to facilitate inter-agency cooperation between the competent authorities in charge of combating ML threats is recognised; however, the NRA has identified vulnerabilities related to i) the implementation of measures to make existing regulatory mechanisms operational; ii) the development of multidisciplinary working groups; and iii) the signing of new agreements; as well as the need for further training and specialisation in AML/CFT matters for LEAs.
- **DNFBPs:** In Bolivia casinos and notaries, real estate agencies, lawyers and accountants are considered DNFBPs, these 3 last sectors consider only large taxpayers. Dealers in precious metals and stones are not reporting entities. Therefore, they do not have AML/CFT obligations as reporting entities. In addition, it is worth considering the level of risk that some of these activities would represent for ML.
- **TF:** The NRA identified as vulnerabilities for TF the criminalisation of said offence, the limited generation and use of financial intelligence in TF matters, some deficiencies in TF investigation and prosecution derived from limitations in the training of LEAs in TF matters, the rotation of authorities and focal points that hinder the exchange of information and inter-agency cooperation on TF, as well as the deficiencies of the Bolivian legal framework in terms of implementation of the regime of TF-related targeted financial sanctions.

#### *Country's risk assessment and scoping of higher-risk issues*

50. Bolivia's 2022 ENR was developed by decision of CONAL, and all public institutions and financial reporting entities and DNFBPs participated in the exercise with the technical assistance of an international expert. During this exercise, more than 200 in-person and virtual meetings were held, indicating that it was a comprehensive and continuous risk assessment. As a source of information, both qualitative and quantitative data and information were analysed and were carried out through the different tables established for such purposes.

51. Bolivia's NRA was also approved and issued by the CONAL on 12 January 2023. Risk was identified by using a well-structured methodology, holding face-to-face and virtual sessions with relevant entities from the public and the private sectors, corresponding to the financial and the DNFBP sectors, as well as with those involved in the fight against predicate offences, for which specific workshops on ML/TF were also held and working tables were organised. In that sense, the assessment team appreciates that the main threats and vulnerabilities that affect the country were addressed to a large extent.

52. In addition to the above, in 2015, CONAL approved the first National Strategy to combat ML/TF, along with its action plan. The report presented on the state of progress of such strategy reveals that the FIU has actively promoted the execution of the actions committed since August 2021, by requesting the agencies to designate representatives to participate in the meetings and reach consensus on the actions to be taken, as well as by creating working groups with the agencies summoned. Compliance with the committed actions, by 2022, reached 73%. However, some of the established actions were partially fulfilled, which allowed

them to be integrated into the new strategy with the new actions that derived from the conclusions of the NRA.

53. Thus, based on the NRA, the new country's strategy (2023-2025) was approved. It was elaborated in coordination with the national public agencies, considering the threats and vulnerabilities for the definition of each *item* of the action plan. As previously mentioned, the actions included in the previous plan that had not been completed were also incorporated, and the maximum term for compliance was set at three years. The Action Plan was designed around four main pillars and programs: 1) preventive system, 2) criminal justice, 3) institutional capacity, 4) terrorist financing, including 80 new actions.

### *Materiality*

54. Bolivia has two supervisory bodies for the financial sector: 1) the Financial System Supervisory Authority (ASFI), in charge of supervising intermediary financial institutions, complementary financial service providers and securities market companies; and 2) the Pension and Insurance Supervisory and Control Authority (APS), which supervises the insurance market and the comprehensive pension system.

55. The financial sector comprises a total of 363 reporting entities. The entities regulated and supervised by the Financial System Supervision Authority (ASFI) include: i) 69 intermediary financial institutions; ii) 199 complementary financial service providers; and iii) 36 securities market companies. In turn, the entities regulated and supervised by the Supervision and Control Authority for Pensions and Insurance (APS) include: i) 19 insurance market; and ii) 40 insurance and reinsurance brokers.

56. Regarding DNFBPs, there are a total of 712 DNFBPs registered in Bolivia. The AJ regulates, controls and supervises casino and gambling activities in AML/CFT matters and at present there is only one casino registered in Bolivia. Likewise, there are 665 notaries who are supervised by the DIRNOPLU. Regarding the new reporting entities, there are 9 lawyers, 3 accountants and 34 real estate agencies, which are supervised by the AEMP. The dealers of precious metals and stones are not designated as reporting entities. With regard to trust service providers, only intermediary financial institutions can carry out said activity and, therefore, they are under the supervision of the ASFI.

57. According to the information provided by the ASFI, as of 31 October 2022, its supervised entities record a total asset value of USD 46.79 billion, with intermediary financial institutions being the most representative (98.7%), followed by securities market companies (0.7%) and, finally, complementary financial service providers (0.6%). In the case of intermediary financial institutions, the placement of credits is the main source of income generating approximately 92.4% of financial income and reached USD 30.89 billion with an annual growth rate of 7.5%. In the securities market, the value of transactions amounted to USD 12.44 billion. Regarding complementary financial service providers, a total asset value of USD 272 million was recorded, of which 90.5% corresponded to financial leasing companies, electronic card management companies, mobile payment service providers, exchange offices, bonded warehouses and money remitters. Moreover, according to information from the APS, as of September 2022, the production of the insurance market reached USD 518.2 million, thus showing a growth of 14.5% as compared to 2021.

58. The supervisory authorities have issued AML/CFT/CFP Supervision Manuals for their reporting entities, apart from specific instructions on AML/CFT for intermediary financial institutions, exchange offices, money remitters, financial leasing companies, bonded warehouses, securities market, securitisation companies, insurance market and insurance brokers and reinsurers, games of chance and casinos and notaries. There is no specific regulation for electronic card administrators, but it should be noted that measures are taken based on the Procedures Manual and that this sector has a low materiality in the country.

59. With regard to legal persons in Bolivia, commercial companies, whatever their purpose, can be incorporated and take one of these legal forms: i) general partnership; ii) limited partnership; iii) limited liability company; iv) corporation; v) partnership limited by shares; vi) joint venture; vii) mixed company; viii) state-owned company. Moreover, there are also the so-called sole proprietorships, which, according to information from the Ministry of Productive Development and Plural Economy (MDPyEP), is the legal form with the highest share in trade with 72.4% (83,408 companies), followed by limited liability companies with 25.6% (29,452 companies) and corporations with 1.6% (1,859 companies).

60. Commercial companies are required to register with the Registry of Commerce, and certain information held in said Registry is made public through the Electronic Gazette of Commerce. The NRA identified the use of shell companies and legal entities as a common typology of ML and in general as a ML risk factor. In Bolivia, bearer shares and share certificates exist and can be issued.

61. Finally, regarding the NPOs in the country, by June 2022, 2,192 NPOs were registered: 637 civil society organisations, 258 foundations, 9 social organisations, 905 non-governmental organisations and 383 religious organisations. Bolivia has a SRA for this sector, which determined that 71 NPOs present TF risk: 61 with a low TF risk and 10 with a medium TF risk.

### *Structural elements*

62. With regard to the economy, since 2006, Bolivia has applied the Economic Social Community Productive Model, whose pillars are the generation of economic surplus from the use of natural resources (surplus-generating sectors), the appropriation of this surplus and its distribution by the State in order to strengthen, on the one hand, the national productive system (sectors that generate employment and income) and, on the other, redistribute income, mainly to the most vulnerable population. The Bolivian Political Constitution recognises the different forms of economic organisation (community, state, private and cooperative social).

63. In 2021, a GDP growth of 6.1% was recorded, supported by the dynamism of domestic demand; inflation stood at 0.9%; the trade balance recorded a surplus of USD 1.46 billion (3.6% of GDP); public investment reached USD 2.65 billion, 48.3% higher as compared to 2020. In the social field, extreme poverty decreased by 2.6 pp as compared to 2020, standing at 11.1%; the unemployment rate showed a significant improvement by reducing from 8.4% in 2020 to 5.2% in 2021. Likewise, the employed population grew by 15.0% in 2021, reaching 4,320,419 people.

64. From the geographical point of view, Bolivia has an extensive border adjacent to Argentina, Peru, Brazil, Chile and Paraguay, which exceeds 6,000 kilometres in length. This aspect allows for the existence

of numerous routes that are used by groups engaged in illegal smuggling, which use unauthorised routes in order to avoid paying customs duties.

65. As a result of the porosity of the country's borders, the National Customs has redoubled efforts to carry out currency control through monitoring exercises in line with the Inter-agency Agreement between the National Police and the National Customs.

66. Regarding financial inclusion, Bolivia has recently made significant progress in this area, which had a positive impact on its economic and social development. In this context, according to the NRA between 2007 and the first half of 2022, the level of financial deepening, expressed in the share of credits in the GDP, increased significantly, going from 31% to 71%. Although these advances are recognised, it should be noted that there are still challenges in this regard due to the geographical characteristics of the country, and financial services are not yet very extensive in some areas.

67. On the other hand, according to reports from international organisations and national sources, informality in the country's economy is between 50% and 70%, which implies that a significant amount of money, funds, and assets circulate informally and may pave the way for illicit flows to conceal among them. In this regard, the strong informality and the fact that a significant number of DNFBPs are not yet regulated as reporting entities enhance the risk that cash coming from criminal activities enter the real economy.

#### *Background and other contextual factors*

68. With regard to the impact of the crime of corruption, Bolivia has approved a set of rules to prevent and sanction these facts. It has started by establishing the policy through development plans and has established a competent structure and management tools through Law 004 "Marcelo Quiroga Santa Cruz" and Law 1390. Both laws incorporate international standards to public management related to the fight against corruption. Within the structure of the State, the Ministry of Institutional Transparency and Fight against Corruption was created, with the power to formulate and execute policies, programs and management projects on ethics, transparency, prevention and fight against corruption. In 2017, the Ministry of Justice and the Ministry of Transparency were merged, thus creating the Ministry of Justice and Institutional Transparency, and the Vice-Ministry of Institutional Transparency and Fight against Corruption. The fight against corruption includes procedures for the administrative investigation of complaints that may lead to the initiation of criminal actions for acts of corruption or related to ML. In the 2022 administration, 272 complaints were received, out of which 157 were admitted.

69. Regarding the management of criminal proceedings, in the 2022 administration, there is a ratio from 70% to 30% of cases that are at the preliminary or preparatory stage; out of 862 cases, 188 correspond to ML offences and 674 to predicate offences for acts of corruption criminalised in Law 004, and there are 31 sentences. There is a Public Accountability System, which is mandatory for all public sector entities, and is publicly accessible by the general population. Currently, there is information on 331 entities and 1,000 users who entered to make information queries. Public entities count with transparency units, which were created by Law 974 and are constituted as compliance units in each public entity and those entities that manage public resources. Their structure extends to the four powers of the State.

### *Overview of the AML/CFT strategy*

70. Bolivia created the CONAL in 2012, which is the highest instance in charge of coordinating and proposing ML/TF prevention and repression policies and is made up of the highest executive authorities of the Ministry of Economy and Public Finance, Ministry of Government, Ministry of Defence, Ministry of Justice and Institutional Transparency and the Attorney General's Office. The CONAL's Technical Secretariat is exercised by the FIU. As part of its functions, the CONAL approved the 2023-2025 National Strategy, which was elaborated with the participation of public entities based on the findings of the NRA. The Action Plan was designed around four main pillars and programs: 1) preventive system, 2) criminal justice, 3) institutional capacity, 4) terrorist financing, including 80 new actions.

71. At the time of the on-site visit, Bolivia complied with 5 specific actions of this strategy: 1) update of the instructions that incorporate the elements required by the standard, 2) amendment of Supreme Decree 910, 3) SRA on VA and VASPs, 4) SRA on legal persons, and 5) TF SRA for NPOs, which represents 6% of compliance. However, there are necessary actions that have not been supported by the legislative authorities and measures to cover certain deficiencies in the legal framework that limit the scope and extent of the mitigating measures.

### *Overview of the legal and institutional framework*

72. Bolivia is a Unitary Social State of Plurinational Communitarian Law, free, independent, sovereign, democratic, intercultural, decentralised and with autonomous regions, as well as a jurisdiction with a civil law system. The Legislative, Executive, Judicial and Electoral Bodies participate in the structure and organisation of the public power of the State.

73. The Bolivian Judicial Body is made up of the Supreme Court of Justice (highest instance of ordinary jurisdiction), multi-judge courts, courts and the Judicial Council. The plurinational government is responsible for legislating the national criminal, commercial and civil codes, as well as other national laws that are applicable nationwide. National laws governing ministries and government agencies also authorise those ministries and agencies to issue regulations for the implementation of such laws, as well as other means to further refine and implement the laws. These regulations take the form of decrees, resolutions and general resolutions. In relation to ML and TF, it is the trial courts that hear and resolve the case in the first instance.

74. The Attorney General's Office (AGO), which has operational, administrative and financial autonomy, is in charge of defending the legality and general interests of society, and of the exercise of public criminal action. In turn, the Police acts as a public force; it conducts investigative work under the functional direction of the AGO. The criminal investigative work is carried out through its two operational arms: the Special Anti-Narcotics Task Force (FELCN), in charge of carrying out investigative and intelligence tasks in relation to ML, the action of extinction of ownership and crimes associated with the illicit trafficking of controlled substances; and the Special Anti-Crime Task Force (FELCC), which specialises in the fight against corruption, ML and TF associated with crimes other than drug trafficking.

### *Overview of the financial sector, DNFBPs and VASPs*

75. At present, there were 1,075 reporting entities in Bolivia: 363 correspond to the financial sector and 712 to the DNFBP sector. Intermediary financial institutions have the highest percentage of the assets among financial institutions (98.7%), with 69 entities; complementary financial service providers represent 0.6%, with 199 entities; and the securities market companies represent 0.7%, with 36 entities.

76. The financial sector comprises a total of 363 reporting entities. The entities regulated and supervised by the ASFI are: i) 69 intermediary financial institutions consisting of 12 multiple banks (including 1 branch of a foreign bank), 2 SME banks, 1 public bank, 1 productive development bank, 41 savings and credit cooperative associations, 9 development financial institutions, and 3 housing financial entities; ii) 199 complementary financial service providers consisting of 177 exchange offices, 7 money remitters, 3 financial leasing companies, 3 bonded warehouses, 2 information bureaus, 2 clearing and settlement chambers, 2 securities and money transportation companies, 2 electronic card management companies and 1 mobile payment service provider; and iii) 36 securities market companies consisting of 12 brokerage firms, 15 mutual fund management companies, 3 securitisation companies, 1 securities depository entity, 4 stock market and risk rating agencies.

77. In turn, the entities regulated and supervised by the APS are i) 19 insurance market companies that include 9 personal insurance companies and 10 general insurance and surety bond companies; and ii) 40 insurance and reinsurance brokers (34 insurance brokers and 6 reinsurance brokers).

78. Regarding DNFBPs, there are a total of 712 DNFBPs registered in Bolivia, including one (1) casino, 665 notaries, 34 real estate agencies, 9 lawyers and 3 accountants; the latter three were designated as reporting entities in April 2023. It should be highlighted that these new reporting entities cover only large taxpayers, which leaves out other entities that could be exposed to risk. Therefore, it could be stated that, with this new designation, AML/CFT control is not yet complete for these sectors.

79. With regard to trust service providers, only intermediary financial institutions can carry out said activity and therefore they are under the supervision of the ASFI. Corporate services, its constitution is carried out by a registered lawyer and the partners, shareholders, representatives or those who intervene in the act must be fully identified in the incorporation instrument, which must be formalized by protocol before a notary public to its operation. Therefore, the corresponding provisions of these DNFBPs apply.

80. Dealers in precious metals and stones are not reporting entities under the Bolivian law, therefore they are not subject to AML/CFT obligations. Although the country classifies the sector with a medium level of exposure and also vulnerable to the identified threat of environmental crimes in the NRA, the materiality of the sector is classified as intermediate. According to the country study, there are approximately 1,480 mineral exporters, of which 44 were classified as high risk, 1,148 as medium risk and 288 as low risk.

81. Despite the fact that the DNFBP sector in Bolivia is larger in number of reporting entities than the financial sector, the financial sector generates a greater impact in terms of AML/CFT. Taking into account the above, as well as the country's risk and context identified based on the findings of the NRA and the assessments conducted by the reporting entities of the financial and non-financial sectors, for the analysis

and weighting of the core issues, a greater weight was assigned to the banking sector, money remitters, and real estate agencies; followed by exchange offices, mobile payment service providers, securities market companies and related activities, lawyers, accountants and dealers in precious metals and stones; and thirdly followed by the insurance sector, the rest of complementary financial service providers, casino and notaries.

#### *Overview of preventive measures*

82. Bolivia issued Supreme Decree 4904, Regulation of the FIU, which establishes the obligations of the different stakeholders of the AML/CFT system. In the particular case of reporting entities, the Supreme Decree supplements Law 393 of 2013 and the Specific Instructions for the different sectors, as follows:

#### **Financial sector:**

- Instruction 42/22 for intermediary financial institutions
- Instruction 05/23 for exchange offices
- Instruction 24/23 for money remitters
- Instruction 07/13 for financial leasing companies
- Instruction 08/13 for bonded warehouses
- Instruction 21/23 for mobile payment service providers
- Instruction 20/23 for the securities market
- Instruction 67/22 for the insurance market

83. In addition to the aforementioned Instructions, the reporting entities have a Procedures Manual for compliance with their respective obligations.

#### **DNFBP sector**

- Instruction 23/23 for casinos
- Instruction 15/21 for notaries
- Instruction 25/23 for lawyers, accountants and real estate agencies considered as large taxpayers.

84. In the case of notaries, the Instruction has been very recently implemented, and the sector is at the stage of developing its internal manual. Lawyers, accountants, and real estate agencies are in an initial process of learning and applying their AML/CFT obligations.

#### *Overview of legal persons and arrangements*

85. With regard to legal persons in Bolivia, commercial companies, whatever their purpose, can be incorporated and take one of these legal forms: i) general partnership; ii) limited partnership; iii) limited liability company; iv) corporation; v) partnership limited by shares; vi) joint venture; vii) mixed company; viii) state-owned company. Moreover, there are also the so-called sole proprietorships, which, according to information from the Ministry of Productive Development and Plural Economy (MDPyEP), is the legal form with the highest share in trade with 72.4% (83,408 companies), followed by limited liability companies with 25.6% (29,452 companies) and corporations with 1.6% (1,859 companies).

86. Commercial companies are required to register with the Registry of Commerce, and certain information held in said Registry is made public through the Electronic Gazette of Commerce. In addition to those established in the Commercial Code and registered with the SEPREC, in the country there are non-profit organisations and foundations, cooperative or mutual associations, public entities (municipalities, governorships), civil society organisations, associations (transport, religious, political and others), universities and state-owned companies.

#### *Overview of supervisory agreements*

87. In Bolivia, the FIU has designated financial and non-financial supervisors on ML/TF risk prevention and management for the different reporting entities. For the financial sector, the ASFI and the APS were designated. Regarding DNFBPs, the AJ, the DIRNOPLU and the AEMP are the designated supervisory bodies.

88. The supervisory authorities have issued AML/CFT/CFP Supervision Manuals for their reporting entities, apart from specific instructions on AML/CFT matters. In general, it is possible to observe a different level of implementation between the financial and non-financial sectors. In the specific case of the AEMP, the level of understanding of its obligations, as a new supervisory body in AML/CFT matters, is limited.

89. There is no supervisor for dealers in precious metals and stones, since the sector has not yet been designated as a reporting entity.

#### *Overview of international cooperation*

90. Bolivia has an adequate legal basis that allows its competent authorities to provide a wide range of MLA and respond to extradition requests. Cooperation is provided in accordance with treaties, conventions, and bilateral and multilateral agreements on criminal matters ratified by the country, and in the absence of an agreement, cooperation is provided under the principle of reciprocity. The country has information exchange mechanisms or instruments, and its respective competent authorities have signed memoranda or agreements with foreign counterparts. Likewise, the Bolivian competent authorities have internal procedures, reflected in guides and instructions, which allow them to provide and offer international cooperation.

91. The competent authorities are in the process of implementing the Correspondence System to provide access to all LEAs engaged in international cooperation, with the aim of strengthening the prioritisation of requests, which will have an impact on the improvement and strengthening of their timely processing.

92. The country can exchange financial intelligence through the FIU and other information from LEAs. In terms of supervision, it was possible to identify that, except for the ASFI, there is no extensive cooperation with foreign counterparts. Furthermore, there is no evidence of any restriction in Bolivia for the exchange of basic and BO information of legal persons and arrangements; however, in terms of access to information by the competent authorities, it was possible to identify some deficiencies to obtain such information in a timely manner.

93. It is possible to observe that the country seeks other forms of international cooperation through the different platforms to which the LEAs have access according to their powers. In this regard, financial intelligence, police intelligence, and other relevant information are shared in the investigation on ML, their predicate offences and TF.

## CHAPTER 2. NATIONAL AML/CFT POLICIES AND COORDINATION

### *Key findings and recommended actions*

#### **Key findings**

- The Plurinational State of Bolivia has made a significant effort to identify and understand its ML/TF risks. To this end, it conducted the 2022 NRA, with reasonable results and its own methodology, considering quantitative and qualitative information on Bolivia's the context and particular characteristics to assess ongoing threats, vulnerabilities, and mitigating factors.
- The country has developed sectoral assessments with the objective of influencing on the reasonable understanding of ML/TF risks by NPOs, VASPs and legal persons. It has also developed a risk assessment on TF. However, the recent approval of these assessments has not allowed for a sufficient dissemination of their results to the stakeholders involved.
- In general, the supervisory authorities and some law enforcement authorities, such as the Bolivian Police (BP) and the Bolivian Customs (ANB), understand, to a large extent, the ML risks. Moreover, in general, there is less understanding of TF risks than those derived from ML. There is a need to continue disseminating the results in order to measure their use by the agencies in their policies and activities. There are opportunities for improvement in the understanding of the ML/TF risks by agencies, such as the Attorney General's Office (AGO) and the Supreme Court.
- The coordination and establishment of ML/TF prevention and repression policies and strategies in Bolivia is under the responsibility of the CONAL, which has so far approved two national strategies and their respective Action Plans: the first in 2015 and the last one in 2023. The actions of the first strategy were fulfilled to a large extent, whereas it was not possible to measure the impact on the results in relation to the Second Strategy, which has been issued only recently; however, its development and scope is to a large extent consistent with the risks identified.
- There are different levels of cooperation and coordination among the competent authorities of the system. In this regard, it is worth highlighting the good cooperation existing among the FIU, the Bolivian Police, the Customs and the Armed Forces at borders, as well as opportunities for improvement among the financial supervisory authorities and DNFBPs, the Attorney General's Office (AGO) and the Supreme Court of Justice.
- It could be observed that, prior to the on-site visit, the results of the NRA to the reporting entities were only disseminated once. Nevertheless, the financial reporting entities and DNFBPs participated in the development of the NRA, which has a positive impact on the development of the understanding of their risks.

#### **Recommended actions**

- Strengthen the dissemination of the results of the NRA and SRA to the competent authorities and stakeholders involved, in search of an improvement in the understanding of the ML/TF risks through

greater outreach to and workshops for the stakeholders involved, including those sectors that have been recently incorporated into the country's AML/CFT system.

- Enhance the understanding of the risks associated with lawyers, accountants, real estate agencies and dealers in precious metals and stones, in order to align their AML/CFT regulation with the FATF Standard to improve the scope of the mitigating factors.
- Strengthen the understanding of the risks, mainly from LEAs, such as the Attorney General's Office and the Supreme Court of Justice in order to consolidate AML/CFT policies and ML/TF prosecution through the dissemination of typologies and training focused on recognizing the different techniques, schemes and trends used for ML and TF.
- Improve the scope of the understanding of the TF risk, fully considering the vulnerabilities of the country associated with the geographical position, the porosity of the borders, informality and the transportation and use of cash.
- Strengthen coordination and cooperation among financial supervisors and DNFBPs and between the Attorney's General Office (AGO) and the Supreme Court of Justice, in order to strengthen efforts to prevent ML/TF and to impose the corresponding sanctions.
- Continue with the dissemination and training in the risks to the different reporting entities, considering first those who were recently designated, such as law firms, accountants and real estate agencies.

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, and elements of R.35.

### *Immediate Outcome 1 (Risk, policy and coordination)*

#### *Country's understanding of its ML/TF risks*

94. The Plurinational State of Bolivia has made a significant effort to identify and understand ML/TF risks. In this regard, Bolivia has, to a large extent, a solid understanding of its ML/TF risks that results from it having conducted a continuous and comprehensive risk assessment process. This conclusion was reached after reviewing the NRA and the available SRAs and the conversations held with several competent authorities, LEAs, regulatory agencies and regulated sectors. In this regard, the results were considered reasonable.

95. The NRA was the result of the follow-up of the actions established in the 2015 National Strategy, with an analysis of information covering the period from 2018 to 2021. All the authorities of the Bolivian AML/CFT system participated in this exercise: ASFI, APS, BCB, AJ, ANB, SIN, DIGEMIG, DIRNOPLU, SEPREC, AEMP, Vice-Ministry of Public Investment and External Financing (VIPFE), Viceministry of Autonomies (VA), Judicial Council, Judiciary, TSJ, Ministry of Foreign Affairs (MRE), AGO, Bolivian Police, FELCN – GIAEF, FELCC – DNLGIFT, DIRCABI, Office of the State Attorney General, Ministry of Defence, Ministry of Productive Development and Plural Economy, under the direction of the CONAL, and the technical support of the FIU. Moreover, the exercise counted with the participation of all the FIs and DNFBPs of the private sector, including lawyers, accountants, real estate agencies and dealers in precious metals and stones. The results were disseminated to all the participants from 4 to 10 April 2023.

96. As a result of the analysis made in accordance with the methodology applied, it was possible to identify the main ML threats, and, as an overall weighting, the country has defined the national ML threat as a medium-high threat. Regarding vulnerabilities, their analysis and description were reasonable and coherent with what was stated by the different authorities. Thus, the national ML vulnerability was rated as medium-high. The Bolivian authorities are aware of and understand, to a large extent, the consequences of factors such as informality in its different aspects (employment, sector and economy). The State has conducted actions to promote formality and strengthen financial inclusion, and by that, reaching, according to studies conducted by the ASFI, a level of financial coverage of 86,4%.

97. Thus, the ML risk was rated as medium-high and the TF risk as low. The latter is so because the threat of terrorism and its financing in Bolivia comes predominantly from external dynamics, categorised as regional, and as stated by LEAs and in accordance with the information provided by them. In this regard, and for the purpose of assessing TF vulnerabilities, the country has considered everything that is related to the legal framework as determining factors, such as TF criminalisation and the powers to apply TFS.

98. In order to reinforce the conclusions of the NRA regarding the understanding of the TF risk, the FIU, together with other authorities of the AML/CFT system in the country, prepared an SRA on TF, whose analysis of vulnerabilities considered the following variables: institutional capacity, geographical position, collection or generation of funds, transportation or transfer of funds and the destination of funds, in the domestic and foreign context, ratifying the result of the NRA exercise. However, this document has been issued recently; and therefore, it is necessary to disseminate its conclusions not only to the authorities involved in the assessment, but to the entire system, mainly the reporting entities.

99. The country has also developed different sectoral assessments in order to supplement the NRA. In this regard, the Financial Investigations Unit (FIU), by mandate of the CONAL and with the participation of other government agencies, such as the Ministry of Productive Development and Plural Economy (MDPyEP), SEPREC, AEMP, SIN, Ministry of Foreign Affairs, VA, VIPFE, ASFI, BCB, Electronic Government of Information and Communication Technologies (AGETIC), ATT, ADSIB and FELCC, developed other three sectoral risk assessments for certain sectors, with the aim of influencing a reasonable understanding of the ML/TF risks they face. These sectoral assessments covered NPOs, VASPs, and legal persons and arrangements. However, since these assessments have been carried out recently, the results thereof have not been sufficiently disseminated among the stakeholders involved and the other reporting entities, in order to measure their impact on the AML/CFT system. The first dissemination of the results to the whole AML/CFT system was conducted on 1 March 2023.

100. The development of the SRA on VA/VASPs has meant a great progress in the understanding of the risks by both the competent authorities and the relevant sectors of the Bolivian AML/CFT system. Nevertheless, this sector still needs to be further studied and monitored as progress is being made with regard to the regulation thereof and the understanding of the transactions conducted outside the payment system of the financial sector, in accordance with the current regulatory limitations.

101. In turn, the Pension and Insurance Supervisory and Control Authority (APS) and the Financial System Supervisory Authority (ASFI) independently prepared a sectoral report for those who are being

supervised, the insurance market on the one hand and financial intermediaries, securities market and ancillary financial service providers on the other, in order to help understand the level of risk to which financial institutions are exposed. Similarly, the FIU has carried out strategic analyses on certain economic sectors, e.g. the assessment on the ML/TF threats and vulnerabilities of the livestock sector, and on the risks associated with lawyers, the construction sector and the cross-border currency transportation sector. Although these assessments did not have the same scope as an SRA, the assessment team considers that they strengthen the understanding by the authorities of the materiality and the risk of the sectors involved.

102. Based on the above and on the interviews conducted, it is considered that the FIU, the supervisory authorities and the LEAs (namely, the National Customs, the Bolivian Police, the Armed Forces at the borders and the different intelligence services and the Vice-Ministry of the Fight Against Smuggling) understand the ML/TF risks to a large extent. Likewise, it has been confirmed that, in general, the understanding of TF risks is lower than that of ML risks. Yet, the understanding of ML risks by some authorities, such as the AGO and the Supreme Court of Justice, was lower regarding the way in which some sectors could be misused for ML, mainly the DNFBs that were recently included as reporting entities and identified as of high risk.

103. Likewise, regarding TF, supervisors and LEAs are aware of the level of TF risk identified in the NRA. However, it cannot be concluded that they have a deep and practical knowledge of the different ways in which the different sectors can be abused for TF, mainly DNFBPs.

104. Therefore, Bolivia has a good level of understanding of its ML/TF risks, although this level varies, to a certain extent, among the different authorities. Bolivia has made significant efforts to identify ML/TF risks at the national level, and the NRA shows reasonable results regarding the identification of threats and vulnerabilities in the country, covering the analysis of the financial and DNFBP sectors to a general extent. However, while Bolivia's understanding of risk is based on a variety of qualitative and quantitative information, monitoring of risk mitigating measures could be further improved through more consistent and comprehensive national statistics on the activities of the AGO, the Police, the Judiciary, as well as on forfeiture and international cooperation.

#### *National policies to address identified ML/TF risks*

105. The coordination and the establishment of prevention and repression policies and strategies against ML/TF in Bolivia is the responsibility of the CONAL, made up of the highest executive authorities of the Ministry of Economy and Public Finance, Ministry of Government, Ministry of Defence, Ministry of Justice and Institutional Transparency and Office of the State Attorney General in accordance with the powers granted by law.

106. In 2015, the CONAL approved the first National AML/CFT Strategy together with its Action Plan, prepared by the entities that make up the national AML/CFT system. Said strategy established 43 objectives and 78 strategic actions; compliance with the actions committed reached 73% in 2022. In this regard, in statistical terms, compliance is observed to a large extent. Likewise, since some of the actions established

were partially fulfilled, they were included in the new strategy and its action plan (2023-2025 Strategy) along with the new actions that derived from the findings of the NRA.

107. Among the main achievements in relation to the execution of the 2015 Action Plan, it is worth mentioning the approval of risk-based AML/CFT Instructions for notaries, intermediary financial institutions, insurance market companies and exchange offices.

108. It is worth mentioning that, among other actions carried out by the FIU, there are events for the transfer of knowledge in a participatory manner, with the significant attendance of public and private entities, such as the Judiciary, the Attorney General's Office, the National Police, the Supervisory Authorities, the National Customs, the reporting entities both at national and international levels in face-to-face and virtual modalities.

109. Regarding the actions of the State General Public Prosecutor's Office, it has implemented the Specialised Public Prosecutor's Office model, and the Attorney General's Office has issued different instructions to make specialised investigations viable. In turn, the Bolivian Police has recently issued and implemented protocols, guidelines and manuals for the criminal investigation of ML/TF. However, in the light of the risks identified, there are challenges regarding the update of the policies of the agencies responsible for the criminal prosecution of ML.

110. According to the report submitted on the progress made with regard to the 2015 National Strategy, the FIU has actively promoted the execution of the actions undertaken since August 2021 by requesting for the appointment of representatives of the entities to participate in the meetings, and consensus on the actions, and by creating working groups with the agencies summoned.

111. The CONAL is empowered to approve, by means of Resolutions, national strategies, action plans, national risk assessments, among other public policy instruments in relation to this matter and will assess their execution to conduct the respective updates.

112. In this regard, the CONAL approved the new country's strategy (2023-2025), elaborated in coordination with the public entities of the State based on the findings of the NRA, considering the threats and vulnerabilities for the definition of each item in the action plan. As previously mentioned, the actions included in the previous plan that had not been completed were also incorporated, and the maximum term for compliance was set at three years. The Action Plan was designed around four main pillars and programs: 1) preventive system, 2) criminal justice, 3) institutional capacity, 4) terrorist financing, including 80 new actions. Bolivia has updated the National Strategy in line with the findings of the 2022 NRA. It is possible to observe specific actions to combat threats, such as corruption, smuggling, illegal mining and environmental crime.

113. It is worth mentioning that at the time of the on-site visit Bolivia has complied with 5 specific actions provided for in said Strategy: 1) update of the Instructions that incorporate the elements required by the standard; 2) amendment of Supreme Decree 910; 3) sectoral risk assessment on VA and VASPs; 4) sectoral risk assessment on legal persons; and 5) TF sectoral risk assessment for NPOs, which represents 6% of

compliance. However, there are necessary actions that have not been supported by the legislative authorities to cover certain deficiencies in the legal framework that limit the scope and extent of the mitigating measures. For example, the impossibility of the State to carry out reforms to strengthen the criminal offence of terrorism and its financing, include special investigative techniques in relation to these crimes and strengthen the legal framework for the implementation of PF-related TFS.

114. Likewise, although in some cases the resources allocated to the authorities are in line with the identified risk areas, some other authorities still require greater human and technological resources.

*Exemptions, enhanced and simplified measures*

115. In relation to the financial sector, no exemptions have been identified with regard to the application of the FATF Recommendations, except for the comprehensive pension system which, according to a risk assessment conducted by the APS, shows a low risk for ML/TF, and which, due to the nature and limitations of its transactions, is not regulated in AML/CFT/CPF matters.

116. Regarding the other FIs, the FIU issued a set of risk-based instructions for the different sectors that are regulated by this entity. In this regard, each set of instructions establishes measures to manage and mitigate risks in cases where entities identify major and minor risks.

117. Regarding DNFBPs, notaries and the casino are regulated with an RBA. In the case of lawyers, accountants and real estate agencies that have been recently regulated, the AML/CFT/CFP measures are only aimed at those considered to be large taxpayers. In this regard, within the framework of the Inter-Agency Plan approved by the CONAL in July 2022, a strategic analysis on DNFBPs was conducted. The main objective of this analysis was to identify the high-risk groups in the DNFBP sector whose regulation was still pending. At a first stage, lawyers, accountants and real estate agents were considered to be of high risk. Nevertheless, the Strategy provides for the progressive inclusion of other reporting entities based on a pre-established schedule. However, it is not yet clear for the assessment team whether they pose a higher risk only because they are large taxpayers.

118. Additionally, as evidenced in R.22, there is no regulation in terms of ML/TF risk prevention that defines dealers in precious metals and stones as reporting entities, even when threats and vulnerabilities have been identified mainly in the mining sector. In this regard, the assessment team considers that the lack of regulation for dealers in precious metals and stones as reporting entities and the partial regulation of lawyers, accountants and real estate agencies are deficiencies. Regarding the dealers in precious metals and stones, as a result of the national and regional context of the country, there are certain mitigating factors for this sector as the country has identified the subgroup formed mainly by gold exporters as representing a higher risk in the sector. This sector has a prudential supervisory body, the National Service for the Registration and Control of the Marketing of Minerals and Metals (SENARECOM). This institution is broadly empowered to register, authorise, control, supervise and sanction the internal and external operations conducted by the companies. Notwithstanding this, the country must take appropriate measures to designate dealers in precious metals and stones as reporting entities and supervise compliance with the corresponding AML/CFT obligations.

### *Objectives and activities of competent authorities*

119. In general, it could be observed that the new actions established are consistent with the risks identified and the policies established by the entities, to strengthen the AML/CFT system through the implementation of programmes on prevention, criminal justice, institutional capacity and the TF phenomenon.

120. The objectives and activities of supervisors are, in general, consistent with the national AML/CFT policies and the ML/TF risks identified. Supervisors use the NRA to report their understanding of risk, although this is very recent. Most supervisors' view on ML/TF risk is aligned and they generally focus more and allocate more resources to higher risk areas. However, this view is not consistent across all supervisors, especially those with new non-financial reporting entities. This could lead to their supervisory objectives and activities being less consistent with national AML/CFT policies due to their relatively poor experience. The Bolivian authorities are aware of this issue and have worked with the FIU to address the inconsistent application of the RBA by supervisors of the notarial, legal, accounting and real estate sectors.

121. During the on-site visit, the different supervisors have stated that, to a large extent, the threats and vulnerabilities identified in the NRA are consistent with the sectoral assessments and analyses conducted by them. Regarding the use of the results, mainly financial supervisors are in the process of updating and adjusting the risk matrices. They have also mentioned that they attended the meetings of the working groups during the NRA exercise. Regarding DNFBPs, they agreed on the ML/TF risk rating and participated in the working groups, but it was not possible to observe significant progress with regard to the application of the results of the NRA (which are at the dissemination stage), as well as the designs of risk matrices and supervision manuals. With the exception of the Gaming Supervisory Authority, which is also in the process of updating its risk management mechanisms. In the case of the DIRNOPLU, the issuance of the Rules of Procedure for supervision, the guidance on risk assessment and mitigation for supervision purposes, and the SIBER manual, which led to the risk matrix of the sector, were the result of its participation in the working groups during the NRA exercise.

122. LEAs in general have expressed their participation in the working groups and in the dissemination of the results of the NRA, as well as having a good understanding of the country's risks. In this regard, the assessment team has valued to a large extent the progress made in the activities and objectives of the FIU, the Bolivian Police and the two special forces—the Special Anti-Narcotics Task Force (FELCN) and the Special Anti-Crime Task Force (FELCC)—, the Vice-Ministry for the Fight Against Smuggling (VLCC) and the Armed Forces, and to a certain extent the progress shown in the actions of the State General Public Prosecutor's Office, the Supreme Court of Justice, the National Customs and the General Directorate of Migration. However, based on the progress made in the actions set out in the Strategic Plan and taking into consideration the limitations of the legal framework, the assessment team considers that some of these authorities are still more limited in their goals and objectives for the implementation of measures to mitigate the specific risks of the different sectors. The same applies to the limitations related to TF risks.

### *National coordination and cooperation*

123. Cooperation and coordination among the authorities of the AML/CFT system have improved since the last assessment. The CONAL has played a key role in this coordination task for the creation of policies. In this regard, there are minutes of the debates and decisions made by the CONAL at the ordinary meetings held in December 2015 and July 2022, and two extraordinary meetings held in 2023. In the first meeting, one of the relevant decisions was the approval of the 2015 National Strategy and its Action Plan; in the second one, decisions on the GAFILAT Mutual Evaluation Process were made; and in the last ones, the NRA and the 2023-2025 National Strategy were approved, with the issuance of the corresponding Resolutions.

124. Therefore, the FIU, under the CONAL's instructions, has led the practical coordination, continuing with the execution of the actions hand in hand with the different relevant authorities. This shows that national coordination and cooperation was carried out in a practical way, which also led to the fulfilment of the objectives outlined in the national strategy.

125. In the same vein, in a cross-cutting manner and besides the CONAL's cooperation mechanism, it is possible to observe coordination among LEAs through the signing of inter-agency cooperation agreements, which have allowed for the creation of a Specialised Multidisciplinary Team, made up of the Attorney General's Office and the Bolivian Police, on environmental crimes, human smuggling and trafficking and related crimes, with the support of the European Union Pact where the Ministry of Justice and Institutional Transparency, the Supreme Court of Justice, the Judicial Council, the ASFI and the FIU participated. Regarding the ML and TF investigation mechanisms, in January 2023 the Inter-agency Protocol of Minimum Actions for the Strategic Criminal Prosecution of ML was approved.

126. The Bolivian Police has inter-agency and international cooperation instruments for its different areas of investigation specialised in organised crime and ML/TF threats. Among those instruments, the following protocols are mentioned: protocol for the investigation of terrorism and its financing, protocol for the exchange and management of inter-agency cooperation information, and protocol for parallel investigations. Based on the interview conducted with the Specialised Police Forces, it was possible to observe a reactive and proactive cooperation among agencies such as the National Customs and the Attorney General's Office with regard to border control and mitigation of smuggling and tax crimes. Nevertheless, there are opportunities for improvement in matters of inter-agency coordination, mainly between the Bolivian Police, the Attorney General's Office and the Supreme Court of Justice, with the aim of improve the results in the investigation of ML and extinction of ownership of the proceeds of crime.

127. In the judicial field, there is an agreement between the Ministries of the Executive Branch and the authorities that participate in legal proceedings in order to promote the technical, operational, regulatory and other conditions necessary to define the new model of court management and the design, development and implementation of a single case management system for all matters of the Judiciary within the framework of electronic government policies and guidelines and information and communication technologies, in order to contribute to the digital transformation of the State. There is also collaboration between the Ministry of Foreign Affairs and the Supreme Court of Justice in order to strengthen the access to justice and effective judicial protection in matters of international legal cooperation.

128. Finally, it should be mentioned that the country participates in an Inter-agency Working Group for the Asset Recovery (STAR-GIRA), whose main objective is to concentrate efforts and capacities for the detection, investigation, processing and recovery of the proceeds of corruption offences (corruption and related crimes). This group is made up of the Ministry of Foreign Affairs, the Office of the State Attorney General (*Procuraduría General del Estado*), the Attorney General's Office (*Public Ministry*), the FIU and the Ministry of Institutional Transparency and Fight against Corruption (as technical secretariat).

129. Regarding access to information through a cooperation agreement signed in April 2023, the Plurinational Trade Registry Service (SEPREC) provides the Ministry of Government and the Bolivian Police with information on the trade registration of individual entrepreneurs, sole proprietorships and commercial companies, through controlled access via the Internet. However, it would be desirable to have greater coordination and cooperation between the National Trade Registry Service and other authorities to speed up the monitoring and verification of the information kept in the Registry. In the same line, the SENARECOM, through its consultation information system, provides information to the aforementioned authorities on records of mining exports and domestic marketing of minerals and metals.

130. It is worth highlighting the steps taken by the FIU, together with supervisors, to develop training for the reporting entities on the general obligations contained in the specific instructions, the quality of STRs and the participation in the working groups during the NRA. In this regard, it is possible to observe that there is coordination to a large extent between the FIU and financial supervisors, while coordination between the FIU and DNFBP supervisors is only observed to a certain extent. According to what could be observed during the on-site visit, the FIU and the DIRNOPLU are receiving training on preventive regulations. In turn, the AEMP and the FIU have participated in the preparation of the AML/CFT standards applicable to lawyers, accountants and real estate agents since April 2023. Additionally, the development of coordination mechanisms among the AML/CFT supervisors of the financial and DNFBP sectors should be strengthened.

131. In general, it is possible to observe that the coordination instruments, including the CONAL's meetings, are robust and have been formalised recently. In this regard, it is considered that the results cannot yet be measured in operational terms to know whether they have been sufficiently implemented among the different stakeholders of the AML/CFT system in Bolivia. Based on the results of the fight against ML/TF, the assessment team considers that the authorities in charge of criminal prosecution, as well as the judicial authorities, should improve in their use of the different instruments to ensure better results in the detection and investigation of crimes, the enforcement of sentences and the forfeiture of the proceeds and instrumentalities of crime.

#### *Private sector's awareness of risks*

132. Different sectors and entities of the private sector participated in the NRA and its Action Plan approved in 2023. As of the on-site visit, the reporting entities of the financial sector and DNFBP sector have informed about their participation in the different working groups for the identification, classification and rating of threats. The results were disseminated on different dates: on 4 April they were presented to the authorities and on 10 April to the reporting entities of the AML/CFT system both in face-to-face and online meetings.

133. Most of the reporting entities interviewed agreed with the threats, vulnerabilities and the level of ML/TF risks set forth in the NRA; however, it was not possible to observe the whole impact on the practical application thereof in their prevention programs. Some financial reporting entities are at the stage of updating their ML/TF risk management programs and procedures. Therefore, the results of the NRA made it possible to corroborate the threats and risks that had already been considered by them. This is not the case of non-financial reporting entities which, due to their relatively recent incorporation in the AML/CFT system, do not have the same level of practical knowledge of the risks, nor do they have a deep understanding thereof.

*Overall conclusions on IO.1*

134. The NRA and the SRA developed by Bolivia are a very important achievement for the understanding of the ML/TF risks and the establishment of policies by the competent authorities of the AML/CFT system. Even considering the recent completion and dissemination of the reports, the authorities and the reporting entities have participated in the process in a continuous manner and corroborated the main threats and vulnerabilities of the system. Although it is possible to observe different levels of understanding of the risks, while the ML risks are understood to a large extent, the TF risks are understood only to a certain extent.

135. Consequently, the 2023-2025 National Strategy was updated by different government agencies which acted in coordination on a reasonable basis in line with the risks identified and the main threats that affect the system. Nevertheless, it should be highlighted that the prior Bolivian 2015 Strategy and Action Plan addressed the main vulnerabilities of the AML/CFT system, which were implemented to a large extent by the end of 2022.

136. Likewise, based on the results of the SRA on the DNFBP sector conducted by the FIU, the SEPREC and the SIN, at a first stage high risk lawyers, accountants and real estate agents were included as non-financial reporting entities. Although as at the date of the on-site visit, the dealers in precious metals and stones had not been designated as reporting entities in accordance with Recommendation 22, derived from the country's context, there are mitigating factors, since the subgroup of risks (i.e., mainly gold exporters) has been identified and this subgroup is subject to the prudential supervision of the SENARECOM, with broad registration, supervisory and sanctioning powers. Notwithstanding this, the country must take appropriate measures to designate dealers in precious metals and stones as reporting entities and supervise compliance with the corresponding AML/CFT obligations.

137. In general, the objectives and activities of the authorities are consistent with the national policies and the risks identified. Regarding challenges, they appear in the process of updating and adjusting the policies and activities mainly of the ML investigative and criminal prosecution authorities and the AML/CFT supervisors of DNFBPs.

138. Likewise, in terms of inter-agency coordination, the instruments analysed have recently been formalised. In practice and with the results, authorities, such as the FIU, the Bolivian Police, the National Customs, the Armed Forces at borders, the Attorney General's Office and other authorities, have shown that they can coordinate their efforts within their scope of competence to fight against ML predicate offences of high impact to the AML/CFT system. However, with respect to ML/TF offences, there are opportunities for

improvement in the establishment of policies and coordination to enhance operational coordination in practice.

139. Regarding the reporting entities, the FIU and the supervisors should coordinate efforts to continue disseminating the results of the NRA and the SRA, and to intensify training on their obligations, considering the recent issuance of some specific risk management instructions. Therefore, Bolivia is rated as having a **moderate level of effectiveness for the Immediate Outcome 1.**

### CHAPTER 3. LEGAL SYSTEM AND OPERATIONAL ISSUES

#### *Key findings and recommended actions*

##### *Key findings*

##### *Immediate Outcome 6*

- The FIU has specialised technical and human resources that allow it to generate useful intelligence information. It has direct and indirect access to different sources of information and internally developed technological systems that protect the confidentiality of information.
- In general, it is considered that the number of intelligence products disseminated as a result of STRs, such as the Assets and Financial Intelligence Report and the Quick Intelligence Report, could still be greater, considering the materiality of the whole financial system, which could result in a considerable number of reports generated as a result of financial intelligence reports (IIF) and the eventual initiation of investigations. Likewise, it should be noted that at the time of the on-site visit, due to recent regulations, no STRs were received yet from some non-financial sectors that are considered to be of ML risk in the context of the country, which may limit the scope and variety of the information available for its analysis and eventual production of financial intelligence reports.
- It is possible to observe that the intelligence products disseminated are used to a certain extent by the Attorney General’s Office (AGO), since the financial intelligence reports (IIF) disseminated proactively were used to initiate new investigations, and the FIU could address the requests made by prosecutors to issue IIF on ongoing investigations, thus generating useful added value.
- It is possible to observe a certain correlation between the crimes identified in the NRA as high threat and the potential crimes identified in the intelligence reports disseminated, being corruption and drug trafficking the two crimes that coincide with the NRA. On the contrary, the NRA classified the crimes of smuggling and human trafficking and smuggling with a high level of risk; however, only three reports have been disseminated for the case of smuggling and one report for the crime of human trafficking and smuggling. Likewise, no intelligence reports were elaborated on potential TF. In this regard, the assessment team considers that this is consistent with the risk and materiality identified for the TF offence.
- The FIU has different systems for information management, as well as for electronic communication with the reporting entities and the AGO. These systems are robust and secure, which makes it possible to guarantee the security and confidentiality of the information. However, the operational and strategic analysis processes are carried out manually through the consolidation of information obtained from the different systems in spreadsheets. Being manual, this process can be inefficient and lead to error

due to manual manipulation and may require more human resources trained in an approved manner. During the *on-site* visit, it was not observed that the FIU had tools for the automation of operational and strategic analysis processes for a better implementation and efficiency of FIU's resources.

- The FIU has implemented a matrix for weighting and prioritising STRs. With this matrix, STRs are assigned a rating which serves to prioritise reports and analyse them. Although it is true that the implementation of this process is a great advance with respect to the previous manual analysis and reading process, it has only recently been implemented, and therefore it is not possible to assess its effectiveness.
- At the time of the on-site visit, a significant percentage of the STRs received by the FIU do not have the quality required to be used, increase, and enrich the analysis that said institution carries out on suspicious operations to produce IIF.

***Immediate Outcome 7***

- Bolivia has, to a certain extent, a legal system to combat ML that is consistent with its ML risk. Bolivia has an accusatory-adversarial criminal system, in which the Attorney General's Office (AGO), through the prosecutors specialised in the matter and assigned to the different Directorates, directs investigations in coordination with the Bolivian Police.
- The AGO understands the ML risk to a certain extent. In this regard, as of 11 January 2021, the organisational structure of the AGO was modified, creating an Office Specialised in Corruption, Tax, Customs and ML. Also, it created two Specialised Offices to investigate ML, depending on which the predicate offence is.
- Bolivia has a system that, to a certain extent, allows it to detect, investigate and prosecute ML cases. It is possible to observe that there is coordination among the agencies that are part of the criminal system, which was institutionalised in January 2023.
- There are limitations to the effectiveness of the ML criminal prosecution, such as the number of persons specialised in ML working in the AGO and the Supreme Court of Justice (TSJ), the development of parallel financial investigations, the application of a formal mechanism to speed up the prioritisation of ML cases, as well as the limitations in the understanding by some judges of the TSJ of the crime of ML as a stand-alone offence.
- The special investigative techniques only apply to the crimes of drug trafficking and human smuggling and trafficking.
- As at the date of the on-site visit, no legal persons have been sanctioned.
- Most of the ML sentences are linked to the predicate crimes of drug trafficking and corruption, and it is not clear that dissuasive sanctions are being applied for the crime of ML.

***Immediate Outcome 8***

- The country has a legal framework and a clear State policy that allows it to seize and confiscate to a large extent the proceeds and instrumentalities of crime. However, these provisional measures and forfeiture do not seem to be used in all cases when the predicate offence has been committed particularly abroad.
- Bolivia has additional tools that strengthen the policy of seizure and forfeiture, such as the action of extinction of ownership, which is used in cases related to drug trafficking and the temporary blocking measures ("*oposiciones*").

- Bolivia, through the DIRCABI, manages and controls assets subject to confiscation and extinction of ownership product of different offences including ML. However, it was noted that that these actions are largely conducted by said authority with respect to the crime of illicit trafficking of controlled substances.
- There is an acceptable level of efforts to control cross-border transportation of currency and securities, however, the number of sanctions imposed as a result of these, is not yet consistent with the identified level of risk.
- The regulatory deficiency related to the applicable controls in the cross-border transportation of bearer negotiable instruments, in line with the analysis of Rec. 32, limits the confiscation of resources associated to these instruments.
- The AGO does not seem to have useful guidelines or instructions to guide the work of prosecutors and investigators in the forfeiture of property of equivalent value.
- There are no centralised and comprehensive statistics on seizures and forfeitures by relevant crime, which makes it difficult to assess completely the progress of the different actions conducted in this area and their impact on the AML/CFT system.

#### ***Recommended actions***

##### ***Immediate Outcome 6***

- Strengthen the technological tools whereby the FIU performs operational and strategic analysis, in such a way that analysts have tools to make the network analysis and detection process automatic, as well as an exclusive data repository for strategy analysis generation and data visualisation.
- Provide greater resources to the Strategic Analysis Division (DAES), both in number of trained personnel and specialised and advanced knowledge for the analysis of information using technological tools, such as business intelligence, data warehouse, data mining, etc.
- Increase the production and dissemination of intelligence reports and strategic analysis products in line with the main threats detected in the NRA other than drug trafficking and corruption.
- Increase outreach to the supervisory authorities and reporting entities, especially those that have been recently regulated, so that they submit quality STRs. Likewise, the STR prioritisation matrix should be strengthened through its automation, in order to have STRs classified on the basis of objective and approved criteria, which ensure that FIU's intelligence production efforts are timely in their dissemination to the Attorney General's Office.
- Coordinated and continuous work between the FIU and the different supervisors to increase the quality of the STRs, so that said reports are more useful for the proactive production of financial intelligence reports (IIF).
- Increase the training and education of prosecutors of the AGO and the police in the importance of financial intelligence reports to initiate and guide their actions in such a way that the disseminated financial intelligence reports are useful and better valued for their inclusion as relevant input in new criminal investigations that may eventually be subject to prosecution.

##### ***Immediate Outcome 7***

- Increase the AGO's human resources specialised in ML, so that it can adequately deal with the volume of ML cases and have greater technical and operational capacity, generating results that are more aligned with the country's risk, with respect to cases initiated and prosecuted.
- Implement adequate protocols to streamline the initiation and development of parallel financial investigations, taking into account the types of predicate offences with the highest impact; the possible manoeuvres involved; and the existence and identification of related assets and/or funds.
- Modify the legal framework, so that special investigative techniques are applied in ML investigations, regardless of the predicate offence from which it derives.
- Strengthen and improve coordination between the Police, the AGO and the TSJ, applying the existing memoranda of understanding and verifying if they are effective to obtain better results in the implementation of multidisciplinary operational groups for ML detection and repression.
- Promote further training and awareness among the Police, the AGO and the TSJ on ML as a stand-alone offence and the criminal liability of legal persons. In the case of the Police and the AGO, this will be useful to timely identify cases of ML, and in the case of the investigating and sentencing judges, it will serve to conduct more complete investigations leading to a more effective prosecution.

***Immediate Outcome 8***

- Promote the identification and forfeiture of assets that have been transferred abroad. To this end, it is recommended to strengthen the relevant operational measures in particular, with the competent authorities of the countries of the region that share border with Bolivia, as well as high crime rates.
- Evaluate the need to adopt legal and/or regulatory reforms so that the figure of loss of ownership has a broader scope and is applicable to other ML precedent crimes of significant risk for the country.
- Implement regulatory reforms on confiscation, including the establishment of procedures, terms, designated authorities and forms of early and final disposal regarding assets derived from crimes other than illicit drug trafficking.
- Strengthen the systems for detecting and controlling illicit cross-border trafficking of money and securities so that the relevant sanctioning regime can be appropriately applied.
- Continue strengthening the operational capacities of the LEAs in order to increase their effectiveness in the identification, seizure and/or forfeiture of assets, to deprive criminals of them.
- Expand the provisions applicable to the control of cross-border transport, to include monetary and bearer negotiable instruments so they can be subject to confiscations.
- Issue specific guidelines or instructions for the AGO to seek forfeiture of property of equivalent value.
- Establish a statistical system to collect and reflect information on seized and forfeited assets in an accurate, timely and updated manner.
- Consolidate the work performed by multidisciplinary working groups and/or the implementation of joint action protocols to effectively forfeit the proceeds of ML and its predicate offences.

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.

### *Immediate Outcome 6 (Financial intelligence ML/TF)*

#### *Use of financial intelligence and other information*

140. The FIU is organised into 3 Divisions: the Financial and Legal Analysis Division (DAFL) made up of 35 officials, which is in charge of carrying out the operational analysis of STRs, processing and responding to national and international requests for cooperation, the issuance of Financial Intelligence Reports (IIF), their dissemination to the Attorney General's Office (AGO) and the corresponding follow-up. Likewise, there is the Administrative Affairs and Finance Division (DAAF), which is in charge of administering and managing the FIU's human, financial and material resources.

141. Finally, there is the FIU's National and International Coordination, Strategic Analysis and Supervision Division (DAES), made up of 20 agents, whose main function is to carry out strategic analysis to assist in the implementation of regulations, policies, plans, strategies, prevention actions in relation to ML/TF. In addition, the FIU delivers training and submits the cases of non-compliance by the reporting entities that it identifies to the corresponding supervisor. Finally, within the DAES, there is the Unit of Technologies and Data Processing Systems which manages the FIU's technological resources that support the operational needs of the agency.

142. The assessment team based its conclusions on a variety of information including: statistics on STRs collected by the FIU and intelligence products that are produced and disseminated to the competent authorities; discussions with a wide range of national authorities; conversations with financial intelligence sources and other information about the reporting entities; and the review by the team of cases aimed at showing that such information and intelligence is actually used to support investigations and trace assets.

143. The FIU uses different information systems for the production of financial intelligence reports, which have been mostly developed by the FIU itself, namely, Caronte System (data on reporting entities), Nemesis (case management and electronic communication with the reporting entities), SISO v2 (capture of information required from the reporting entities) and SADI (system for consultation, with historical information on FIU processes).

144. For the production of financial intelligence reports, the FIU uses a wide range of sources of information, to which it has either direct or indirect access, as discussed in the analysis of technical compliance with R.29.

145. The FIU elaborates 4 types of financial intelligence products, and the Assets and Financial Intelligence Report (IIFP) is the result of the asset and financial analysis of the sources of consultation to which the FIU has access and identifies the potential link with ML/TF/PF offences. Likewise, the FIU elaborates the Quick Intelligence Report (IRI), which is an intelligence product whose content and analysis is based on the results obtained from the consultations made by the FIU. Unlike the IIFP, the IRI does not conclude on the potential link with ML/TF/PF offences and most of them are elaborated in response to requests from a competent authority. Additionally, the FIU also elaborates, as intelligence products, the International Cooperation Report and the Bank Secrecy Lifting Report.

146. Below is the number of intelligence reports disseminated, based on the type of report.

**Table 1. Intelligence reports disseminated by type of report**

Type of report	Year						Total
	2018	2019	2020	2021	2022	2023	
IIFP	59	65	31	86	146	24	<b>411</b>
IRI	0	0	0	20	58	18	<b>96</b>
International cooperation (*)	32	11	15	16	27	11	<b>112</b>
Bank Secrecy Lifting	3	5	-	-	-	-	<b>8</b>
<i>Total</i>	<b>94</b>	<b>81</b>	<b>46</b>	<b>122</b>	<b>231</b>	<b>53</b>	<b>622</b>

Source: DAFL – FIU, as of 30 April 2023

(\*) Includes information coming from cooperation in EGMONT and RRAG.

147. As can be seen, since 2021 there has been a growing trend in the sending of intelligence reports, out of which 81% were IIFP (70% on average if only considered since 2021) and only 19% were Quick Intelligence Reports. This shows that most of the disseminated intelligence entails the possibility that a ML/TF/PF offence is involved.

148. Each disseminated intelligence product may be based on an STR; a request from the Attorney General’s Office, called Prosecutor’s Request (RF); a request from a Competent Authority (SAC); an international cooperation request (SCI); or rather it may be elaborated *ex officio* (OF). Likewise, the FIU is empowered to prepare *ex officio* intelligence reports when there are signs of possible commission of ML/TF/PF derived from the knowledge of public facts or facts disseminated in official media, or when citizens file complaints to the FIU’s front desk.

149. The number of intelligence reports disseminated is detailed below, according to the origin of the investigation:

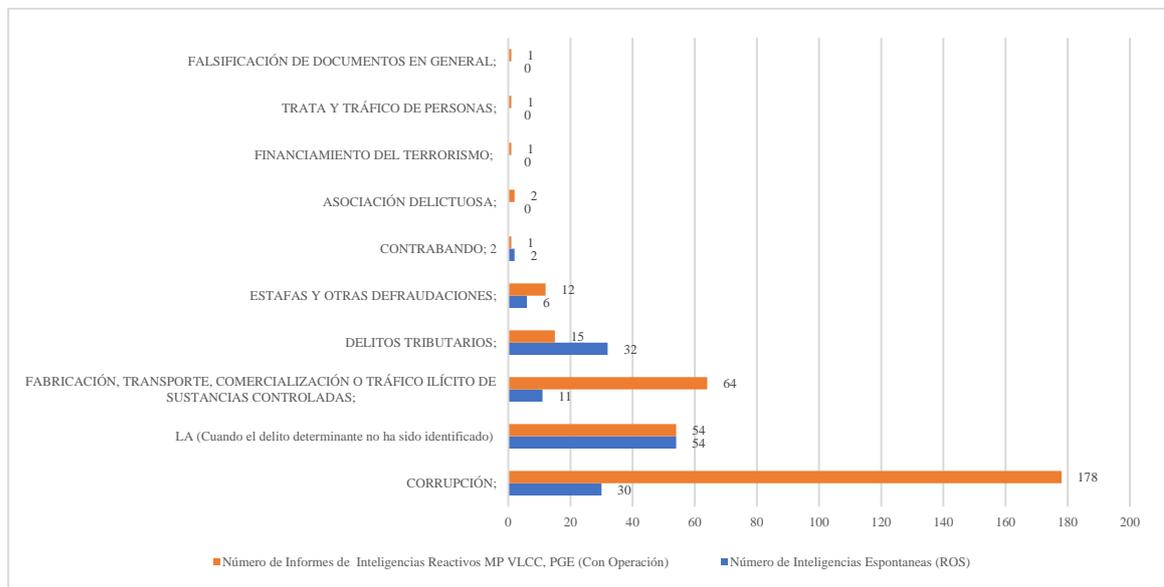
**Table 2. Intelligence reports by origin of investigation**

Origin of the investigation	IIFP	IRI	Total
<b>RF</b>	213	79	292
<b>STR</b>	142	5	147
<b>OF</b>	29	9	38
<b>SAC</b>	28	3	31
<b>SCI</b>	0	0	0
<b>Total</b>	<b>412</b>	<b>96</b>	<b>508</b>

Source: DAFL – FIU, as of 30 April 2023

150. According to the data described, 58% of the intelligence reports are reactive, i.e., they are elaborated based on requests made by the Attorney General’s Office; 29% correspond to reports elaborated based on the receipt of an STR (proactive or spontaneous reports); and the remaining 13% corresponds to intelligence reports elaborated *ex officio* by the FIU and in response to requests from another competent authority. In accordance with the statistics provided, there are no financial intelligence reports (IIF) generated from SCI. It should be highlighted that 100% of the IIF are used by the AGO; however, there is still an opportunity for improvement so that more financial intelligence is disseminated as a result of the STRs received.

151. The assessment team also analysed the financial intelligence reports in order to determine whether they are in line with the needs of the Attorney General’s Office and the Police by subject-matter and related criminal offence. The distribution of intelligence reports by possible predicate offence is detailed below.



Source: DAFL – FIU, as of 31 March 2023

152. As can be seen, 45% of the disseminated intelligence reports correspond to the crime of corruption, and most of them are reactive reports. In turn, 23% of them correspond to the crime of ML (when the possible predicate offence has not been determined), 16% to drug trafficking, and 10% to tax crimes. This shows that there is a certain correlation between the intelligence disseminated and the crimes identified in the NRA with a high threat level. In turn, the NRA also rates human trafficking and migrant trafficking and smuggling as a high level of threat; however, human trafficking appears in only 1 of the disseminated intelligence reports and migrant trafficking and smuggling in 3 of them.

153. Based on the analysis of the intelligence reports sent to the AGO, it is possible to identify that most proactive intelligence reports (those that come from STRs) correspond to the crime of ML (when the potential predicate offence has not been determined) with 53 IIF, followed by tax offences (32), corruption (30) and drug trafficking (11). This distribution clearly indicates that the potential ML predicate offences in the intelligence reports disseminated by the FIU, both reactive and spontaneous, focus on three crimes: corruption, drug trafficking and tax crimes.

154. Regarding TF, based on the information provided, it is possible to observe that there are no intelligence reports disseminated in relation to this crime. This is consistent with the findings of the NRA, since it indicates a low level of threat for TF.

155. According to the information gathered during the visit, out of the intelligence reports disseminated, 217 have been useful for the AGO to initiate investigations. The rest of the reports (292) have been useful in ongoing proceedings. Consequently, even when there exists a slightly higher percentage of use of financial intelligence reports (IIF) in ongoing cases, it is understood that the all the intelligence produced by the FIU is useful and responds to the needs of LEAs.

156. Regarding the status of the intelligence reports, there are 5 convictions, 2 acquittals, 281 reports which are at different stages of the investigation, 158 reports that have been closed, and 19 reports whose status is undetermined. Of the data indicated, it is necessary to highlight that only 5 convictions have been obtained in investigations initiated based on intelligence reports submitted by the FIU.

157. Additionally, the FIU also disseminates financial intelligence based on requests from the competent authority. In this regard, during the period analysed the FIU has disseminated 6 intelligence reports to the Gaming Supervisory Authority, 2 to Office of the State Attorney General and 23 to the Vice Ministry of Transparency and Fight against Corruption, rendering a total of 31 requests addressed.

158. The FIU monitors the intelligence disseminated to the competent authorities, so as to verify the status of the cases and aid in clarifying the doubts of the prosecutors in charge. This monitoring is conducted through on-site visits by FIU personnel to the Departmental Public Prosecutor’s Offices where the cases are pending. In this regard, in the period analysed, 103 on-site visits were conducted, interviewing a total of 212 persons. The visits by department are detailed below:

**Table 3. Visits by the FIU to public prosecutor’s offices by Department**

Department	2018	2019	2020	2021	2022	2023	Total
<b>COCHABAMBA</b>	3	1	0	2	3	0	9
<b>SANTA CRUZ</b>	3	2	0	2	3	2	12
<b>TARIJA</b>	1	1	0	2	2	0	6
<b>SUCRE</b>	2	1	0	2	2	0	7
<b>POTOSÍ</b>	2	1	0	0	3	0	6
<b>ORURO</b>	2	0	0	1	2	0	5
<b>BENI</b>	1	0	0	0	3	0	4

<b>PANDO</b>	2	0	0	0	0	0	2
<b>LA PAZ</b>	12	12	0	8	15	5	52
<b>TOTAL</b>	<b>28</b>	<b>18</b>	<b>0</b>	<b>17</b>	<b>33</b>	<b>7</b>	<b>103</b>

Source: DAFL – FIU, as of 30 April 2023

159. This is an adequate practice, since it provides the AGO with the necessary support to follow up the cases and to clarify issues relative to the intelligence reports sent by the FIU. However, these visits are only conducted in person, which limits, to a certain extent, the number of follow-up visits that the FIU can conduct due to limited time and human resources.

160. As an example of effectiveness in the use of intelligence produced by the FIU, some success stories are described below.

**Table 4. Successful cases derived from FIU reports**

No.	ORIGIN	SUMMARY	CASE STATUS
1	STR	<p><b>Cases involving Ice Cream Shop</b></p> <p>In 2018, an intermediary financial institution identified a suspicious transaction conducted by Mrs. “BB”, who opened 12 checking accounts without providing a clear justification of the use that she would do of each of them. Since she worked as an accounting assistant in an ice cream shop, it was inferred that the transactions (financial transactions) conducted were unusual. Two other persons (Mr. PP and Ms. MM) were involved in these transactions, which led to the initiation of the case and the elaboration of the Assets and Financial Intelligence Report (IIFP).</p> <p>The IIFP elaborated by the FIU was sent to the Attorney General’s Office and it is at the preparatory stage with formal accusation made.</p>	At the preparatory stage, a well-founded resolution ordered the preventive annotation of three real estate properties.
2	Prosecutor’s Request	<p><b>Case “JP” (Jaime and José – Fredy)</b></p> <p>During 2017, through a Prosecutor’s Request, the case of Mr. “JP” and 14 other persons was initiated. The main person involved was an employee in a financial institution, “Bank XX”, an aspect that led to an unjustified wealth and assets increase which was inconsistent with the socioeconomic profile of Mr. “JP”, who took advantage of his functions and the position he held for his own benefit, the benefit of his family and that of others during the period 2015-2017.</p>	<p>Currently, the case is at the trial stage. Many of the accused have opted for the summary proceeding as alternative proceeding, with convicting judgement No. 132/2021 of 5 July 2021 (summary proceeding) and convicting judgement No. 343/2021 of 13 October 2021 (summary proceeding), ordering the confiscation of their property.</p> <p>In the case, 14 motor vehicles, 11 real estate properties and a parcel</p>

			or plot of land have been preventively annotated.
3	Prosecutor's Request	<p><b>Case “La Voz” (The Voice)</b> In response to the Prosecutor's Request made to the FIU in 2016 within the framework of case “CP-X-494/2015” filed for the crime of money laundering against two natural persons (spouses) with criminal records in Germany for alleged drug trafficking.</p>	<p><b>Convicting judgement No. 004/2021</b> of 5 April 2021, ordering the confiscation of 8 real estate properties, 4 motor vehicles, cash and securities.</p>
4	Prosecutor's Request	<p><b>Case “Tierra Dulce” (Sweet Land)</b> Through Prosecutor's Request of April 2016, the case “Tierra Dulce” was initiated. The case involved 3 brothers and 31 other people and was filed for the alleged commission of fraud with the multiple victims aggravating factor during the period 2012-2015. The main offenders were engaged in collecting huge amounts of money through the establishment of shell companies in order to show their investors a thriving business activity through the project involving the plantation of stevia and its subsequent commercialisation.</p>	<p>The case is at the trial stage and 10 real estate properties have been preventively annotated.</p>
5	STR	<p><b>Case involving real estate agency</b> In 2021, through three STRs, an intermediary financial institution reported the company <i>Proyectos Inmobiliarios</i> (Real Estate Projects) “DD”, its partners and its highest authority (General Manager), because it was possible to identify deposits into accounts of <b>funds of allegedly illicit origin</b>, transfers of funds coming from shell companies abroad and significant capital increases.</p>	<p>This operation was systematised through the information submitted to the FIU, which, in turn, sent this information to the Attorney General's Office through an Assets and Financial Intelligence Report (IIFP). Consequently, the competent authority initiated an investigation for the crime of money laundering. In the face of the conflicts aroused in the city of Santa Cruz, this proceeding is being reinstated.</p>
6	Ex officio	<p><b>Case “Shell items”</b> At the end of November 2021, a public servant who held the position of Director of the Human Resources (HR) Department of a municipal government entity was publicly denounced in the media. This person would have benefited economically through different mechanisms for the diversion of public funds (corruption).</p> <p>Therefore, the judicial authorities conclude to extend the investigation and required the FIU to begin analysing the authorities of the municipal government entity where the acts of corruption had been committed. Additionally, the FIU carried out a preliminary analysis and <i>ex officio</i> extended the analysis of the investigation to the family members and close persons of the persons involved.</p>	<p>Thanks to the coordination between the AGO and the FIU, 10 real estate properties and 6 movable properties were preventively annotated. Some of the members involved have been arrested and the main defendants have been extradited from Panama and Brazil to be subject to criminal proceedings for the crime of corruption. Likewise, the AGO has lately made requests for mutual cooperation for the recovery of assets abroad.</p>

161. Based on the information analysed by the assessment team, it is possible to conclude that competent authorities do make use of financial intelligence reports, Assets and Financial Intelligence Report (IIFP) and Quick Intelligence Report (IRI), and that they are well valued in the exercise of their functions. Most of the intelligence reports disseminated to the Attorney General’s Office derive from prosecutor’s requests and, to a lesser extent, they are disseminated proactively. This shows opportunities for improvement both for the FIU to produce more intelligence in a spontaneous manner based on the STRs received and for the AGO to initiate new investigation cases.

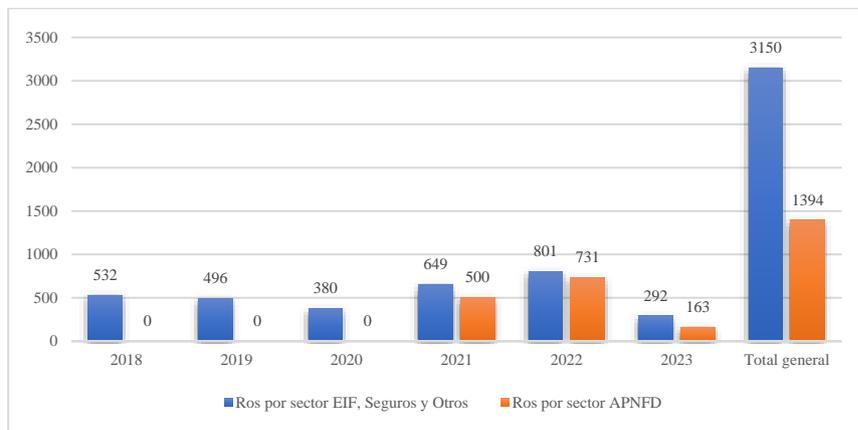
*STRs received and requested by competent authorities*

162. The FIU receives STRs from the reporting entities and also information on transactions above the threshold established, called Know-Your-Customer Policy (PCC) reports.

163. This information is submitted by the reporting entities (financial sector and regulated DNFBPs) to the FIU through the SISO v.2 system, which has adequate security measures to ensure the confidentiality of this information.

164. During the period analysed, the FIU has received 4,544 STRs from the reporting entities, distributed as follows:

**Graph 1. STRs received by the FIU**



165. As can be seen, in 2021 there is a growing trend in the number of STRs submitted by the reporting entities with respect to previous years. This was due to the fact that, in that year, notaries were designated as reporting entities, which resulted in a greater number of STRs reported by this sector. However, of the total of STRs received in the period, 69% corresponded to STRs submitted by financial institutions.

166. The distribution of STRs received by the FIU by type of sector of reporting entity is described below:

**Table 5. STRs received by the FIU by reporting entity**

Sector	2018	2019	2020	2021	2022	2023 (March)	Total STRs
Multiple banks	468	430	328	565	636	230	2,657
Notaries				498	693	163	1,354
General insurance companies	4	10	5	15	63	14	111
Money order and remittance companies	35	6	12	12	21	12	98
Central Bank of Bolivia	2	9	15	7	12	26	71
Open credit and savings cooperative associations	10	11	10	20	10	2	63
Casinos				2	38		40
Housing financial institutions		5	2	6	15	3	31
Personal insurance companies				7	16	1	24
Electronic card management companies	4	10		3	3		20
Mobile payment service providers	1			2	14	2	19
Development financial institutions	2	2	2	4	7		17
Mutual fund management companies	1	4	2	2	1		10
Brokerage firms		2	1	5		1	9
Securities and money transportation companies	3		2		2	1	8
Bolivian Customs		6					6
Financial leasing companies	2		1				3
Insurance brokers				1			1
Exchange offices					1		1
Others – Notaries offices		1					1
<b>Total</b>	<b>532</b>	<b>496</b>	<b>380</b>	<b>1,149</b>	<b>1,532</b>	<b>455</b>	<b>4,544</b>

167. It should be noted that lawyers, accountants, and real estate agencies were designated as reporting entities at the time of the on-site visit, and therefore the information analysed does not include STRs submitted by these sectors. The assessment team warns about the fact that the lack of STRs submitted by DNFBPs rated as risk sectors in the Bolivian context could limit the scope of the intelligence produced by the FIU. Similarly, the fact that the dealers in precious metals and stones are not reporting entities in the Bolivian context could be understood as a limitation, since, although the FIU is empowered to request information to any natural or legal person when it so requires, there is no first-hand information on this sector (see Table 7).

168. Until March 2023, STRs were received electronically by the FIU through the SISO v2 system; each STR received was read and analysed by the analyst to whom the STR was assigned. After the analysis, the STRs are classified as: Admissibility Report (the STR would be assigned to produce an intelligence report), Inadmissibility Report (the STR does not have sufficient elements to initiate a case and therefore it would enter a dormant status) and the Accumulation Report (the STR presents leads related to ongoing cases being processed at the FIU). This manual process showed deficiencies, since no prioritisation was made before each analyst rated the STR, and there were no objective and uniform criteria.

169. However, as of April 2023, the FIU has implemented a rating matrix with objective criteria and parameters that allow STRs to be rated for prioritisation with a standard criterion. For each STR received, after cross-checking the information it contains against the criteria of the matrix, a score is assigned that will serve to determine its priority and, on such basis, how it will be treated.

**Table 6. STR score**

<b>Score</b>	<b>Priority</b>	<b>Treatment</b>	<b>Description</b>
Greater than or equal to 55.00	HIGH	Admissibility, Inadmissibility or Accumulation	STR assigned so that it is analysed taking into consideration the materiality and risk criteria and that its treatment is defined based on its quality.
Less than or equal to 54.99	LOW	Dormant	It is recorded in the database so that it can be used later.

Source: FIU DAFL

170. At the time of the on-site visit, the aforementioned prioritisation process was being implemented through an Excel file with plans to automate said process in the future. Due to the above and its recent implementation, it was not possible for the assessment team to determine and assess whether it serves to elaborate higher-quality and useful intelligence reports for the competent authorities.

171. According to the information provided by the FIU, 19% of the STRs received in the period 2018-2023 have turned into admissibility reports, while 13% turned into accumulation reports. In turn, 68% of the total of the STRs received have turned into inadmissibility reports. These statistics show opportunities for improvement for the FIU, in the sense of seeking mechanisms so that the STRs received are of a good quality and contain adequate information that allow the FIU to elaborate financial intelligence reports (IIF) to be submitted to the AGO so that it can initiate new investigations.

172. For elaborating IIF, the FIU uses additional sources of information, namely, the reporting entities, the Bolivian Police and public and private entities in general. This information is collected both as part of

the Know-Your-Customer Policy (PCC) reports (described in R.29) and as a request from the FIU. The number of requests for information made by the FIU in the period 2018-2023 is described below:

**Table 7. Requests for information made by the FIU**

Sector	2018	2019	2020	2021	2022	2023	Total
Reporting entities	1,666	1,200	2,027	3,490	2,188	334	10,905
Bolivian Police	503	290	682	1,202	1,519	428	4,624
Public entities	388	245	423	844	1,299	432	3,631
Governorships	263	135	242	318	440	51	1,449
Private entities	78	22	69	364	532	160	1,225
Ministries	171	135	244	239	191	67	1,047
Military institutions	7	3	4	10	1	1	26
Public prosecutor's offices	12	5	3	-	-	-	20
Other requests	340	225	106	131	313	47	1,162
<b>Overall total</b>	<b>3,428</b>	<b>2,260</b>	<b>3,800</b>	<b>6,598</b>	<b>6,483</b>	<b>1,520</b>	<b>24,089</b>

Source: DAFL – FIU, 1 January 2018 to 31 March 2023

(\*) Correspond to requests for information to car dealers, real estate agencies, hotels and other persons that are not reporting entities.

173. As can be seen, 45% of the requests for information correspond to requests addressed to the reporting entities. However, it is worth mentioning the significant percentage of requests that are made to other authorities, such as the Bolivian Police (19%), public entities (15%), private entities, ministries, military institutions, among others. This shows that, to a large extent, there is national cooperation with other entities for the production of financial intelligence.

174. In order to provide feedback to the reporting entities, the FIU has held face-to-face and online workshops that seek to improve the quality of the STRs, providing guidelines for analysis and pointing out the main deficiencies and aspects for improvement. Number of workshops by year: 3 (2018); 8 (2020); 6 (2021); 5 (2022). This reflects the efforts made by the FIU to improve the quality of the STRs received, but emphasis is made on the need to continue with said efforts by considering the designation of new regulated reporting entities in the AML/CFT system.

#### *Operational needs supported by FIU analysis and dissemination*

175. The operational structure of the FIU allows the financial intelligence reports produced and disseminated to be technically complete in such a way that they are useful for the competent authority to whom they are disseminated. Notwithstanding the above, given the number of STRs, RF (Prosecutor's Requests), SAC (request from a Competent Authority) that are received by the FIU, the assessment team could observe that the number of analysts and technical personnel could be increased in order to strengthen the FIU's operational needs.

176. The FIU uses STRs as an input for the production of financial intelligence reports. Additionally, to strengthen analysis, the FIU submits requests for information to the reporting entities and other public and



private entities. However, as part of the analysis, it also uses information from Know-Your-Customer Policy (PCC) reports (above threshold) and customs declarations.

177. The reporting entities send the information to the FIU through internally developed information systems. The information disseminated through these systems are STRs, reports above the threshold (PPC) and lists of PEPs. In turn, the Bolivian Customs (ANB) disseminates Foreign Currency Declaration Forms.

178. The FIU has developed the Nemesis system for case management, as well as for monitoring and time control in operational analysis. Additionally, this system enables the FIU to interact electronically with reporting entities through the sending and receiving of information requests. This system also ensures the security and confidentiality of information through a two-factor authentication mechanism. Likewise, restricted access by analysts to information in the Nemesis system is guaranteed, since it gives access only to the information required for the development of assigned cases.

179. For conducting operational analysis, the analysts have access to different sources of information and basically use spreadsheets (Excel) for the corresponding analysis. At the time of the on-site visit, the FIU only used this tool, not having additional automated tools to facilitate the analysis of links and flows.

180. Once the case has been managed, the Assets and Financial Intelligence Report (IIFP) or Quick Intelligence Report (IRI) (as the case may be) is prepared for dissemination to the Attorney General’s Office (AGO) or competent authority. In the case of the AGO, at the time of the on-site visit, an electronic communication mechanism between both agencies through web services had been recently implemented. This is expected to make it easier for the FIU and the AGO to exchange information, including the sending of intelligence reports by the FIU to the AGO, the monitoring of the status of the cases and the generation of statistics. This process, which is aimed at providing closer support to the AGO in the use of financial intelligence, has been recently implemented, and therefore it was not possible for the assessment team to assess the direct results thereof yet.

181. Notwithstanding the above, until before the implementation of electronic communications between the FIU and the AGO, information was disseminated in print; intelligence reports were sent in sealed and stamped envelopes, thus ensuring that the information contained could not be accessed by unauthorised persons.

182. The Unit for Strategic Analysis, National and International Coordination and Standards, which is in charge of conducting strategic analysis and identifying ML/TF trends and patterns, is within the National and International Coordination, Strategic Analysis and Supervision Division (DAES). This Unit elaborates three types of products:

**Table 8. FIU products**

Product	Description
Strategic analysis	Identification of trends and patterns of business activities that could be related to ML/TF. It

	seeks to establish public policy measures. It is shared with the Financial and Legal Analysis Division (DAFL) for consideration in the production of financial intelligence.
Diagnostic product	It is a situational analysis on a phenomenon or business activity and seeks to determine its level of ML/TF risk. These documents serve as inputs for the elaboration of SRAs and NRAs.
Sectoral risk assessment	Document elaborated in a multidisciplinary and collaborative manner by different entities for the purpose of identifying ML/TF threats, vulnerabilities and risks in business activities.

183. The FIU has produced different strategic analysis products during the assessed period. These products are shared with the reporting entities and the competent authorities. Likewise, training is delivered, and workshops are organised for the reporting entities and the public sector, so that they can have a better understanding of such products and that they may be useful. The different strategic analysis products elaborated by the FIU are described below:

**Table 9. Strategic analysis products**

Product	Name
Strategic analysis	Suspicious Transaction Report
	Sensitivity analysis for the prioritisation of activities exposed to ML/TF risk
	Livestock
	Legal professionals
	Construction
	Aviation schools
	Cross-border currency transportation in Bolivia
	Bearer negotiable instruments
	Gold trading
	DNFBPs
Diagnostic	STRs
	Corruption
	Tax fraud
	Environmental crimes
	Human smuggling and trafficking
Sectoral Risk Assessments	Smuggling
	National ML/TF risk assessment
	Non-profit organisations
Typologies	Sectoral risk assessment on VASPs
	Typologies chart

184. As input for the elaboration of strategic analysis products, the Directorate of Strategic Analysis, Supervision and National and International Coordination (DAES) makes requests for information download to the Unit of Technologies and Data Processing System (UTSPD). At the time of the on-site visit, the assessment team could verify that the FIU did not have specialised technological tools for business intelligence to generate data cubes, nor for visualisation; on the contrary, it depends on the UTSPD for data

generation and extraction. To a certain extent, this prevents the FIU from having effective strategic analysis products through the use of technology, and that such products are available to operational analysts or the reporting entities in a dynamic and timely manner.

185. Notwithstanding the fact that the FIU has produced different strategic analysis products, the assessment team considers that the FIU's strategic analysis area should be reinforced in terms of human and technological resources, and its personnel should specialise in the management of analytical techniques, so that the production of strategic analysis be strengthened and that more reports on trends and typologies be produced to enhance the understanding of the different competent authorities, as well as the reporting entities, of the methods and the most frequent schemes used by organised crime for LA and TF.

#### *Cooperation and exchange of information/financial intelligence*

186. The FIU cooperates and exchanges financial intelligence information primarily with the Attorney General's Office, as described above. However, information is also exchanged with other competent authorities, such as the Gaming Supervisory Authority (AJ), the Bolivian Police through the Special Anti-Crime Task Force (FELCC) and the Special Anti-Narcotics Task Force (FELCN), the Office of the State Attorney General (PGE) and the Vice-Ministry for the Fight Against Corruption (VLCC).

187. In all cases, the competent authorities stress and value the importance that intelligence reports have as a complement for the fulfilment of their functions.

188. Regarding the security mechanisms for the exchange of intelligence, the electronic exchange of information through web services with the Attorney General's Office is at the implementation stage. As the communication is electronic, greater security is guaranteed since the information is encrypted and directly deposited in the servers of the AGO's information systems.

189. With the other competent authorities, the information is exchanged in print, with the intelligence report being sent in a sealed and stamped envelope. On the outside of the envelope there is a delivery note only mentioning the report number and date of issuance; the names of the investigated subjects are not mentioned at all.

190. It should be noted that the very same reports issued by the FIU indicate that they are absolutely confidential and that they can only be used as reference material but cannot be considered as evidence in a criminal proceeding.

191. Within the FIU, physical security is guaranteed with biometric access controls to each of the Units. Only users that work for a particular Unit have access to it.

192. With regard to security in the data centre, the FIU has a robust security system with restricted access. Only the person responsible for the UTSPD and the technicians in charge of the technological infrastructure have access to said data centre. The availability of the information is also guaranteed through data backup and infrastructure replication policies; information that can be activated at a certain moment if the main data centre is not available.

193. Finally, there are computer security devices, such as firewall, IPS, IDS, antivirus, among others. These devices protect the FIU and the information contained in its servers against possible cyber-attacks.

#### *Conclusions on Immediate Outcome 6*

194. Based on the analysis of the information provided to the assessment team, it is possible to observe that the FIU has, to a large extent, human and technical resources to generate financial intelligence products; however, these resources may still seem to be limited in terms of the FIU's capacity to produce financial intelligence, both Assets and Financial Intelligence Report (IIFP) and Quick Intelligence Report (IRI), as well as strategic analysis products.

195. Financial intelligence is well valued by the competent authorities as support for ML investigative processes. The assessment team considers that the financial intelligence disseminated by the FIU, even when it is technically complete, is used by the AGO to initiate new cases to a lesser extent if compared to the use of such information the agency makes when it comes to ongoing investigations. This has led the FIU to make efforts to conduct on-site visits to Departmental Public Prosecutor's Offices in order to clarify doubts and provide explanations to AGO's prosecutors in charge of prosecuting cases.

196. In addition to the above, it is considered that the FIU does not have sufficient technological resources to produce more effective financial intelligence, neither at the operational or strategic level. Operational analysis is conducted manually by accessing, consulting and downloading information in spreadsheets. In turn, strategic analysis is carried out through information that is downloaded by the UTSPD and sent in text files to the Strategic Analysis Unit for its analysis by means of spreadsheets. The assessment team considers it necessary to strengthen the FIU with more analytical tools that allow for information to be used in an independent, effective and secure manner.

197. Therefore, Bolivia **is rated as having a moderate level of effectiveness for Immediate Outcome 6.**

#### *Immediate Outcome 7 (ML investigation and prosecution)*

##### *ML identification and investigation*

198. Bolivia has a system that, to a certain extent, allows it to detect, investigate and prosecute ML cases. The legal and institutional framework provides certain tools that facilitate these tasks; however, in some cases there are certain limitations. In this regard, the analysis of the statistics presented in the NRA and of those provided in the on-site visit, the witness cases, and the inputs provided in the interviews with the competent law enforcement authorities reveals that there are some challenges in terms of the capacities and resources of the responsible authorities to carry out investigations and prosecutions that result in convictions.

199. In Bolivia, an accusatory-adversarial criminal system is in force, in which the AGO acts as the body in charge of exercising the public criminal action. In this regard, the AGO, through the State General Public Prosecutor's Office and its different Specialised Divisions, directs criminal investigation, which is operationally conducted by the Bolivian Police, through its different specialised areas.

200. The criminal proceeding is basically structured in four (4) phases or stages: preliminary stage, preparatory stage, oral and public trial stage and appeals stage. During the preliminary stage, a process of collecting evidence begins through minimal investigative activity in order to determine the potential perpetrators. If that conclusion is reached, the second stage, i.e. the preparatory stage, is set into motion, which is eminently investigative. The third stage is based on the development of the oral trial, where the proceeding can last up to 3 years. The preliminary stage can last up to 120 days, and the preparatory stage can last up to 18 months.

201. As of 11 January 2021, the AGO modified its organisational structure in terms of ML and predicate offences, and the Prosecutor's Office Specialised in Drug Trafficking, Environmental Crimes, Extinction of Ownership, Terrorist Financing and Money Laundering was created. Likewise, the Prosecutor's Offices Specialised in Corruption, Tax Crimes, Customs Crimes and ML was created and empowered to direct the investigation in the rest of the crimes, including those cases with no identified ML predicate offence.

202. The Prosecutor's Office Specialised in Drug Trafficking, Environmental Crimes, Extinction of Ownership, Terrorist Financing and ML has a director, 2 prosecutors specialised in the matter and 1 assistant prosecutor. In addition, there is a Departmental Public Prosecutor's Office for each of the nine Departments into which Bolivia is divided, and each of them has a total of 10 prosecutors specialised in ML, TF, and in the areas of drug trafficking, extinction of ownership and environmental crimes, and 9 assistant prosecutors, depending on the incidence of cases.

203. The Prosecutor's Office Specialised in Corruption, Tax Crimes, Customs Crimes and ML has a director, 2 prosecutors and 2 assistant prosecutors. In addition, there is a Departmental Public Prosecutor's Office for each of the nine Departments into which Bolivia is divided, and each of them has a total of 19 prosecutors specialised in ML and in the predicate offences of corruption and tax crimes, and 18 assistant prosecutors, depending on the incidence of cases.

204. In the investigation of ML, financial or accounting expert's reports are necessary. They are conducted by the Institute of Forensic Investigations (IDIF), dependent on the Attorney General's Office, as the institution in charge of carrying out the scientific, technical and laboratory-related studies required for the investigation of crimes, which is responsible for assisting the prosecutors specialised in forensic audits.

205. The Attorney General's Office also requires the support of the Institute for Technical-Scientific Research of the Police University (IITCUP) with scientific-technical studies.

206. In the investigation of ML, the Bolivian Police is a relevant authority. It should be noted that it is made up of the Special Anti-Narcotics Task Force (FELCN) and the Special Anti-Crime Task Force (FELCC). Each of these Special Task Forces has a ML Unit, depending on the predicate offence involved. During the on-site visit, it was possible to verify the good coordination existing among its members and the expertise of the respective officials.

207. The Special Anti-Narcotics Task Force (FELCN) has a National Department for Financial-Economic Analysis and Research (DN GIAEF), which is in charge of carrying out proactive and objective

investigative and intelligence tasks in relation to ML, the extinction of ownership and crimes associated with the illicit trafficking of controlled substances. It is made up of 53 public police officers and 4 police officers under the Program of the National Treasury’s (TGN) Vice-Ministry of Controlled Substances.

208. The Special Anti-Crime Task Force (FELCC) has a Special Anti-Corruption Department and the National Specialised Department for Money Laundering and Terrorist Financing Investigations (DNILGIFT). At the national level, it has a total of 56 agents.

209. Regarding ML investigations, it should be noted that the AGO initiates its ML investigations based on complaints (filed by an individual), *ex officio* (AGO), police reports, FIU’s reports, complaints (filed by an authority), written complaints and *querellas* (special criminal complaints). FIU’s reports are sent directly to the prosecutor specialised in the matter, working for the corresponding Departmental Public Prosecutor’s Office, in accordance with the place of commission of the offence.

210. During the assessed period, through its different Specialised Prosecutor’s Offices, the AGO initiated a total of 608 ML cases. Most investigations were triggered by FIU’s intelligence reports (214 cases), police reports (212 cases) and written complaints filed by an individual (8 cases) or an authority (3 cases). The table below shows the number of investigations initiated by the Attorney General’s Office by year, indicating the source of the investigation.

**Table 10. ML investigations initiated by the AGO, by year and source**

SOURCE	Prior to 2017 - active	2017	2018	2019	2020	2021	2022	2023	TOTAL
Complaint (filed by individual)	1	1	0	2	2	1	0	1	8
<i>Ex officio</i> (AGO)	7	2	3	4	5	8	11	4	44
Police report	76	4	10	15	13	23	56	15	212
FIU’s report	12	4	27	12	1	51	94	13	214
Complaint (filed by authority)	0	3	0	0	0	0	0	0	3
Written complaint	18	1	5	19	26	25	19	6	119
<i>Querella</i> (special criminal complaint)	0	2	0	2	3	1	0	0	8
<b>TOTAL</b>	<b>114</b>	<b>17</b>	<b>45</b>	<b>54</b>	<b>50</b>	<b>109</b>	<b>180</b>	<b>39</b>	<b>608</b>

Source: Attorney General’s Office

211. The country provided a table showing the 608 investigations triggered by different sources and the procedural stage of each of them. It should be highlighted that 209 cases were closed, and 130 cases are at the trial stage. The data is presented in the table below:

**Table 11. Procedural stage of initiated cases**

Procedural stage	Preliminary stage	Preparatory stage	Trial stage	Resources	Closed	Total
Complaint (*)	13	19	24	0	74	<b>130</b>
<i>Ex officio</i> (AGO)	9	9	8	2	16	<b>44</b>
Police report	41	33	71	21	46	<b>212</b>
FIU's report	61	58	27	0	68	<b>214</b>
<i>Querrela</i> (special criminal complaint)	1	2	0	0	5	<b>8</b>
<b>Total</b>	<b>125</b>	<b>121</b>	<b>130</b>	<b>23</b>	<b>209</b>	<b>608</b>

(\*) Complaint: it refers to written complaints and to complaints filed by an individual or authority, pursuant to article 285 of the Code of Criminal Procedure.

212. The role of the Police in the initiation of investigations is considered to be of vital importance since, according to the data provided by the AGO, out of the 608 ML investigations initiated, 212 cases were initiated as a result of a police report. Likewise, it is understood that FIU's reports have been significant in the general overview of ML investigations initiated in Bolivia, as mentioned in the analysis of IO.6.

213. Although the assessment team could perceive the existence of cooperation after conducting the interviews, it concluded that it is necessary to improve operational and field cooperation among the police, the AGO and the TSJ. In this regard, the effective operational implementation of the memoranda of understanding signed between the different LEAs should be prioritised, in order to achieve more robust investigations and prosecutions leading to ML convictions.

214. Bolivia provided information on 5 cases for predicate offences in which parallel financial investigations were initiated. In one of those cases, after the conclusion of the parallel financial investigation, it was decided not to initiate an investigation for ML. In addition, Bolivia provided statistical data on the

parallel financial investigations initiated for ML from before 2017 to 2023, which rendered a total of 44 cases initiated.

**Table 12. Parallel financial investigations**

PREDICATE OFFENCE COMPLAINT CODE (CUD)	STATUS OF THE PREDICATE OFFENCE CASE	STATUS OF THE ML CASE
Influence peddling, breach of duties, contracts to the detriment of the State; and negotiations incompatible with the exercise of public functions by individuals.	Accusation – Oral trial stage	Expansion of charges - Preparatory stage
Passive bribery, benefits by virtue of position held, influence peddling, and concussion	Conviction	Formal accusation – Preparatory stage
Illicit enrichment of individuals to the detriment of the State; facilitating illicit enrichment; illicit finance; and unlawful association	Accusation – Oral trial stage	Preliminary stage
Unlawful association and conspiracy; trafficking	Closed - Dismissed	Preparatory stage
Criminal organisation; unlawful association; trafficking	Preparatory stage	Preparatory stage
Concussion, unlawful association and conspiracy: public officials	Oral trial stage	Closed - Dismissed

**Table 13. Statistics on parallel investigations that led to the initiation of ML investigations**

ORIGIN	Before-2017	2017	2018	2019	2020	2021	2022	2023	TOTAL
<i>Ex officio</i>	7	2	3	4	5	8	11	4	44

215. Based on the tables above, although there have been formal parallel financial investigations, the number is very limited and does not seem to be in line with the level of ML risk and the level of related threats. At the time of the on-site visit, the investigative authorities did not have a clear overview of the need to have a protocol to guide prosecutors on the cases and circumstances in which a parallel financial investigation should be initiated and how deep the investigation should be.

216. Although it is true that there are clear advances in terms of the importance of initiating cases for parallel financial investigations as in the case of the Bolivian Police in accordance with Circular Memorandum 074/22 of 29 December 2022, issued by Sgral, Cmdo. Gral, addressed to the FELCC and the FELCN, instructing as follows: “take the corresponding actions to coordinate the investigative work, in order to make the parallel financial investigations effective”. The time elapsed is little to obtain optimal results with regard to the initiation of cases for parallel financial investigations.

217. In turn, special investigative techniques can only be applied in cases of drug trafficking, human smuggling and trafficking, and corruption, which obviously limits the authorities’ investigative action and therefore this is reflected in a lower number of successful ML investigations.

218. In relation to the above, and despite the level of specialisation and expertise of tax agents and police officers, it is possible to observe limitations in the identification and investigation of ML cases, particularly with regard to the development of parallel financial investigations. Likewise, the legal framework should provide the possibility of using special investigative techniques in ML investigations, regardless of the predicate offence involved. If efficient protocols and special investigative techniques are used in ML investigations, the AGO and the Police will need a greater number of human, institutional and technological resources to support their actions and obtain better results in ML investigation.

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

219. According to the results of the NRA, which are reasonable, Bolivia has a medium-high ML risk, and its main threats are corruption and bribery, drug trafficking, human smuggling and trafficking, and smuggling.

220. During the on-site visit, it was possible to observe that the LEAs coincide in the main threats identified and they are in line with the country’s risk profile. This is due to the fact that both the Police and the AGO have units specialised in the investigation of high-risk predicate offences. It could also be observed that the officials of law enforcement agencies know and understand the ML risks present in Bolivia.

221. However, as noted above, there are challenges with regard to the resources available to carry out ML investigations in relation to all these threats, taking into account their complexity. In this regard, in the assessed period, the AGO initiated 608 investigations for ML, out of which 206 correspond to drug trafficking, 97 to corruption, 270 to crimes that have not been determined, among others. There are also some limitations in relation to the consistency between the ML convictions and the threats and risks present in the country, as is the case of human smuggling and trafficking, which, according to the NRA, reflects a high risk, but only one case for such crime has been initiated. Although it is understood that this specific situation takes place in a clandestine environment and that it has been rated as high, not only because of the incidence detected in the numbers but also, taking into account the vulnerabilities, the damage this type of crime causes to the social fabric, the assessment team considers that for this case and for the case of smuggling, the number of ML investigations initiated is very low.

**Table 14. Cases initiated for a ML predicate offence**

<b>PREDICATE OFFENCE</b>	<b>Before - 2017</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>TOTAL</b>
<b>Drug trafficking</b>	75	6	9	15	14	24	47	16	206
<b>Corruption</b>	21	5	5	13	15	14	20	4	97
<b>Human smuggling and trafficking</b>		1							1
<b>Smuggling</b>	1					2	1		4
<b>Tax crimes</b>	2	1	3	1		2	1		10
<b>Asset-related crimes</b>	4	1	2	2	2	2	1	1	15
<b>Murder</b>		1					1		2
<b>Illegal possession and/or carrying of arms</b>						1	1		2
<b>Computer manipulation</b>							1		1
<b>Undetermined</b>	11	3	26	24	17	63	108	18	270
<b>TOTAL</b>	<b>114</b>	<b>18</b>	<b>45</b>	<b>57</b>	<b>48</b>	<b>106</b>	<b>181</b>	<b>39</b>	<b>608</b>

222. In addition, Bolivia provided statistical data on the investigations initiated for the 10 main ML predicate offences. In the assessed period, 14,328 investigations were initiated for drug trafficking; 13,357 for corruption; and 3,726 for the human smuggling and trafficking, which reflects a large number of investigations for predicate offences that contrasts with the investigations initiated for a ML predicate offence.

**Table 15. Statistics on investigations initiated for the main predicate offences**

<b>Predicate offence</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
<b>Drug trafficking</b>	2,424	2,414	2,179	1,665	2,062	2,532	1,052	14,328
<b>Corruption</b>	2,371	2,057	2,292	1,831	2,127	2,139	540	13,357
<b>Human trafficking</b>	607	488	606	351	550	824	300	3,726

<b>Human smuggling</b>	16	17	17	16	58	20	22	166
<b>Smuggling</b>	256	221	239	158	297	270	75	1,516
<b>Tax crimes</b>	184	136	286	222	274	193	148	1,443
<b>Total</b>	<b>5,858</b>	<b>5,333</b>	<b>5,619</b>	<b>4,243</b>	<b>5,368</b>	<b>5,978</b>	<b>2,137</b>	<b>34,536</b>

223. The analysis of the information reveals that the investigations and prosecutions for ML are linked to a greater extent with drug trafficking, public corruption and other undetermined crimes. It also reveals that the LEAs have made efforts to initiate cases for ML; the first two are the crimes that, according to the NRA, presented a “high” risk. Although it is expected to have ML investigations where the predicate offence has not been determined at the time the investigation was initiated, it is noteworthy that there is only 1 case for human trafficking and 4 cases for human smuggling, when both crimes were rated as “high” risk.

224. During the assessed period, Bolivia has 97 cases with ML sentences, of which 41 are convictions involving 104 persons. In addition, there were 44 acquittals.

225. Although it is expected that there are proceedings that will naturally conclude with acquittals, the number of convictions does not seem to be efficient and makes it clear that there are areas for improvement to direct efforts aimed at strengthening investigations and prosecutions in such a way that resources are used in an effective manner.

**Table 16. Sentences delivered by year of Administration as of 15/7/2023**

Sentences by year of Administration					
No.	Year	Convictions	Acquittals	Mixed	TOTAL
1.	2017	8	4	2	14
2.	2018	1	4	0	5
3.	2019	1	5	0	6
4.	2020	2	3	1	6
5.	2021	4	8	1	13
6.	2022	12	12	4	28
7.	2023	13	8	4	25
<b>Total</b>		<b>41</b>	<b>44</b>	<b>12</b>	<b>97</b>

**Table 17. Sentenced persons**

SENTENCES	2017	2018	2019	2020	2021	2022	2023	TOTAL
Number of persons								
<b>Convictions</b>	21	6	4	5	9	37	39	12
<b>Acquittals</b>	22	10	11	13	27	34	37	154
<b>TOTAL</b>	<b>43</b>	<b>16</b>	<b>15</b>	<b>18</b>	<b>36</b>	<b>71</b>	<b>76</b>	<b>274</b>

226. The sentences delivered for predicate offences amount to 97 cases, which coincides with the number of cases sentenced for ML; out of the 97 cases, 8 correspond to sentences obtained in parallel financial investigations.

**Table 18. Sentences by predicate offence**

PREDICATE OFFENCE	Number of judgements			TOTAL
	Convictions	Acquittals	Mixed	
Controlled substances	30	15	7	42
Corruption	3	11	3	16
Smuggling	1	2		3
Tax crimes	1	2	1	4
Asset-related crimes	4	3		7
Murder	1			1
Computer manipulation	1			1
<b>TOTAL</b>	<b>41</b>	<b>43</b>	<b>13</b>	<b>97</b>

**Table 19. Sentences obtained in cases initiated as a result of a parallel financial and asset-related investigation**

2017	2018	2019	2020	2021	2022	2023	Total
1	0	0	1	2	2	2	8

227. Based on the data provided in the tables above, it can be concluded that most ML sentences involved predicate offences, such as drug trafficking and corruption, which are somehow consistent with the results obtained in the NRA where these crimes were rated with a “high” risk. However, the number of ML sentences in general is not consistent with the level of existing threats in Bolivia. The limitations in the investigative processes and the limited coordination between the investigative authorities and the Judiciary have been important factors that match the results. Furthermore, although the Judiciary, based on the findings of the NRA and the vulnerabilities identified, has initiated a process to enhance training and raise greater awareness among judges on the autonomous nature of the crime of money laundering, this has started to be reflected only to a certain extent in the last sentences achieved.

*Types of ML cases pursued*

228. In Bolivia, according to the information provided and the interviews during the on-site visit, both the Attorney General’s Office (AGO) and the Police have Guidelines for ML investigation. Different types of ML cases:

- ML through national criminal networks
- ML through transnational criminal networks
- Self-laundering

- Third party ML
- ML with assets abroad

229. In turn, the AGO has the “Basic Guideline for ML Investigation”, approved according to Resolution MP FGE/JLP/DAJ 135/2021 of 25/10/2021. Similarly, the Police has the “Manual of Methods and Specialised Techniques for the Investigator of cases of ML and related crimes”, approved according to Resolution 276/2021 of 6/12/2021. Likewise, the FELCC has the “Manual for ML Investigation”, authorised by agreement 0237/22 of 07/10/2022. In turn, the FELCN has the “Protocol for Conducting Parallel ML Financial Investigations in cases related to the trafficking of controlled substances and related crimes”, authorised by Resolution 271/21 of 06/12/2021. In addition, the FIU developed the document “Typologies of Money Laundering and Terrorist Financing” and the book “Money Laundering, Doctrine and Legal Reasoning”, published in September 2022. With regard to the TSJ, during the on-site visit, they provided the document called: “Tools to prosecute money laundering and terrorist financing”, authorised by agreement 2/2023 of 11/01/2023. As can be seen, these operating instruments have been issued relatively recently. While this doesn’t mean that work hasn’t been done in that regard before, the data available is not enough yet to prove effectiveness.

230. It is not clear when, since the issuance of the guidelines, this type of investigation began to be conducted or when results started to be obtained. Likewise, there is no clear statistical data on the cases with convictions or acquittals for this type of ML cases in the assessed period. Nevertheless, the country has described the use of the different guidelines available by the LEAs to identify, prosecute and punish ML in its different forms in specific successful cases. This is shown in the following table.

**Table 20. Successful ML cases sentenced with ML typologies**

CUD (complaint code)	TYOLOGY	CONVICING SENTENCE	CASE STATUS	No. OF PERSONS CONVICTED	PENALTY IMPOSED		
FIS-CBBA10023 12	ML through national criminal networks	Judgement 46/2019 and Judgement 47/2019 both of 30/07/2019	Restricted Appealed	3 persons	3 years		
				2 persons	4 years		
				1 person	1 year		
				1 person	5 years		
Case Alanes CB-A-412/11				8 persons	5 years and 200 days fine		
				Convicting sentence 28/09/2022	Appeal stage	2 persons	2 years and 6 months and 200 days fine
						1 person	1 year
	ML through transnational		Appeal stage	2 persons	7 years and 300 days fine		

Case Navia SC-N- 505/2010	criminal networks	Convicting sentence of 10/08/2022		1 person	6 years and 300 days fine
				2 persons	5 years and 300 days fine
70110201210 9737	Self- laundering (person who committed the predicate offence and ML)	Judgement No. 061/2022 of 01/09/2022	Final judgement	1 person	5 years and 200 days fine
Case Dora Vallejos 70110201200 0109		Accusation on 04/10/2021	Trial stage	Trial stage	Trial stage
SC- SCZ1800355	Third party money laundering (persons that did not participate in the predicate offence)	Convicting sentence of 27/04/2022	Appeal stage	1 person	4 years

*Effectiveness, proportionality and dissuasiveness of sanctions*

231. In accordance with what was analysed in Recommendation 3, in Bolivia the sanctions applicable for the crime of ML are the following: i) 5 to 10 years imprisonment; ii) disqualification for the exercise of public function and/or elected positions; and iii) a fine of two hundred (200) to five hundred (500) days. Likewise, anyone who facilitates or incites the commission of this crime will be punished with imprisonment for four (4) to eight (8) years. Additionally, article 71 bis of the Criminal Code establishes the forfeiture of assets involved in the crime of ML.

232. In most cases, according to the data provided by the country, the persons convicted of ML have been punished with 6 to 10 years' imprisonment. In the opinion of the assessment team, this could not be considered as a dissuasive or proportionate sanction. Only when the investigation included other crimes were the offenders sentenced to more than ten years in prison, as shown in the following tables.

233. Regarding the penalties for ML, Law 1768 established the penalty of 1 to 6 years' imprisonment for this offence (later, in 2010, Law 004 modified this, establishing a penalty of 5 to 10 years' imprisonment).

**Table 21. Penalties imposed on convicted persons**

Penalty of imprisonment (years)	No. of persons convicted
1-2	3
2-3	4
3-4	16
4-5	7
5-6	38
6-7	12
7-8	7
8-9	6
9-10	21
+ 10	6
<b>TOTAL</b>	<b>120</b>

**Table 22. Persons convicted for over 10 years**

Number of persons convicted	Imprisonment	Offence
1	14 years	Trafficking, ML and unlawful association
1	13 years and 4 months	Trafficking, unlawful association, conspiracy and ML

2	13 years and 3 months	Transportation of controlled substances, unlawful association, conspiracy, influence peddling and ML
1	10 years and 6 months	Transportation of controlled substances, unlawful association, conspiracy and ML
1	14 years	Trafficking and ML

*Use of alternative measures*

234. In the Bolivian criminal proceeding, for those cases where it is impossible to punish the ML offence, there are some alternative measures to prosecute and punish those conducts that do not fall within the criminal offence of ML, but that have generated an unjustified increase in assets, such as is the case of illicit enrichment (article 27)—punished with a penalty of 5 to 10 years’ imprisonment—and illicit enrichment of individuals to the detriment of the State (article 28)—punished with a penalty of 4 to 8 years’ imprisonment—, as provided for in Law 004 on the Fight against Corruption, Illicit Enrichment and Wealth Investigation “Marcelo Quiroga Santa Cruz”. The following table shows the number of cases initiated for these crimes.

<b>Table 23. Number of cases for the crime of illicit enrichment and illicit enrichment of individuals to the detriment of the State</b>			
<b>Management</b>	<b>Illicit enrichment</b>	<b>Illicit enrichment of individuals to the detriment of the State</b>	<b>Total</b>
2017	28	59	87
2018	6	35	41
2019	13	49	62
2020	11	25	36
2021	4	38	42

2022	41	42	83
2023	5	16	21
<b>Total</b>	<b>108</b>	<b>264</b>	<b>372</b>

235. Likewise, in the case of crimes related to drug trafficking, the extinction of ownership is provided for in article 2, paragraph c), of Law 913; however, it should be borne in mind that this provision applies only to cases of drug trafficking—one of the main ML threats—and leaves out the rest of the predicate offences which also represent a high level of threat. Out of the total extinction-of-ownership proceedings, according to data provided by Bolivia, 53 involved ML.

**Table 24. Sentences for extinction of ownership**

Extinction of ownership	Unfounded	Partially admitted	Total
276	15	10	301

**Table 25. Number of extinction-of-ownership proceedings involving ML**

2018	2019	2020	2021	2022	2023	TOTAL
3	16	18	11	2	3	53

236. It is also possible to apply the legal concept of summary proceeding, which consists in granting a benefit to the defendant, who waives the criminal prosecution and accepts the charges filed against him/her, in order to avoid a lengthy process and achieve a conviction. According to the data provided by Bolivia, during the assessed period, they granted 11 summary proceedings.

**Table 26. Sentences delivered in summary proceedings, by year of Administration**

2017	2018	2019	2020	2021	2022	2023	TOTAL
0	1	1	1	2	4	2	11

*Overall conclusions on Immediate Outcome 7*

237. Bolivia has shown progress in the investigation and prosecution of cases for the crime of ML and its predicate offences. There is a certain degree of improvement in inter-agency coordination among the Police, the Attorney General’s Office and the Supreme Court of Justice; however, greater efforts and continuity are necessary, in order to obtain results that are more in line with the country’s risks. Although the competent authorities are largely aware of the country’s ML risks, the number of investigations and their nature are not

entirely consistent with the threats identified in the NRA, as is the case of the crime of human smuggling and trafficking, and smuggling, which pose a high risk. Additionally, the number of ML sentences is considered to be low given the level of risk in the country, its threats and vulnerabilities. Most ML sentences are in the 4-5 years sentencing range, which is not considered a dissuasive conviction. Furthermore, it is not clear so far whether these convictions are for ML as a result of a parallel financial investigation or for cases of ML or ML predicate offence.

238. It was possible to observe regulatory and operational limitations for the investigation of ML and the use of desirable tools and procedures, such as the application of protocols for parallel financial investigations that help ML cases grow in number and effectiveness. Although the LEAs have made progress in cooperation matters since the signing of the Inter-agency Protocol of Minimum Actions for the Strategic Criminal Prosecution of ML in January 2023, still few time has passed to measure the results of its implementation. Therefore, in terms of cooperation, training and specialisation, the AGO and the Judiciary should continue advancing in order to ensure that more cases reach the prosecution stage and eventual convictions are achieved.

239. In the case of legal persons, at the time of the on-site visit, there was no case in which they had been sentenced for ML. Although there are efforts aimed at combating to a large extent one of the high-impact threats in the country, such as the crime of drug trafficking, the efforts for the rest of the ML predicate offences provided for are more limited. Likewise, it is not possible to apply special investigative techniques in ML investigations, which limits the tools for obtaining evidence in ML matters that help the AGO to carry out more solid cases and obtain better results in the prosecution of their cases. Therefore, **Bolivia is rated as having a low level of effectiveness for Immediate Outcome 7.**

#### *Immediate Outcome 8 (Confiscation)*

240. Bolivia has a regulatory framework that allows for the forfeiture of property or assets and the instrumentalities used or attempted to be used to commit ML, its predicate offences, as well as property of equivalent value. Likewise, Bolivia has the action of extinction of ownership, although it is limited to cases linked to drug trafficking.

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

241. The Bolivian competent authorities have made efforts to implement a system to seize and forfeit the proceeds of crime. The 2023-2025 National AML/CFT Strategy has, among its central objectives, the fight against ML/TF and the pursuit of the assets of criminal or terrorist organisations, and, as a strategic line, the seizure, forfeiture and extinction of ownership. To achieve this objective, the National Strategy proposes, as its main objective, to strengthen the capacity of the State to deprive criminals of their property and assets.

242. Likewise, the National Strategy also considers the administration and disposal of assets as one of its strategic lines. To this end, the strengthening of institutional capacities to better manage and properly dispose of the different property and assets seized, forfeited or subject to the action of extinction of ownership was also identified as a strategic objective.



243. The pursuit and claim for extinction of ownership in the case of those assets regardless of their quality (instrumentalities, means or the proceeds of crime) are jointly exercised by the AGO and the Police. Forfeiture as a State policy has been accompanied by different actions, including regulatory measures, applicable to the competent authorities. In this regard, through Instruction FGE/JLP/175/22, the AGO implemented the National Plan for Consolidation of the Prosecutor's Office Specialised in Money Laundering and Supervision, which provides support to ML investigations.

244. Furthermore, within the AGO, it is worth highlighting the work carried out by the Prosecutor's Office Specialised in Corruption, Tax Crimes, Customs Crimes and ML. This area has operational mechanisms that establish the application of *in rem* provisional measures on assets linked to different relevant crimes in the Bolivian context, including ML (circular FGE/FDC-T-A-LGI/25/22). Additionally, this Prosecutor's Office has implemented Instructions on the effective application of *in rem* provisional measures in cases of corruption and related crimes (Instruction FGE/JLP/039/22).

245. In turn, the Prosecutor's Office Specialised in Drug Trafficking, Environmental Crimes, ML and Terrorist Financing has developed mechanisms that help strengthen forfeiture as an objective of the country. Different efforts stand out regarding the implementation of the action of extinction of ownership. For example, a procedure was established for prosecutors specialised in ML to exercise the action of extinction of ownership with respect to all the assets involved in ML cases with drug trafficking as predicate offence, in order to shorten the asset forfeiture process (Instructions FGE/JLP112/19).

246. Likewise, said Prosecutor's Office issued the following documents: a) the "Guidance on the Seizure and Confiscation of Assets Interdicted in Cases of Drug Trafficking and Subject to Extinction of Ownership" (established through Resolution FGE/LP/DAJ/136/21), b) the "Instructions to implement the action of extinction of ownership with regard to the assets involved in cases of drug trafficking and ML (whose predicate offence is drug trafficking) (FGE/JLP/368/21), c) the "Guidance on parallel economic, financial and asset-related investigations in cases of drug trafficking and TF" (FGE/JLP/127/22), which includes, among its objectives, the effective neutralisation of the assets, the means or the instrumentalities that allegedly come from unlawful acts, and d) the "Guidance on the investigation of ML cases" (FGE/LP/DAJ/136/22), which has the purpose of strengthening the criminal prosecution of ML, whose predicate offences are drug trafficking, TF or environmental crimes.

247. Furthermore, in the "2023 Annual Operational Plan" of the State Attorney General's Office, both supervision and seizure of the assets identified in ML cases appear as relevant activities.

248. With regard to the Police, through its specialised units, the FELCC and the FELCN, this authority has investigators assigned to TF, ML and its predicate offences. It was possible to observe the recent efforts made by this authority to strengthen the country's confiscation processes. It is worth noting the issuance of Circular Memorandum 008/22, which instructs the agents of the FELCC to pursue and investigate, in a prompt and timely manner, the property subject to registration (real estate properties, vehicles, etc.) which are the proceeds of ML and TF, for their subsequent seizure.

249. In turn, in the Institutional Strategic Plan of the Ministry of Government, the FELCN has established the implementation of control, intelligence and investigative measures, as well as drug trafficking interdiction operations, in order to dismantle criminal organisations, arrest their members and disrupt its financial and logistical capacity, with loss of ownership rights on their assets in favour of the State. To this end, it has used an investigative matrix to combat drug trafficking from its different areas of expertise, which results from its investigative, operational and prevention actions and tasks.

250. At the same time, Bolivia has carried out legislative and regulatory reforms with a view to strengthening the measures that pursue the forfeiture of the proceeds and instrumentalities of crime, including property of an equivalent value, such as Law 913/17 on the fight against the illicit trafficking in controlled substances; Supreme Decree 3434/17, which regulates Law 913 and establishes the general rules and the procedure for the administration, control and monetisation of seized, intercepted and forfeited assets, as well as the measures for the protection, maintenance and conservation of said assets.

251. Although the regulations contemplate that assets of equivalent value can be confiscated, there is no indication that the AGO has precise guidelines or instructions that could be useful to guide the work of prosecutors and investigators in this matter, since statistics of equivalent goods could not be verified. In addition, a limited knowledge and use of this figure was appraised during the interviews on the on-site visit.

252. The administration and control of intercepted, seized and forfeited assets is in charge of the DIRCABI, which has the powers to record, control and manage the seized and forfeited assets derived from the commission of a crime; as well as to manage, control and monetise the assets subject to extinction of ownership in favour of the State (article 45, Law 913/17 and articles 253, 258 and 259 of the Code of Criminal Procedure), and, on the other hand, of the National Customs as will be seen later.

253. At the date of the on-site visit, the effective monetisation of the assets subject to extinction of ownership could not be observed; however, the Institutional Strategic Plan includes monetisation as a short-term action for the 2023 administration, and therefore it is worth recognising Bolivia's efforts in this respect.

254. It should be mentioned that the DIRCABI has jurisdiction to administer the proceeds of crimes related to drug trafficking (including ML when drug trafficking is its predicate offence) according to the powers granted to it by Law 913 and Supreme Decree 3434. Additionally, it administers the proceeds of other crimes other than drug trafficking, since the judicial body is authorised to seize and deliver the proceeds to this authority in the case of any crime in accordance with article 253 and articles 257-259 of the Code of Criminal Procedure. The statistics by type of offence regarding the assets under the administration of the DIRCABI in the assessed period are detailed below, in which it can be seen that only 37.5% of these (ML, corruption and drug trafficking) correspond to crimes related to the country's main risks according to the analysis of IO 1:

**Graph 2. Detail of the assets administered by the DIRCABI by type of offence**

No.	TYPE OF OFFENCE	TOTAL
1	Money laundering	361
2	Corruption	51
3	Unlawful association and kidnapping	6
4	Destruction of state property	6
5	Drug trafficking	6,718
6	Aggravated robbery	1
7	Illegal fuel trade	184
8	Extinction of ownership	83
<b>TOTAL</b>		<b>7,410</b>

255. It is worth noting the importance and role of the DICARBI and its joint work with the LEAs in the proceedings in which it takes part. The destination of the property and assets that have been administered by the DICARBI in the indicated period is detailed below.

**Table 27. Destination of property and assets forfeited, by authority - 2019 - 30 April 2023<sup>5</sup>**

Administration	Attorney General's Office USD	Judicial Body USD	UELICN USD	CONALTID USD	DIRCABI USD	DIPREVCON USD	Amount USD
2019	394,754.46	0.00	1,447,433.02	263,169.64	526,339.28	0.00	2,631,696.40
2019	205,976.95	566,436.61	0.00	102,988.48	154,482.71	0.00	1,029,884.75
2020	139,339.43	0.00	510,911.24	92,892.95	185,785.90	0.00	928,929.52
2021	154,678.28	154,678.28	0.00	0.00	77,339.14	232,017.43	618,713.13
<b>Total</b>	<b>894,749.12</b>	<b>721,114.89</b>	<b>1,958,344.26</b>	<b>459,051.07</b>	<b>943,947.03</b>	<b>232,017.43</b>	<b>5,209,223.80</b>

256. Another authority with a central role in this matter is the National Customs. The 2021 Institutional Strategic Plan includes as institutional strategic action the control and establishment of different actions to implement and manage strategic measures to combat smuggling and currency flow, such as conducting

<sup>5</sup> During 2022, there were no transfers, since it was only in this Administration that the procedures to make money transfers after monetisation and payments through the Reimbursement Fund were approved. With regard to 2023, the transfers are being processed as established in article 63 of Law 913, as amended by Law 1358.

operations, value of forfeited goods, searches, payment for reporting smuggling (incentive for reporting), etc. In this regard, the National Customs is responsible for the administration of the seized and forfeited assets derived from the crime of smuggling. The National Customs, through operational processes, carries out forfeitures, as well as searches in relation to smuggling, as can be observed in the table below:

**Table 28. Number of operations involving forfeitures conducted by the National Customs, by year**

Regional Administration	2018 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2021 Jan-Dec	2022 Jan-Dec	2023 Jan-Apr	Total
Cochabamba	715	808	482	382	914	457	<b>3,758</b>
La Paz	2,023	2,240	896	2,247	3,972	970	<b>12,348</b>
Oruro	1,782	3,330	1,649	1,538	2,319	978	<b>11,596</b>
Potosi	1,135	715	554	1,303	2,540	1,043	<b>7,290</b>
Santa Cruz	478	332	182	1,180	2,128	887	<b>5,187</b>
Tarija	1,296	908	429	1,666	3,360	1,237	<b>8,896</b>
<b>Total</b>	<b>7,429</b>	<b>8,333</b>	<b>4,192</b>	<b>8,316</b>	<b>15,233</b>	<b>5,572</b>	<b>49,075</b>
Source: National Customs							

**Table 29. Number of searches conducted by the National Customs, by year**

Regional Administration	2021 Jan-Dec	2022 Jan-Dec	2023 Jan-Apr	Total
Cochabamba	1	23	29	<b>53</b>
La Paz	5	25	41	<b>71</b>
Oruro	2	10	5	<b>17</b>
Potosi	4	7	6	<b>17</b>
Santa Cruz	12	32	78	<b>122</b>
Tarija	4	9	15	<b>28</b>
<b>Total</b>	<b>28</b>	<b>106</b>	<b>174</b>	<b>308</b>
Source: National Customs				

257. Additionally, the National Customs conducts public auctions within the framework of tax enforcement proceedings, in compliance with the Rules of Procedure on Coercive Collection, which was approved by Board Resolution RD 01-022-21 updated by Board Resolution RD 01-033-22. Thus, this authority has conducted public auctions, and the results are presented in the following table:

**Table 30. Public auctions by the National Customs**

REGIONAL ADMINISTRATION	AMOUNT RECOVERED		TOTAL AMOUNT RECOVERED IN BOTH STAGES	
	PUBLIC AUCTIONS	DIRECT AWARD	Expressed in BOB	Expressed in USD
<b>TOTAL</b>	<b>7,567,068.57</b>	<b>268,060</b>	<b>7,835,128.57</b>	<b>1,125,736.86</b>

- Information until July 2023.

258. The country has a mechanism that establishes the provision of an incentive to anyone who reports acts of smuggling, granting the complainant a percentage of the forfeited goods, which varies depending on the circumstances between 20% and 40%, and which will be authorised through resolution issued by the competent authorities in accordance with Supreme Decree 3640/18 and the corresponding regulatory laws. In this regard, Bolivia has presented the following statistics on this legal concept in the assessed period:

**Table 31. Incentives awarded for reporting smuggling, from 2019 to April 2023**

ADMINISTRATION	No. OF INCENTIVES AWARDED (by award date)	NUMBER OF INCENTIVES AWARDED BY ADMINISTRATION (In BOB)	NUMBER OF INCENTIVES AWARDED BY YEAR OF ADMINISTRATION (In USD)
2019	4	29,443	4,230
2020	44	337,678	48,517
2021	149	1,258,389	180,803
2022	238	1,787,268	256,791
2023	22	155,872	22,395
<b>Total</b>	<b>457</b>	<b>3,568,650</b>	<b>512,737</b>

Source: SIDEA

Update date: 30/04/2023

259. To guarantee the administration of the goods forfeited in cases of smuggling, the National Customs issued regulatory laws for the award processes and direct award, public auction and destruction of goods, described in article 4 of Law 615. Likewise, in order to ensure the administration of assets, after the enactment of Law 615, the National Customs developed its System of Infringement Proceedings, Challenge Procedure and Disposal of Goods (SPCID), effective since 2015 through RA-PE 02-017 -15, which ensures the control of the assets from the moment of their being forfeited until their final disposal through award,

auction and destruction. The table below shows a summary of the forfeitures of goods conducted according to the SPCID in the assessed period:

**Table 32. Forfeiture of smuggled goods and their disposal, from 2018 to April 2023**

Year	LAND VEHICLES	AIR VEHICLES	RIVER VEHICLES	OTHER PROPERTY	Total sum of CIF value (USD)
	CIF value (USD)	CIF value (USD)	CIF value (USD)	CIF value (USD)	
2018	39,965,771.54	22,470,000.00	32,567.20	34,231,867.01	96,700,205.75
2019	54,185,985.87	197,950.00	7,163.10	33,098,988.83	87,490,087.80
2020	37,784,208.11	0.00	0.00	19,306,755.61	57,090,963.72
2021	50,967,229.92	235,400.00	13,070.14	39,606,822.65	90,822,522.71
2022	64,489,825.73	2,149,923.85	836,224.26	38,326,832.74	105,802,806.58
2023	16,786,170.64	117,700.00	995.10	11,631,343.54	28,536,209.28
<b>Overall total</b>	<b>264,179,191.81</b>	<b>25,170,973.85</b>	<b>890,019.80</b>	<b>176,202,610.39</b>	<b>466,442,795.85</b>

260. During the assessed period and within the framework of its powers, the National Customs forfeited 83,220.61 tonnes of goods, with a CIF value of USD 466,442,795,85. Thus, it is possible to observe a gradual increase in the volume and value of the assets forfeited as of the 2020 Administration, as shown in the preceding table.

261. Regarding tax crimes, through the tax authority (Internal Revenue Service – SIN), Bolivia has legal and operational mechanisms to initiate enforcement proceedings to recover tax debts from the assets seized, through public auction or direct award. During the last five administrations, by applying coercive measures, such as the seizure of assets, the definitive annotation of such assets in the Public Registries, whether seized or accepted as collateral through pledge or mortgage, Bolivia recovered around USD 704,5 million.

**Table 33. Debt recovery process by the SIN**

Debt recovery process (amounts expressed in BOB)	Amounts expressed in USD	
Administration	Recovered tax arrears	
2022	1,129,754,303	162,321,021
2021	704,946,879	101,285,471
2020	529,036,610	76,011,007
2019	1,127,104,119	161,940,247
2018	1,412,548,846	202,952,420
<b>TOTAL</b>	<b>4,903,390,757</b>	<b>704,510,166</b>

262. Likewise, Bolivia has joined different initiatives on asset recovery with international scope. In this regard, in 2021, the Minister of Justice, the Minister of Foreign Affairs, the State Attorney General, the State General Public Prosecutor and the FIU signed the Framework Agreement of the Inter-Agency Working Group for the Recovery of Assets Abroad “STAR GIRA” within the framework of the Stolen Asset Recovery

initiative, with the objective of developing actions and strategies on the recovery of the proceeds of corruption and ML.

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

263. As stated in the previous section, Bolivia applies confiscation measures as part of its strategy to dismantle criminal organisations and pursue the identified threats, mainly drug trafficking. Although it is understandable that most of the cases are related to this crime by virtue of its materiality in the context of the country, it is considered that the authorities should conduct more asset forfeitures in cases involving other ML predicate offences, as well as participate more actively in parallel financial investigations in order to track the proceeds of ML.

264. The AGO, in the exercise of criminal action, directs the investigative processes to identify, in parallel and simultaneously, all operations involving irregular actions that are aimed at giving the appearance of legality to the proceeds of crime. In turn, the Prosecutor's Office Specialised in ML conducts the strategic asset-related investigation, which initially requires the determination of the guiding conduct for ML developed in the case under investigation. Then the investigation profiles are elaborated to verify that the operations carried out are within their social, economic, financial or asset profile. To this end, information is required from all public or private entities, which become the sources of this information. Likewise, auditors from the Institute of Forensic Investigations conduct technical expertise reports in order to establish any unjustifiable financial or asset-related transaction, among other issues. In turn, special investigative techniques are used; however, they are applicable only when they are related to cases of drug trafficking and human smuggling and trafficking. Therefore, the State's policy on confiscation is limited since it cannot be applied in cases of ML and other predicate offences that are relevant for the country. Furthermore, the technical advisors dependent on the GIAEF prepare "Technical Socio-Economic, Financial and Asset-Related Reports", as well as "appraisals of real estate properties and motor vehicles", which contribute to the investigation of ML, according to the Organisation and Functions Manual of the DGFELCN.

265. In turn, the Police, through the Centre for Investigation and Technical Economic Financial and Specialised Intelligence (CIITEFE), conducts proactive and objective investigation and intelligence tasks in relation to the ML offence, the action of extinction of ownership and related crimes arising from the illicit trafficking of controlled substances. Likewise, the Police has the Intelligence Analysis Division dependent on the National Department of ML and TF Investigation of the FELCC, which carries out intelligence activities to identify assets, resources and rights of natural and legal persons that may be linked to these crimes.

266. Based on the information from the AGO and the Supreme Court of Justice, it was possible to identify the following examples of successful cases in which assets were seized and forfeited, demonstrating the different stages of confiscation in the country and the impact of the measures involved.

**Case "Salguero" (CH-V-22/2013)**

On 06-03-2013, representatives of the FELCN-Ch were conducting motor vehicle control on the Cochabamba - Santa Cruz highway, in the sector called "la Habana", near the town of Pojo.

A van occupied by 2 persons was intercepted. They were transporting over 7 kilos of cocaine, destined to Santa Cruz, in order to be delivered to J.MC, who was later identified as L.F.S. Within the context of this case, the Third Criminal Investigation Judge of the city of Sucre ordered search warrants to be conducted within a maximum period of 96 hours as established by article 182 of the Code of Criminal Procedure. During the search, USD 80,000 in cash and considerable documentation referring to at least 22 real estate properties were found. Likewise, 6 motor vehicles were seized and subject to a micro-vacuuming technique that revealed that there were cocaine particles in 3 of them. Additionally, 366 heads of pigs and 12 agricultural machines were seized. All these assets could be forfeited as a result of the convicting sentence, which also achieved the conviction of L.F.S.'s family members, because they acted as third parties to conceal the proceeds of crime.

To date, this judgement is enforceable after an appeal and is relevant due to the number of assets involved.

#### **Case SC-N-505-2010**

The FELCN became aware that a group of persons were engaging in drug trafficking and ML activities, using several real estate properties for said purpose. Thus, on 12/10/2010, a search warrant was issued ordering the search of 8 real estate properties, and it was possible to identify J.R.N.G as the leader of the organisation, A.R.N.A, N.C.S., and other persons.

According to information processed by Department II of the Intelligence and Special Operations Group (G.I.O.E) of the FELCN, a group of persons would be engaged in the illicit trafficking of controlled substances and money laundering, using several real estate properties located in the city of Santa Cruz for said purpose.

By virtue of this information, on 12 October 2010, a search authorised by the jurisdictional authority was conducted, where it was possible to determine that the leader of the organisation would be J.R.N.G, who worked as a dog guide at the Viru Viru airport, taking advantage of his status as a police officer in charge of a passenger checkpoint on an international route. In addition, the jurisdictional authority issued different warrants to search homes that led to the seizure of many real estate properties, motor vehicles, money and cattle, as well as the arrest of several Bolivian, Peruvian and Colombian nationals.

In this proceeding, 10 persons were prosecuted, out of which 6 were sentenced to between 5 and 7 years in prison for the crime of ML, achieving the forfeiture of:

- 1.- 15 real estate properties.
- 2.- USD 60,000 (Sixty thousand US dollars)
- 3.- 51 motor vehicles (tractors, vans, motorcycles, four-wheeler, wagons, rice harvester, automobiles, flatbeds)
- 4.- 39 firearms
- 5.- Different kinds of jewellery
- 6.- 724 heads of cattle and 17 heads of horses

This case constitutes a relevant case, because the investigation made it possible to determine that the leader of this organisation was a police officer, who took advantage of his position at a passenger checkpoint on an international route at the Viru Viru airport to commit the crime.

#### **Caso SC-X-743/2016**

This proceeding was initiated against L.C.M, R.C.A and C.C.M for the alleged commission of the crime of ML; which emerged as a result of a drug trafficking-related event that took place on 16/02/2016, in which personnel from the Anti-Drug Trafficking Task Force (GICE-ORIENTE), upon having information that in a house in the city of Santa Cruz some persons would be engaged in the trafficking of controlled substances, they visit the place and, with prior authorisation from the occupant of the real estate property, enter to conduct the inspection and search of the property, and seized three motor vehicles. As a result of the inspection of two of them—a dump truck and a truck—they found hidden compartments where there were 700 kilos and 620 grams of cocaine. Subsequently, as a result of the search warrants ordered by the Sixth Criminal Investigation Judge of the capital city of Santa Cruz, documents in the name of R.C.A and L.C.M were seized. Thus, continuing with the investigations, it was possible to observe that the owners of said controlled substance and seized motor vehicles were R.C.A and L.C.M, who were subsequently arrested and charged with the criminal offence of trafficking in controlled substances provided for and punished by article 48 of Law 1008. This criminal offence constitutes the predicate offence, which leads to the initiation of the criminal investigation for the crime of money laundering.

The large amount of controlled substance seized made it possible to infer that the persons under investigation owned a large capital, as well as the property identified.

Likewise, information was received on an extradition request issued by the Brazilian Embassy against R.C.A for the crime of international drug trafficking and association for drug trafficking.

On 20 January 2020, the Attorney General's Office filed charges against L.C.M, R.C.A and others for the commission of the crime of ML.

On 11/03/2022, the accused R.C.A was subject to a summary proceeding, reason for which the judicial authority declared him perpetrator and guilty of the crime of ML, imposing on him a penalty of 5 years in prison and 500 days fine at a rate of 3 BOB a day and the forfeiture of 8 real estate properties.

267. The following table shows the progress made by the country in the assessed period where it was possible to observe that the number of assets and the amount of assets intercepted and seized has increased steadily according to figures from the AGO:

**Table 34. Assets seized and forfeited by the AGO, by year and type of property**

REFERENCE	2017	2018	2019	2020	2021	2022	2023	TOTAL
<b>1. Number of real estate properties</b>	28	40	141	101	176	115	6	<b>607</b>
<b>2. Number of personal property</b>	26	17	86	50	154	150	51	<b>534</b>
<b>3. Other assets (detail)</b>	1,376 head of cattle	0	31 industrial machines	1 slider	0	49 head of cattle		<b>1,425 head of cattle</b>
							<b>31 industrial machines</b>	
	71 Electronic appliances					620 farm animals		<b>1 slider</b>
						3 firearms	0	<b>71 electronic appliances</b>
								<b>620 farm animals</b>
							<b>3 firearms</b>	
<b>4. Money</b>	USD 902,570.23	USD 41,126.14	USD 28,369.38	USD 363,412	USD 88,994.46	USD 2,084,595.00	USD 423.85	<b>USD 3,509,491.06</b>

268. With regard to the data provided by the Police on assets seized within their scope of competence, throughout the assessed period, it is possible to determine that the amount of economic value of those cases in which ML is related to drug trafficking is much higher than that of ML as an autonomous crime. The total value of all the assets seized between 2017 and March 2023 amounts to USD 96,441,458.41.

**Table 35. Assets seized by the Police in ML cases, from 2017 to March 2023**

BOLIVIAN POLICE (FELCN – FELCC)									
No	ADMINISTRATIO N	ML proceedi ng or proceedi ng involving ML and other offences	PROPERTY SEIZED						
			Real estate properties (plots of land, houses, apartments and companies)		Motor vehicles (land, air, river and others)		Other property (specify)		
			Number	Economic value (USD)	Number	Economic Value (USD)	Number	Economic Value (USD)	Description
1	2017	ML	1	\$100,000.00			71	\$7,100.00	ELECTRONI C APPLIANC S
3		ML + drug	48	\$3,410,000.0 0	33	\$568,000.00	2000	\$518,103.0 0	*CATTLE



		trafficking							400 HEADS OF BOVINE CATTLE 70 HEADS OF HORSES 1,530 HEADS OF CATTLE
1	2018	ML							
3		ML + drug trafficking	42	\$2,588,431.85	27	\$534,400.00	1,500	\$400,000.00	1,500 CATTLE
1	2019	ML			1	\$20,000.00			
3		ML + drug trafficking	144	\$19,277,160.08	126	\$2,575,534.04	1	\$0.00	FIREARM WITHOUT BRAND, CAL. 22 MM WITH MAGAZINE IN REGULAR CONDITION
1	2020	ML	10	\$1,710,000.00					
3		ML + drug trafficking	97	\$1,688,347.05	114	\$1,244,880.00	1317	\$327,925.00	* CATTLE: 84 HEADS OF CATTLE (DAIRY) 32 HEADS OF CATTLE (CALF) 1200 HEADS OF CATTLE SCATTERED 1 SAFETY DEPOSIT BOX
1	2021	ML	40	\$4,500,000.00	20	\$560,500.00			
3		ML + Drug trafficking	145	\$19,224,153.39	106	\$2,787,353.00	1	\$30,000.00	SPARE PARTS
1	2022	ML	15	\$3,469,245.00	43	\$1,073,500.00	623	\$311,500.00	FARM ANIMALS, FIREARMS
3		ML + drug	135	\$20,870,000.00	42	\$1,047,836.00	240	\$80,490.00	100 COWS 8 BULLS

		trafficking							46 CALVES 42 heads of Nelore cattle 30 Nelore calves 2 SAFETY DEPOSIT BOX 8 CPU 4 DVR
1	1 January to 31 March 2023	ML			50	\$1,250,000.00			
3		ML + drug trafficking	34	\$5,880,000.00	9	\$387,000.00	4	\$0.00	2 SAFETY DEPOSIT BOXES 1 CPU 1 DVR
<b>TOTAL</b>			<b>711</b>	<b>\$82.717.337,37</b>	<b>571</b>	<b>\$12.049.003,04</b>	<b>5757</b>	<b>\$1.675.118,00</b>	<b>\$96.441.458,41</b>

Source: Planning and Operations Department of the General Command of the Bolivian police.

269. The cash seized by the Police in the assessed period amounts to a total of USD 96.42 million:

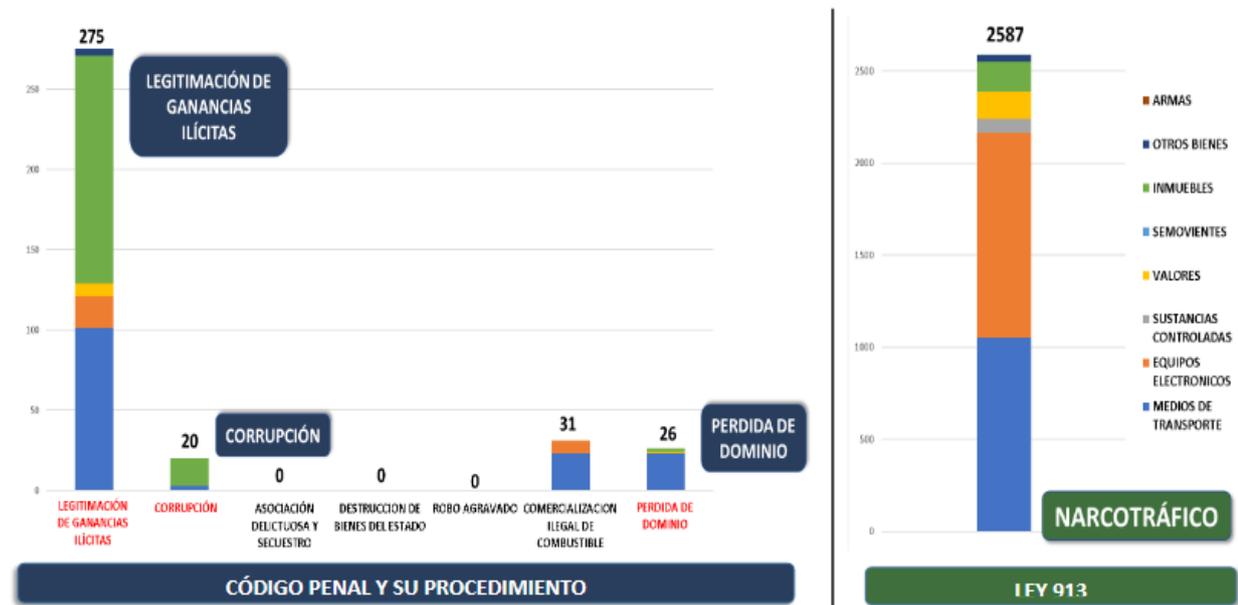
**Table 36. Money seized by the Bolivian Police from 2017 to March 2023**

<i>BOLIVIAN POLICE (FELCN - FELCC)</i>										
ML proceeding or proceeding involving ML and other offences	year of administration	2017	2018	2019	2020	2021	2022	2023	TOTAL	
<b>SEIZED MONEY</b>	<b>Money seized (USD)</b>	ML					\$993,150.00	\$78,000,000.00	\$78.993.150,00	
		ML + Drug trafficking	\$251,600.00	\$105,000.00		\$280,580.00	\$85,950.00	\$1,900,160.00	\$2,623,290.00	
	<b>Conversion of the seized money from BOB into USD</b>	ML						\$14,096,839.08	\$423.850,57	\$14.520.689,66
		ML + drug trafficking	\$2,638.65	\$119,224.14	\$121,209.77	\$201.15	\$44,468.39	\$1,436.78		\$289,178.88

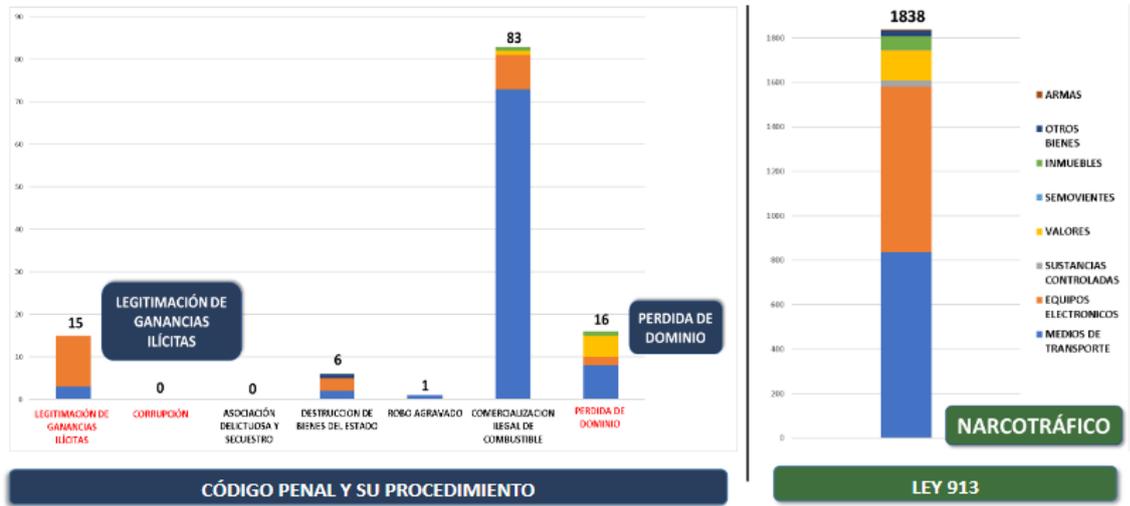
Conversion of the seized money from COP into USD	ML							\$978.76		\$978,76
	ML + drug trafficking									
<b>TOTAL (IN USD)</b>		\$254,23 8.65	\$224,22 4.14	\$121,20 9.77	\$280,78 1.15	\$130,41 8.39	\$16,992,56 4.62	\$78,423,85 0.57	\$96,427,28 7.29	

270. Regarding the seized, intercepted and forfeited assets that were administered by the DIRCABI from 2017 to April 2023, it can be seen that most of them are related to cases of drug trafficking, which is consistent with the level of risk posed by this crime in the Bolivian context. Although some measures are applied in the case of other crimes, such as ML, illegal fuel trade and corruption, there is no data for other crimes that are of relevance according to the country’s NRA, such as human smuggling and trafficking.

Graph 3. Assets seized by the DIRCABI, by administration and by crime

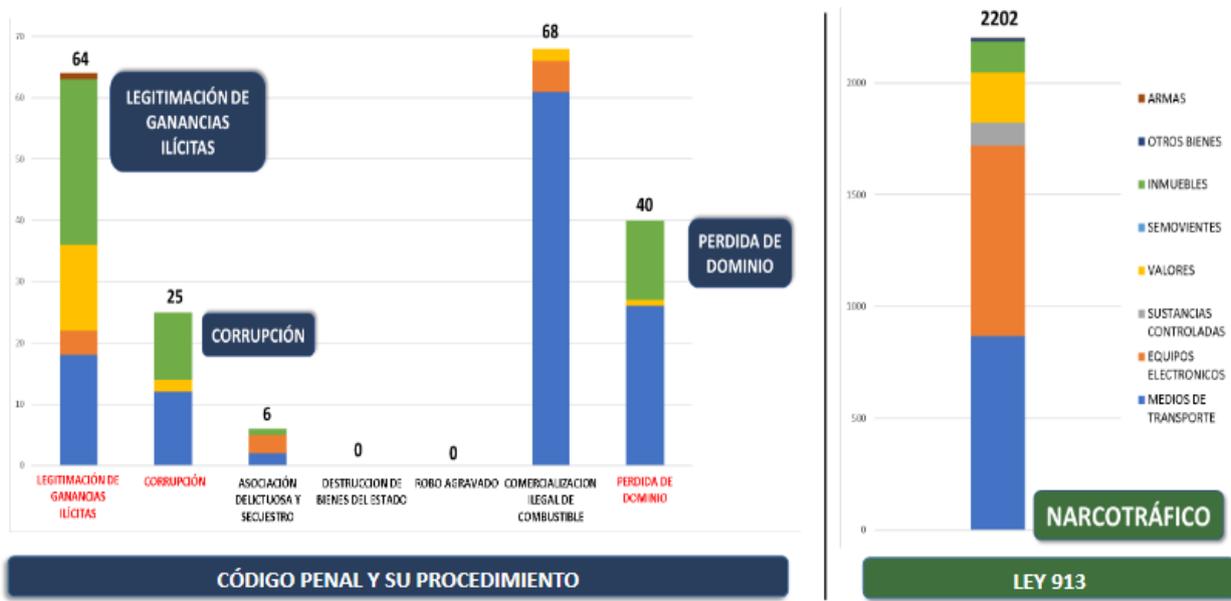


Graph 4 Assets seized by the DIRCABI, by administration and by crime



\* Fuente: Sistema Informático SIREBI II, al 30 de abril de 2023

Graph 5. Assets forfeited by the DIRCABI, by administration and by crime



\* Fuente: Sistema Informático SIREBI II, al 30 de abril de 2023

271. In turn, the FIU is empowered to impose temporary blocking measures (called “*oposiciones*”) to prevent the disposal of property or assets for 48 hours, when it is determined that they are proceeds related to a ML/TF suspicious transaction, and to prevent those funds from being transferred or withdrawn, so as to give the AGO time to apply *in rem* provisional measures (article 6, paragraph c) of Supreme Decree 4904/23). In this regard, in the assessed period the FIU has conducted 61 temporary blocking measures in

relation to suspicious transactions: 4 in the 2021 administration and 57 in the 2022 administration. The AGO took action in 35 of these temporary blocking measures and requested the application of *in rem* provisional measures. With regard to the remaining 26 temporary blocking measures, the Operational Investigation Division (prosecutor specialised in the matter) has deemed it necessary to have more information to decide imposing any measure on assets.

**Table 37. Temporary blocking measures imposed by the FIU in relation to suspicious transactions**

REFERENCE	2021	2022	TOTAL
Number of temporary blocking measures imposed	4	57	61
TOTAL	4	57	61

Source: FIU

272. Likewise, in compliance with its functions, the FIU communicated 193 temporary blocking measures in relation to suspicious transactions: 53 in the 2021 administration and 140 in the 2022 administration.

**Table 38. Temporary blocking measures communicated by the FIU**

REFERENCE	2018	2019	2020	2021	2022	TOTAL
Number of temporary blocking measures communicated	0	0	0	53	140	193
TOTAL				53	140	193

Source: FIU

273. In order to comply with these temporary blocking measures, 193 communications were sent to the different entities: Judicial Council, which, through the Office of Real Rights, is responsible for the registration of real estate property and movable property subject to registration; National Directorate of Traffic, Transportation and Road Safety, which is in charge of motor vehicle registration; Plurinational Trade Registry Service that is in charge of trade registration; and intermediary financial institutions.

274. Although it is true that the FIU is empowered to impose measures to prevent the disposal of property or assets, the information provided in the previous tables shows that in the assessed period assets were only subject to these measures in 2021 and 2022, which is not consistent with the information obtained during the on-site visit. Despite the recent incorporation of the concept of temporary blocking measure (*oposiciones*), it is considered that its use strengthens the prompt application of seizures and is useful to give additional time to the Attorney General’s Office before the latter initiates an investigation and requests for the pertinent provisional measures at the judicial level.

275. In regard to the temporary blocking measures imposed by the FIU in the assessed period, the data shows an increase in 2022 as compared to previous years, which largely involved real estate properties and accounts in the financial sector.

**Case on forfeiture of assets for expatriation**

Bolivia was in charge of intervening in and monitoring the case called “ARTURO MURILLO”, a criminal proceeding followed by the State of Florida of the United States against Arturo Carlos Murillo Prijic, former Minister of Government, accused of bribery and money laundering for the purchase of chemical agents and the application of a surcharge of USD 2.3 million, through the company Bravo Tactical Solutions LLC.

Protected by article 229 of the State Political Constitution, the Office of the State Attorney General (PGE) was able to identify the following criminal proceedings conducted in the United States in relation to Carlos Arturo Murillo Prijic:

- United States of America v. Bryan Samuel Berkman, U.S. District Court for the Southern District of Florida, case number 21-CR-60255-Huck.
- United States of America v. Philip Lichtenfeld, U.S. District Court for the Southern District of Florida, case number 21-CR-60256-Huck.
- United States of America v. Carlos Arturo Murillo Prijic, U.S. District Court for the Southern District of Florida, Fort Lauderdale, case number 21-CR-60340-Huck.

Sentences have been delivered in the criminal proceedings described above and they are being enforced. The United States was in charge of carrying out the seizure and confiscation of the assets owned by these persons. In turn, the Bolivian State requested the return of the confiscated amounts of money and assets.

The U.S. Department of Justice, within the criminal proceeding followed against Luis Berkman, Philip Lichtenfeld, Sergio Rodrigo Méndez Mendizábal and Arturo Carlos Murillo Prijic, seized the assets owned by the persons involved for their having breached the Foreign Corrupt Practices Act (FCPA), section 78dd-2 of title 15 of the U.S. Code, pursuant to section 1956(C)(7)(D) of the same Code.

The Bolivian State considered it pertinent to initiate the civil lawsuit, with the objective that Arturo Carlos Murillo Prijic and others pay damages for the harm caused to the State. This action was heard before the U.S. District Court for the Southern District of Florida and was assigned number 2021-018442-CA-01(44).

Within the framework of said lawsuit, the sum of USD 210,000.00 (two hundred ten thousand 00/100 US dollars) was recovered. This amount was transferred to account No. 00683010001 held by the Central Bank of Bolivia (BCB), under the description PROGRE – Asset recovery as a result of legal proceedings. Through note PGE-DGAA-HSCS-0145-CAR/23 of 28 August 2023, a request was made for the transfer of the aforementioned amount from one passbook to another in favour of the National General Treasury.

276. Based on the above, it should be noted that to a certain extent there is a policy to seize and forfeit the proceeds of crime, which is executed through the application of provisional measures to all types of assets. However, in addition to the regulatory limitations, it is possible to observe that there are limitations in the understanding by the competent authorities of the concept of confiscation of property of an equivalent value; no cases that demonstrate the implementation of this type of confiscation; and no legal provisions that allow for the sharing of forfeited assets within the framework of international cooperation.

277. Based on the information provided by the country, it is possible to conclude that, in general terms, Bolivia is obtaining relevant seizures regarding the proceeds of domestic crime. Regarding seizures in cases where the predicate offence was committed abroad, there are still no cases or records reflecting that assets have been shared with foreign counterparts. Additionally, it is possible to identify areas of opportunity for improvement in the collection of statistics among the relevant agencies on seizures and confiscations to facilitate the assessment of effectiveness in relation to this matter.

*Confiscation of falsely or undeclared cross-border transaction of currency/bearer negotiable instruments (BNIs)*

278. Bolivia has a system of sworn declaration on the physical transportation of currency in and out of the country, which applies to all natural or legal persons, either public, private and mixed, national or foreign. The threshold to submit the declaration is for the corresponding amounts of up to \$20,000 USD, in cash or its equivalent in other currencies. It should be noted that this regime does not cover bearer negotiable instruments. The agency in charge of this cross-border currency control system is the National Customs whom through the Form No. 250, is empowered to apply a penalty of 30% of the amount in cash (article 35 of the Rules of Procedure on the National Customs Traveller Regime) that has not been declared or has been falsely declared over USD 10,000.

279. The declarations for amounts equal to or greater than USD 10,000, as well as the infringement reports issued, are consolidated by the Regional Customs Offices and sent directly to the FIU for the appropriate purposes.

280. Regarding the currency control conducted by the National Customs in the assessed period, the following statistics are available:

**Table 39. Amounts of the sanctions applied in cross-border currency control by the National Customs**

	Amounts of the sanctions applied, by year of Administration				
	2018	2019	2020	2021	2022
<b>BOB</b>	1,695,941	950,142	159,289	3,004,086	6,093,037
<b>Exchange rate</b>	6.86	6.86	6.86	6.86	6.86
<b>USD</b>	247,222	138,505	23,220	437,913	888,198
<b>Total</b>	1,943,169.86	1,088,653.86	182,515.86	3,442,005.86	6,981,241.86

281. At the same time, the National Customs controls regulated and non-regulated financial institutions. It does so as follow: once the Airport Customs Office is informed about the physical transportation of currency that was authorised by the BCB, it designates a customs agent to verify the operation. This agent receives from the financial institution two copies of the sworn declaration form on the transportation of currency in and out of the country authorised by the BCB and verifies that the seal numbers recorded in the form are correct. In case there are no observations in the filling out of the form or in the verification process, the customs agent will sign and seal the two copies in conformity. In case the filling out of the form is not



correct or differences are observed when verifying the packages, the customs agents will not authorise the transportation of currency, and will report the situation immediately to the BCB.

282. To perform its functions, the National Customs counts with the support of the FELCN, the INTERPOL and the General Directorate of Migration, which conducts migration controls in accordance with the risk profile of the traveller, which may result from a history of smuggling, complaints, inspection records, withholdings, trafficking of currency, among others. Once this risk traveller is entered into the records, upon the arrival of each means of international passenger transport, the customs agent conducts checks of the passengers registered, becomes aware of the risk passengers being transported and conducts physical inspection of 100% of the passenger's luggage and the currency being carried.

283. Moreover, during the different administrations from 2017 to 20 April 2021, within cross-border currency control tasks, the BCB authorised the physical transportation of money for amounts between USD 50,000 and USD 500,000, in accordance with former article 3 of the Supreme Decree 29681. Currently, in accordance with the provisions of Supreme Decree 4492 of 21 April 2021, which amended article 3 of Supreme Decree 29681, the BCB no longer authorises natural or legal persons, either public, private or mixed, national or foreign, to physically transporting currency in amounts of between USD 50,000 and USD 500,000. The current regulations establish that the entry and exit of foreign currency into and out of the national territory for amounts greater than USD 20,000 or its equivalent in another currency should be carried out through intermediary financial institution regulated by the Supervisory Authority.

284. Based on the data analysed, it is possible to observe that the country to some extent addresses the seizure and punishment of undeclared or falsely declared cross-border currency transportation, however, in light of what has been stated by the country's authorities, these controls are carried out only according to the risk profile of the traveller carried out by FELCN, INTERPOL and the General Directorate of Immigration, which may be the result of smuggling records, complaints, instruction minutes, withholdings, currency trafficking; among others. Likewise, the country has not ensured that it controls the cross-border physical transport of bearer negotiable instruments, and there is no specific provision aimed at controlling funds related to the financing of terrorism.

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

285. Bolivia has a legal framework allows it to seize and forfeit the proceeds and instrumentalities of crime; however, the competent authorities have not shown sufficient evidence to support that they implement forfeiture measures in cases in which the predicate offence has been committed both in the country and abroad.

286. According to the NRA, the main threats that affect the country are drug trafficking, corruption, human smuggling and trafficking, and smuggling; however, most of the assets have been identified and seized only in cases involving drug trafficking or when this crime is the predicate offence of ML, which reflects, to a certain extent, that application of forfeiture measures is in line with the overall ML/TF risk of the country.

*Overall conclusions on Immediate Outcome 8*

287. Bolivia has developed actions aimed at confiscating the proceeds of ML and predicate offences within the framework of its different AML/CFT policies, plans and strategies related to the pursuit of the proceeds of these crimes. The administration and control of seized and confiscated assets related to ML and other relevant crimes, mainly drug trafficking, is the responsibility of DIRCABI and National Customs with regard to smuggling. It is estimated that the results reflected in the statistics regarding confiscations, seizures or forfeitures are consistent with the country's risk profile to a certain degree, particularly as related to the fight against drug trafficking.

288. Regarding the control of cross-border movements of undeclared or falsely declared currencies, beyond the controls of the traveller's risk profile, the control of cross-border physical transport of bearer negotiable instruments is not appreciated.

289. The country has the legal instrument of criminal forfeiture, which is applicable to the entire range of predicate offences, however, in practice the confiscation of other relevant crimes according to the ENR (beyond drug trafficking and smuggling) occurs to a lesser extent. Additionally, although the regulations establish that property of an equivalent value can be forfeited, in the interviews carried out with the authorities during the on-site visit, it was possible to observe limited knowledge and use of this instrument. Based on the above, Bolivia is rated as having a **moderate level of effectiveness for Immediate Outcome 8**.

**CHAPTER 4. TERRORIST FINANCING AND FINANCING OF PROLIFERATION**

*Key findings and recommended actions*

**Key findings**

**Immediate Outcome 9**

- According to the TF SRA, Bolivia presents a low level of TF risk. Among the main risk factors taken into account and that proved to have a marginal impact, the following stand out: the limited threat of terrorism and its predominantly external financing, the limited collection, generation, transportation and destination of funds related to this crime, the institutional capacities of the State; among others. The TF threat with greatest impact consists of the porous borders.
- The country has an adequate regulatory framework that despite certain deficiencies, in general is adequate to identify, investigate, prosecute, and punish TF. There is institutional capacity to identify and investigate cases linked to this crime. Likewise, Bolivia has a procedure for freezing funds, in order to disrupt financial flows linked to this crime.
- Bolivia's regulatory framework does not include the criminal liability of legal entities in cases linked to TF.
- Bolivia's capacity to identify and investigate cases related to TF should be highlighted, taking into account the risk of exposure to this crime that the country presents.

- In Bolivia, there are no TF convictions. However, 9 cases were opened for said offence: 3 were rejected, 5 were dismissed and 1 is under preliminary investigation, which is in line with the risk profile presented by the country regarding this crime.
- In two TF investigations, the AGO used information received from the FIU, specifically through financial and asset intelligence reports, upon the prosecutor's request. Therefore, the constant communication among the FIU, the AGO and the Bolivian Police in these cases should be highlighted.
- The Bolivian authorities understand the risk of TF, mainly what is identified in the NRA. However, a detailed knowledge of the way in which each sector and the country can be abused on FT was not identified.
- Considering that the TF SRA was developed in 2023, it was noted that the risk understanding as a result of this exercise by the authorities is still under development.

***Immediate Outcome 10***

- Bolivia has a regulatory framework to apply TFS in relation to TF. Prior to the measures adopted by the country starting in 2022, certain limitations in the implementation without delay were observed, since the authorities involved in the process did not have internal procedures or other mechanisms that allowed them to review and monitor updates to the UNSC lists adequately.
- Until 2022, some freezing processes derived from the UNSCR 1267 list were not carried out without delay and in others, freezing processes were not initiated. However, as a result of the implementation of the 2022 Inter-institutional action Protocol and the execution of a couple TF recent simulations, the country proved that if needed, it has the capacity to apply TF-related TFS, without delay in less than 24 hours.
- Within the framework of UNSCR 1373, no mechanisms or regulatory basis have been identified that would allow listings, nor has the competent institution been defined to make national designations within the framework of this resolution. Designation requests have not been received, nor designations made under this resolution, however this is considered to be consistent with the risk profile of the country.
- The country has a sectoral analysis that identified the abuse of NPOs for TF as a low risk.
- The FIU is in charge of monitoring high risk NPOs. However, no adequate coordination with other relevant agencies in the matter could be observed, which could affect the scope of this monitoring.
- On the application of TFS by the reporting entities, the financial ones with the greatest materiality, show awareness of their obligations and have IT systems to constantly monitor their databases in the search for matches against the UNSCR lists. On the other hand, DNFBPs face greater challenges in the application of TF-related TFS.

***Immediate Outcome 11***

- Pursuant to the analysis on Rec.7, the country has regulations that legally empower the FIU to issue instruments aimed at creating obligations for reporting entities, the Supreme Decree 4904 and the recent adoption of the FIU Administrative Resolution 026/23, as well as inter-agency action protocols, instructions, and recent regulations that enable the relevant public and private entities to apply PF TFS.
- In the assessed period (2018 to April 2023), there were 11 freezing processes related to FP in the country. Only in 4 of them administrative resolutions were issued and in none TFS implementation

was achieved without delay, it proved inter-institutional functioning in the matter. In 2022, after the implementation of the applicable Inter-institutional Action Protocol, the country showed progress in the area.

- The simulation run in March 2023 to test the capacity of the system in terms of the application of TFS in relation to UNSCRs on PF showed that the freezing procedure was carried out without delay in less than 24 hours.
- Despite the recent incorporation of the requirement to apply PF-related TFS on the financial reporting entities (that present the greatest materiality), the sector already had systems in force to monitor and cross-check their databases against the UNSC consolidated list. In addition, an acceptable generalised level of understanding of their obligations in the matter, although lower than that of TF was evidenced.
- From April 2023, notaries and casinos have standards and procedures to apply PF- TFS. However, up to date, there are not corresponding verification procedures developed in order for competent authorities to apply them. Due to their recent designation as reporting entities, it has not been possible to measure yet the level of effectiveness in the application of PF-related TFS in the case of accountants, lawyers and real estate agencies that are legal persons considered as large taxpayers.

### ***Recommended actions***

#### ***Immediate Outcome 9***

- Continue the development of complementary regulations that strengthen the investigations and sanctions for the crime of TF. Such amendments should include the criminal liability of legal entities linked to TF and the financing of travel for foreign terrorist fighters.
- Strengthen the existing investigation mechanisms in TF cases and continue developing the existing ones so that they are fully available to address a TF case.
- Carry out specialised training on the investigation and punishment of TF offences, aimed at public entities linked to the prosecution of said crime, especially the AGO and the Judiciary.
- Continue and strengthen constant communication between the FIU, the AGO and the Bolivian Police to promote adequate and timely investigations in cases related to TF. Likewise, carry out training aimed at the reporting entities to deepen their understanding of the risks that each economic sector linked to TF may face. Furthermore, present red flags related to the offence to improve the detection of possible suspicious TF transactions and generate quality STRs that are useful to the FIU, in line to what has been identified on IO 4.
- Continue strengthening controls at borders that have proven to be porous, in order to contribute to mitigating the risk of TF, even if this is low, in order to mitigate the risk of TF due to exposure to regional terrorist groups from abroad, since it is a potential threat according to the ESR and no specific policy for mitigating such risk is identified.

#### ***Immediate Outcome 10***

- Review the TFS implementation process to ensure prompt implementation particularly in relation to UNSCR 1373.
- Continue carrying out simulation exercises with reporting entities other than FIs and with different scenarios, in order to strengthen the existent procedures.

- Define the entity in charge of domestic designations and establish procedures for this purpose. Furthermore, strengthen the capabilities of the Ministry of Foreign Affairs (MRE) to analyse and accept requests from third countries within the framework of UNSCR 1373.
- Intensify inter-agency efforts to raise awareness in the NPO sector about being abused for TF beyond the SRA dissemination and exert an impact on updating the sector's prevention manuals in line with the identified risks.
- Establish mechanisms for exchange of information and coordination within relevant authorities (beyond the existing ones regarding registry and prudential obligations of the sector) to carry out constant monitoring of NPOs identified as being at risk in the sectoral analysis.

***Immediate Outcome 11***

- Reform as necessary to simplify the legal framework in order to standardize the implementation of TFS in line to Rec. 7.
- Continue the strengthening of the recent improvements for reducing the response times of the relevant freezes.
- Continue carrying out simulation exercises on the subject including all reporting entities, especially DNFBPs.
- Reinforce the AML/CFT/CFP manuals of the reporting entities, their procedures and mechanisms to apply PF-related TFS as well to strengthening the capacities of the supervisors in terms of reviewing the compliance of the reporting entities in the matter and application of sanctions in case of non-compliance.
- Issue guidelines for reporting entities to facilitate the implementation of PF-related TFS.

The relevant Immediate Outcomes considered and assessed in this chapter are the 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 the 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*

290. According to the analysis of IO.1, Bolivia has performed various exercises to assess its different risks, including TF. According to the TF SRA, the risk of TF was considered low. Among the factors considered for the analysis in the risk exercises on the matter were taken into account: the threat of terrorism and its predominantly external financing, the collection or generation, transportation or transfer and destination of funds, the applicable legal framework, the powers to implement TFS, institutional capacities, porosity of borders, cross-border cash transport and the geographical position of the country. Based on the documentation analysed in the evaluation process, the interviews carried out with the different actors and other inputs provided in terms of international cooperation by the Global Network and information from international organizations specialized in the matter, the assessment team estimates that the qualification of risk in the matter granted by the country is adequate.

291. The TF SRA developed in 2023, considered that the resources that could be used for this crime in Bolivia, would be those resulting from illegal sources (mainly those derived from drug trafficking) by virtue

of the relations of Bolivian organized crime with regional entities that commit acts of terrorism in neighbouring countries. In addition, this study pointed out that although there are no international terrorist groups in the territory, there is a limited presence of networks connecting regional organised crime groups. It was concluded that there is no evidence that these factors can be used or have been used in the national territory. Therefore, the country considers that the risk of TF is low. Despite the above, it should be noted that the TF SRA also recognises that, despite the low level, the country could be violated at a medium level to finance activities of organised crime groups that commit acts of terrorism at the regional level. Additionally, it was identified that the resources that may be used for TF in Bolivia could be those derived from illegal sources (mainly drug trafficking) by virtue of the relationships of Bolivian organised crime with regional entities that commit acts of terrorism in neighbouring countries. Despite this, there is no evidence that this can be used or has been used by domestic terrorist organisations. It also highlights that the impact of these described threats has been addressed through follow-up actions derived from the National ML/TF Strategy 2023-2025.

292. It should be noted that in the aforementioned national strategy, there is no specific policy to mitigate external risks linked to regional threats from neighbouring countries within the framework of the porosity of the country's borders. Likewise, no initiatives or policies could be verified to mitigate the effects of the informal economy that could affect or facilitate TF.

293. Likewise, Bolivia carried out an SRA on NPOs in 2023, where it was identified that, within the group of entities in this sector that fall into the FATF definition, only 10 of them present a medium TF risk, due to their exposure to financial transactions abroad.

294. Based on the above and the interviews conducted during the on-site visit, it is possible to observe that the understanding of the TF risk by the national authorities is in line with what was identified in the NRA. However, there was no widespread understanding among all the competent authorities of the various ways in which the different sectors and the country may be abused for TF, with the exception of the FIU, the Bolivian Police, the Ministry of Defence and the Bolivian Navy, which have a deeper understanding on the subject derived from the nature of their functions in the national CFT system.

295. It should be noted that the country develops different inter-agency working groups on the fight against various offences, including TF; in this regard, it was possible to observe that the Attorney General's Office, the Bolivian Police and the FIU actively participate in these exercises, especially recently.

296. With regard to TF prosecution and conviction, in Bolivia, there is little history of facts or actions that have been the subject of investigations for the TF offence. Based on the cases presented, the assessment team could conclude that almost all of them were rejected after conducting the corresponding investigative tasks; most of them were dismissed since they were not linked to TF acts, but to acts classified as public disorder. This is consistent with the low risk profile analysed by the different risk assessment exercises on the matter and the mitigating factors considered. In this sense, in the assessed period, Bolivia only opened 9 cases for TF offences: 3 were rejected, 5 were dismissed when it was confirmed that they did not correspond to TF acts, and 1 is currently under preparatory investigation.

297. Despite the fact that no convictions have been achieved for committing this offence, based on the applicable regulations, the powers of the competent authorities and the existing mechanisms in the country, it can be determined that there is the necessary national coordination to carry out TF investigations when necessary. Additionally, TF prosecution is strengthened by different regulatory measures from other authorities involved in the process; namely, Administrative Resolution UIF/030/21 adopted in 2021, which approved the “Rules of Procedure to address FIU investigation cases”. They state that, once a TF suspicion case has been assigned, it should be referred to the specific analyst responsible for these cases, in order to carry out consultations and analysis procedures with a TF approach. Later, if pertinent, the corresponding IIFP should be drafted and sent to the AGO to continue with the investigative process.

298. It should be noted that the Attorney General’s Office, the Judiciary and the Bolivian Police have received training in relation to the investigation and combat of different crimes, among them terrorism and its financing. Some of the training sessions are delivered by the FIU and others by international organisations. However, it should be noted that this training has been delivered relatively recently.

299. It is considered that the number of cases opened for TF is in line with the low risk profile that the country presents with respect to this crime. In addition, it must be considered that these were dismissed after the investigative actions due to different circumstances.

#### *TF identification and investigation*

300. The country has a regulatory framework that allows in general to investigate and prosecute TF offences (according to the analysis of R.5), according to the risk profile of the country. There are general coordination agreements focused mainly on facilitating the exchange of information, such as the agreement between the FIU and the Ministry of Defence of February 2023, which may be useful for TF events identification, but which do not establish specific mechanisms to prioritize joint actions for this offence. Recent efforts to strengthen TF identification and prosecution could also be observed. In this regard, in 2023, a joint action protocol was issued between the Judiciary, the Attorney General’s Office, the Bolivian Police and the FIU on minimum actions for the strategic criminal prosecution of ML, but which, based on article 16, is applicable to TF.

301. Through this protocol, the competent authorities will coordinate their investigative actions more effectively in an attempt to identify and prosecute acts of terrorism and its financing; either for the purpose of initiating an investigation or developing pertinent and specific investigative tasks, with due diligence, to assign liability for these facts, as appropriate. Likewise, the protocol provides that the AGO and the Bolivian Police should permanently accompany each other in the search for further evidence to find links between the persons investigated and other terrorist organisations at the international level, which allows to a large extent, TF investigations to be carried out effectively.

302. Bolivia additionally has other formal procedures or mechanisms for cooperation, investigation and prioritization of TF cases, such as the Minimum Actions Protocol, of January 2023, which establishes the investigative procedures and strategies that the AGO, the Police and the FIU, must apply in a coordinated and quickly manner in TF cases. Likewise, the FIU has personnel formally designated through Memoranda,

since February 2023, to handle investigation cases related to terrorism and TF, which instruct that the cases allegedly linked to the aforementioned crimes represent the highest priority for the FIU in its attention and that they must be processed as quickly as possible.

303. The competent authority for the investigation of the TF offence is the AGO, which, through the Prosecutor's Office Specialised in Drug Trafficking, Environmental Crimes, Extinction of Ownership, Terrorist Financing and Money Laundering, is in charge of coordinating, supervising and monitoring the exercise of public criminal action in TF cases. According to Resolution FGE/JLP/DAJ 218/19, TF is investigated by ML prosecutors with a predicate drug trafficking offence.

304. Likewise, there are other authorities that, within the scope of their competence, carry out investigative activities and assist in TF cases. On the one hand, the National Intelligence Directorate (DNI) has 2 divisions in charge of supporting the investigations carried out by the AGO; the Special Police Investigation Centre (CEIP) and the Special Tactical Task Force (GEAT), which assess and process information against terrorism and its financing. In addition, within the Bolivian Police, there is the Special Anti-Crime Task Force (FELCC), which is in charge of investigating ML and TF. In turn, it is worth highlighting the work carried out by the tactical and intelligence units of the Armed Forces in the fight against terrorism and TF.

305. Regarding the role of the reporting entities in TF investigations, they are required to submit STRs to the FIU about facts related to this offence. However, as at the date of the on-site visit, the FIU had not received any STR for TF; yet, it has the powers and mechanisms to receive them, analyse them and produce financial intelligence to share with the LEAs, if necessary, which is important for the identification of TF cases by said authorities.

306. As indicated in the preceding paragraphs, the FIU has a team dedicated to the analysis of TF cases made up of 2 agents, who, upon receipt of any STR on TF, carry out the analysis and, if applicable, issue a Quick Intelligence Report (depending on the relevance and impact of the possible commission of this offence) and submit it to the AGO.

307. Between 2018 and 2022, the FIU issued 2 intelligence reports related to the TF offence: these reports were submitted at the request of the AGO. Likewise, the FIU, as part of its procedure, requested information from Egmont Network members. However, the investigation of both of the reports was reformulated for the crime of public disorder upon development of the case.

308. It should be noted that there is constant communication between the FIU, the AGO and the Bolivian Police, which materialises through working groups and intelligence documents exchange. Likewise, according to the analysis of IO.10, it is evident that most of the reporting entities adequately monitor the UNSC lists related to TF and have the duty to inform the FIU of any potential match through the issuance of an STR. This helps the competent authorities to better identify and potentially investigate TF cases.

309. Despite the fact that to date there have been no successful cases linked to TF and there is no relevant history of TF cases to demonstrate how this offence is prosecuted in Bolivia, based on the different actions

and inter-agency coordination that could be verified throughout this evaluation process, it is possible to consider that the country has the capacity to identify and investigate cases linked to this offence.

*TF investigation integrated with -and supportive of- national strategies*

310. Bolivia developed its 2023-2025 National AML/CFT Strategy (NRA), which aims to propose actions to reduce threats and vulnerabilities in the area of TF, promoting the implementation of improvements in TF investigation and prosecution.

311. The strategy proposes some measures to strengthen investigations and potential convictions for TF. In this regard, this document provides for the inclusion of criminal sanctions for legal persons involved in the TF offence. Likewise, the capacities of the NPOs registration and control authorities will be strengthened, in relation to the abuse of said institutions in terms of TF, this is linked to the risk they present according to the SRA.

312. Bolivia addresses TF investigation on the basis of other instruments beyond the “2023-2025 National AML/CFT Strategy”. In this regard, the AGO developed an Institutional Strategic Plan (PEI) for the period 2021-2025, which includes TF within its related offences. This Plan establishes, as an institutional pillar, the intelligent and strategic criminal prosecution in charge of this authority with regard to the full range of offences within its scope of competence, including TF. To achieve and consolidate this criminal prosecution policy, the AGO should seek a restorative justice approach and the strengthening of its investigative and strategic litigation capacities, developing effective and timely forensic-scientific studies. The assessment team considers that this approach will lead to improvements in the strategies applied to potential TF investigations.

313. Meanwhile, the FELCC prepared an Annual Operating Plan (POA) for the management of 2023, which did not consider strategic plans for compliance in areas related to terrorism and TF. However, a financial auditor was required in said plan to optimise investigations related to ML and TF offences.

314. Regarding the FIU and the Bolivian Police, these key authorities in the chain of investigation and combat against TF have an inter-agency cooperation agreement to build multidisciplinary teams for the investigation of TF-related offences. The above is in line with the approach of the different national strategies for inter-agency coordination.

315. In the same way, in 2021, the FIU and the AGO signed an agreement to establish coordination, cooperation and technical support mechanisms aimed at improving the investigation and prosecution of different crimes, such as TF and its predicate offences.

316. In addition to this, as developed in depth in the analysis of IO.10, the FIU, the Ministry of Defence, the Supreme Court of Justice and the MRE in 2022, signed the “Inter-agency Action Protocol for Compliance with the Measures under the UNSCRs on terrorism and TF/PF”, which establishes the means of communication, as well as the action procedures in the event of confirmation of any match with the corresponding UN lists, for its reporting and initiation of the corresponding investigation.

317. Furthermore, during 2022, Resolution FGE/JLP/DAJ/127/22 implemented the Guidance on parallel economic, financial and asset-related investigations in cases of drug trafficking and TF, to identify the potential sources of funds that the investigated person may have to finance terrorist activities.

318. In short, Bolivia has a 2023-2025 National AML/CFT Strategy that aims to apply mitigating measures to the TF risks identified in the NRA and strengthen the investigation of this offence. Likewise, the country has the regulatory framework, competent authorities and coordination mechanisms among competent authorities, to carry out TF investigations.

*Effectiveness, proportionality and dissuasiveness of sanctions*

319. According to the Bolivian Criminal Code and the analysis of Recommendation 5, the penalty for natural persons who commit a TF offence, whether under the role of perpetrators, instigators, accomplices or concealers, corresponds to a penalty of 15 to 20 years' imprisonment and the forfeiture of the funds and assets involved, in addition to the proceeds of crime. Likewise, in accordance with articles 71 and 133 bis of the same Code, forfeiture is applicable to assets that are linked to terrorism or TF offences.

320. As at the date of the on-site visit, there were no convictions for the TF offence. However, hypothetically, it is considered that, if there are effective TF investigations, those declared guilty of the offence could be subject to proportionate, effective and dissuasive sanctions within the framework of the sanctioning and criminal prosecution regime in force in the country, with the exception of legal persons whose regulatory framework does not contemplate their criminal liability in the matter.

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

321. Since Bolivia does not have much history of TF cases, there are no concrete situations where alternative measures had to be applied to disrupt TF activities where there are obstacles that hinder a conviction. Despite this, the country has mechanisms and competent authorities that could eventually apply different alternative measures to prevent the movement of funds suspected of TF.

322. In line with this, the country has a procedure for freezing funds detailed in IO.10, in order to disrupt flows or funds suspected of TF.

323. In conclusion, Bolivia has alternative measures to freeze the flows linked to TF when it is not possible to obtain a quick conviction. However, some of them, such as the implementation of TF-related TFS, present some challenges, mainly regarding the timeliness criterion, as analysed in IO.10.

*Overall conclusions on IO.9*

324. According to the NRA and the TF SRA, the generalised TF risk in Bolivia is low, mainly due to the fact that no act of domestic terrorism has occurred. Moreover, the presence of no terrorist group has been detected in the Bolivian territory. Nonetheless, Bolivia presents certain vulnerabilities for TF, as the existence of porous borders with countries that are more exposed to terrorism and TF risk. However, it is considered that the impact of said vulnerabilities is mitigated because the country is adopting follow-up

actions derived from the 2023-2025 National AML/CFT Strategy” after having identified them within its TF risk exercises.

325. The FIU, the Police, the Ministry of Defense and the Bolivian Navy have more in-depth knowledge related to their functions in the national system to combat TF than other authorities of the country's CFT system.

326. The Bolivian regulatory framework, to a large extent, allows the investigation and prosecution of the TF offense despite the deficiencies analysed in Rec. 5. This investigation is carried out, among other ways, through agreements that allow cooperation, identification and investigation of cases linked to this crime. Likewise, the Bolivian Criminal Code allows the application of proportional, effective and dissuasive sanctions to natural persons who commit TF, with the exception of the criminal liability of legal persons as has been indicated in Rec. 5.

327. Bolivia, there have been no court decisions on TF so far. Still, it opened 9 investigations for this offence, out of which only one is at the preliminary investigation stage. The rest of the investigations were dismissed which is in accordance with the risk profile that the country presents in relation to this crime. Despite the few cases registered, it was possible to observe different coordination mechanisms among competent authorities, which, to a large extent, would allow to identify and carry out TF investigations. Based on the above, Bolivia is rated as having a moderate level of effectiveness for Immediate Outcome 9.

#### *Immediate Outcome 10 (TF preventive measures and financial sanctions)*

##### *Implementation of targeted financial sanctions for TF without delay*

328. Bolivia has a legal framework that allows it to implement TF-related TFS to a large extent, except for the existence of instruments that allow evaluating and accepting applications from third countries in accordance with UNSCR 1373. In this regard, Law 262/12 on the “Regime for Freezing Funds and Other Assets of Persons Linked to Terrorist Actions and Terrorist Financing”, empowers the FIU to issue an administrative resolution for the preventive freezing of funds and other assets when a natural or legal person is designated in accordance with the relevant UNSCRs on TF, while the freezing is ratified with a court order. In turn, Supreme Decree 1553/13 establishes procedures for the unfreezing of funds and other assets of persons designated in UNSC public lists and when requested by third countries.

329. On the other hand, Bi-ministerial Resolution 03/12, issued by the Ministry of Economy and Public Finance and the MRE, provides for the immediate actions of said authorities when the UNSC lists become known. In addition, since the end of 2022, the country has an Inter-agency Action Protocol for Compliance with the Measures under the UNSCRs on terrorism and TF/PF, where the MRE is the authority in charge of receiving updates on UNSC lists and communicating them to the FIU using various mechanisms so that it initiates the freezing procedure. In accordance with current legal regulations, the MRE is in charge of receiving updates to UNSCR 1267 and its subsequent resolutions. It should send the information to the FIU by email immediately.

330. Once the corresponding communication is received, the FIU should issue the administrative resolution for the preventive freezing of funds, which remains valid over times and will inform the Public Registries, the Ministry of Defence and other relevant agencies of this situation. Likewise, the FIU will issue the corresponding preventive freezing resolution and communicate it to the on-duty criminal investigation judge with jurisdiction in the application of provisional measures, who will be in charge of verifying the existence of such positive match and will ratify the preventive freezing, if appropriate.

331. In case of finding matches, the reporting entities will immediately apply the freezing administrative resolution and will inform the FIU of this situation. The FIU, in turn, will inform the on-duty criminal investigation judge with jurisdiction in the application of provisional measures and the MRE, so that the latter communicates the application of the freezing to the UNSC or the corresponding committee.

332. In the case of the implementation of TFS derived from UNSCR 1373, in line with the regulatory limitation described in criterion 6.1, it was not possible to identify the competent authority to make or receive national designations under this UNSCR. However, it is important to note that no designation requests have been received either, which is consistent with the country's risk profile on the matter.

333. To date, in Bolivia no matches have been found with the persons, groups or entities designated by the UNSC Committees 1267/1989 and 1988, nor have requests from third countries been received in accordance with the UNSCR 1373 regime. Similarly, the country does not have the legal framework for proposing individual terrorists or terrorist organisations for consideration by the UNSC, which is in line with the low TF risk identified by the country for international terrorist organisations.

334. Although, at the beginning of the assessment period, important opportunities for improvement were evident in the implementation of the respective freezing processes, since 2022 the country has taken the necessary measures to ensure the effectiveness of the TFS application procedure related to the UNSCR 1267 and subsequents. In this context, for this verification the country carried out two freezing simulation exercises on 18 October 2022 and 2 March 2023. These exercises proved that the country, under the circumstances of the simulations, is in capacity to apply TFS without delay in less than 24 hours.

335. After the simulations were carried out, on April 26, 2023, the freezing process derived from the update of the consolidated list of the UNSC was presented, in which on April 28, 2023 the FIU issued the RA UIF/9/2023 of freezing, informed the MRE, reporting entities and other relevant actors and on the same day the judge on duty ratified the freezing.

336. The FIU has conducted different actions to comply with the verification of UNSC lists. Furthermore, the direct access link to the UNSC consolidated list is published in the main part of its website<sup>6</sup>, allowing for permanent monitoring, not only by said authority but also by all the stakeholders that participate in the implementation of TFS, including reporting entities, as established in article 19 of Supreme Decree 4904/23, consistent with the specific instructions issued by the FIU for each sector. In addition, on 15 February 2023, through MEMORANDUM/UIF/DAFL/11/2023, the FIU appointed an agent responsible for handling investigation cases regarding terrorism, TF and PF, who acts as a point of contact and liaison responsible for

---

<sup>6</sup> <https://www.uif.gob.bo/>

monitoring the list updates that constitute the input for the issuance of the administrative freezing resolution for both TF and PF. In turn, the Ministry of Defence, according to Ministerial Resolution 0124, has, in its functional structure, the Anti-terrorism and CFT/CFP Monitoring Section, responsible for complying with the commitments undertaken by the Defence Sector through the aforementioned protocol.

337. Moreover, the MRE has no procedures or instructions to assess and accept requests from third countries in accordance with UNSCR 1373, so the agency does not know the time it would take to inform the FIU and the investigating judge on duty upon receiving the UNSC notification. In this sense, regarding this UNSCR, the country has not defined the agency in charge of domestic designations to know if the persons or entities involved meet the corresponding designation criteria.

338. Since the issuance of Administrative Resolution 023/13 (and later with the issuance of Administrative Resolution 026/23), the reporting entities have internal provisions for the application of UNSCR 1267 and subsequent resolutions and UNSCR 1373 (except for dealers in precious metals and stones and the limitations for lawyers, accountants and real estate agencies, as discussed in this report). In the same way, supervisors have issued instructions for their reporting entities in that respect.

339. From the review of internal AML/CFT manuals of different reporting entities, it was observed as a usual procedure that the verification of lists would be carried out at the beginning of the commercial relationship and thereafter every three months. However, in practice, the financial system and casinos have their own or contracted systems that are updated daily and constantly cross-check information from databases in search of matches. Nevertheless, important limitations were found for notaries and for the other DNFBPs, due to their recent incorporation into the AML/CFT regime, the implementation of systems or procedures to adequately implement their obligations with respect to the TFS in the matter could not be verified either.

340. Additionally, since legal persons not considered large taxpayers and natural persons in the Accounting, Lawyers and Real Estate sector and dealers in metals and/or precious stones are not considered reporting entities, no related TFS compliance obligations have been established for them. to FT for these sectors. However, the materiality of these sectors in the context of the country's CFT regime is considered to have limited impact and is mitigated by the existing controls that apply to FIs.

341. For cases of de-listing from the UNSC lists or requests from countries in cases of homonymy, the Inter-agency Action Protocol for Compliance with the Measures under UNSCRs on terrorism/TF/PF in the country defines the MRE as the responsible agency to act. Upon becoming aware through any official means of the de-listing of persons or entities from UNSC lists, the MRE should immediately notify the FIU. In the case of homonymy, the judicial or administrative authority that ultimately ruled on the measure should order its lifting within a maximum period of two business days at the request of the affected party. Within the framework of a country's request or by request of a competent authority in cases of homonymy, the FIU will order the preventive unfreezing by means of an administrative resolution and will notify the reporting entities, supervisory authorities, public registries, Ministry of Defence and other relevant authorities of the instruction to annul the measure.

342. Once the notification about the correct application of the unfreezing is received from the reporting entity, supervisory authorities and public registries, Ministry of Defence and other relevant authorities, the MRE will be informed for its communication to the UNSC.

343. On the other hand, Supreme Decree 1553/13 establishes the power for the criminal investigation judge who ratifies the freezing measure to determine the unfreezing of funds and other assets to cover basic or extraordinary expenses, as well as the responsible agencies and the procedure to be followed.

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

344. There are 2,192 NPOs registered in the country, out of which 637 correspond to civil entities, 258 to foundations, 9 to social organisations, 905 to non-governmental organisations and 383 to religious organisations. Through different instruments, Bolivia has addressed the TF risk of this sector, such as the NRA and the specific SRA for NPOs adopted in 2022 for the purpose of determining the subgroup of NPOs that fit the FATF definition and have the greatest exposure to TF risk. In this sense, it is considered that the understanding of TF risk developed by the country (mainly by the public sector) is carried out to a large extent. It should be noted that the weighting factors that were taken into account were from levels 1 to 3, where each vulnerability has the following weighting criteria:

- **Business activity or purpose:** the criteria for foreign NGOs are measured based on the activities they conduct, which should be framed in the Patriotic Agenda. This is one of the requirements for their registration in the Single Registration System of NGOs. Regarding religious organisations, organisations with an Islamic doctrine (considering extremist acts that have taken place at the global level) are those that have been rated with a medium risk level; Asian or Christian doctrines have been rated with a low risk level.
- **Executed budget:** the weighting criteria that were used for the budget executed by foreign NGOs are detailed below:

LEVEL	WEIGHTING	JUSTIFICATION
Low	1	From USD 1 to USD 3,860,610
Medium	2	From USD 3,860,611 to USD 7,721,222
High	3	From USD 7,721,223

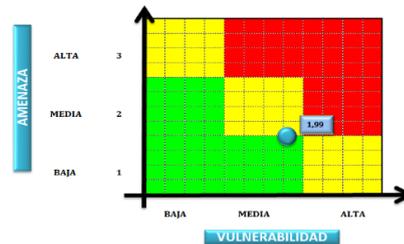
- **Geographical location:** regarding the source of funding was weighted based on the Annual Report “Global Terrorism Index 2022”, which measures the impact of terrorism in 163 countries. It was concluded that 31 organisations receive funding from countries rated as high terrorist threat, 39 from countries rated as medium threat, and only 1 from a country rated as low threat.
- **Transparency of information and best practices:** most of the NPOs in the subsector have a website where they disseminate information about their activities, beneficiaries, etc. Regarding the implementation of best practices, the criteria were about results reporting, objectives, uses of its financing, among others. They seek to have a social impact, acting as tools for transparency

diversification. For the qualification, it was considered whether they have items such as a website, annual report, financial statements and Code of Ethics or Good Conduct.

345. To carry out NPOs and TF Strategic Analysis and the SRA itself, the country held coordination meetings with competent authorities such as the Ministry of the Presidency (Vice-Ministry of Autonomies), Ministry of Development Planning (Vice-Ministry of Public Investment and External Financing) and the MRE, as well as other entities related to the activities carried out by NPOs. Additionally, interviews were conducted with officials related to the sector to obtain specific information to identify the procedures they follow, as well as quantitative data and other sources of information, both national and international, so as to determine the sector’s TF risk level.

346. As a result of the NPO SRA, 71 NPOs were determined as a vulnerable group to be misused for TF: 48 of them correspond to foreign NGOs that receive resources from international sources; 23 to religious and spiritual organisations that have affiliates in Bolivian territory, with headquarters abroad and national ones that have Islam as their doctrine. In this sense, Bolivia concluded that 61 NPOs have a low TF risk and only 10 have a medium risk.

**Table 40. TF risk by entity of the NPO subsector**



347. The competent authorities (the Ministry of Presidency, the MRE, the VIPFE and the FIU) have broad powers to request information of any kind from NPOs. In line with what was stated in the previous core issue, no STRs have been received in relation to TF or any NPO, and there are no criminal cases initiated for this offence in Bolivia. It should be mentioned that TF investigations were initiated, but they were archived for not having enough elements to support them or they were eventually prosecuted for terrorism or other related crimes.

348. The country has made various training efforts for the sector, mainly in recent years, within the framework of SRA dissemination and this mutual evaluation. For example, during 2022, two training sessions were carried out by the FIU, the VIPFE and the MRE aimed at informing about the vulnerabilities of this sector and the risks of being abused by TF. A total of 26 representatives of different relevant NPOs in the country participated, as well as representatives of the public sector from the FIU, the MRE and the Vice-Ministry of Autonomies. Moreover, during 2022, in July and November, the sector was informed about the NRA results in terms of TF vulnerabilities and risks. During March 2023, the FIU held a workshop on “Preventive measures for NPOs” in which 60 representatives of the private sector participated.

349. In Bolivia, the MRE and the Ministry of Development Planning (Vice-Ministry of Public Investment and External Financing, VIPFE) establish measures through the issuance of regulations that set forth the

requirements NPOs should meet for registration, the granting of legal status and updates. This information covers their activities, financial information, beneficial owners, sources of financing, etc. The monitoring conducted by the MRE and the VIPFE, through the follow up of Framework Agreements for Basic Cooperation and the review of annual activity reports as detailed in criterion 8.4 a), is based on a prudential compliance-based rather than on a risk-based approach. Although there are different actions aimed at applying a risk-based approach, mainly as a result of the recent issuance of the SRA on NPOs and the training delivered by the FIU, it was possible to observe that monitoring in CFT matters is still limited and the understanding of the TF risk by the sector is also incipient. This could be observed to a greater extent in the interviews held with the sector within the framework of the on-site visit.

#### *Deprivation of TF assets and instrumentalities*

350. As previously indicated, in the assessed period, no STRs have been elaborated for TF in the country and the TF investigations that were initiated were filed because they did not have sufficient elements to continue with their processing. Therefore, they have not resulted in any asset forfeiture.

351. It should be mentioned that, from the regulatory point of view, Supreme Decree 4904 sets forth that one of the functions of the FIU's Executive Director General is to apply temporary blocking measures (*oposiciones*), which consists in preventing the disposal of property or assets for up to 48 hours in order to give the AGO time to apply the *in rem* provisional measures established in article 252 of the Code of Criminal Procedure. In other words, this mechanism could be applied in TF cases as required by this core issue.

352. The country has made different efforts to implement financial investigation processes for different crimes, including TF. In this regard, on 24 November 2022, the AGO, through Resolution FGE/JLP/DAJ 127/2022, issued the "Guidance on Economic, Financial and Asset-related Parallel Investigation in Cases of Drug Trafficking and Terrorist Financing", which, based on the economic, financial and asset-related profiles, and investigative actions, permits to identify the proceeds or instrumentalities of the crime. In this regard, although this guidance has not been applied for TF, it is considered that the adoption and proper application of this type of instrument by the competent authorities contribute to the deprivation of TF assets and instrumentalities, when necessary.

353. As stated, the country has established procedures to freeze funds or assets owned by persons or entities designated in the UNSCRs. Nonetheless, it is not possible to fully conclude on the robustness of the system, since the country, during the assessed period, has not initiated any freezing procedures with respect to persons or entities designated in the UNSCR lists.

#### *Consistency of measures with overall TF risk profile*

354. As previously stated, the Bolivian NRA indicates that the threat to which the country is exposed in relation to TF is low. To arrive at this result, the country considered different variables related to legal coverage, criminalisation of TF and the possibility of applying TFS. Other variables considered through the TF SRA were related to institutional capacity, geographical position, collection or generation of funds, transportation or transfer of funds, and destination of funds. However, it is considered that the exercise could

have been strengthened if the intensive use of cash would have been considered as an important variant in the Bolivian context.

355. Likewise, in accordance with the previous section, it is recognised that Bolivia has carried out strategic analyses, such as the relevant SRA, which have allowed the competent authorities of the country to conclude that NPOs in their jurisdiction that fall into the FATF definition represent a low risk of being abused for TF.

356. Despite the fact that there is no reported domestic terrorism in the country, there are no judicial cases and the reporting entities have not issued TF STRs, there are established procedures and mechanisms to identify and freeze assets related to this offence, if necessary. However, it is possible to observe that there are opportunities for improvement in terms of cooperation and exchange of information among LEAs to investigate possible persons or entities financing terrorism. In this regard, for example, the lack of definition from a competent institution to make the relevant designations within the framework of UNSCR 1373 and the deficiencies observed in the coordination of the FIU with other relevant authorities regarding the monitoring of high-risk NPOs have an impact on the proper implementation of measures to effectively combat TF in the country.

357. Regarding the implementation of TF-related TFS, deficiencies have been observed. Some of those were significant in terms of monitoring in search of updates to the relevant UNSC lists with greater incidence in the non-financial sector (except casinos), which would delay the country from applying measures without delay in accordance with the FATF standard. Although it could be observed that the reporting entities in the financial sector carry out list crossings frequently and automatically, some other reporting entities in the financial sector do not. Even though this does not have a significant impact in terms of materiality of these sectors, it does increase TF risk when involving other reporting or financial entities that have deficiencies in the fulfilment of their obligations or that are not covered by the country's regulatory framework. Finally, although until now Bolivia has not received or made requests within the framework of UNSCR 1373, the existence of procedures to meet requests from third countries stands out. Nevertheless, there are no procedures for national inclusions, coupled with the lack of a competent authority for said purpose, as has been indicated.

#### *Overall conclusions on IO.10*

358. Bolivia has regulations to apply TF-related TFS to a large extent. The established system provides that every time there are updates to the UNSCR lists, the freezing protocol must be initiated. Limitations related to the implementation of the obligations derived from UNSCR 1373 were identified, however, they are estimated to have limited impact due to the low materiality of the TF in the country. The country has a reasonable understanding of the TF risk derived from its NRA and relevant SRAs. Although prior to 2022, where some cases were found in which the implementation of TFS were not carried out and where freezing processes were not applied appropriately, currently, inter-institutional coordination actions in the matter stand out through the issuance and adoption of specific protocols and carrying out simulation exercises to measure the operation of the system. It was possible to observe that the reporting entities, mainly the financial ones and those of greater materiality, carry out the corresponding UNSC lists monitoring and know their

obligations in this respect. The country has not designated an agency that is responsible for designation in national lists yet nor has an implementation procedure under UNSCR 1373.

359. Regarding NPOs, the country has adequate procedures and regulations for their registration and licensing. Bolivia performed an SRA has been carried out for the sector that has identified the subgroup with the highest risk of being misused for TF. Despite this, it was not possible to observe a good understanding of the TF risk by the private sector beyond its registry and other prudential obligations. Finally, the monitoring of higher risk NPOs by the FIU is limited due to the lack of participation of other relevant entities and the incipient outreaches with the sector, which limits the scope of its control.

360. Taking into account that Bolivia is not a regional or global financial centre, coupled with the generalised low TF risk in the country and the mitigating relevant measures implemented, it is considered that the deficiencies indicated throughout this Immediate Outcome impose limitations with a minor impact on the system that are not considerable for the CFT context of the country. Based on the above, Bolivia is rated as having a **moderate level of effectiveness for Immediate Outcome 10**.

#### *Immediate Outcome 11 (PF financial sanctions)*

##### *Implementation of targeted financial sanctions related to proliferation financing without delay*

361. In terms of the context of FP SFDs in Bolivia with respect to high-risk jurisdictions, it can be seen from information from specialized international organizations that the country, like other jurisdictions in the region, maintains commercial relations on the one hand with the Democratic People's Republic of Korea<sup>7</sup>, for an amount in 2021 of USD\$ 20.62 thousand and with Iran<sup>8</sup> for USD\$ 155.07 thousand during 2022. In the case of Iran, the 2 main items correspond to pharmaceutical and textile products for USD\$ 89.21 thousand and USD\$ 55.09 thousand respectively. From the above, it is noted that the amounts are not considerable in commercial terms in relation to the total imports of the referred years.

362. In accordance with the analysis of Rec.7, it is considered that the complexity of the existing regulation, with the exception of some recent instructions, difficults an adequate implementation of PF related TFS to the relevant stakeholders in line with the Standards. Although the scope of Law 262 does not establish applicability for PF, Law 393, the Supreme Decree 4904 and the recent adoption of Instruction UIF/026/23, enforceable against all reporting entities, allows in a certain manner the implementation of PF-related TFS. Without neglecting the deficiencies in scope for lawyers, accountants and real estate agencies that are not large taxpayers and the unenforceability regarding dealers in precious metals and stones because they are not reporting entities.

363. The country provided as an example a case of preventive freezing on PF issued by an administrative resolution, prior to the improvements adopted in 2022. In this case, on 30 March 2018, the Sanctions Committee 1718 of the Security Council added 22 entries to its list of sanctions and designated 27 vessels. The FIU through Administrative Resolution UIF/006/2018 of 25 April 2018 ordered the financial reporting

---

<sup>7</sup> <https://tradingeconomics.com/bolivia/imports/north-korea>

<sup>8</sup> <https://tradingeconomics.com/bolivia/imports/iran>

entities and the corresponding public registries to update their databases and freeze the property and assets owned by the persons or entities included in the list under consideration. On 27 April 2018, the Criminal Investigating Judge ratified the freezing measure, through Resolution 158/2018. Pursuant to what has been indicated, the freezing resolution took 26 days to be issued.

364. On other examples provided, the FIU issued the RA UIF/009/2018 of 18 June 2018, which was issued 26 days after the update to the UNSC lists and the RA UIF/003/2020 of 18 May 2020, which was issued 7 days after the update to the UNSC lists (both ratified by the judicial authority). In addition, although there were updates to the UNSC lists on the matter, in other cases the country did not take any corresponding action as can be seen in the following table:

**Table 41. PF-related freezing procedures**

DATE	NUMBER OF COMMUNICATIONS	DOCUMENT TITLE	ANNEX CONTAINING DOCUMENTATION OF THE ACTIONS CONDUCTED BY THE COUNTRY	DAYS FOR THE FREEZING PROCEDURE TO BECOME EFFECTIVE
15 February 2018	SC/13211	UNSC 1718 Sanctions Committee amends an entry on its sanctions list	-	-
30 March 2018	SC/13272	UNSC 1718 Sanctions Committee adds 22 entries to its sanctions list and designates 27 vessels	Resolution RA UIF/006/2018 of 25 April 2018	26
23 May 2018	SC/13352	UNSC 1718 Sanctions Committee modifies an entry in its sanctions list	Resolution RA UIF/009/2018 of 18 June 2018	26
9 July 2018	SC/13413	THE SECURITY COUNCIL 1718 SANCTIONS COMMITTEE MODIFIES TWO ENTRIES IN ITS SANCTIONS LIST	-	-
8 August 2018	SC/13449	The Security Council 1718 Sanctions Committee amends an entry on its sanctions list	-	-
14 September 2018	SC/13505	Security Council 1718 Sanctions Committee updates a designated vessel	-	-
16 October 2018	SC/13542	Security Council 1718 Sanctions Committee designates three vessels	-	-
11 May 2020	SC/14182	The Security Council 1718 Sanctions Committee amends an entry on its sanctions list	Resolution RA UIF/003/2020 18 May 2020	7

30 June 2022	SC/14957	UNSC 1718 Sanctions Committee amends an entry on its sanctions list	-	-
26 July 2022	SC/14983	UNSC 1718 Sanctions Committee modifies 44 entries on its sanctions list	-	-
14 September 2022	SC/15029	UNSC 1718 Sanctions Committee modifies two entries on its sanctions list	-	-

365. As analysed in IO.10 and mentioned previously, the country has an Inter-Agency Action Protocol for Compliance with the Measures under UNSCRs that also applies to PF. This instrument covers CFP with respect to the lists derived from UNSCRs 1718 (2006) and 2231 (2015) and addresses the measures and communication mechanisms of the corresponding lists in charge of the different contact points of the intervening authorities in order to implement the relevant TFS, as well as the procedures for freezing and unfreezing.

366. The relevant public entities, through the application of the Inter-institutional Action Protocol, have developed mechanisms to periodically and permanently monitor updates to the UNSCR lists. In addition, since February 2023, through MEMORANDUM/UIF/DAFL/11/2023, the FIU designated an official as a point of contact and liaison and is responsible for monitoring lists in the case of updates that constitute the input for the issuance of the administrative freezing resolution for both TT and PF. For his part, the Ministry of Defence, according to the RA. 0124, has in its functional structure the Anti-Terrorism Monitoring Section, TF/PF, responsible for complying with the commitments assumed by the Defence Sector through the aforementioned protocol.

367. Article 15 of the protocol states that the Ministry of Defence, when it receives the lists and the resolution of preventive freezing, will immediately forward the information received to its departments and dependent operational institutions so that they, within the scope of their powers, can investigate, detect and freeze if applicable the assets of designated persons and entities.

368. Although, at the beginning of the assessed period, important opportunities for improvement were evident in the implementation of the respective freezing processes, as shown in Table 41, the country has shown gradual progress in improving its effectiveness in the implementation of PF related TFS and thus address its previously raised challenges. On March 2, 2023, a preventive freezing simulation was developed in which the reporting entities and relevant public entities cross-checked their databases with information related to the UNSCR 1718 in compliance with RA UIF/4/2023. Within the framework of this exercise, two coincidences were identified, which were rejected by the criminal investigation judge; said process was carried out in less than 24 hours.

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

369. During the on-site visit, the reporting entities indicated that they have not identified matches between their databases and the persons or entities designated in UNSCRs 1718 and 2231. Therefore, they have not

submitted STRs in this regard. Additionally, it should be noted that no cases related to PF have been identified in the country and there are no indications that deserve investigations on this matter. Given that, there are no frozen assets in this regard.

370. As a result of the lack of PF cases, to date there have been no requests to authorise payments in accordance with UNSCRs 1452 and 2368.

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

371. During the on-site visit, the reporting entities, especially those related to the financial system, demonstrated understanding regarding the procedure to be applied for the freezing of goods or assets of persons or entities related to PF. The assessment team estimates that the reporting entities' understanding of and compliance with obligations is largely due to the result of the training provided by the FIU, although for the most part, the focus has been primarily on TF. It is considered that the general perception DNFBPs have about their obligations in the matter is that their compliance is an accessory consequence of complying with the CFT regime. In most cases, they could not demonstrate that these obligations have particularities and purposes different from what is required for TF-related TFS.

372. The country has specific instructions for the sectors determined as reporting entities with a risk-based approach against ML/TF/PF in which the obligation of reporting entities to comply with the provisions of the UNSC has been incorporated, including permanently verifying its databases with the lists of the UNSCRs on PF at the beginning or during the business, labour or operational relationship, as well as executing preventive freezing and unfreezing measures within the framework of current regulatory provisions and applicable UNSCRs.

373. It should be mentioned that the most up-to-date and far-reaching obligation regime in terms of PF for the vast majority of reporting entities is quite recent.

**Table 42. Current provisions regarding CFP by reporting entity**

SECTOR	PREVIOUS RESOLUTION	DATE	CURRENT RESOLUTION	DATE
GAMES OF CHANCE AND CASINOS	ADMINISTRATIVE RESOLUTION UIF/091/2017	16 NOVEMBER 2017	ADMINISTRATIVE RESOLUTION UIF/23/2023	14 APRIL 2023
MONEY ORDER AND REMITTANCE COMPANIES	ADMINISTRATIVE RESOLUTION UIF/012/2013 ADMINISTRATIVE RESOLUTION UIF/001/2013	7 FEBRUARY 2013 2 JANUARY 2013	ADMINISTRATIVE RESOLUTION UIF/24/2023	14 APRIL 2023
ACCOUNTANTS, LAWYERS, REAL ESTATE AGENCIES – JUDICIARY	-	-	ADMINISTRATIVE RESOLUTION UIF/25/2023	14 APRIL 2023
FINANCIAL INTERMEDIATION ENTITIES	ADMINISTRATIVE RESOLUTION UIF/064/2019	22 AUGUST 2019	ADMINISTRATIVE RESOLUTION UIF/042/2022 ADMINISTRATIVE RESOLUTION UIF/070/2022	15 JULY 2022 24 OCTOBER 2022
ANCILLARY FINANCIAL SERVICES	ADMINISTRATIVE RESOLUTION UIF/013/2013	7 FEBRUARY 2013	ADMINISTRATIVE RESOLUTION UIF/05/2023	11 JANUARY 2023
INSURANCE MARKET OPERATORS	ADMINISTRATIVE RESOLUTION UIF/003/2013	2 JANUARY 2013	ADMINISTRATIVE RESOLUTION UIF/067/2022	7 OCTOBER 2022

SECURITIES MARKET AND RELATED ENTITIES	ADMINISTRATIVE RESOLUTION UIF/004/2013	2 JANUARY 2013	-	-
NOTARIES	ADMINISTRATIVE RESOLUTION UIF/092/2017 ADMINISTRATIVE RESOLUTION UIF/084/2018	17 NOVEMBER 2017 6 NOVEMBER 2018	ADMINISTRATIVE RESOLUTION UIF/015/2021	25 JUNE 2021

374. Based on the table above, it is possible to observe that the currently applicable instructions derive from resolutions that, in most cases, have barely been updated in the last two years. This is considered to have an impact on the comprehensive understanding of the scope of the obligations of the different reporting entities and only allows for a limited assessment of effectiveness in compliance by the reporting entities.

375. Despite the recent incorporation of obligations for the reporting entities to comply in terms of PF-related TFS, it should be noted that during the on-site visit it was possible to verify that FIs have their own systems, as well as outsourced systems, that automatically cross-check the UNSC consolidated list against their databases. Therefore, in practice, the lists of UNSCRs 1718 and 2231 were indeed verified before the regulation was updated. In turn, the notarial sector does not have this type of cross-checking systems, and the other DNFBPs, due to their recent designation as reporting entities, have not implemented any type of system or procedure in this respect.

376. As detailed above, between October 2022 and April 2023, specific administrative resolutions were issued for the sectors considered as reporting entities, such as Administrative Resolution UIF/026/23, which sets forth that the reporting entities should monitor, identify and freeze the property or assets of persons or entities designated in the UNSCRs related to PF. Before the issuance of the aforementioned resolutions, the AML/CFT manual or internal procedures of the reporting entities to implement freezing measures associated with TFS did not cover TF cases. In general, it was observed that certain reporting entities do not have adequate procedures within their compliance manuals or AML/CFT/CFP programs that allow them to immediately identify updates to the UNSC lists related to PF. Moreover, list crossings are not carried out consistently, but rather within 3 to 6 months.

377. It is also considered that the deficiencies regarding the periodicity in the monitoring of the updates to UNSCRs and other types of processes will be strengthened with the issuance of Administrative Resolution UIF/26/23 of 14 April 2023, which establishes the “Specific Instruction for the reporting entities to apply United Nations Security Council resolutions”. The purpose of this instrument is to establish specific rules for reporting entities to apply procedures for the preventive freezing and unfreezing of funds and other assets of natural and legal persons and entities linked to terrorism and TF/PF designated in the United Nations Security Council lists or upon the request of countries within the framework of international cooperation. Likewise, it seeks the application of the procedure to dispose of frozen funds and assets that make it possible to cover basic and extraordinary expenses whose scope of application covers all the reporting entities. However, due to the recent implementation of this regulation, it has not been possible to demonstrate its effectiveness.

378. Additionally, legal entities that are not considered large taxpayers, natural persons defined as accountants, lawyers and real estate agencies and dealers in precious metals and stones are not considered

reporting entities, no obligations related to compliance with the application of PF-related TFS have been established. This limits the general scope of the CFP system in the country, although it is recognised that the materiality of the sectors with deficiencies does not imply a significant impact on the system in the Bolivian context either.

*Competent authorities ensuring and monitoring compliance*

379. In the country, control and supervisory bodies are in charge of verifying whether the manuals, processes and procedures available to the reporting entities regarding monitoring, identification, reporting, freezing or unfreezing, if applicable, are adequate and cover PF-related TFS.

380. As at the date of the on-site visit, it was possible to observe that the ASFI, through supervision reports, has issued observations or sanctions related to non-compliance of the supervised entities with PF-related requirements. Similarly, internal and external auditors, who are considered the third line of defence of the financial sector's prevention system have issued observations in relation to said breaches.

381. In the case of DNFBPs, the DIRNOPLU, supervisor of the notarial sector, and the Gaming Supervisory Authority, casino supervisor, include, within their supervisory procedures, the verification of compliance with the application of PF-TFS. Moreover, it could not be determined that they have issued observations or sanctions to their supervised parties in this regard, despite the fact that they have not considered the implementation of PF-related TFS within their AML/CFT/CFP manuals and procedures.

382. Regarding the AEMP who has been designated recently as supervisor, it was not possible to verify the effectiveness of the monitoring of these obligations within the sector.

383. Regarding the SENARECOM, it has not yet been granted supervisory powers in CFP matters, therefore its effectiveness in monitoring the sector of metals and/or precious stones traders could not be corroborated.

*Overall conclusions on IO.11*

384. Aside from the legal deficiencies regarding the freezing of funds related to PF in accordance with the analysis of Rec. 7, the system established in the country provides that every time there are updates to the UNSCR lists, the freezing protocol is initiated. This was evaluated, finding that the country, before 2022, in the case of these updates, has not applied TFS without delay. However, since 2022, the country has made efforts to improve its system to apply PF related TFS without delay, such as the simulation carried out in March 2023, where the administrative freezing resolution by the FIU and the subsequent judicial ratification measure took place in less than 24 hours. Nevertheless, before the issuance of Supreme Decree 4904 and Instruction UIF 26/23, the country did not have a specific legal framework for the freezing of funds and other assets of persons or entities designated in UNSCR 1718, 2231 and subsequents.

385. Bolivia has established inter-agency action protocols for the relevant stakeholders in the application of PF-related TFS. In addition, there are recent administrative resolutions that instruct and require reporting entities to permanently monitor, identify, and report property or assets of persons or entities designated under

UNSCRs 1718 and 2231. Therefore, supervisors will implement, within their supervisory procedures, the verification of compliance with TFS related to PF. However, on this last point, it has not been possible to fully assess the effectiveness of this monitoring due to the recent adoption of these instruments.

386. Since the legal persons that are not considered as large taxpayers; accountants, lawyers and real estate agents and dealers in precious metals and stones are not considered reporting entities, obligations to comply with PF-related TFS have not been established for them and, therefore, an AML/CFT/CFP supervisor has not been assigned to verify such compliance. In turn, with regard to the natural and legal persons that are not considered reporting entities by the standard, no guidelines have been issued for them to apply PF-related TFS.

387. Despite the above, due to the low risk profile of the country in terms of PF and the recent measures implemented, particularly on inter-institutional coordination, it is considered that these limitations have a minor impact on the system and that considerable improvements are required. Based on the above, Bolivia is rated as having a **moderate level of effectiveness for Immediate Outcome 11**.

## CHAPTER 5. PREVENTIVE MEASURES

### *Key findings and recommended actions*

#### ***Key findings***

- The level of understanding of the risks and the understanding of the AML/CFT obligations by the reporting entities, as well as the implementation of preventive measures, are different depending on the sector.
- The reporting entities from the financial sector show greater robustness in the application of preventive measures, Customer due diligence (CDD), record-keeping and beneficial ownership identification. Likewise, among DNFBPs, the casino is the sector showing the greatest understanding of the risks and application of AML/CFT measures.
- The notarial sector presents opportunities for improvement in terms of risk management and the implementation of AML/CFT policies. Their knowledge and comprehension on these aspects, must be strengthened.
- Lawyers, accountants and real estate agencies, considered as large taxpayers, were recently designated as reporting entities. Therefore, the process of their understanding of their AML/CFT obligations is underway, so that they can start implementing preventive measures.
- Regarding the understanding of the TF risk, the financial sector and DNFBPs understand the risk level according to what is identified in the NRA. However, an improvement is required in the knowledge of how these sectors could be used for TF. The understanding of the reporting entities on this risk is limited to the verification in the UNSC lists.
- In relation to the submission of STRs, the FIU has provided feedback to the different reporting entities, except for the newly designated DNFBPs. Although this feedback has contributed to a proper understanding of the usefulness of STRs, DNFBPs need to deepen their efforts to improve the quality of the STRs submitted to the FIU.

- The reporting entities have specific instructions to carry out their processes with a RBA, as well as for the development and implementation of AML/CFT measures. Likewise, they have procedures manuals to support their respective obligations. However, the country updated instructions for exchange houses and money remitters, as well as new instructions for the recent, which could have an impact on the application of the appropriate measures.
- Regarding the requirement not to disclose the information submitted to the FIU (tipping-off), there is a Supreme Decree prohibiting said action. Nevertheless, this provision is not according to the international standards.

***Recommended actions***

- Strengthen the understanding of AML/CFT obligations by all the reporting entities, mainly those that have a less understanding, such as notaries and the recently designated DNFBPs.
- Implement training plans and monitoring activities aimed especially at the notary, lawyer, accountant, and real estate sectors, so that they understand and manage their ML/TF risks and implement their AML/CFT obligations adequately. Continue with the training workshops held for the different reporting entities, in addition to sharing new national and regional typologies, which allow better risk management.
- Expand the scope of the designation as reporting entities with respect to lawyers, accountants, and real estate agents that meet the definition of the standard and not only large taxpayers, as well as designate dealers in precious metals and stones in accordance with the FATF standard.
- Strengthen the level of understanding of TF risks that each reporting entity may have in relation to its own sector.
- Continue with the feedback and training activities on the quality of STRs by the FIU, providing guidance, documents on red flags, ensuring that the reporting entities understand and apply their STR obligations, and ensuring that they report suspicious transactions to the FIU in a reasonable period.

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.

***Immediate Outcome 4 (Preventive measures)***

388. In Bolivia, the AML/CFT supervisory system is made up of financial and non-financial supervisors, which are: 1) the Financial System Supervisory Authority (ASFI), 2) the Pension and Insurance Supervisory and Control Authority (APS); and, on the side of the non-financial sector, 3) the Gaming Supervisory Authority (AJ), 4) the Directorate of the Plurinational Notary's Office (DIRNOPLU), and 5) the Companies' Supervisory Authority (AEMP).

389. Until December 2022, there were 1,075 reporting entities registered in Bolivia: 363 in the financial sector and 712 in the DNFBP sector. Intermediary financial institutions have the highest percentage of the assets among financial institutions (98.7%), with 69 entities; complementary financial service providers represent 0.6%, with 199 entities; and the securities market companies represent 0.7%, with 36 entities.

390. The financial sector comprises a total of 363 reporting entities. The entities regulated and supervised by the ASFI are: i) 69 intermediary financial institutions consisting of 12 multiple banks (including 1 branch

of a foreign bank), 2 SME banks, 1 public bank, 1 productive development bank, 41 savings and credit cooperative associations, 9 development financial institutions, and 3 housing financial institutions; ii) 199 complementary financial service providers consisting of 177 exchange offices, 7 money remitters, 3 financial leasing companies, 3 bonded warehouses, 2 information bureaus, 2 clearing and settlement chambers, 2 securities and money transportation companies, 2 electronic card management companies and 1 mobile payment service provider; and iii) 36 securities market companies consisting of 12 brokerage firms, 15 mutual fund management companies, 3 securitisation companies, 1 securities depository entity, 4 stock market and risk rating agencies.

391. In turn, the entities regulated and supervised by the Pension and Insurance Supervisory and Control Authority are i) 19 insurance market companies that include 9 personal insurance companies and 10 general insurance and surety bond companies; and ii) 40 insurance and reinsurance brokers (34 insurance brokers and 6 reinsurance brokers).

392. Regarding DNFBPs, there are a total of 712 entities registered in Bolivia, including one (1) casino, 665 notaries, 34 real estate agencies, 9 lawyers and 3 accountants (the latter three were designated as reporting entities in April 2023). It should be highlighted that these newly designated reporting entities only cover large taxpayers, which, according to the tax collection indicated by the country, represent 82.2% (real estate companies), 76.5% (lawyers) and 24.3% (accountants). On this regard, it can be noted that this designation leaves out other entities in the sectors. With this new designation, AML/CFT control is not yet complete for these sectors. Additionally, as part of the country's measures regarding these sectors, those who do not correspond as large taxpayers will be progressively included as reporting entities for the compliance with AML/CFT obligations.

393. Regarding trust service providers, only intermediary financial institutions can carry out said activity and, therefore, they are under the supervision of the ASFI. It should be noted that, although Bolivia considers dealers in precious metals and stones as representing a medium risk, they have not been designated as reporting entities.

394. In accordance with what is stated in Chapter 1, the elements of the core issues of this IO were weighted on the risk, context and materiality of the reporting entities. In this regard, greater weight was assigned to the banking sector, money remitters, and real estate agencies; followed by exchange offices, mobile payment service providers, securities and related activities, and lawyers, accountants; finally, the insurance sector, the rest of the complementary financial service providers, notaries and casino.

395. Within the framework of the on-site visit, through the interviews held with the private sector, the assessment team was able to verify that the level of understanding of the ML/TF risks across the different reporting entities varies. In this sense, it is possible to observe a greater understanding in the financial sector, since this sector shows greater robustness in the understanding of its ML/TF risks and the importance of applying and developing of preventive measures and internal procedures, such as CDD, beneficial ownership identification and continuous monitoring. As regards DNFBPs, the casino understands its risks and has AML/CFT manuals, while notaries are still in the process of developing their prevention manuals and understanding their risks.

396. In the particular case of lawyers, accountants and real estate agencies, it was not possible to assess the application of AML/CFT policies as described in the preceding paragraphs.

397. It was also possible to verify that there exists coordination between the private sector and its supervisors, except in the case of the new DNFBPs designated as reporting entities. Said authorities, together with the FIU, disseminated the results of the NRA, so that the reporting entities can have a better understanding of the ML/TF threats and risks to which the country is exposed, and which they, as the private sector, could face as a result of the activities they carry out. However, the results were only disseminated during April 2023, which means that the preventive measures applied on the basis of the results identified are very incipient in some of the sectors, mainly in the DNFBP sector.

#### *Understanding of ML/TF risks and AML/CFT obligations*

398. Recently, in April 2023, Bolivia, through the FIU, disclosed the results of the NRA to the reporting entities. Therefore, it was not possible to verify the effectiveness of the application of the threats and risks identified in the risk matrices of the reporting entities based on the results identified. Notwithstanding this, FIs have been conducting risk-based management and supervision since 2014. In addition, it is worth mentioning that the reporting entities have a 2013 Procedures Manual for compliance with their AML/CFT obligations and instructions.

399. The DNFBPs, such as the casino and notaries, they also have instructions apart from the Procedures Manual. In the specific case of the casino, a better understanding of the risks and risk management has been observed.

400. With the results of the NRA, the country prepared the “2023-2025 National Strategy to Combat Money Laundering and Terrorist Financing”, so that the relevant stakeholders of the AML/CFT system implement measures according to the risks identified to address the threats detected. The National Strategy was shared with the competent authorities of the AML/CFT system of the country in April 2023.

401. The supervisory bodies, together with the FIU, have been carrying out group training for the reporting entities, which had the objective of disseminating the ML/TF typologies developed by the FIU, apart from providing feedback on how to improve the quality of the STRs submitted and to reinforce the understanding of AML/CFT obligations.

#### **a) FIs**

402. Intermediary financial institutions<sup>9</sup>, complementary financial service providers<sup>10</sup> and securities market companies under the supervision of the ASFI have guidelines issued by the FIU, such as the Operating Procedures Manual with an RBA and their Specific Instructions<sup>11</sup>, which set forth that these entities should

<sup>9</sup> Complete universe of intermediary financial institutions.

<sup>10</sup> Financial leasing companies, exchange offices, money remitters, mobile payment service providers, transportation of securities and bonded warehouses.

<sup>11</sup> Between 2022 and 2023, the FIU updated the Specific Instructions corresponding to the intermediary financial institutions, exchange offices, money remitters and the securities market companies.

develop ML/TF/PF risk management methodologies to identify, assess, control and monitor risk, taking into account their risk factors, as well as the activity and nature of each entity. In this regard, they prepared their risk matrix which reflects the risks to which they are exposed and their level of exposure. Likewise, they defined regulations, policies, procedures and other actions for the prevention of the risks identified. In the case of armoured transportation service companies, although they are required to prepare risk matrices and such matrix was made available, it was not possible to verify, in general, that they understood their ML/TF risks, since they did not participate in the interviews within the framework of the on-site visit. However, the low materiality of the sector is taken into account.

403. In the case of intermediary financial institutions, a sector exposed to a greater risk in the country, the methodology used to prepare the risk matrix every 2 years, or before, if considered necessary, is to be highlighted in their manuals and policies for the management and understanding of their risks. Likewise, as part of the controls they carry out, they are required to conduct a periodic revision of customer information every 6 months, which helps to maintain, to a large extent, an understanding of the risk associated with each customer. Furthermore, complementary financial service providers should update their ML/TF risk management methodology every two (2) years, except for exchange offices, which does so every three (3) years. In the case of exchange offices, the frequency is different since the country estimates that the associated risks are constant and show little variability over time. Notwithstanding, the assessment team observed that this sector makes an intensive use of cash, which may represent a risk of being used for ML/TF offences. In that sense, this aspect could be taken into account in the risk factors to consider whether a different frequency is necessary.

404. In order to understand and mitigate risks, mainly 4 risk factors are taken into account: customers, products, geographic area and delivery channels. Moreover, among the measures applied to mitigate risks, FIs under the supervision of the ASFI, have opted for the establishment of thresholds per transaction and policies for conducting CDD for each type of domestic or foreign customer. In this regard, the CDD of the intermediary financial institutions is conducted on occasional customers that have carried out one or more transactions for an amount equal to or over USD 5,000 or its equivalent in another currency over a period of twelve (12) consecutive or non-consecutive days. Exchange houses, money remitters and mobile payment companies consider a threshold of USD 1,000 to conduct the DDC.

405. Regarding exchange offices, during the on-site visit, it was possible to verify that this sector cannot open accounts in the banking system, so they can only conduct exchange transactions in cash. In this regard, the assessment team considers that the intensive use of cash may expose this sector to being used for ML. In addition, this may make it difficult to have a record of the transactions conducted and their corresponding traceability in the financial system.

406. Likewise, it was possible to observe that this sector, prior to the publication of the 2023 instructions, did not conduct internal management or controls based on an understanding of the risk to which it may be exposed. For this reason, work for risk adjustment in this sector is currently being conducted.

407. In turn, the insurance sector also has a Specific Instruction, updated in 2022, as well as an Internal Manual that contains the risk management methodology they use in the exercise of their activities. Ninety-

eight percent of the reporting entities in this sector have this methodology, which was elaborated based on the aforementioned four (4) risk factors: “customer risk”, “products/services risk”, “delivery channel risk” and “Geographic risk”.

408. Based on the above, financial institutions largely understand their main ML risks through risk management (RBA). In this regard, during the on-site visit and according to the information received, it was possible to verify that the interviewed financial institutions had an adequate level in the understanding of their risks, as well as an appropriate risk management, except in the case of armoured securities transportation companies, as previously stated.

409. Additionally, these sectors developed internal policies and procedures aimed at ML risk management and mitigation, according to the level of risk presented by the sector and customer classification. Notwithstanding this, it is worth mentioning that the exchange offices are in the recent process of adapting their measures based on the risks to which they may be exposed.

410. During the on-site visit, the assessment team was informed that FIs are in the process of updating their respective risk matrices based on the results of the NRA.

411. Furthermore, it was noted that FIs participated in training and/or workshops organised by the FIU and its supervisors, where national typologies and red flags are shared with them for better risk management. In addition, they were previously consulted for the issuance of instructions applicable to their sectors, which is why the relationship that exists between the reporting entities and their supervisors is valued.

412. Regarding TF risks, financial institutions understand to some extent their exposure to this offence, associating their risk for TF mainly with verification against international lists.

#### **b) DNFBPs**

413. In the case of DNFBPs, the understanding of ML/TF risks differs across sectors. The casino sector largely understands its risks and manages and mitigates them in an appropriate manner. This reporting entity has an Instruction (updated in 2023), as well as internal manuals for risk management. In addition, it is worth mentioning that it developed the risk matrix in accordance with its AML/CFT obligations, which has been updated and improved based on the risk and potential risk that may arise in the sector. From the interviews held with the sector, it was possible to conclude that their understanding of the risks and their mitigating measures have improved. However, it should be considered that its procedures manual is from 2022 and that, with the update of its Instruction, the RBA in the sector is recent.

414. In the case of notaries, although they have the 2021 Instruction for the preparation of their risk management methodology, they are at the initial stage of risk understanding and management. Furthermore, they still do not have internal manuals or a risk matrix. Therefore, their understanding of the ML/TF risks is still limited.

415. During the on-site visit, it was possible to verify that DNFBPs have been receiving training and feedback workshops organised by the FIU, which help to understand their ML/TF obligations and improve



the quality of the STRs submitted. As a result of these training workshops, it can be seen that the quality of the STRs submitted by the casino to the FIU has improved. In addition, the sector has a better understanding of the transactions or operations that may be unusual in the sector, which would lead to the submission of STRs.

416. The notarial sector represents one of the main sectors with the highest number of submitted STRs. Nonetheless, it is noted that, in general, the STRs end up being classified as “inadmissible” by the FIU. Therefore, there are opportunities for improvement for the sector to take measures accordingly to present better quality STRs that can be used by the FIU.

417. Regarding the TF risk, the understanding of both the casino and notarial sector is more restricted to the ML offence, since, during the on-site visit, it was possible to verify that the reporting entities do not make any distinction between the ML and TF risk. However, it is worth mentioning the effort made by the casino to apply policies that ensure the non-acceptance of customers that are designated in UNSC lists, which is done through an IT system that verifies such lists.

418. Moreover, the lawyers, accountants and real estate agencies are aware of the AML/CFT obligations that they now have as reporting entities and have shown commitment towards this new condition. However, they are not yet applying risk management or preventive measures related to the ML/TF risk.

419. Dealers in precious metals and stones are not reporting entities under the Bolivian regulations. Therefore, although they are rated as having a medium level of exposure, they are not subject to AML/CFT obligations.<sup>12</sup> Likewise, the assessment team considers it important to mention that this sector did not participate in the context of the on-site visit, which may imply that there has been no outreach to the sector by the FIU or lack of commitment from the sector.

420. Based on the above, it is possible to observe that the reporting entities of the financial sector understand the ML risks to a greater extent than the DNFBP sector. In relation to the TF risk, both the financial and the DNFBP sectors understand the risks according to what is identified in the NRA, but both reporting entities present opportunities for improvement to understand how they may be used for TF. For reference, it was possible to observe that the actions of the reporting entities respond only to the obligation to check against international lists in accordance with UNSCRs.

### c) VASPs

421. In Bolivia, VASPs are not designated as reporting entities considering the SRA that was developed for the sector and the prohibition of VA within the national payment system. In that sense, they are not considered legal tender or assets subject to commercialization. Likewise, according to this SRA, there are no records on the existence of any VASP in the country. Notwithstanding this, there is no general prohibition to the public on its use.

---

<sup>12</sup> No reference to the sector is made in the following core issues, since it is not considered a reporting entity and, therefore, does not have AML/CFT obligations. This is resumed as part of the conclusions and assessment of this Immediate Outcome.

422. The SRA considers the country to have a low level of exposure to ML/TF risk from VA. This assessment also stresses that the reporting entities in Bolivia have an acceptable understanding of the use of VA, and therefore it is necessary to continue the training of the reporting entities for them to improve their understanding of potential risks of VA for ML/TF.

423. In this regard, based on the interviews held during the on-site visit, it was possible to observe that there had been transactions related to VA, so it is important that the country considers strengthening the regulation of the transactions with VA and raising awareness about their use to the reporting entities.

#### *Application of risk mitigating measures*

424. FIs and the casino implement measures proportionate to the risks to which they are exposed. The notarial sector still shows limitations with regard to the implementation of these measures, since they do not have a developed risk matrix. Additionally, although lawyers, accountants and real estate agencies have already been designated as reporting entities, it was not possible to verify that they understood their level of risk and the corresponding mitigating measures.

425. In general terms, the reporting entities, except for lawyers, accountants and real estate agencies, have implemented measures not to initiate a business relationship with customers that do not provide all the information required as part of the due diligence process. In the case of already initiated business relationships, the customer is monitored, and their information is updated on a regular basis.

#### **a) FIs**

426. For the implementation of risk-based measures, the reporting entities take into account risk factors based on their size and characteristics, the complexity and volume of their transactions, and other elements to which they may be exposed.

427. Within the framework of the regulations issued by the FIU, the reporting entities that are supervised by the ASFI should present a prevention system focused on compliance and ML/TF risk management. During the on-site visit, it was possible to verify that these reporting entities conduct simplified CDD on all customers or users of the services they offer and enhanced CDD on high-risk customers. In addition, they conduct beneficial ownership identification and verification processes.

428. During the on-site visit, the assessment team was able to verify that the banking sector monitors its customers every 6 months, updating CDD information. In addition, bank institutions implement new red flags based on the typologies received from the FIU, which are adjusted in their risk matrices. Likewise, some reporting entities interviewed in this sector indicated that they did not work with companies engaged in the trade in gold and arms, and gambling houses, due to the high ML/TF risk they represent.

429. Additionally, as part of the CDD process and continuous monitoring, financial institutions use private providers to search in lists or any negative reference regarding the customer or potential customer.

430. In case a transaction involving the inflow or outflow of funds related to VA is identified, financial institutions either block or do not authorise the transaction, and, where considered relevant, an STR is submitted to the FIU.

431. In turn, the insurance and securities sectors, as part of their AML/CFT policies, only carry out transactions at the national level, and as at the date of the on-site visit, there was no experience with customers residing abroad.

432. Regarding the cooperative sector, the reporting entities request supporting information on the origin of the funds for transactions exceeding USD 50,000. In addition, although they cannot make or receive transfers to/from abroad, when needed, they do so through money remitters, which conduct the entire CDD process in relation to their AML/CFT policies.

433. Likewise, exchange offices apply transaction thresholds to define the risk level of each customer. They carry out processes to know the customer's economic profile and the origin of the funds, as well as to verify PEP customers through their own lists and lists of PEP positions delivered by the FIU. In this regard, they apply CDD measures based on the level of risk of their customers. They may apply: i) simplified CDD, when the risk is low and the amount is less than or equal to USD 1,000; and ii) enhanced CDD, when the risk is high or there are doubts about the veracity of the identification. In this regard, the corresponding information is requested as supporting documentation to identify the customer.

434. In the sector of money remitters, based on the training of new typologies presented by the FIU, it is possible to observe an improvement with regard to the identification of the socio-economic profile of customers, as well as red flags for the submission of an STR. Likewise, according to what has been reported within the framework of the on-site visit, they have only had commercial ties with natural persons. Nonetheless, in case of having contact with a legal person, they know the procedure to request all the information and to be able to identify the beneficial owner.

#### **b) DNFBPs**

435. In relation to DNFBPs, the casino, based on its risk assessment methodology, has generated and implemented mitigating measures related to internal control procedures, such as (i) operating policies and procedures, (ii) training, (iii) transactional monitoring, (iv) compliance policies and procedures, and (v) residual risk. In this line, for the risk methodology, the customer profile, domestic customers, suppliers, transaction amounts and frequency, geographic factor and source of capital have been taken into account.

436. Likewise, this sector implements its AML/CFT policies and controls in a better manner, especially considering the development of its risk matrix that allows them to manage the risks posed by each customer. The sector performs CDD in an appropriate manner, taking into account risk factors, as well as an established threshold: for transactions exceeding USD 3,000, a form is filled out and submitted to the FIU. It is noteworthy that the STRs submitted to the FIU between 2018 and 2022 did not involve a suspicious transaction; they were only generated as a result of the incorrect filling out of the CDD forms. Nevertheless, this deficiency was overcome after receiving feedback from the FIU.

437. On the other hand, the notarial sector is developing its risk matrices and prevention manuals. However, they have a system called SINPLU, developed by the DIRNOPLU, which allows them to perform CDD properly, generate a list of PEPs, and verify the UNSC lists. Likewise, in the case of customers that are legal persons, this sector understands the process for beneficial ownership identification.

438. In addition, notaries may reject the initiation of a relationship with customers only on the basis of signs of illegality of the transaction, or when information on their customers cannot be obtained in a complete manner.

439. It should be noted that the notarial sector has already begun to conduct outreach activities to its supervisor, the DIRNOPLU, and to the FIU in order to develop its AML/CFT policies and prepare its risk matrices.

440. In the case of accountants, lawyers and real estate agencies, it was not possible to verify the application of risk prevention or mitigating measures. However, the recent Instruction (2023) applicable to these sectors present similar criteria in relation to CDD and risk mitigation to those applied in the case of other already regulated sectors.

441. According to the instructions issued by the FIU, the aforementioned sectors should also apply policies to conduct CDD on their domestic customers, as well as when they need to establish some type of business relationship with high-risk countries or persons that come from said places. This should be verified in the future.

442. Regarding TF risk mitigating measures, although the risk according to the NRA is low, before establishing any business relationship with their customers, DNFBPs consult the UNSC lists, the lists of other agencies or the lists indicated by the FIU.

443. In conclusion, the reporting entities implement adequate measures to mitigate their main risks; however, the notarial sector still presents limitations with regard to said measures, since its AML/CFT policies are at an initial stage. In addition to this, regarding accountants, lawyers and real estate agencies, it is not possible to verify the application of preventive measures due to their recent designation as reporting entities.

### c) VASPs

444. In Bolivia, VASPs are not designated as reporting entities. Likewise, according to the SRA, there are no records of any VASPs in the country.

#### *Application of CDD and record-keeping requirements*

445. In general, it is possible to state that the reporting entities apply CDD and record-keeping procedures to a large extent.

**a) FIs**

446. FIs conduct the necessary procedures to conduct simplified and enhanced CDD on their customers or potential customers according to the level of risk they represent. In the case of legal persons, the reporting entities identify the beneficial owner by recording the company name, its taxpayer identification number (NIT), address, place of business and type of business activity, copy of the licence of incorporation, partners, powers of attorney (if applicable), associated telephone numbers, bank account numbers, origin and destination of the associated funds, among others.

447. During the interviews conducted, FIs indicated that they have AML/CFT manuals that detail how to perform the due diligence process, which goes from customer identification (identity card) to their understanding of the customer's economic profile, by applying a regular monitoring that can be conducted annually and updating the information, where necessary. Among the information collected to determine the economic profile, it is worth mentioning the following: the customer's profession, business activity or occupation, position (if applicable), place of work, tax address, monthly income, among others.

448. Regarding the databases to be consulted to get the information mentioned above, the reporting entities consult the following systems: Registry of Personal Identification (SEGIP), SEPREC, domestic PEP lists or lists of private providers; as well as negative lists (UNSC).

449. Additionally, FIs may reject customers or terminate the business relationship in the event that CDD or monitoring cannot be properly applied. The relationship may also be rejected or terminated when the customer is considered as high risk, for example, if they have a negative history, there is suspicion of ML, or they are designated in UNSC lists. This is reflected by the number of accounts closed and rejected by the FIs in the country, which, between 2018 and 2022, closed 1,781 accounts and rejected 1,222 accounts. These actions were mainly conducted by multiple banks, which represent a greater materiality for the country.

450. According to the information received, it was possible to observe that the grounds for rejecting customers include, among others, the link between existing or potential customers and criminal organisations or any type of criminal offence (in addition to negative news); the absence of evidence on the origin of the funds; and the impossibility of fully performing CDD.

451. During the on-site visit, the assessment team could verify that the banking sector, as part of its CDD process, monitors transactions linked to a certain customer and confirms whether they are consistent with that customer's economic profile. Likewise, bank institutions request for additional information, if necessary, and if they do not receive a response, they can terminate the business relationship with the customer.

452. The record of the information collected by the reporting entities during the CDD process is kept for a period of 10 years. This term will be computed after the transaction is completed or after the account associated with the customer is closed.

453. Regarding beneficial ownership identification, the reporting entities of the financial sector indicated that they have access to the SEGIP's and the SEPREC's databases to carry out the corresponding verifications regarding the information obtained in the CDD process conducted on legal persons.

454. Based on the above, the FIs have sufficient tools to identify the BO, obtaining pertinent supporting information through reliable and suitable means. Despite this, there is a limitation to being able to identify the BO in case of participation of foreign persons; however, it is considered that the country does not have a significant foreign participation in its financial system.

455. Likewise, according to the interviews carried out, it was verified that the FIs' knowledge of the concept of BO and the measures to be applied in accordance with the country's current regulations.

456. In relation to the constitution of trusts, FIs have specific regulations that refer to the identification of all parties of the trust, by which they have the obligation to identify all participants in the trust chain, the trustor, trustees, economic beneficiaries and any other natural person who exercises effective control over the trust. It should be considered that trusts can only be created by FIs in accordance with the provisions of Recommendation 22 and Immediate Outcome 3 and if their constitution is approved, they must apply the corresponding provisions under the instructions of the ASFI.

457. In addition, the Bolivian regulatory framework allows for reliance on third parties for the CDD process only for the insurance sector. In these cases, third parties can only be companies from the same sector, such as insurance brokers, who establish direct contact with the customer, collect all the information from the CDD process and verify it to later communicate it to the insurance company that provides the service.

458. Although financial reporting entities perform CDD, the information provided by the country reveals that, within the framework of the inspections conducted by the ASFI, from 2018 to 2022, 366 observations were made in relation to deficiencies in the CDD process by some of the reporting entities under its supervision, 90%<sup>13</sup> of which were corrected. These observations were made mainly for not having all the customer information (56 observations) and for not applying the CDD process to directors and shareholders (30 observations). Therefore, considering the number of observations made, there are opportunities for improvement by these FIs to perform CDD effectively.

#### **b) DNFBPs**

459. The casino performs CDD from the moment the customer enters the premises by requesting the customer's ID number. The information received is verified through the reporting entity's systems and the UNSC lists are cross-checked for matches. Likewise, these entities conduct enhanced CDD based on the risk posed by the customer, and also when the transactions exceed the threshold of USD 3,000. In addition, this sector may reject customers on the basis of the impossibility of adequately performing CDD, which includes not being able to obtain all the information necessary for the identification of the customer.

---

<sup>13</sup> The remaining 10% correspond to inspections that were carried out during the second half of the 2022 administration, which is why the corrective actions undertaken in the reporting entities' action plans are still in time to be implemented.



460. According to the information received by the assessment team, when applying CDD through Form PPC-A01, this sector collects information, such as full name, date of birth, ID number, nationality, place of residence, business activity, monthly income, among others.

461. As previously mentioned, the notarial sector is developing its AML/CFT manuals. However, in the interviews, it was possible to observe that notaries conduct CDD processes. In this regard, at the moment of initiating the business relationship with a customer, the customer's identity is verified through the System SINPLU, managed by the DIRNOPLU. Furthermore, the UNSC lists are verified through this system. The sector can only reject customers when no identification information is provided or any sign of illegality of the transaction is detected.

462. It should also be highlighted that the DIRNOPLU has signed an agreement with the SEGIP that allows notaries to verify the identity of the customer online and validate the identity of such person. Likewise, the legitimacy, capability and capacity of the participants, as well as the legality of the act, fact or business that is intended to be conducted, are verified. It is considered that this is an effective mechanism for the sector to conduct CDD.

463. Regarding record-keeping, DNFBPs are required to keep the information related to CDD and the transaction for a period of 10 years.

464. In the case of lawyers, accountants and real estate agencies, due to their recent designation as reporting entities, it was not possible to observe that they complied with CDD and record-keeping requirements.

465. In conclusion, with respect to enhanced CDD, FIs perform CDD in accordance with the level of risk posed by each customer by requesting customer's identification, establishing the customer's economic profile and determining whether the transaction to be carried out is in line with said profile. On the side of DNFBPs, they conduct CDD based on the level of risks posed by each customer. However, it is possible to observe that there is no risk management among notaries yet, which implies that they conduct the same CDD process on all their customers, regardless of the risk, thus not being able to optimally address high risk customers.

### c) VASPs

466. In Bolivia, VASPs are not designated as reporting entities. Likewise, according to the SRA, there are no records of any VASPs in the country.

#### *Application of EDD measures*

467. All the reporting entities should perform enhanced CDD on high-risk customers. Financial institutions apply these measures to a larger extent than DNFBPs.

468. Enhanced due diligence measures are mainly focused on the continuous monitoring of customer transactions and the gathering of detailed information on the customer's economic profile and the origin of

funds. The reporting entities have IT systems, which are fed with data given by providers specialised in the preparation of PEP lists to verify whether a potential customer is listed therein. Additionally, the same verification is conducted in case of customers with whom business relationships have already been initiated to determine if they have fallen into the aforementioned category. The FIU provides its reporting entities with a list of PEP positions in order to facilitate the identification of this type of customer.

469. Likewise, the reporting entities send the “Information Report on PEPs” to the FIU when they identify the participation of persons under that classification.

**Table 43. Information report on PEPs**

<b>PEP</b>					
<b>YEA R</b>	<b>NUMBER OF MONTHLY REPORTS MADE BY REPORTING ENTITY</b>				
	<b>FINANCIAL INTERMEDIATION</b>	<b>SECURITIES MARKET</b>	<b>COMPLEMENTARY SERVICES</b>	<b>INSURANCE COMPANIES AND BROKERS</b>	<b>DNFBPs - NOTARIES</b>
2018	64	14	15	32	0
2019	59	16	13	33	0
2020	62	16	11	33	0
2021	64	16	10	34	136
2022	70	15	12	37	247
<b>Total</b>	<b>319</b>	<b>77</b>	<b>61</b>	<b>169</b>	<b>383</b>

470. The information of the preceding table reveals that, except for the notarial sector, intermediary financial institutions represent the sector that submits the largest number of monthly reports linked to PEPs, which is in line with the level of risk posed by each sector. Furthermore, the reporting entities did not seem to classify their customers’ risk or carry out enhanced CDD based on the threats described in the NRA. Nonetheless, during the on-site visit it was possible to observe that some institutions in the banking sector do not initiate business relationships with persons or companies linked to the mining, gambling and arms sectors.

**a) FIs**

471. FIs apply enhanced CDD processes when a) they identify a customer as PEP; in this case, the customer is rated as high risk, and therefore they request authorisation to the senior management to establish the business relationship and apply continuous monitoring on the transactions conducted, b) they establish links with financial or non-financial correspondent banking, as well as with correspondent banks abroad, and c) there are transactions linked to higher risk countries identified by the FATF.

472. In this regard, the reporting entities collect information from close associates of PEP customers of up to the second degree of consanguinity, namely: full name, ID number, business activity, income level, among others; and also apply continuous monitoring on their transactions. In addition, the reporting entities

obtain information on the purpose of the transaction conducted or to be conducted, as well as on the origin and destination of the funds, and increase internal controls for high-risk customers. The remittance sector performs enhanced CDD on correspondents of the transactions conducted by requesting the tax identification document (NIT). Furthermore, money remitters verify that the company was incorporated and started operating, at least, one year ago.

473. In the case of exchange offices, the verification of PEP customers is carried out through the verification of their own lists, and if deemed necessary, enhanced CDD is performed on them.

474. Likewise, within the framework of EDD by FIs, the reporting entities require the authorisation of the senior management to establish the business relationship with high-risk customers.

475. The above also applies to business relationships with correspondent banking and higher risk countries identified by the FATF, which will be subject to EDD, collecting information that explains the nature of the business and whether it has any history of linked investigations. to ML/TF and PF.

476. Regarding new technologies, before carrying out or incorporating a new product or commercial practice that is related to the use of new technologies, FIs conduct an analysis to identify and assess the ML/TF risks to later establish mitigating policies.

477. Likewise, the FIs have their own or contracted systems that are updated daily and constantly cross-check information from databases in search of matches between their clients and the UNSC lists.

#### **b) DNFBPs**

478. The casino performs enhanced CDD following the same approach as the entities of the financial sector, with the difference that they conduct the identification of PEP customers using their own lists. The transactional threshold to perform EDD is USD 3,000, which implies the filling out of Form PPC A01, which includes information similar to that requested by FIs. Likewise, this sector only accepts cash payments, restricting any use of any possible new technology. Therefore, the risks associated with new technologies are null. Moreover, this sector verifies the nationality of customers to check if they are linked to a high-risk country according to the FATF.

479. In addition, based on the on-site visit, the notarial sector does not have a procedure to apply enhanced CDD on PEP customers. It is possible to observe that they conduct verification of the UNSC lists, and in case of a positive match, an STR is submitted to the FIU. Thus, improvement is needed with regard to the implementation of notaries' obligations and the enhanced CDD measures applied with respect to the risks identified.

480. The FIU, through its website, publishes the UNSC lists, so that the reporting entities can access them directly, making it easier for them to verify such lists when needed. It is worth noting that the casino sector has a computer system through which it carries out the review on a daily basis. The notary sector does not have a system that allows cross-checking with the lists.

481. In the case of lawyers, accountants and real estate agencies, due to their recent designation as reporting entities, it was not possible to determine that they implemented enhanced due diligence measures.

482. In conclusion, FIs perform enhanced CDD adequately when they identify a high-risk customer, such as PEP, customer linked to higher risk countries identified by the FATF, customer designated in any UNSC list, and when they establish a link with a correspondent bank or use some new technology. Likewise, regarding DNFBPs, the casino perform EDD in the same cases described above. The notarial sector has a limited understanding of the EDD and the recently designated DNFBPs, do not apply EDD, given that they do not understand their risks correctly.

### c) VASPs

483. In Bolivia, VASPs are not designated as reporting entities. Likewise, according to the SRA, there are no records of any VASPs in the country.

#### *Reporting obligations and tipping off*

484. The Bolivian regulations require all reporting entities to submit reports to the FIU regarding suspicious transactions that they may become aware of during the exercise of their activities.

485. As for statistics, in the assessed period (2018-2023), there was a significant increase in the number of STRs submitted to the FIU. This is mainly due to the designation of notaries as reporting entities (2021). It is considered that this increase in the number of STRs represents a challenge for the FIU in relation to their quality and for the prioritisation performed by the FIU. It is also a challenge for supervisors as part of the observations that should be made to the respective reporting entities about the relevance and quality of STR submission, as well as the ability to identify when STRs should be submitted.

**Table 44. Number of STRs submitted by sector**

Sector	2018	2019	2020	2021	2022	2023
<b>Financial institutions</b>	532	496	380	649	801	<b>292</b>
<b>DNFBPs<sup>14</sup></b>	-	-	-	500	731	<b>163</b>
<b>Total</b>	<b>532</b>	<b>496</b>	<b>380</b>	<b>1,149</b>	<b>1,532</b>	<b>455</b>

486. Sixty-six per cent of the STRs received by the FIU were considered inadmissible, which would be an indicator of the low quality of the STRs submitted by some of the reporting entities. In this regard, the notarial sector is among the sectors that submit the largest number of STRs and, based on the interviews conducted, it was possible to verify that STRs are not always necessarily triggered by a suspicious transaction. During the on-site visit, it was possible to observe that notaries submitted an STR for each cash transaction exceeding USD 300,000, without conducting any prior analysis. This would be one of the reasons for low quality STRs, as well as the limited level of understanding this sector has with regard to the unusual transaction identification and reporting. In addition, the casino sector indicated that until 2022 they submitted

<sup>14</sup> It applies to casinos and notaries only.

STRs when the customer failed to sign the CDD form. However, as a result of the feedback provided by the FIU, this deficiency has already been corrected. As a result, throughout 2023 and as at the date of the on-site visit, said sector had not submitted any STR.

487. Considering the information presented, it was possible to observe that DNFBPs present opportunities for improvement, particularly in terms of strengthening the understanding of when to submit this type of report. This has an impact on the quality of the information presented in the reports.

488. Likewise, during the 2018-2022 period, the sectors that submitted the largest number of STRs are: notaries, multiple banks, insurance companies, money order and remittance companies, and savings and credit cooperative associations. This would be somehow related to the sectors identified as being of higher risk, according to the NRA.

489. In an attempt to improve STR submission, the FIU organises training workshops to provide feedback to the reporting entities on the quality of the reports, and this training has had a positive impact on the vast majority of reporting entities, mainly in the financial sector. The assessment team considers that these training workshops should be delivered specifically to each reporting entity, taking into account the different level of materiality and exposure.

490. Although the country does not legally comply with the obligation to prevent tipping-off, it was observed that only the responsible officer will have access to the information forwarded to the FIU. To date there is no record of cases related to the disclosure of STRs or information classified as confidential.

491. According to the interviews carried out during the on-site visit, it was possible to verify that for the FIs and the casino sector, the understanding of the usefulness of the STRs has been improving, as a result of the feedback workshops carried out by the FIU and the supervisors. However, in the case of notaries, improvements are required in the understanding and quality of the STRs that are sent to the FIU, and in the rest of the DNFBPs, the understanding of their risks and obligations must continue to be socialized so that they begin to be implemented. send ROS and that these are of quality.

#### *Internal controls and legal/regulatory requirements impending implementation*

492. FIs have developed and implemented internal manuals, such as the group of policies, regulations, procedures and mechanisms, prepared based on the characteristics of each entity and the complexity and volume of their transactions. The manuals are oriented towards the identification, monitoring, control and disclosure of ML/TF risks to which they are exposed.

493. Regarding the application of internal controls, the reporting entities request the criminal and judicial records of their collaborators, in addition to carrying out CDD and constantly monitoring the profile of each collaborator. Furthermore, training on ML and TF is delivered on a regular basis.

494. Likewise, the reporting entities are required to designate a compliance officer with a management position, who will report directly to the entity's Board of Directors. This official should meet the capability criteria and have proven experience related to ML and TF prevention.

495. Based on the Operating Procedures Manual, FIs prepare annual training programs on ML/TF risk management. In addition, specialised training is considered for members of the Compliance Unit and the Board of Directors.

496. FIs develop personnel control and monitoring programs to know their staff and apply CDD. In addition, this process will also be applied prior to the hiring of personnel, where personal, employment, police, criminal and asset-related records will be analysed.

497. Additionally, FIs conduct semi-annual audits on ML/TF/PF risks and send the results to the ASFI and FIU. DNFBPs carry out annual internal audits on ML/TF/PF risks and send the results to the FIU. In particular, FIs should also submit an external audit report on an annual basis with information on compliance with their procedures.

498. In the case of financial groups, they should implement AML/CFT programs for all members of the group, including policies and procedures for sharing CDD information with their members and foreign customers. Nevertheless, the confidentiality of said information should be preserved.

#### *Overall conclusion on IO.4*

499. The financial sector presents a greater robustness in the application of preventive measures and the CDD process, and in the identification of beneficial owners. In relation to DNFBPs, only the casino sector presents a greater understanding of the risk and applies AML/CFT measures more adequately; the notarial sector has no adequate risk management system, nor does it implement AML/CFT policies, so this sector presents significant opportunities for improvement.

500. Regarding VASPs, this sector is not designated as a reporting entity. Likewise, according to the SRA there are no records of a VASP operating in Bolivia. Despite the prohibition on VA within the payment system, it was possible to observe that there have been transactions linked to VA. Therefore, the sector may become a significant threat, despite the little exposure to ML/TF risk currently faced by this sector (SRA).

501. Likewise, with the recent designation of lawyers, accountants and real estate agencies as reporting entities, it is not possible to measure the effectiveness of the policies set forth in the instruction. In addition, the designation as reporting entity only applies to those classified as “large taxpayers”. It is considered that the country will progressively include the rest of the sector according to the risk they may present for ML/TF. Additionally, dealers in precious metals and stones—a sector that has also been rated as medium risk—are not reporting entities in Bolivia.

502. Moreover, regarding the obligation of not tipping-off information that is submitted to the FIU, Bolivia has a Supreme Decree that prohibits the reporting entities to do so. Nonetheless, it is considered that this regulation is not sufficient, because it is not regulated by law. Despite this, based on the interviews conducted, the reporting entities would be complying with the prohibition imposed by the Supreme Decree.

503. The understanding of the usefulness of STRs by FIs and the casino sector has been improving as a result of feedback workshops held by the FIU and the supervisors. However, notaries require improvements

to send better quality STRs and for the rest of the DNFBPs, follow-up must be given when they begin to submit STRs based on their obligations and to be useful for the FIU.

504. There are opportunities for improvement in relation to the understanding of TF risks, since reporting entities do not understand in greater depth how they can be abused for this offence.

505. Based on the above, Bolivia is rated as having a **low level of effectiveness for Immediate Outcome 4.**

## CHAPTER 6. SUPERVISION

### *Key findings and recommended actions*

#### **Key findings**

- The ASFI, the APS, the AJ and the DIRNOPLU, which are the supervisors of financial institutions, casinos and notaries, respectively, have general and specific regulations on licensing and/or registration to conduct risk-based supervision. These regulations largely prevent criminals and their associates from entering or holding a significant or controlling interest in said entities.
- RBA supervision of FIs is more robust than that applied to DNFBPs. Likewise, the supervision carried out in this last sector has different levels of maturity in its implementation. The DIRNOPLU has conducted on-site and off-site inspections with a recently implemented RBA.
- The AEMP supervises real estate agencies, lawyers, and accountants, who were recently designated, and is drafting a risk-based supervision manual, as well as a guidance on risk assessment and mitigation for supervision purposes. In this regard, supervision is at an initial stage of development.
- Regarding the understanding of ML/TF risks by financial supervisors, it was possible to observe more maturity in the understanding. As for DNFBPs, it is possible to observe that the AJ understands the risks to a large extent and the DIRNOPLU and AEMP to a certain extent.
- Financial supervisors perform risk-based AML/CFT supervision to a large extent. In this regard, higher risk profiles are prioritised for on-site inspections and lower risk profiles for off-site inspections.
- Regarding DNFBPs, the AJ performs AML/CFT supervision to a large extent based on the risks identified and the materiality of the sector. To date, there is only one casino in Bolivia. In turn, the DIRNOPLU has performed off-site and on-site supervision, but the RBA has been recently implemented.
- The AEMP is in the stage of developing tools for the implementation of AML/CFT supervision of its reporting entities. In this sense, the institution requires the allocation of human resources and their training in AML/CFT issues.
- Supervisors apply remedial actions and sanctions. It is possible to observe that, in general, supervisors apply remedial actions, and the reporting entities have, to a large extent, remedied the deficiencies identified.
- Supervisors provide reporting entities with training sessions and feedback on the obligations contained in the instructions and on AML/CFT issues. Likewise, they inform reporting entities of the ML/TF risks identified in the country.

- The SENARECOM is the natural supervisor of dealers in precious metals and stones. However, it is not empowered to conduct AML/CFT supervision yet and the sector is not designated as reporting entity.
- Bolivia opted for prohibiting the use, trade and negotiation of VA in the domestic payment system. The ASFI and the FIU monitor compliance with this obligation.

***Recommended actions***

- Implement risk-based supervision conducted by the AEMP on real estate agencies, lawyers and accountants to determine effective compliance with the AML/CFT system, applying remedial actions and sanctions, where appropriate. This supervision must cover all real estate agencies, accountants and lawyers that meet the definition of the standard and not only large taxpayers.
- With the designation of the dealers in metals and precious stones as reporting entities, the SENARECOM must be granted with AML/CFT supervisory powers.
- Guarantee the effective application of proportional and dissuasive sanctions for all supervisors.
- Enhance the understanding of the different supervisors about VA operations and their ML/TF risks in order to strengthen the control measures applicable to their different supervised subjects.
- Continue strengthening the understanding of the risks by the supervisors of DNFBBs, in particular those that have been recently designated.
- Provide trained human resources to the AEMP to carry out AML/CFT supervisions with EBR to the sectors under its supervision.
- Strengthen feedback and training activities by supervisors to their supervised entities.

The relevant Immediate Outcome considered and assessed in this chapter is IO.3. The Recommendations relevant for the assessment of effectiveness under this section are R.14, 15, 26-28, 34, 35 and elements of R.1 and 40.

***Immediate Outcome 3 (Supervision)***

506. In Bolivia, there are financial and non-financial supervisors on ML/TF risk prevention and management for the reporting entities designated by the FIU. Regarding the financial sector, the ASFI supervises: i) intermediary financial institutions, complementary financial service providers and securities market companies. In turn, the APS supervises insurance market companies (personal and general insurance companies, as well as insurance and reinsurance brokers). In relation to trusts, in the Bolivian context, by law only the intermediary financial institutions authorized by the ASFI can be fiduciaries, and the same reporting entity must comply with the AML/CFT obligations established in the specific instructions of the sector. It is expressly prohibited for another profession to create a civil fiduciary.

507. In the case of DNFBBs, the AJ supervises the casino, and the DIRNOPLU supervises notaries offices and notaries public, who are engaged in the purchase and/or sale of real estate subject to registration and documents of incorporation, modification and dissolution of companies. The AEMP is the AML/CFT supervisor of other DNFBBs categories, such as lawyers, accountants, and real estate agencies. These DNFBBs are subject to AML/CFT obligations when considered large taxpayers.

508. Regarding said large taxpayers, the country submitted a document prepared by the FIU entitled “Strategic Assessment of DNFBPs”, which includes information provided by different entities, such as the SEPREC, the SIN, the National Customs, the SENARECOM, as well as the database of forms PCC01 (transactions made in cash) and STRs, to determine the designation of high risk large taxpayers as reporting entities. In this regard, in the application of the RBA, Bolivia will be including, at different stages, other persons that are not large taxpayers as reporting entities.

509. In Bolivia, corporate service providers can be lawyers or independent accountants, who oversee preparing the constitutive documents for the creation of legal entities such as the incorporation certificate and the opening balance sheet, both instruments in all cases are protocolized by a notary. In that sense, in the Bolivian context, the intervention of the three aforementioned professionals is necessary and they are also regulated.

510. In turn, the SENARECOM is the prudential supervisor of dealers in precious metals and stones. However, it is not empowered to regulate and supervise AML/CFT matters.

511. VASPs are not considered reporting entities in Bolivia. As mentioned in the analysis of IO.1 and IO.4, in Bolivia, financial institutions are prohibited from using, trading and negotiating cryptoassets in the domestic payment system since they are not considered legal tender. To date there is no record of a VASP in the country.

512. As analysed in Chapters 1 and 5, the financial sector, particularly the banking sector, represents high risk and materiality. Although the materiality of the DNFBP sector is lower, the level of risk and exposure was considered. Therefore, this Immediate Outcome was weighted by firstly considering the banking sector, money remitters, real estate agencies, followed by exchange offices, mobile payment service providers, entities from the securities market, lawyers and accountants, and, finally, with less weight, the insurance market, the remaining intermediary financial institutions, complementary financial service providers, notaries and casinos.

513. Additionally, it should be noted that the AEMP has been recently appointed as supervisor of real estate agencies, lawyers and accountants, since they have been recently designated as reporting entities. Therefore, at the time of the on-site visit, no AML/CFT supervision was performed by said supervisor.

*Licensing, registration and controls preventing criminals and associates from entering the market*

**a) Financial sector**

514. The ASFI and the APS have general and specific regulations governing licensing and/or registration, which prevent criminals and associates from entering or holding a significant or controlling interest in said entities.

## Licensing by the ASFI

515. To grant operating licenses to intermediary financial institutions, complementary financial service providers and securities market companies, proof of compliance with registration requirements should be submitted to the ASFI. Among other aspects, the criminal record certificate of founding shareholders, regardless of the percentage of their controlling interest, is verified to prevent criminals from being owners or beneficial owners of such entities. Additionally, sworn declarations on assets identifying the source of funds used to create said entities are verified. Based on the information provided by the country and its regulations, the ASFI is empowered to collect the necessary information, including natural persons, in order to prevent criminals or associates from holding or being the BO of a significant interest in a FI. This was based on the interviews held with the supervisor.

516. There are stages for each type of entity to obtain its license, from the initial request to the ASFI's highest executive authority to the publication of the license. All the stages are related; thus, if any requirement from a previous stage is not fulfilled, the license is not granted until such impediment is remedied. The stages to obtain licenses are set forth by law and specific regulations, such as the Compilation of Regulations for Financial Services and the Compilation of Regulations for the Securities Market of the ASFI. If characteristics of high risk are identified during incorporation, the ASFI requires the reporting entity to provide further documentation and clarifications on the documents submitted. The term to grant licenses is approximately 6 months, including submitting the company's name, legal address, identification or appointment of the preliminary Board of Directors, amount and origin of the committed contributions and list of shareholders to the ASFI, and publishing the license.

517. It should be noted that some of the impediments established to be founding shareholders of any FI supervised by the ASFI include having formal charges or a conviction for ML and financial offences, being shareholders, partners or owners of companies closed for performing illegal financial activities or having a sanctioning resolution issued in an administrative proceeding.

518. The ASFI also considers the review of stakeholders and the requirements to initiate the license when capital increases or shares are transferred. Likewise, there is a record of current and former suspended or disqualified managers, executives, and officials to be reviewed by the FI. The ASFI issued the Rules of Procedure for recording shareholders and partners, as well as the Rules of Procedure on capital increases and decreases and transfers of shares or capital quotas, which set forth the registration to be made in the supervisor's "Shareholders' Registry" by the supervised entities and information to be provided.

519. Based on the above, there is data regarding licenses granted, rejected, and cancelled, as applicable. It should be noted that the licenses rejected were mainly from the sector of exchange offices, and the main reasons were failure to provide documentation evidencing the source of funds, and failure to submit the information and documentation required by the ASFI within the term established. There were cases of withdrawal due to failure to meet the minimum amount of capital required. In other cases, one reason why licenses were cancelled was the owners' voluntary decision due to death, cessation of operations and merger by absorption.

**Table 45. Licences of FIs granted by the ASFI**

Type of entity	Registration requests						Requests rejected, expired or withdrawn						Operating licenses granted						Licenses cancelled					
	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023
Housing financial institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0
Development financial institutions	2	1	0	0	0	0	0	0	0	0	0	0	2	2	0	0	0	0	0	0	0	0	0	0
Stock and non-stock cooperatives	0	1	1	7	4	0	0	0	0	0	2	0	0	1	1	7	2	0	0	0	0	0	0	0
Brokerage companies	2	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Mutual fund management companies	0	2	0	0	1	0	0	1	0	0	1	0	0	1	1	0	0	0	0	0	0	0	0	0
Securitisation companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exchange offices	16	28	16	21	13	5	4	9	5	7	2	0	14	17	10	9	10	2	17	6	1	2	11	1
Mobile payment service providers	0	0	0	2	0	0	0	0	0	2	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Money order and remittance companies	1	0	1	0	0	0	1	0	1	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>21</b>	<b>32</b>	<b>18</b>	<b>30</b>	<b>18</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>6</b>	<b>10</b>	<b>6</b>	<b>0</b>	<b>19</b>	<b>21</b>	<b>12</b>	<b>16</b>	<b>12</b>	<b>2</b>	<b>20</b>	<b>6</b>	<b>1</b>	<b>2</b>	<b>11</b>	<b>1</b>

520. As of the date of the MER, there are 304 entities authorised to operate in Bolivia. The entities with the largest number of licensed entities are exchange offices.

521. To perform its activities, the ASFI has the Solutions and Settlement Division (DSL) as part of its organisational structure, which depends on the Executive General Division and which is responsible for applying the corresponding actions against natural and legal persons allegedly performing financial activities without having licenses granted by the supervisory authority. For example, after a special inspection, it was

possible to observe that a company in the city of Cochabamba was carrying out illegal financial activities. In this regard, in accordance with the established procedures, a report was issued concluding that there were sufficient elements to establish that the company performed financial intermediation activities without authorisation or license by regularly and massively capturing funds from its customers in two ways: i) collection of funds from a percentage of the instalments of the loan, and ii) collection of funds from the payment of the first instalment, placing said funds to its own business activity of money lending. Therefore, the corresponding records were submitted to the Attorney General’s Office for the alleged commission of the offence of “financial intermediation without authorisation or license” by the company’s legal representative.

522. Additionally, the results recorded in recent years regarding the disruption of financial activities that were not licensed to operate are shown below:

**Table 46. Procedures for the identification and disruption of illegal financial activities**

Market	Total - Period 2018-2023			
	Preliminary procedures	Inspections	Interventions	Criminal proceeding
Financial intermediation	87	46	9	12
Exchange offices	59	163	27	0
Money order and remittance companies	5	5	0	0
Total	151	214	36	12

523. On the date of the on-site visit, there were 177 licensed exchange offices in Bolivia, which represent a risk sector among complementary financial service providers, and therefore it is possible to observe a higher number of licenses rejected. Likewise, it should be noted that the ASFI has intensified procedures since 2022 to identify entities operating illegally in the exchange market and to order the suspension of their clandestine financial activities. In all the cases where the ASFI had issued suspension orders, the supervised entities had complied therewith.

524. Regarding the special supervisory procedures to identify and suspend financial activities operating without a license, the ASFI establishes, as a procedure, the designation of a work team and defines the objectives and scope of the inspection. An inspection report is issued recommending a suspension order that concludes ordering the suspension itself. From 2018 until the end of the on-site visit, the number of financial entities suspended totalled 36.

525. In Bolivia, trusts (*fideicomisos*) have limited development both in its nature and in its use. According to the country, it is only possible through an intermediary financial institution, duly authorised by the ASFI and must comply with the same AML/CFT obligations and requirements of such financial institutions. The types of trusts are: administration of government bonds and State programs, administration of other property or assets, and guarantee trusts. Based on the origin of the funds, they may be constituted as a public, private or mixed trust. In this regard, by the end of 2022, there were 108 private trusts and 56 public trusts registered.

## Licensing by the APS

526. In the case of insurance and reinsurance companies and brokers under the supervision of the APS, the licensing process has two stages. The first stage is the request for authorisation for incorporation, which concludes with the and the second stage is the authorisation to operate. Both stages conclude with the issuance of an administrative resolution and begin with a request letter from the applicant, who should meet the requirements and submit the documentation required, whether for a natural or legal person, as established by the APS.

527. The APS verifies that the information is complete and proceeds to issue the resolution to create the company. If the documentation is incomplete, the APS issues a note requesting to correct the observations made or otherwise the incorporation will be rejected.

528. Once the APS approves the authorisation for incorporation, the term for the applicant to process the authorisation to operate will be expressly determined. To this end, the applicant will be required to update the documentation submitted, as well as submit new documentation, including updated criminal and judicial record certificates of partners or shareholders, as mentioned by the supervisors during the on-site visit. Considering the above, the APS has policies and procedures to verify the source and destination of funds, shareholders' capability, solvency and technical feasibility.

529. The following table shows the statistics on the requests submitted, rejected, granted, and cancelled, as applicable.

**Table 47. Requests for licenses made by FIs to the APS**

Type of entity	Requests for registration (*)						Requests rejected (**)						Operating licenses granted (***)					
	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023
Personal insurance brokerage companies	1	0	0	0	0	0	2	0	0	0	0	0	0	1	0	0	0	0
General insurance and bond brokerage companies	0	0	1	2	0	0	5	4	0	1	0	0	1	0	0	1	0	0
Insurance brokers	0	0	2	0	2	0	0	0	0	0	2	0	0	0	0	1	2	1
Reinsurance brokers	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>7</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>

Source: APS as of 17 April 2023.

Notes: (\*) Number of requests filed in those years.

(\*\*) Number of requests rejected in that period, including requests made in previous periods.

(\*\*\*) Number of licenses granted in that period, including requests made in previous periods.

530. The APS is empowered to revoke incorporation or operating licences. In this regard, in the period covered by the MER, it revoked the operating licenses of 10 reporting entities.

531. In general, the ASFI and the APS have a thorough process to verify beneficial owners and have two well-defined stages in their licensing processes. At each stage, different types of information are requested, BO verification is conducted through controls, including the submission of a sworn declaration on the source of funds, consultations of documents with other entities and the submission of a criminal record certificate, to prevent criminals or their associates from holding a significant or controlling interest in the FI. Likewise, supervisors sign agreements to exchange information in order to verify whether the persons are shareholders of other financial institutions in the country. They have also mentioned that they can request cooperation from foreign counterparts, if necessary.

532. In all the cases, reporting entities should inform when there are new shareholders, increases in capital quotas, transfers of shares and/or capital quotas. Then, the same process for licensing is followed, whose verification is made during follow-up inspections.

533. Regarding trusts, only financial institutions operate as trustees in Bolivia. For this reason, the licensing requirement is fully addressed since they are supervised by the ASFI.

**b) DNFBPs**

**The AJ**

534. In order to grant casinos an operating license, the AJ carries out a thorough verification of all the documentation required, such as certified copy of the company’s articles of incorporation (only legal persons can operate as games of chance), updated business license issued by the Registry of Commerce, identity card or passport of the legal representatives, directors, partners or shareholders and a certified copy of the sworn declaration on assets submitted by legal representatives, administrators, directors, managers before exercising the legal representation and administration of the company. Additionally, partners and shareholders are required to submit a certified copy of a sworn statement on the source of the commercial company’s financial funds and compliance with prudential requirements related to minimum capital, facility conditions, financial feasibility and other requirements to operate the business.

535. In Bolivia, public officials, natural persons with criminal convictions, natural and legal persons with outstanding debts with the State, and those persons providing services for the AJ cannot be partners or shareholders, directors, managers and/or administrators of casinos and games of chance. In all the cases, criminal record certificates are requested, as well as any additional documentation that the AJ deems necessary to verify the veracity of the company’s information. If these requirements are not fulfilled, an administrative dismissal is issued.

536. The following table shows data on requests for registration, rejected licences and licenses granted:

**Table 48. Requests for licenses made by the games of chance sector to the AJ**

Type of entity	Requests for registration						Requests rejected, expired, withdrawn or incomplete						Operating licenses granted						Licenses cancelled
	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023	2018-2023



Games of chance	1	1	0	5	1		1	2	2	1	1		0	0	0	1	0		0
Total	1	1	0	5	1	0	1	2	2	1	1	0	0	0	0	1	0	0	0

537. There were 8 requests for licenses and 7 of them were rejected. As at the date of the on-site visit, only one casino is licensed to operate in Bolivia. Requests were rejected due to non-compliance with the operating requirements established.

538. Regarding illegal gambling operators, the AJ applies controls on illegal gambling operators in accordance with its procedure manual, the Law and regulatory resolutions issued. The interventions mentioned above derive from monitoring and responding to anonymous complaints that are followed up for verification purposes. Once an illegal gambling establishment is identified, the intervention is made in coordination with the Bolivian Police and the Attorney General’s Office. When making said interventions, the process includes the corresponding sealing, games are kept to be destroyed, mostly slot machines, and the gambling establishment is closed, if applicable. In this regard, from 2017 to 2022, a total number of 339 interventions were made and 6,017 games of chance were retained.

539. It is possible to observe that the AJ, in coordination with the LEAs mentioned above, have promoted constant actions during the assessed period, and the results largely demonstrate that casinos and games of chance operating without licenses are being controlled.

**The DIRNOPLU**

540. In accordance with the Law on Notaries of 2014 passed, the supervisory authority of notaries public changed from the judicial authority to the DIRNOPLU, which is under the custody of the Ministry of Justice. Based on the above, as of the 2017 administration, there were activities aimed at appointing notaries. Since new notarial positions were created, the DIRNOPLU issued a call to enter into the notarial career, and notaries positions were occupied in March of the 2023 administration. In this regard, as of the date of the on-site visit, it was possible to observe that 665 notaries were acting as notaries.

541. According to the Law on Notaries and regulations, lawyers having greater integrity and meritocracy can access the notarial career. Notaries are designated through a process that not only serves to qualify the knowledge and experience acquired, but also to verify that the designated notaries have not committed offences or crimes involving areas of government or law enforcement agencies while in the private practice of law. To this end, certificates are requested to prove that they do not have criminal or disciplinary records filed in the Attorney General’s Office, the Judicial Council, the Constitutional Court, or other public sectors. Likewise, a certificate from the Judicial Registry of Criminal Records (REJAP) should be submitted and reviewed to verify that there is no enforceable conviction in criminal matters that are pending of compliance.

542. It should also be noted that when a notary public has been sanctioned for committing a very serious offence in disciplinary proceedings regarding notarial matters or convicted in criminal matters, said notary public is excluded from the notarial career. If notaries have met the requirements to enter the notarial career, the criminal and judicial record certificate should be updated and submitted again to be appointed in

accordance with the corresponding procedures. This is an additional control before confirming the appointment of notaries public. Pursuant to the regulations, any citizen may challenge the application.

543. The DIRNOPLU has a disciplinary person responsible for initiating administrative proceedings/investigations, who carry out proceedings against notaries public who have breached the notarial Law and regulations. If a resolution determines that a notary public has proven responsibility, depending on the situation and seriousness of the situation and its consequence, a temporary or permanent suspension may be applied. Depending on the case, it is possible to go to the criminal and/or civil courts.

544. During the on-site visit, it was possible to find instances in which the DIRNOPLU, together with the Attorney General's Office, intervened in lawyers' offices, whereby books, stamps and notarial documents were seized, which evidenced that said lawyers were allegedly exercising notarial services without having the capacity of notaries public. Additionally, they presented another case with a conviction against a former notary public.

545. Regarding the AJ and the DIRNOPLU, it is possible to observe that they have several mechanisms to verify beneficial ownership and the chain of control. However, with regard to the reporting entities supervised by the AEMP, no procedures have been identified for verifying the capability of the partners or shareholders of these companies to prevent criminals from holding a significant or controlling interest in the legal persons defined as reporting entities.

### **The SENARECOM**

546. Regarding dealers in precious metals and stones, the SENARECOM implements procedures to grant licences (authorisations) to domestically trade and export metals and stones. The mining productive stakeholders (cooperatives, private companies and state-owned companies) that exploit, process, smelt and trade stones and metals are required to obtain a mining identification number (NIM), which is a mandatory registry and basic requirement to operate. In this sense, it is important to mention that the assessment team takes into consideration the prudential supervision of mining activity in Bolivia as a mitigating factor. However, the inclusion of the sector as reporting entity, and providing AML/CFT supervision power to said institution, remains pending.

547. The numbers of authorisations and rejections are presented below:

**Table 49. Authorisations and rejections by the SENARECOM**

Year of administration	Number of registered/authorised commercial companies, and number of rejected requests by the SENARECOM			
	Domestic trade (number of companies)	Number of rejected requests for domestic trade	Exports (number of companies)	Number of rejected requests for exports
2018	544	673	117	10
2019	471	11,581	103	38
2020	274	6,947	72	28
2021	439	1,341	144	9
2022	359	1,548	88	11
2023 (APRIL)	92	505	31	5

548. The SENARECOM only has prudential powers, and it is not empowered to conduct AML/CFT supervision.

*Supervisors’ understanding and identification of ML/TF risks*

**a) Financial sector**

549. Financial supervisors and DNFBPs participated in the development of the ML/TF NRA by participating in different working groups. In this regard, the supervisors demonstrated a clear understanding of the risks affecting the country and the financial and economic sectors. During the interviews of the on-site visit, they showed to a large extent awareness about the main threats and vulnerabilities that affect the country and the region, as well as the consequences of ML/TF. Additionally, financial supervisors since 2014 have applied supervision with a RBA and carried out sectoral analysis of the risks to which they are exposed, the results of which were corroborated with the NRA. During the on-site visit, the financial supervisors stated that, based on their participation in the working groups for the preparation of the NRA, they were making

adjustments to their risk matrices, in terms of the weights of the probability and impact of ML/TF supervision, as well as in its policies, manuals and procedures for supervision of said risks.

550. Likewise, in order to reinforce the understanding of the risks, as a complement to the NRA, in 2022 and 2023, the ASFI and the APS conducted sectoral assessments for intermediary financial institutions, complementary financial service providers, securities market companies, and insurance and reinsurance brokerage companies. To conduct said assessments, a survey, among other information sources, was made among the reporting entities of each sector. The survey made it possible to quantify the probability of risk occurrence for each risk factor and sub-factor. In the case of the APS, the technical-financial information received from the reporting entities on a regular basis, the Basic Principles of Insurance, the FATF 40 Recommendations, the Guidance on Sectoral ML/TF Risk Assessment, and the Guidance on a Risk-based Approach for the Life Insurance Sector were considered.

551. For those assessments, the supervisors considered the GAFILAT's Analysis of Regional Threats report was also considered, particularly the analysis of threats in the Andean subregion. In this regard, the country estimates that the conclusions are related to the main threats detected by the ASFI in the ML/TF Risk Survey. Said threats are drug trafficking, smuggling, corruption, criminal organisations, fraud and forgery.

552. To determine the level of risk for each threat, the probability that the threats identified exploit the vulnerabilities of the sectors and the deficiencies of the reporting entities was analysed.

553. The aforementioned SRAs were the basis to validate and calibrate the ML/TF risk matrices of financial supervisors, whose structure, methodology and variable weight calculation were ratified with the results of the NRA.

554. Likewise, the ASFI, with the IMF's technical assistance, developed a ML/TF risk matrix to determine the profile of the supervised entities and the inspection schedule. The components of this matrix are conceptually consistent with FATF guidelines, since they consider the following main risk factors: customers (type of customer: natural or legal persons, PEP customers and customers engaged in high-risk activities), products and/or services (23 lines of business), geographic risk factors (geographic areas: divided into Departments within Bolivia, and distinguishing between FATF cooperating and non-cooperating countries outside Bolivia), transactional risk factors by type of product or service (broken by type of currency), delivery channel (distribution channels), and type of entity (structural factors). The risk profiles of the supervised entities are determined according to the lines of business (significant business activities) and risk factors to which they are exposed.

555. In order to determine the mitigating measures, the qualitative information obtained from the inspections is considered, as well as the following aspects: corporate governance, policies, standards and procedures, risk management, internal control, compliance function, training/education, information systems, reporting and monitoring.

556. The following table shows the results of the 2018 to 2022 government administrations.

**Table 50. Conclusions of the risk matrix developed by the ASFI**

Type of entity	2018					2019					2020				
	Very high	High	Medium	Low	Very low	Very high	High	Medium	Low	Very low	Very high	High	Medium	Low	Very low
Multiple banks		5	7				5	6	1			2	10		
SME banks			2					2					2		
State-owned financial institutions or financial institutions in which the State has a majority stake		1		1			1		1			1		1	
Stock and non-stock cooperatives			23	7				22	8				23	8	
Housing financial institutions			3					3					3		
Development financial institutions				8				2	6				1	8	
Exchange offices											8	6	14	53	93
Armoured transportation service companies											1				1
Electronic card providers											1				1
Bonded warehouses											2				1
Mobile payment service providers														1	
Money order and remittance companies											3	1	1	1	1
Financial leasing companies				3					3					3	
Mutual fund management companies	3	2		1	1			2	3	2	2	2			2
Brokerage companies	1	1	4	4	2	3	2	1	5	1	3	2	1	5	1
Securitisation companies															

Type of entity	2021					2022				
	Very high risk	High risk	Medium risk	Low risk	Very low risk	Very high risk	High risk	Medium risk	Low risk	Very low risk
Multiple banks		2	10				4	8		
SME banks			1	1				2		
State-owned financial institutions or financial institutions in which the State has a majority stake		1	1				1	1		
Stock and non-stock cooperatives			22	9			5	32		
Housing financial institutions			3				3			
Development financial institutions			3	6				6	3	
Exchange offices	5	12	34	101	5	5	7	22	98	30

Armoured transportation service companies	1			1				2		
Electronic card service providers		1		1			1		1	
Bonded warehouses			1	1	1	1			1	1
Mobile payment service providers			1			1				
Money order and remittance companies		2		1	4	1		1	2	3
Financial leasing companies			3				1	2		
Mutual fund management companies	4	1		1	1	3	1	1		2
Brokerage companies	1	4		5	2	4	2	5		1
Securitisation companies			3				1	1		1

557. Based on the above, multiple banks, state-owned financial institutions, exchange offices, mobile payment service providers, mutual fund management companies and brokerage companies were identified as being more exposed to the ML/TF risk. It should be noted that, according to the results of the risk matrix shown in the preceding table, armoured transportation service companies and credit card service providers presented a very high risk in 2020, whereas in 2021 they presented a high and medium risk. However, according to the aforementioned risk assessment conducted by the reporting entities, based on the results of the sectoral risk assessment, the ML/TF threat and its relative importance are lower among complementary financial service providers. Additionally, the low materiality of these sectors is taken into consideration.

558. In the case of the APS, based on the sectoral risk assessment, the level of risk by type of entity has been determined since October 2022. Thus, the entities considered to be of higher risk were personal insurance companies, which sell life insurance or insurance policies with investment components, followed by general insurance and surety bond companies, reinsurance brokers and insurance brokers.

559. Likewise, the risk matrix implemented by the APS considers the calculation of gross risk, mitigating measures, net risk, inherent risk and structural factors. It is a qualitative and quantitative analysis tool to assess the risk factors of customers, products or services, geographic areas and delivery channels. Finally, the matrix analyses the control environment on the basis of the survey on ML/TF and PF to be filled by the reporting entities with quantitative and qualitative information related to corporate governance, risk management system, compliance (responsible officer/Compliance Committee), policies and procedures, internal and external controls, training and reporting.

560. As a result of the Methodology applied and the tool developed by the APS to determine the risks of the reporting entities, the ML/TF and PF risk profile identified for the insurance sector from the 2018 to 2023 administration is presented below.

**Table 51. Conclusions of the risk matrix developed by the APS**

Type of entity	2018					2019					2020				
	Very high	High	Medium	Low	Very low	Very high	High	Medium	Low	Very low	Very high	High	Medium	Low	Very low
Personal insurance companies	--	2	5	2	--	--	3	3	3	--	--	1	5	3	--
General insurance companies	--	2	5	2	--	--	3	4	2	--	--	1	4	4	--
Insurance brokers	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Reinsurance brokers	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Type of entity	2021					2022					2023 (*)				
	Very high risk	High risk	Medium risk	Low risk	Very low risk	Very high risk	High risk	Medium risk	Low risk	Very low risk	Very high risk	High risk	Medium risk	Low risk	Very low risk
Personal Insurance companies (*)	--	1	5	3	--	1	2	3	3	--	--	--	2	7	--
General insurance companies (*)	--	1	4	4	--	--	1	4	5	--	--	--	2	8	--
Insurance brokers	--	--	--	--	--	9		23	0	--	4	16	12	1	--
Reinsurance brokers	--	--	--	--	--	--	--	7	--	--	5	1	--	--	--

(\*) Source: ML/TF/PF risk matrix determination report for entities engaged in personal insurance, general insurance and surety bonds issued as of April 2023.

561. Both the ASFI and the APS have ML/TF risk supervision manuals, which include supervision types and processes, planning of on-site and off-site inspections, cycles, analysis of risk factors, and a section on risk profiles and matrices, which include, to a large extent, indicators to understand the risks of the reporting entities. Furthermore, as mentioned above, both authorities have applied their supervision with an RBA since 2014, which has been gradually reinforced and with the results of the NRA.

#### b) DNFBPs

562. The AJ performed a risk analysis on the only reporting entity which, to date, has a risk matrix and has a low level of ML/TF/PF risk. The matrix has a qualitative approach and considers the risk factors of the customer, transactions, services, geography and regulations, calculation of inherent risk, mitigating measures and the determination of residual risk. Therefore, it was concluded that it does not represent a high risk.

563. In addition, the AJ has exercised strict control over its reporting entities, and it has prepared a procedures manual for compliance with the specific instruction for ML/TF risk management, which has been applied in the inspections conducted. An average of three (3) annual inspections have been conducted, which have resulted in supervision reports, inspection records and warnings. Furthermore, at the date of the on-site visit, the AJ was updating its ML/TF risk management mechanisms, based on the threats and vulnerabilities identified in the NRA for the casino and gaming sector.

564. Considering that the specific instructions on ML/TF risk management for the sector is relatively new (2021), the DIRNOPLU has recently prepared a general report on the sector's compliance status, which has led to progress towards understanding and monitoring risks. In this regard, as of the date of the on-site visit, the supervisor of notaries had the following support tools:

- Rules of procedure to supervise compliance by notaries offices and notaries public with the AML/CFT regulations with an RBA (November 2022).
- Risk matrix
- SIBER system
- Guidance on risk assessment and mitigation in the supervision of compliance with the AML/CFT/CFP regulations by notaries offices and notaries public.
- User manual based on a risk approach – SIBER, which provides information online, retrieves data and issues conclusions online, facilitating the collection of information.

565. According to the Guidance on risk assessment and mitigation for notaries, the matrix considers the following risk factors: customers, services, geographic regions, delivery channels or service delivery, which yields individual residual risk for notaries to prioritise field visits (on-site supervisory procedures). It should be noted that the risk matrix is associated with the off-site supervisory procedure, using the SIBER system to receive and process the information. As of the date of the on-site visit, it was reported that there were 665 notaries who were actively operating. This sector was assessed in 2023; as indicated by the DIRNOPLU, 43 out of the total number of notaries represents a high risk.

566. In turn, the AEMP is in the process of preparing a risk-based supervision manual and a Guidance on risk assessment and mitigation in the supervision of compliance with the regulations issued for DNFBPs. Although the AEMP has disseminated the corresponding documents, they have not been used to understand the ML/TF risks faced by the reporting entities and their activities.

567. The SENARECOM is the natural supervisor of dealers in precious metals and stones. However, it is not empowered to conduct AML/CFT supervision. Regarding transactions with virtual assets, reporting entities should report the transactions involving cryptoassets as suspicious transactions to the FIU. The FIU received 307 STRs. In turn, the ASFI supervises the effectiveness of prevention and control mechanisms to comply with the prohibition established by Board Resolution 144/2020, with Resolution 1125/2022.

#### *Risk-based supervision of compliance with AML/CFT requirements*

##### **a) Financial system**

568. The ASFI has conducted risk-based supervision on the ML/TF risks of the reporting entities since 2014 and has on-site and off-site supervisory procedures for the different types of entities under its supervision, which provide for the following aspects: i) off-site supervision includes the continuous and general assessment of the administration office and the ML/TF risk management carried out by the entities supervised, follow-up of the action plans arising from the inspections and procedures related to the risks

based on the information submitted by the entities supervised, and ii) on-site supervision aims at assessing in the field the administration and management of ML/TF risks carried out by the entities supervised.

569. The ASFI uses the matrices prepared to define the supervision plans, which are developed semi-annually with quantitative and qualitative inputs. The results of this exercise allow for the preparation of an inspection schedule, considering FIs' level of exposure to the ML/TF risk. The description of the methodology applied to prepare said matrices is detailed in the respective Instructions for the ML/TF risk matrix of the entities supervised by the ASFI.

### **On-site supervision**

570. The ASFI's Supervision Divisions prepare their inspection schedules up to the month of December of each year. In order to select the entities to conduct an on-site visit, the following factors are considered: 1- prioritising the FIs that have the highest level of exposure to ML/TF risk according to the risk matrix (off-site tool), and 2- critical aspects regarding FIs' ML/TF risk based on several sources of information (reports on other risks, internal/external audit reports, national or international press reports, recommendations or communications from the FIU, others reports or communications from other government agencies or agencies engaged in the fight against ML/TF offences). The inspection schedule is determined based on the size, complexity of transactions and level of ML/TF risk of the FI subject to supervision. The supervisory procedure ends when feedback is provided to the supervised entity during different instances, which are related to risk management to remedy deficiencies. The report is prepared in the office, including all the conclusions identified in the field work, which are subsequently sent to the supervised entity.

571. Based on the above, the country conducts two types of supervision, namely ordinary and special, as applicable. On the one hand, ordinary supervision is the supervision conducted according to a defined schedule, which is confidential and is not informed to the reporting entity. On the other hand, special supervision is aimed at assessing specific issues related to the ML/TF risk management by the reporting entities. In other words, the latter is intended to make specific work as a result of off-site monitoring or situations identified during the ordinary inspections, follow-up inspections or upon the request of the ASFI's highest executive authority and directors or by any other competent authorities in the country. The manuals also set forth follow-up inspections, implemented in recent years, to verify compliance with the schedule and remedial actions established in the action plan submitted by the supervised entity, which is based on the observations identified during ordinary inspections. According to what was mentioned by the supervisors during the interview, ordinary and special inspections last from 4 to 5 weeks, especially in the case of entities with high-risk profiles.

### **Off-site supervision**

572. Off-site supervision includes considering procedures, monitoring action plans related to ML/TF risks and generally assessing the information related to reporting entities' risk management from the office. The task of considering procedures is focused on analysing the information received in relation to ML/TF risks and issuing a response letter, if applicable, as well as reviewing periodic reports sent by the reporting entities. In this regard, the ASFI receives reports on an annual or semi-annual basis, as applicable.

573. Within the framework of these inspections, the action plans including the remedial actions for the reporting entities are analysed, in order to correct the deficiencies identified during the inspections and determine the relevance of said actions, the responsible persons and the implementation periods.

574. The general assessment of ML/TF risk management is made in the office, using the information sent on a regular basis by the reporting entities as main input in order to determine the degree of effectiveness of risk management, level of compliance with the regulations related to ML/TF risks and other related relevant aspects implemented by FIs.

575. Additionally, the ASFI has an instruction for on-site/off-site inspections and for preparing ML/TF risk matrices for supervision.

576. Regarding the frequency of the on-site supervision, intermediary financial institutions and complementary financial service providers are supervised in periods that do not exceed two years per entity. Some inspections are conducted less frequently, considering the level of risk.

577. Moreover, the ML/TF risk supervision manual for the securities market establishes that off-site supervision will be carried out by the first-line supervisor/analyst. The periodicity/frequency is not greater than 12 (twelve) months for high-risk entities, 24 (twenty-four) months for medium-risk entities and 36 (thirty-six) months for low-risk entities. Based on the above, the off-site supervisor prepares a brief report on the conclusions of the examination and assessment conducted, also documenting recommendations.

578. The statistics on on-site and off-site inspections by type of entity performed between 2018 and April 2023 are presented below:

**Table 52. Number of on-site/off-site inspections conducted by the ASFI**

Type of entity	2018		2019		2020	
	On-site inspections	Off-site inspections	On-site inspections	Off-site inspections	On-site inspections	Off-site inspections
Multiple banks	6	78	3	74	7	79
SME banks	0	12	2	14	0	12
State-owned financial institutions or financial institutions in which the State has a majority stake	1	13	1	13	1	13
Housing financial institutions	2	20	1	19	2	20
Development financial institutions	0	40	0	45	6	51
Stock and non-stock cooperatives	14	164	15	165	5	160
Exchange offices	27	27	47	47	41	190
Armoured transportation service companies	1	6	0	4	2	6
Electronic card service providers	6	6	0	4	2	6
Information bureaux	0	0	3	0	0	0
Bonded warehouses	0	4	2	8	1	7
Mobile payment service providers	0	4	1	5	1	3
Money order and remittance companies	5	12	5	10	4	11

Financial leasing companies	1	19	1	19	1	19
Mutual fund management companies	0	0	0	0	0	0
Brokerage companies	1	0	1	0	1	0
Securitisation companies	0	0	0	0	0	0
<b>Total</b>	<b>64</b>	<b>405</b>	<b>82</b>	<b>427</b>	<b>74</b>	<b>577</b>
<b>Type of entity</b>	<b>2021</b>		<b>2022</b>		<b>2023</b>	
	<b>On-site inspections</b>	<b>Off-site inspections</b>	<b>On-site inspections</b>	<b>Off-site inspections</b>	<b>On-site inspections</b>	<b>Off-site inspections</b>
Multiple banks	2	74	7	92	0	12
SME banks	2	14	0	14	0	2
State-owned financial institutions or financial institutions in which the State has a majority stake	1	13	0	15	1	2
Housing financial institutions	2	20	2	23	0	3
Development financial institutions	3	48	1	56	0	9
Stock and non-stock cooperatives	16	192	11	240	1	39
Exchange offices	96	253	37	369	3	3
Armoured transportation service companies	0	4	2	8	0	2
Electronic card service providers	0	4	2	8	0	2
Information bureaus	2	0	0	0	0	0
Bonded warehouses	0	6	1	11	0	3
Mobile payment service providers	1	3	4	4	0	1
Money order and remittance companies	1	8	0	17	0	6
Financial leasing companies	2	19	1	22	0	3
Mutual fund management companies	2	0	3	15	0	15
Brokerage companies	4	0	1	12	0	12
Securitisation companies	0	0	0	3	0	3
<b>Total</b>	<b>134</b>	<b>658</b>	<b>72</b>	<b>909</b>	<b>5</b>	<b>117</b>

579. The following table includes some details and the type of inspection, whether general ordinary inspection, follow-up inspection, preliminary or special inspection, according to the supervisors' control needs.

**Table 53. Type of inspection conducted by the ASFI**

Type of entity	2018			2019			2020		
	Ordinary inspection	Follow-up inspection	Special inspection	Ordinary inspection	Follow-up inspection	Special inspection	Ordinary inspection	Follow-up inspection	Special inspection
Multiple banks	6	0	0	3	0	0	7	0	0
SME banks	0	0	0	2	0	0	0	0	0
State-owned financial institutions or financial institutions in which the State has a majority stake	1	0	0	1	0	0	1	0	0
Housing financial institutions	2	0	0	1	0	0	2	0	0

Development financial institutions	0	0	0	0	0	0	4	0	2
Stock and non-stock cooperatives	12	2	0	14	1	0	5	0	0
Financial leasing companies	1	0	0	1	0	0	1	0	0
Exchange offices	27	0	0	47	0	0	41	0	0
Mobile payment service providers	0	0	0	1	0	0	1	0	0
Money order and remittance companies	5	0	0	5	0	0	4	0	0
Mutual fund management companies	0	0	0	0	0	0	0	0	0
Brokerage companies	1	0	0	1	0	0	1	0	0
Securitisation companies	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>55</b>	<b>2</b>	<b>0</b>	<b>76</b>	<b>1</b>	<b>0</b>	<b>67</b>	<b>0</b>	<b>2</b>
<b>Type of entity</b>	<b>2021</b>			<b>2022</b>			<b>2023</b>		
	<b>Ordinary inspection</b>	<b>Follow-up inspection</b>	<b>Special inspection</b>	<b>Ordinary inspection</b>	<b>Follow-up inspection</b>	<b>Special inspection</b>	<b>Ordinary inspection</b>	<b>Follow-up inspection</b>	<b>Special inspection</b>
Multiple banks	1	1	0	7	0	0	0	0	3
SME banks	2	0	0	0	0	0	0	0	0
State-owned financial institutions or financial institutions in which the State has a majority stake	1	0	0	0	0	0	1	0	0
Housing financial institutions	2	0	0	1	1	0	0	0	0
Development financial institutions	2	1	0	1	0	0	2	0	0
Stock and non-stock cooperatives	13	3	0	9	1	1	1	0	0
Financial leasing companies	1	0	0	1	0	0	0	0	0
Exchange offices	96	0	0	37	0	0	3	0	0
Mobile payment service providers	0	0	1	0	0	0	0	0	0
Money order and remittance companies	1	0	0	4	0	0	0	0	0
Mutual fund management companies	2	0	0	3	0	0	0	0	0
Brokerage companies	4	0	0	1	0	0	0	0	0
Securitisation companies	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>125</b>	<b>5</b>	<b>1</b>	<b>64</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>0</b>	<b>3</b>

580. According to said information, it is possible to observe that follow-up and special inspections have been on-site since 2021 and 2022, respectively. However, given the limited number of these types of inspections, the supervisors stated during the interview that the follow-up of action plans (follow-up inspections) in previous years were performed off-site and verified during the next regular on-site visit.

581. To comply with the supervision of intermediary financial institutions and complementary financial service providers on ML/TF risks, the ASFI has 11 specific AML/CFT supervisors. Considering the supervisors assigned to other risks (financial, technological, financial groups and legal risks), there are a total of 130 supervisors. The ASFI reported that, due to the entity's structure, only 11 supervisors are in the AML/CFT area, all supervisors can perform supervisory tasks in AML/CFT matters. AML/CFT inspections are conducted by the supervisors of ML/TF risk area, together with supervisors specialised in technological and financial risks, since this type of inspections require support from other areas in order to strengthen the task performed. The assessment team considers that, for supervision activities, the ASFI has enough personnel that are appointed based on the size, the complexity of transactions and the ML/TF risk level of the FI subject to inspection.

582. The APS monitors and supervises the ML/TF risks of the insurance market, carrying out on-site and off-site supervisory procedures that are reflected in reports and recommendations, which are then reported to the reporting entities.

#### **On-site and off-site inspections by the APS**

583. The supervisors of the insurance sector determine the on-site supervision strategy and the execution time, by identifying the insurance companies with higher exposure to ML/TF/PF risk according to the supervision cycle and defining the annual inspection schedule. Supervisors also consider the selection of work schedules and the establishment of the necessary resources related to the budget, the time periods and the personnel that will conduct the on-site inspections.

584. The supervision cycle is defined based on risk: 6 to 12 months for high-risk profiles; 13 to 18 months for high-medium risk profiles; 19 to 24 months for medium risk profiles; 25 to 30 months for low-medium risk profiles; and 31 to 36 months for low-risk profiles. On-site supervision is conducted by approximately 29 supervisors.

585. Off-site supervision is applied to each reporting entity of the insurance market as part of a comprehensive supervisory procedure of the ML/TF risk management system.

586. Off-site supervision in the insurance market includes the following activities, among others: assessment of the quality of the information and technical-financial documentation sent by the insurance companies; verification of the information and documentation required in terms of ML/TF prevention; entry and validation of the information verified in the database about: structural factors, inherent risk and assessment of the control environment; assessment and determination of the ML/TF risk profile; and development of the supervision strategy. The off-site supervision strategy is reviewed when there are changes in the risk profile or when significant changes are identified within the insurance company. It should be noted that reviewing the semi-annual internal audit or special AML/CFT control reports and the ML/TF/PF control, prevention and reporting verification submitted annually by the external audit are also part of the off-site supervision process.

587. The statistics on on-site and off-site inspections conducted by entity, from 2018 to April 2023 are presented below:

**Table 54. Number of on-site/off-site inspections conducted by the APS**

Type of entity	2018		2019		2020	
	Off-site inspection	On-site inspection	Off-site inspection	On-site inspection	Off-site inspection	On-site inspection
Insurance companies, personal insurance	3	1	3	6	3	3
Insurance companies, general insurance	3	4	3	5	3	1
Insurance broker	2	0	2	1	2	1
Reinsurance broker	2	0	2	0	2	0
<b>Total</b>	<b>10</b>	<b>5</b>	<b>10</b>	<b>12</b>	<b>10</b>	<b>5</b>
Type of entity	2021		2022		May 2023	
	Off-site inspection	On-site inspection	Off-site inspection	On-site inspection	Off-site inspection	On-site inspection
Insurance companies, personal insurance	3	1	3	2	1	0
Insurance companies, general insurance	3	2	3	1	1	0
Insurance broker	2	6	2	8	3	1
Reinsurance broker	2	0	2	1	1	0
<b>Total</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>12</b>	<b>6</b>	<b>1</b>

588. Regarding the type of supervision, the APS's manuals set forth ordinary, follow-up and special inspections. According to the statistics submitted, ordinary inspections are prioritised; on-site follow-up inspections started to be conducted in 2019; and it is possible to observe that a special inspection was conducted in 2022. Considering the number of reporting entities, the importance of the market and the risks of the sector, there are opportunities for improvement in relation to the statistics on supervision.

**Table 55. Types of inspections conducted by the APS**

Type of entity	2018			2019			2020		
	Ordinary inspection	Follow-up inspection	Special inspection	Ordinary inspection	Follow-up inspection	Special inspection	Ordinary inspection	Follow-up inspection	Special inspection
Insurance companies, personal insurance	1	0	0	0	6	0	0	3	0
General insurance companies	4	0	0	5	0	0	0	1	0
Insurance broker	0	0	0	1	0	0	1	0	0
Reinsurance broker	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>0</b>

Type of entity	2021			2022			May 2023		
	Ordinary inspection	Follow-up inspection	Special inspection	Ordinary inspection	Follow-up inspection	Special inspection	Ordinary inspection	Follow-up inspection	Special inspection
Insurance companies , personal insurance	1	0	0	2	0	0	0	0	0
Insurance companies , general insurance	0	2	0	1	0	0	0	0	0
Insurance broker	6	0	0	8	0	0	3	2	0
Reinsurance broker	0	0	0	0	0	1	0	0	0
<b>Total</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>0</b>

589. In general, financial supervisors conduct off-site inspections to a large extent. According to the statistics, ordinary inspections prevail, which are planned in advance and higher risk profiles are prioritised. Within the framework of the on-site visit, it was mentioned that follow-up inspections are generally conducted during a second visit and, remotely, as part of the off-site monitoring process, using the action plans submitted and the audit reports received on a regular basis.

590. It is possible to observe that both the ASFI and the APS conduct risk-based supervision to a large extent, considering that they have developed support tools for risk management such as updated manuals with risk indicators, risk matrices, and instructions for preparing and implementing matrices.

591. Finally, it should be noted that the specific RBA instructions for exchange offices, money order and remittance companies, mobile payment service providers, intermediation activities in the securities market and activities related to said markets were updated. The update of the supervision manuals for the different types of FIs should also be highlighted.

### **DNFBPs**

592. As previously explained, the AJ conducts continuous inspections on the only reporting entity existing in this sector in accordance with the procedures manual to comply with the specific instruction. The manual provides for risk-based supervision activities, which may be enhanced or simplified. Regarding the modality, the AJ conducts quarterly off-site and on-site inspections. Likewise, it has developed internal control systems to daily monitor all the transactions made by the gambling operator through IT systems implemented to control table games and slots. Regarding ML/TF risks, from 2019 to 2022, the AJ conducted 22 inspections: 11 were off-site and 11 were on-site.

593. The DIRNOPLU has risk-based rules of procedure to supervise compliance with AML/CFT regulations and has planned off-site and on-site inspections. It should be noted that although these rules of procedure have been recently issued, and therefore the implementation of risk-based supervision is very recent in the sector, since the designation of the notary sector as reporting entity in 2021, the DIRNOPLU in compliance with its obligations, carries out routine supervisions and inspections, which were optimized

through the participation in the work tables and in the elaboration of the NRA, which allowed the consolidation of off-site and on-site supervisions with a RBA.

594. In off-site supervision, reporting entities will be monitored on compliance with the submission of STRs to the FIU. Such supervision will be conducted through reports, surveys, forms and/or reports required through instructions. In this regard, based on the SIBER system to receive and process information, the DIRNOPLU has performed its first off-site supervisory procedure, identifying that 665 notaries are currently providing their services. Out of this number, 43 notaries offices presented a high risk and were subject to on-site supervision during 2023. Based on the interviews held with the supervisor, it was reported that some notaries offices had already received recommendation reports, especially those located in the municipalities near La Paz. The rest of the recommendations were being sent at the time of the on-site visit.

595. Regarding the periodicity of the inspections, the DIRNOPLU is empowered to conduct off-site and on-site supervision on an annual basis. Nevertheless, where necessary, extraordinary inspections may be conducted, in order to verify compliance with the preventive measures by the sector according to its obligations.

596. It is possible to observe that the AJ has a greater maturity in terms of supervision and elaboration of manuals, matrices and technological tools for the sector. In turn, the DIRNOPLU has conducted off-site and on-site inspections with the recently implemented RBA; however, the DIRNOPLU's supervisory procedures require greater maturity.

597. Finally, the AEMP has not conducted any type of AML/CFT supervision, since it has been recently designated as AML/CFT supervisor. Additionally, the sector under its supervision is considered to be a high-risk sector in the country. In this regard, it should be noted that the fact that the AEMP does not have enough resources to supervise compliance with the obligations established is mentioned as a vulnerability in the NRA.

598. The SENARECOM is the natural supervisor of the dealers in precious metals and stones. However, it is not empowered to conduct AML/CFT supervision yet.

*Remedial actions and effective, proportionate, and dissuasive sanctions*

**a) Financial system**

599. As previously analysed, the ASFI and the APS conduct on-site and off-site inspections. According to the procedures established in the AML/CFT supervision regulations and manuals, in case of non-compliance with these obligations, as a first measure, remedial actions, such as observations or recommendations, are applied to the reporting entities. Supervisors control compliance with these remedial actions, mainly supported by internal audit reports on the level or degree of implementation of the action plans agreed with the supervised entities. In general terms, the reporting entities should comply with the action plan within a reasonable period established by them, which is verified through off-site supervision and during the next ordinary on-site inspection.

600. In order to comply with the remedial actions aimed at remedying the deficiencies observed during the inspections, each reporting entity elaborates an action plan that establishes the corrective actions, the responsible persons and the implementation periods. The ASFI assesses said action plan to determine, among other aspects, if the implementation period is reasonable based on the action proposed. Likewise, at the end of the on-site inspection, the APS requests the corrective action plan from the legal representative, which should be met within the terms established by the reporting entities. The terms vary according to the characteristics of each observation, and these aspects are subject to off-site and/or on-site monitoring.

601. The following table indicates the number of observations made by the ASFI to intermediary financial institutions, complementary financial service providers and the securities market between 2018 and April 2023.

**Table 56. Observations made by the ASFI and compliance with remedial actions by the reporting entities**

Type of entity	2018		2019		2020		2021		2022		2023	
	Observations made during the inspection	Observations addressed as of 30.04.2023	Observations made during the inspection	Observations addressed as of 30.04.2023	Observations made during the inspection	Observations addressed as of 30.04.2023	Observations made during the inspection	Observations addressed as of 30.04.2023	Observations made during the inspection	Observations addressed as of 30.04.2023	Observations made during the inspection	Observations addressed as of 30.04.2023
Multiple banks	80	80	92	92	193	193	171	171	310	246	0	0
SME banks	0	0	52	52	0	0	59	59	0	0	0	0
State-owned financial institutions or financial institutions in which the State has a majority stake	0	0	35	35	0	0	81	81	0	0	21	0
Stock and non-stock cooperatives	280	274	389	348	142	142	581	575	507	257	36	0
Housing financial institutions	0	0	33	33	0	0	30	30	89	86	0	0
Development financial institutions	0	0	0	0	220	218	74	71	33	32	39	0
Exchange offices	107	94	274	192	380	98	401	101	769	0	13	0
Armoured transportation service companies	0	0	158	158	0	0	154	144	0	0	0	0
Electronic card service providers	125	125	0	0	116	111	0	0	0	0	0	0
Information bureaux	0	0	203	203	0	0	68	68	102	99	0	0
Bonded warehouses	0	0	0	0	137	133	112	112	0	0	0	0
Mobile payment service providers	80	80	0	0	48	47	48	48	0	0	0	0
Money order and remittance companies	148	148	473	331	297	217	222	161	129	124	0	0



Financial leasing companies	0	0	33	33	34	34	32	32	52	26	0	0
Mutual fund management companies	0	0	0	0	0	0	91	87	99	24	0	0
Brokerage companies	38	38	34	34	32	32	129	125	22	10	0	0
<b>Total</b>	<b>858</b>	<b>839</b>	<b>1776</b>	<b>1511</b>	<b>1599</b>	<b>1225</b>	<b>2253</b>	<b>1865</b>	<b>2112</b>	<b>904</b>	<b>109</b>	<b>0</b>
<b>% remedied</b>	<b>98%</b>		<b>85%</b>		<b>77%</b>		<b>83%</b>		<b>43%</b>			

602. Based on the above, 72% of the observations identified by the ASFI have been met. The observations were mostly for exchange offices, transportation or storage of securities or money values, electronic card service providers, information bureaux, bonded warehouses, deposits, mobile payment service providers, money order and remittance companies, and financial leasing companies. Before the 2019 administration, the observations were made due to: 1) deficiencies in the development and implementation of AML/CFT policies, standards and procedures; 2) lack of support and involvement of the Senior Management of the supervised entities to manage ML/TF risk; 3) poor performance of the different internal control instances of the reporting entities to effectively assist with ML/TF risk management. As of the 2020 administration, the main observations were made due to: 1) implementation and adjustment of the ML/TF risk measurement methodology; 2) errors in the parameterization of the AML/CFT information system; 3) deficiencies in the implementation of AML/CFT procedures.

603. It is considered that, to a large extent, the reporting entities implement the measures proposed in their action plans, which are presented with the purpose of correcting the observations determined in the inspection visits carried out by the ASFI. It has been observed a positive trend in the behaviour in said reporting entities, but it is considered that the country should continue monitoring compliance with these observations, particularly by complementary financial service providers, which represent a higher and possible risk for ML in the country.

604. In the case of findings during inspections that are deemed as being more serious, the actions by financial supervisors are subject to general rules applicable to administrative proceedings in the Financial Regulatory System (SIREFI), as well as administrative proceedings for the filing of administrative appeals.

605. In addition to remedial actions, pursuant to Bolivian regulations, the ASFI may apply administrative sanctions in case of failure to comply with AML/CFT obligations. In this regard, it was possible to observe that economic sanctions have been applied to the reporting entities to a lesser extent than remedial actions, which can be considered that have been effective to a certain extend for this sector, since these have led to the change in behaviour of the reporting entities, considering the level of compliance made to the action plans, which are verified by the supervisor through the Internal Audit and subsequent follow-up visits.

606. For the entities supervised by the ASFI, the sanctioning process is initiated on the basis of the results of on-site or off-site supervision, and a technical report including the respective regulatory breaches identified is prepared. In accordance with the Procedures Manual of the ASFI's Legal Affairs Division (DAJ), in order to initiate the process, a summons letter and a charges report are sent. The latter is submitted to the DAJ for revision, which will later forward it to the highest executive authority for its signature and

finally notify the supervised entity of the alleged breaches. Once this stage is completed, the answers to charges are assessed and the sanctioning resolution is prepared, which is informed to the infringing entity. In turn, the infringing entity has 15 (fifteen) administrative working days following the notice of service to file the corresponding legal challenge.

607. In the period between 2017 and 17 April 2023, the ASFI’s Supervision Divisions carried out six hundred twenty-five (625) sanctioning processes imposing “administrative” sanctions to intermediary financial institutions, complementary financial service providers and securities market companies for breaches to their specific instructions. In this regard, it is possible to observe that 66% of the sanctions applied to the reporting entities are written warnings. In this sense, it is worth highlighting that written warnings and fines have been published on the ASFI web portal since 2016 in order to impact the reputation of the IF<sup>15</sup>. The publications have details of the number of resolutions, and the non-compliance action which was sanctioned, these are updated quarterly by the entity.

608. Likewise, during the same period analysed, sanctioning processes were carried out against the reporting entities for delays in the submission of information on a regular basis. Therefore, in compliance with the Rules of Procedure for the application of fines for delays in the submission of information contained in the ASFI’s Compilation of Regulations for Financial Services (RNSF), financial sanctions were applied to intermediary financial institutions and complementary financial service providers. Specifically, sanctions were applied to multiple banks, SMEs and productive development entities, credit information bureaus, stock and non-stock cooperative associations, money remitters, mobile payment service providers, armoured transportation service companies, development financial institutions, housing financial institutions and financial leasing companies.

609. The summary of the sanctions applied between 2018 and April 2023 for non-compliance by the reporting entities with their AML/CFT obligations is presented in the following table:

**Table 57. Summary of sanctions applied by the ASFI**

Year	Total number of sanctions	Number of sanctions with warnings	Number of economic sanctions	Amount of financial penalties	Amount of financial penalties
				(expressed in BOB)	(expressed in USD)
2018	319	254	65	114,550.00	16,458.33
2019	110	85	25	73,950.00	10,625.00
2020	44	8	36	116,830.00	16,785.92
2021	69	25	44	35,850.00	5,150.86
2022	67	30	37	9,475.00	1,361.35
2023	16	13	3	41,636.24	5,982.22
<b>Total</b>	<b>625</b>	<b>415</b>	<b>210</b>	<b>392,291.24</b>	<b>56,363.68</b>

<sup>15</sup> EIF: <https://www.asfi.gob.bo/index.php/lgift/resoluciones-sancionatorias-ds-910/intermediacion-financiera.html>  
 ESFC: <https://www.asfi.gob.bo/index.php/lgift/resoluciones-sancionatorias-ds-910/servicios-financieros-complementarios.html>  
 EMV: <https://www.asfi.gob.bo/index.php/lgift/resoluciones-sancionatorias-ds-910/mercado-de-valores.html>

610. Regarding the APS, based on the results of the inspections, what is sought as a first step is that reporting entities modify their conduct by remedying the deficiencies identified and presented in their action plans. For this sector, the low materiality they represent in the country is considered.

611. The deficiencies identified in the on-site inspections conducted by the APS are presented below:

**Table 58. Deficiencies identified by the APS and compliance with remedial actions**

Year	2019		2020			2021			Total	
	Deficiencies is identified	Deficiencies remedied according to the internal audit report	Deficiencies identified	Deficiencies remedied	Deficiencies remedied according to the internal audit report	Deficiencies identified	Deficiencies remedied	Deficiencies remedied according to the internal audit report	Deficiencies identified	Deficiencies remedied
Personal insurance companies	74	64	20	9	12	0	0	0	94	76
General insurance companies	0	0	15	10	10	8	3	5	23	15
<b>Total</b>	<b>74</b>	<b>64</b>	<b>35</b>	<b>19</b>	<b>22</b>	<b>8</b>	<b>3</b>	<b>5</b>	<b>117</b>	<b>91</b>
<b>% remedied</b>		<b>86%</b>			<b>63%</b>			<b>63%</b>		<b>78%</b>

612. Based on the analysis, it is possible to observe that from 2019 to 2021, approximately 78% of the recommendations were largely remedied. During the interview of the on-site visit, it was reported that no recommendations were given in 2018 and that the follow-up inspections began in 2019. Likewise, no recommendations were made during 2022 and 2023 administrations. However, it is stated that on-site and off-site inspections were conducted in those periods.

613. According to the data analysed, the reporting entities complied with remedial actions. From the verification of the level of compliance with the recommendations, it is observed that the remedial actions also led to a positive trend in the change of behaviour of the reporting entities, and there have been no recurrences on the same issues.

614. Additionally, where applicable, the APS is also empowered to apply administrative sanctions. In this regard, it is empowered by law, like the ASFI, to apply a wide range of sanctions, from warnings to the revocation of the operating license. Likewise, the APS publishes the sanctions applied on the website<sup>16</sup>

615. In this regard, the sanctions applied by the APS during the assessed period are detailed below:

**Table 59. Sanctions applied by the APS**

Year	Type of offence identified		Amount in BOB	Amount in USD
	Warning	Fines		
2018	49	3	8,000	1,149

<sup>16</sup> <https://www.aps.gob.bo/index.php/seguros/normativa>



2019	46	13	13,000	1,868
2020	21	12	15,000	2,155
2021	52	15	27,000	3,879
2022	11	5	7,000	1,006
2023	4	4	-	
Total	183	52	70,000	10,057

616. The fines imposed in the assessed period amount to approximately USD 10,057 (ten thousand fifty-seven 00/100 dollars). Said fines were applied for non-compliance with the submission of reports as established by the regulations of the supervisory authority, which was identified during an off-site inspection. Regarding APS sanctions, 235 sanctioning processes were carried out, of which 78% were written reprimands, also public.

617. According to the information provided and the data mentioned above, it is possible to observe that FIs' supervisory authorities have applied sanctions such as warnings and, to a lesser extent, fines to the reporting entities supervised by the ASFI and the APS. It is important that sanctions continue to be strengthened to be dissuasive and effective. However, based on the above, the assessment team considers that the remedial actions and, to a lesser extent, the sanctions applied, have improved compliance with AML/CFT obligations.

#### **b) DNFBPs**

618. Within the framework of its powers, the AJ has issued internal administrative documents (inspection records) during each inspection conducted containing recommendations for reporting entities on activities to improve its prevention and control capacities at the casino.

619. Warnings are issued when a specific instruction is breached, which implies a remedial action within a certain period. In this regard, ten (10) recommendations have been made from 2019 to 2023, which were satisfactorily remedied in April 2023.

620. Considering the evidence collected during the on-site visit, the recommendations were remedied to a large extent by the reporting entities and were not made on serious grounds in accordance with the standard. The measures applied are reasonable so far.

621. In turn, the DIRNOPLU is empowered to recommend remedial actions on the findings of on-site and off-site inspections. As at the date of the on-site visit, the assessment team was informed of the first off-site inspection conducted online on notaries through the SIBER system. Likewise, an on-site inspection was carried out on notaries having a high ML/TF risk profile, which resulted in recommendation reports sent to 43 notaries, 19 of which were in La Paz and 19 in Santa Cruz. However, these reports were being sent to notaries, so it was not possible to analyse statistics on the level of compliance.

622. In cases of serious offences, the regulations and the Protocol for Administrative Disciplinary Proceedings in the Notarial Service set forth the type of sanctions that can be applied to the sector. The

administrative disciplinary regime of the notarial sector can be divided into two stages: i) the stage of application of remedial actions, and ii) the administrative disciplinary proceeding itself, which derives in the corresponding sanction. In the second case, suspension or disqualification are considered. Notwithstanding the above, applying remedial actions is not imperative; thus, a disciplinary proceeding may be directly initiated in case of non-compliance by notaries. In this regard, there are 3 ongoing cases in which disciplinary proceedings were applied without waiting for the application of a remedial action.

623. Based on the above, the DIRNOPLU has initiated disciplinary proceedings related to ML/TF prevention as indicated below:

**Table 60. Disciplinary proceedings initiated against notaries for non-compliance with AML/CFT obligations**

DEPARTMENT	NUMBER	LEGAL GROUNDS	STATUS
COCHABAMBA	1	Failure to comply with the provisions of the Instruction for notaries offices and notaries on ML/TF/PF matters	Discovery stage
ORURO	1	Failure to fill out the “off-site” supervision form – Failure to comply with the Instruction	Initiated
POTOSÍ	1	Failure to register the notary public as a reporting entity in the FIU’s Caronte system.	Discovery stage

624. Considering its prudential power, the DIRNOPLU has initiated legal proceedings against notarial services that are conducted irregularly. In this regard, in 2021 and 2022, 1 and 2 sanctions were applied, respectively. The former was applied in the case of a notary that continued performing activities after the termination date, while those of 2022 were applied due to individuals or lawyers providing notarial services without being notaries public. Likewise, they have reported disciplinary proceedings to notaries for prudential purposes, accounting for a total of 1,175 in the period from 2018 to April 2023.

625. To date, the AEMP has not conducted supervision on its reporting entities; therefore, no sanctions have been applied in terms of ML/TF risk prevention.

626. The SENARECOM is not yet empowered to supervise dealers in precious metals and stones and apply sanctions to them in AML/CFT matters.

*Impact of supervisory actions on compliance*

**a) Financial sector**

627. As previously indicated, during the on-site inspections conducted by the ASFI, each supervised entity is assessed in relation to ML/TF risk management, the work performed by the responsible officer before the FIU and/or the Compliance Unit, the Board of Directors or equivalent body. As a result of said assessment, the ASFI has made pertinent observations for the entities to elaborate their action plans, including the remedial actions to address deficiencies.

628. In this regard, during the assessed period, the ASFI made 8,707 observations or recommendations to its supervised entities with respect to deficiencies identified, and 6,344 of said deficiencies were remedied. Most of the observations were aimed at complementary financial service providers, whose risk profiles coincide with the materiality of the sector, either by level of risk, number of reporting entities, business model and scope of operations. Considering the above, it is observed that the remedial actions applied to this sector are effective and dissuasive, since the observations made to this sector have been remedied to a large extent according to the preceding table.

629. Regarding the insurance sector, following on-site inspections, the APS also sends observation reports to the reporting entities, which are related to corrective measures that should be met within a period established to implement the duly approved action plan. In this regard, according to the statistics presented, 117 observation reports were issued between 2018 and 2022, and 91 of them were addressed and the deficiencies remedied, i.e. approximately 78%.

630. In general, the actions taken by the supervisors of FIs contributed to the understanding of the risks and change of conduct of the reporting entities.

#### **b) DNFBNs**

631. Since the 2019 administration, the AJ has conducted supervision on the only reporting entity that is within its scope of competence, and has issued 10 recommendations (warnings), 100% of which have been fully addressed based on what was reported. In this regard, it is possible to observe that the supervisor's recommendations have had a remedial effect, leading to a change in the management of the reporting entities.

632. The DIRNOPLU, through the directors of the Plurinational Notary's Office, has required notaries to submit the annual report on compliance with the instructions issued by the FIU regarding their AML/TF/PF obligations. For this purpose, a report template that contained 9 criteria indicated by the FIU was sent. In this regard, it has been possible to collect information from September to December 2021, resulting in 691 notary reports and a total of 6,219 data verified. This contributed to preparing the regulation and Guidance on the supervision of the sector.

633. Based on the data presented and the interviews conducted in the framework of the on-site visit, the assessment team considers that the supervisor's outreach to the sector has improved and that the sector has shown interest in complying with AML/CFT obligations. However, the impact is limited, since the deficiencies identified in 2023 (February-March) are still in the process of being remedied.

634. In addition, during the on-site visit, information was provided regarding the training sessions provided by the supervisor and the FIU, which have contributed to the understanding of AML/CFT obligations, mainly on STR issues and how to improve their quality.

635. According to the statistics provided by the FIU on the submission of STRs (see IO.6), there has been an increase during 2021 and 2022. This period coincides with the designation of notaries and casinos as reporting entities, which have significantly contributed to the total amount. However, according to an interview with the FIU, an improvement in the quality of STRs of DNFBPs is required, which is why the FIU has provided joint training in this regard with the respective supervisors to provide feedback on the matter and unify criteria. The reporting entities have valued this action positively since they have mentioned that many of the reports were by the supervisor's recommendation.

636. Regarding lawyers, accountants and real estate agencies, given their recent designation as reporting entities, the AEMP is in the process of developing AML/CFT supervision mechanisms. In this regard, it was not possible to observe compliance by the supervisor regarding these reporting entities.

*Promoting a clear understanding of AML/CFT obligations and ML/TF risks*

**a) Financial sector**

637. The ASFI provides its reporting entities with feedback during on-site supervisory procedures. Said feedback is given in meetings and presentations to the members of the Board of Directors and equivalent body, executive body, responsible officer and other officials involved in ML/TF risk management. In these meetings, all the deficiencies identified during the on-site inspection are communicated so that the persons involved become aware of such deficiencies and an action plan is prepared for remedy purposes. In this regard, 401 feedback meetings were held with FIs following the on-site inspections conducted from 2018 to 2023.

638. Likewise, the APS provides feedback during on-site and off-site inspections to promote a clear understanding by the reporting entities of their AML/CFT obligations. Once the on-site inspection is completed, the observations are made to the executive authorities of the reporting entities through the reading of the closing inspection record, stating the importance of implementing risk-based management. In this regard, from 2018 to 37 April 2023 37 feedback reports were provided.

639. Additionally, the APS answers queries made by the reporting entities regarding ML/TF risks, which turns into feedback for improvement purposes. From 2018 to 2023, 30 sectoral dialogues were held. Likewise, during the 2022 and 2023 administrations, 4 master training sessions were provided to associations in the insurance sector.

**b) DNFBPs**

640. The AJ has established a feedback procedure on AML/CFT measures as a result of the observations and the findings of the supervision conducted on the reporting entities. In this regard, a training workshop or

a working meeting will be organised to promote direct communication with the responsible officer, so as to discuss issues that were not clear and provide training to consolidate knowledge in an interactive way.

641. Likewise, the AJ has published information on its website related to the fight against ML in games of chance and casinos, including the 40 FATF Recommendations, the specific instructions for the prevention and management of ML/TF risks for the sector, frequently asked questions for operators and international lists for verification and consultation purposes.

642. In 2019 and 2023, the AJ organised and developed 9 training sessions for the sector of casinos and games of chance.

643. In turn, the DIRNOPLU, in coordination with the FIU, has disseminated the information to notaries in the following scheduled training events:

- ML/TF typologies – FIU
- Training workshop on the NRA and the FATF 40 Recommendations
- International Webinar – FATF Recommendations for notaries public
- Training on the operating procedures manual for the detection, prevention, control and reporting of ML/TF and/or predicate offences with a risk-based approach

644. In the 2018-2022 period, the FIU's Training and Supervision Unit (UCS) provided face-to-face and online training for the responsible officers (among others) of the reporting entities, both in the financial sector and DNFBPs. In this regard, 56 training sessions were held, in which 2,593 and 5,221 people were trained in person and remotely, respectively. The content of the courses dealt with the AML/CFT regulatory framework, due diligence, PEP, internal audit reports, the FATF 40 Recommendations and evaluation methodology, regime for the prevention of money laundering and terrorist financing (ML/TF) in the designated non-financial business and professions (DNFBP) and their supervision, the Némesis system (information report), supervision guidelines and directives, suspicious transaction reports – STR, investigation and prosecution of money laundering and terrorist financing offences, management of seized and forfeited assets, and other issues related to the prevention, investigation and prosecution of ML/TF.

645. The assessment team considers that the efforts made by the FIU to provide training activities aimed at covering sectors and various AML/CFT topics have been useful for strengthening the understanding ML/TF risks. The training has been given to public and private sector: 2,593 people trained remotely and 5,221 people trained in person.

646. It should also be noted that the FIU, in coordination with the United Nations Office on Drugs and Crime (UNODC), prepared a publication in August 2021 titled “Money laundering typologies” on the probability of occurrence of ML offences in some sectors, which was distributed to the competent authorities and the AML/CFT sectors of the country.

647. Likewise, the FIU has prepared a range of communication material on the impact of understanding ML/TF risks aimed at the responsible officers of the reporting entities, citizens, entrepreneurs and public

officials. This material included programmes, spots, radio spots, short films and brochures and was aimed at raising awareness and strengthening knowledge about the preventive measures of the AML system and its consequences in the family and social environment. The material was provided in training sessions, the media and digital platforms, and a theatrical performance was also made.

648. Communication material (radio spots) was disseminated to urban and rural areas in the country, in native languages, as part of the communication strategy that includes all the sectors in the country.

649. Within the framework of the feedback and outreach to the reporting entities regarding technical aspects in the application of the preventive or casuistic measures presented in the operation, the FIU provided notaries with the email address *consultas.notarios@uif.gob.bo* to guide the sector in relation to their AML/CFT obligations. In this regard, the notarial sector made consultations on STRs, CDD, designation of the responsible officer, registration, among other questions. Between 2021 and 2023, it made 217 consultations.

650. Through the UCS and the Financial and Legal Analysis Division (DAFL), the FIU provided a series of training sessions on the quality of STRs and preventive measures. The purpose of these training sessions was to ensure that the reporting entities understand the characteristics, types of analysis and sources of information to be used when determining the quality of a transaction as suspicious. Likewise, the elements that should be included to support suspicious transactions reported to the FIU through the SISO V2 system were addressed. In the period from 2018 to 2022, 171 and 228 people were trained in-person and remotely, respectively, including officials of FIs and DNFBPs, except for the sectors of armoured transportation, electronic card service providers, real estate agencies, accountants and legal professionals, which have recently been incorporated as reporting entities.

651. The assessment team highlights the country's efforts in the training on STRs so that reporting entities understand the risks to which they are exposed and take the appropriate measures. Notwithstanding the above, it was possible to observe that supervisors do not conduct the training, except for the FIU's initiative.

652. Regarding DNFBPs that have been recently designated as reporting entities, no training cycles were observed, except for the dissemination of their specific instructions.

#### *Overall conclusion on IO.3*

653. The supervisory authorities of financial entities, casinos and notaries have procedures to control and prevent criminals and their associates from being part of financial institutions and DNFBPs, except for those recently incorporated as reporting entities. Notwithstanding, the AEMP, responsible for the supervision of real estate agencies, and those engaged in legal and accounting activities, has referred that the procedures to verify the suitability of partners or shareholders of these companies are contemplated in the supervision mechanisms to be implemented.

654. Regarding the understanding of ML/TF risks, there has been a better understanding by financial supervisors. As for the supervisors of the DNFBPs, it is possible to observe that the AJ and the DIRNOPLU

understand risks to a large extent and to a certain extent, respectively. Regarding the AEMP, it is observed a more limited understanding of the ML/TF risks than the other supervisors.

655. Financial supervisors conduct off-site and on-site inspections to a large extent. In the case of DNFBPs, it is possible to observe that the AJ and the DIRNOPLU have made progress in terms of supervision. In turn, the AEMP is in the process of implementing AML/CFT supervision to its reporting entities.

656. Regarding remedial actions and sanctions, in general financial supervisors apply remedial actions, such as recommendation/observation reports, which have been largely addressed by the reporting entities. Regarding sanctions, warnings were applied to a large and fines to a lesser extent, which implies that there are opportunities for improvement with regard to the application of proportionate and dissuasive sanctions. In the case of DNFBPs, the AJ has made observations to its unique reporting entity, which has addressed all the recommendations. The reporting entities that have been recently designated as such, as indicated above, at the moment of the on-site visit, were not supervised in AML/CFT matters, and therefore they did not receive observations or sanctions from the supervisor.

657. Regarding the impact of the actions applied by supervisors, compliance to a large extent with the remedial actions applied by the ASFI, the APS and the AJ is appreciated. However, risk-based supervision in the sectors of notaries, lawyers, accountants and real estate agencies should be implemented and strengthened. Regarding feedback and training, the supervisors' focus is to provide feedback after on-site inspections. However, more training sessions on preventive measures can be provided directly among supervisors and supervised entities.

658. Finally, it should be noted that, although the SENARECOM, the prudential supervisor of dealers in precious metals and stones, does not have AML/CFT supervision powers, it has implemented controls to authorise the exercise of this activity. VASPs are not reporting entities, and Bolivia has decided to prohibit the use, trade and negotiation of VA in the domestic payment system. The ASFI and the FIU monitor compliance with this obligation. It is considered that there is room for improvement to deepen the understanding of the sector and its ML/TF risks in order to strengthen control measures applicable to transactions with VA and, where applicable, VASPs.

659. Based on the above, Bolivia is rated as having a **moderate level of effectiveness for Immediate Outcome 3.**

## CHAPTER 7. LEGAL PERSONS AND ARRANGEMENTS

### *Key Findings and recommended actions*

#### **Key findings**

- Bolivia has established a legal framework that regulates the incorporation, types and registration of legal persons, in order to ensure public availability of basic and BO information.
- The basic information is public and is available to the competent authorities, in some cases, through public consultation, as is the case of the SEPREC, and, in other cases, through the submission of

written requests. For this reason, there is a moderate level of inter-agency cooperation among the competent authorities through the signing of cooperation agreements, except in the case of the registration of cooperative associations, since the Cooperative Supervision Authority (AFCOOP) does not have instruments and tools to encourage cooperation.

- The SEPREC is responsible for the public registry of commercial companies where basic and BO information is recorded. Additionally, the main authorities engaged in the registration and control of legal persons, such as the AEMP, the SEPREC and the SIN, have cooperation agreements with the FIU and other relevant authorities of the AML/CFT system. However, at the operational level, there are challenges for its effective use.
- The competent authorities understand to a certain extent the potential ML/TF risks associated with legal persons and arrangements. The recently published SRA should include legal arrangements and deepen the analysis of the TF risk related to corporations and partnerships limited by shares that are still permitted to issue bearer shares. In this regard, the understanding of the authorities responsible for prosecuting crime of how the corporate sector may be undermined can still be improved. However, in general terms, the country has made an adequate effort to identify the risks of legal persons and arrangements.
- The issuance of bearer shares is allowed in Bolivia, except for corporations regulated by the ASFI. Although recent regulations require companies with bearer shares to submit and update information on shareholders, under penalty of being sanctioned, it is not possible to observe sufficient elements to assess the results of applying this measure.
- Timely access to BO information still requires certain improvements, although the efforts made by the country to create the registry of beneficial owners under the scope of the SEPREC should be highlighted.
- Regarding legal arrangements, only financial entities (reporting entities) can act as trustees, which should be previously authorised by the ASFI. Intermediary financial institutions, in their capacity as reporting entities, are required to implement actions and procedures to receive and provide timely and accurate information for BO identification.
- The sanctioning regime of commercial companies is proportionate, although it is not clear whether it is effective and dissuasive. No sanctions have been applied in matters of beneficial ownership, due to the recent power granted to the AEMP, except in relation to those reporting entities controlled by the ASFI.
- Regarding non-commercial legal persons, the competent authorities are the AFCOOP, the SIN, the Ministry of Autonomy, the Ministry of Foreign Affairs and the VIPFE. Although these authorities are empowered to supervise and apply sanctions in case of non-compliance with formal measures and it is possible to observe that sanctions are applied in case of failure to submit documentation or update basic information, it is not possible to observe proportionate and dissuasive sanctions in relation to beneficial ownership information, unless in the case of the reporting entities controlled by the ASFI.

#### ***Recommended actions***

- Continue strengthening inter-agency cooperation among the authorities engaged in the incorporation and registration of legal persons, with the aim of exchanging data to efficiently verify and cross-check the basic information on the legal persons regulated by them. Regarding agreements in force,

intensify efforts to optimise the resources assigned to the storage and conservation of the basic information of legal persons and BO identification.

- Grant sufficient powers and means to the regulatory agencies to ensure compliance with beneficial ownership requirements, especially to the AEMP, regarding the control of the identification information on beneficial owners and sanctions to be applied in case of non-compliance with the presentation of basic and beneficial ownership information.
- Provide more human and technological resources and training to the competent authorities to deepen the understanding, monitoring and mitigation of the risks identified in the SRA, as well as to the control, supervisory and sanctioning areas to ensure an effective system. Broaden the SRA to include legal arrangements and deepen the analysis of the TF risk in relation to corporations and partnerships limited by shares that issue bearer shares.
- Implement mechanisms to adequately regulate corporations and partnerships limited by shares that issue bearer shares, as well as the holders of those shares, to strengthen risk mitigation to prevent bearer shares from being misused for ML/TF.
- Adapt the regulatory framework regarding control and implement appropriate measures to ensure that BO information is accurate and up-to-date; that it is available to the competent authorities; and that it is monitored.

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 and R.25, and elements of R.1, 10, 37 and 40<sup>17</sup>.

#### *Immediate Outcome 5 (Legal persons and arrangements)*

660. The legal framework of Bolivia regarding the constitution, registration and control of legal persons is complex because various competent authorities are involved in the procedures for registration and in obtaining basic information and of BO, depending on the type of legal entity in question. An analysis is carried out in the following paragraphs.

661. The assessment team based its findings on statistics, documents, and consultations to the websites of the most relevant authorities, such as the SEPREC, the SIN, the Companies' Supervisory Authority, the Vice-Ministry of Autonomy.

662. After reviewing different objective factors, the assessment team concluded that Bolivia is not a significant corporate centre at the regional level regarding the creation and incorporation of legal persons. In the country, 80,538 companies are governed by the Commercial Code and 3,333 profit and non-profit organisations are governed by the Civil Code and specific regulations, which represent 4% of the total number of legal persons.

#### *Public availability of information on the creation and types of legal persons and arrangements*

<sup>17</sup> The availability of accurate and up-to-date basic 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 methodologies, objectives and scope of the FATF and Global Forum standards.

663. In Bolivia, information on the types and characteristics of commercial companies and the processes for their creation and registration are publicly available, as analysed in Recommendation 24.

664. The instructions and guidelines contain the registration requirements for commercial companies. They are published on the website of the SEPREC<sup>18</sup> (<https://www.seprec.gob.bo/index.php/guia-de-tramites-2/>) and include basic and BO information on the commercial companies. Companies are classified according to type of proceeding and type of entity to be incorporated. In accordance with what was reported by the country, there are 80,538 commercial companies, as shown in the following table (as of May 2023).

**Table 61. Number of commercial companies by type**

No.	Commercial Companies	Number	Percentage
1	Limited liability company	75,538	93.8%
2	Corporation	3,901	4.8%
3	Company incorporated abroad	929	1.2%
4	General partnership	116	0.1%
5	Limited partnership	30	0.0%
6	Mixed corporation	16	0.0%
7	Housing financial institution	4	0.0%
8	Partnership limited by shares	4	0.0%
<b>TOTAL</b>		<b>80,538</b>	<b>100.0%</b>

665. The actions conducted by registered companies, involving instruments relative to the incorporation, modification or dissolution of the company in general, as well as other activities associated with its corporate life, change of registered office, calls, annual reports, balance sheets, notifications of transfer of sole proprietorship, are published through the electronic gazette of the Registry of Commerce (<https://gacetadecomercio.gob.bo/#/>). The consultation is public, and actions are shown in chronological order of occurrence. Likewise, a search on the basic information on commercial companies may be conducted at <https://miempresa.seprec.gob.bo/#/portal>.

<sup>18</sup> <https://miempresa.seprec.gob.bo/#/portal>

666. As analysed in R.24, the basic information on the creation of non-profit organisations is available on the websites of the different registries that are in charge of their incorporation and of granting them legal status.

667. In the case of the Vice Ministry of Autonomies, the requirements for social organisations, non-governmental organisations, foundations and non-profit civil organisations are available at <https://va.presidencia.gob.bo/index.php/institucion/personalidades-juridicas>.

668. In turn, the Ministry of Foreign Affairs (religious organisations and foreign NGOs) publishes the processes involved for the incorporation of this type of legal person at <https://cancilleria.gob.bo/webmre/node/2067> where they are available for consultation. In the case of foreign NGOs, the basic information also includes data from the main relevant authority in the country of origin and background information from INTERPOL on their legal representative.

669. Finally, in the case of foreign NGOs, both the Vice-Ministry of Autonomy and the Ministry of Foreign Affairs notify the Ministry of Planning and Development (VIPFE) of the legal status granted. The latter is responsible for the national registration of non-governmental organisations, making basic information on national and foreign NGOs publicly available at [http://archivo.vipfe.gob.bo/PR/documentos/ONG/ONGS\\_NACIONALES.pdf](http://archivo.vipfe.gob.bo/PR/documentos/ONG/ONGS_NACIONALES.pdf).

670. The AFSCOOP also publishes the registration requirements for cooperative associations, including basic and BO information, which is available at the request of the competent authority at <https://www.afcoop.gob.bo/personalidad-juridica/>.

671. With respect to profit civil societies, as arises from what is analysed in Rec. 24, it is published and available on the portal <https://rpa.justicia.gob.bo/#/busqueda>

672. The table below provides a detail of the profit and non-profit organisations incorporated in Bolivia (as of 30 April 2023).

<b>Table 62. Number of profit and non-profit organisations</b>			
<b>No.</b>	<b>ORGANISATIONS (governed by the civil law)</b>	<b>NUMBER</b>	<b>PERCENTAGE</b>
<b>a) Profit organisations</b>			
1	Civil organisations of lawyers	60	1.8%
2	Other civil organisations (productive, health, education, etc)	612	18.4%
<b>b) Non-profit organisations</b>			

1	Foundations	258	7.7%
2	Non-profit (civil) organisations	637	19.1%
3	Civil society organisations	469	14.1%
4	Non-governmental organisations	905	27.2%
5	Religious organisations	383	11.5%
6	Social organisations	9	0.3%
<b>TOTAL</b>		<b>3,333</b>	<b>100%</b>

673. As analysed in Recommendation 25 in relation to trusts, only intermediary financial institutions which are duly authorised by the ASFI may act as trustees, and therefore, as reporting entities, they are required to identify BO (Instruction 42/2022, Procedures Manual 001/13, articles 16 and 17 of Supreme Decree 4904/2023).

674. Likewise, according to the information provided by the country, the assessment team could observe that the ASFI issued a series of forms which contain all basic and beneficial ownership information on trusts. This information is available if so, required by the competent authorities.

**Table 63. Number of trusts administered by intermediary financial institutions (as of 30 June 2023)**

Type of trust	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	30/6/2023
	Number	Number	Number	Number	Number	Number
<b>Public</b>	49	48	51	52	56	55
<b>Private</b>	95	95	99	99	108	115

675. Based on the above, this core issue has been achieved to a large extent: information on the incorporation and type of legal persons and arrangements in the country is public and available.

*Identification, assessment and understanding of ML/TF risks and vulnerabilities of legal entities*

676. Bolivia has issued recent regulations to adapt its legal system to international standards. The country has also taken measures and implemented procedures to identify threats and vulnerabilities to prevent the

misuse of legal persons. In this regard, Bolivia has very recently identified and assessed the ML/TF risks of legal persons and trusts through the NRA and the SRA, based on the analysis of the threats, the vulnerabilities and the materiality of each type of legal person. To this end, the results of the SRA were disseminated on 31 March 2023.

677. According to data provided by the SEPREC, sole proprietorships account for 78.4% of the registry, followed by limited liability companies (20.3%), corporations (1.1%) and the rest (0.3%). The same can be observed based on the information provided by the tax authority, sole proprietorships account for 74.71% accounts, followed by limited liability companies (14.96%), corporations (8.95%) and the rest (1.37%).

678. Based on the information provided by the country, it is possible to observe that the difference between the information issued by both authorities responds to the existence of taxpayers that have tax debts with the SIN and that, in certain cases, failed to update their trade registration number before the SEPREC. This situation leads the SIN to keep a greater number of records.

679. The tax authority cross-checks the information against the databases of the SEPREC, in order to validate the information and data provided by taxpayers and to ensure that the same information is recorded in both entities. This task is in a transitional process of data clean-up.

680. Additionally, based on the SRA (April 2023), the country has not defined AML/CFT policies for legal persons or regulations that apply the RBA to prevent them from being misused, except for those legal persons that are reporting entities, which implies an adequate identification and understanding of the latter.

681. This SRA conducts a legal analysis of the types, forms, incorporation and registration of commercial legal persons, their regulatory authorities, inspection processes and applicable sanctions. Thus, the analysis covers all legal persons.

682. Regarding bearer shares, the AEMP conducted a study on corporations, but not on partnerships limited by shares. In this regard, as at the date of the on-site visit, 83 corporations with bearer shares were identified, amounting in value to BOB 1,316,182,311, equivalent to approximately USD 189,788,224.52. Seventy-eight (78) of these 83 corporations identify the holder of bearer shares, while 5 of them do not disclose this data.

683. Based on information received later, as of the month of May the number of corporations totalled 93 and 87 of them met the requirement related to the identification of the shareholders, while 6 of them do not conduct such identification process.

684. The assessed country has identified and moderately understood the risks associated with the issuance of bearer shares, making an effort to consolidate the whole universe. It is also possible to observe that the 93 corporations identified as of May were required to submit a sworn statement containing the data of the shareholders and their update, as provided for in Administrative Resolution AEMP 110/2023 (see Recommendation 24). Forty-eight corporations failed to submit such sworn statement within the established terms (29/5/2023 and 5/6/2023). The corporate name of these non-compliant corporations was already identified by the country, and they will be subject to monetary sanctions as provided for in the

aforementioned Administrative Resolution; however, the implementation of these sanctions could not be assessed at this stage.

685. Regarding bearer shares, it is possible to conclude that the country should make an effort to mitigate the risks derived from the issuance of bearer shares in the case of both corporations and partnerships limited by shares, in order to comply with the standard. Notwithstanding this, as a mitigating factor, it is worth highlighting the fact that the corporations that are under the supervision of the ASFI are not allowed to issue bearer shares.

686. According to quantitative data, the assessment team considers that the number of companies that issue bearer shares, together with the value they represent altogether, is not very significant in relation to the total number of companies in the country's corporate system, which, in addition, is relatively small in the regional and global context. Thus, the SRA concludes that, in general, the national risk of the corporate system is medium for ML and low for TF.

687. In turn, the NRA identified as vulnerable that the creation of shell companies and the acquisition of legal companies (cargo transportation companies, hotel companies, family businesses without declared business activity, commercial companies engaged in the real estate business, construction companies, merchandise importers, mining exploitation companies and shell companies). There are also some inconsistencies between the conclusions of the NRA regarding some legal persons and what was analysed in the specific SRA, which may be due to the nature, scope and specialisation of each assessment.

688. According to data provided by the Bolivian Police, during the on-site visit, 11 cases involving the misuse of legal persons (shell companies) having different lines of businesses were investigated.

689. The country has adequately identified the total number of legal persons based on the statistical data provided; has identified the materiality of each type of company; and has assessed its risk accordingly. The competent authorities have participated in the drafting of the SRA and have a reasonable understanding of the risks associated with legal persons by virtue of the measures being implemented at the time of the on-site visit. However, although the country is making notable efforts, it is considered that said efforts should be strengthened, in order to implement measures and develop mechanisms to properly identify and understand the risks of legal persons and arrangements to prevent them from being misused for ML/TF, considering that only recently have the competent authorities in the case of legal persons and arrangements been designated as AML/CFT supervisory entities. Therefore, there is no information on this sector to be analysed yet, except for the reporting entities regulated by the ASFI.

690. Regarding beneficial ownership identification, as analysed in Recommendation 24, the country has mechanisms to identify the different legal persons existing in the country. In particular, the requirement to submit beneficial ownership information at the time of incorporating legal persons should be highlighted. In conclusion, although the SRA analyses the general aspects of the types of companies existing in the country, the analysis of the vulnerabilities could have been deeper to cover trusts, although the structure of trusts is not so complex in the assessed country. During the on-site visit, it was possible to corroborate that the

reporting entities and their supervisors are aware of the vulnerabilities of legal persons, including BO identification (FIs, insurance, and securities).

691. Bolivia provides information for BO identification obtained as a result of the application of recent regulations (commercial companies); however, the data correspond to a period of time shorter than the assessed period. This information is presented in the table below:

**Table 64. BO information by type of company, as of 28 April 2023 (in number and percentage)**

TYPE OF COMPANY	NUMBER	PERCENTAGE
TOTAL	12,297	100.0%
SOLE PROPRIETORSHIP	7,944	64.6%
LIMITED LIABILITY COMPANY	3,982	32.4%
CORPORATION	318	2.6%
COMPANY INCORPORATED ABROAD	48	0.4%
GENERAL PARTNERSHIP	5	0.0%

692. In conclusion, the competent authorities have a reasonable understanding of the potential risks associated with legal persons. However, significant improvements are needed to achieve the desired effectiveness.

*Mitigating measures to prevent the misuse of legal persons and arrangements*

693. Bolivia has an important legal framework to prevent the misuse of legal persons and arrangements, consisting of regulations, resolutions and instructions.

694. Nominee shareholders and directors are prohibited. The issuance of bearer shares is still allowed, and regulations have been issued recently to mitigate this risk to a certain extent.

695. The ASFI requires the corporations that are under its control to issue nominative shares. In this regard, the ASFI has opted to apply the dematerialization of securities to partially mitigate the risk of misuse of bearer shares. This process involves converting a security from a physical certificate to an electronic bookkeeping (called annotation in account) in the System for Recording Annotations in Account under the responsibility of the securities depository entity.

696. Additionally, regulations have been issued for the other corporations that are controlled by the AEMP and that allowed to issue bearer shares, establishing the submission and update of information on the shareholder (Supreme Decree 4907 and its regulatory rules), as analysed in Recommendation 24.

697. Since some of the regulations have been issued recently, the practical result of their application cannot be fully determined. However, the country has made a considerable effort to establish a legal framework that strengthens the prevention of misuse of these shares, despite their current relatively low materiality reported by several Bolivian authorities and the private sector.

698. The role of notaries public is important since they are involved in the incorporation and verification of legal persons, validating the information of natural persons and applying customer due diligence. Notwithstanding the above, it should be noted that a moderate application of these measures has been achieved given their recent inclusion as a reporting entity.

699. FIs are required to identify the BO of their legal person customers (see R.10).

700. For the incorporation of legal persons, the SEPREC requires the identification of the BO and national and foreign legal representatives, as well as the annual renewal of the trade registration number, which implies updating the basic information.

701. Additionally, the specific procedure established by the AEMP to conduct administrative supervisory procedures or inspections and apply sanctions for non-compliance with the regulatory obligations required for legal persons has been considered as a mitigating measure.

702. In this regard, the AEMP's powers have been expanded; however, it has not been possible to assess its results since it has been recent.

703. The SIN takes two types of actions to prevent the misuse of legal persons, including 1) the massive control of the information declared with respect to the tax domicile and the taxable business activity through the registry reliability operation and 2) the exchange of information with third parties (for example, the SEPREC), in order to verify compliance with the tax requirements of specific registration.

704. Additionally, through tax control operations, it is possible to identify breaches of formal duties, such as non-registration, failure to have the documents required or not be in the correct tax regime.

705. Bolivia has implemented control measures to apply sanctions to legal persons in case of non-compliance with current regulations, vesting the AEMP with sanctioning powers and strengthening interoperability among the different relevant authorities (AEMP, SIN and SEPREC).

706. Regarding trusts, this concept is quite limited in nature and use. The country has registries to obtain basic and BO information. Only intermediary financial institutions regulated by the ASFI are authorised to act as trustees, which minimises risks since they are reporting entities and therefore should comply with all CDD and BO identification requirements and inform the ASFI when so required (see R.10 and R.25).

707. In conclusion, the country has taken acceptable actions aimed at mitigating the misuse of legal persons and arrangements in the country. However, some regulations have been issued very recently, so it has not been possible to analyse the results of their implementation in time.

*Timely access to adequate, accurate and current basic and beneficial ownership information on legal persons*

708. In Bolivia, basic and beneficial ownership information is obtained through a multiple approach, since there are several agencies involved in the incorporation process.

709. Regarding basic information, the SEPREC publishes the requirements and documentation to be submitted on its website, recently including BO identification. Once the documentation has been submitted and assessed, the legal status is granted, which is published on the gazette of commerce: <https://gacetadecomercio.gob.bo/#/publicaciones>. Basic information on commercial companies can be publicly accessed by consulting the company name on the website <https://miempresa.seprec.gob.bo/#/portal>, as analysed in R.24.

710. Regarding beneficial ownership, the Trade Record System (RECOP) includes an interoperability service that allows the authorities to obtain BO information and to conduct consultations on sole proprietorships or commercial companies, as well as the actions and contracts recorded in the Registry of Commerce. Likewise, the inter-agency agreements signed by the Plurinational Trade Registry Service (SEPREC) permit access to the officials authorised by each entity, so that the competent authorities have unrestricted access to all the historical information of the Registry of Commerce, including BO information, the financial statements of each company and the corporate folder containing all the documents collected in compliance with the Commercial Code.

711. The electronic gazette of the Registry of Commerce (<https://gacetadecomercio.gob.bo>) provides information relative to the instruments, calls, notices, annual reports and balance sheets published by the different companies in such gazette. This provides transparency to the information kept in the Registry of Commerce and helps the competent authorities in BO identification within the framework of Supreme Decree 4904. Moreover, this information is published in order to comply with the principle of publicity of the acts of commerce and enforceability against third parties. Additionally, any authority can request BO information in writing.

712. Moreover, apart from the agreements signed by the AGO with entities that are sources of information for the investigation and prosecution of cases, the public prosecutors specialised in the matter resort to the public information available in the registries that can be freely accessed, such as the website of the SEPREC, and in case more specific information is required, they submit requests to the pertinent agencies, which should provide the information and/or documentation promptly, directly and free of charge—regardless of their public or private nature—within an established period of time.

713. In addition, the AEMP requires corporations and partnerships limited by shares to keep a record of shares and regularly report on the holders of bearer shares. Likewise, it establishes that this information should be accessible to whoever proves to have legitimate rights and/or upon order or request of a competent authority, under penalty of being sanctioned. Notwithstanding the fact that this is a recent regulation, the information submitted by the companies that identified the holders of bearer shares was recorded in a structured database, which generates filters by company name, type of person and trade registration number. Likewise, the analysis of the information provided by the country reveals that there are 93 companies with bearer share and that 48 of them failed to submit their sworn statements, and therefore the corresponding administrative sanctioning proceedings provided for in RA AEMP 110/2023 have been initiated.

714. It should be noted that the lawyers who provide advice to companies and that have recently been included as reporting entities (only large taxpayers) also intervene in the establishment of legal persons, and

so do notaries public, who prepare the public instruments of incorporation, as required by the SEPREC. Both sectors should apply CDD to their customers and provide basic information on the legal persons being incorporated, thus contributing to the incorporation process.

715. Regarding access to basic and beneficial ownership information in investigations and/or complaints related to legal persons, the Attorney General's Office submits requests for information to the financial entities through the ASFI. The AGO plans to sign an institutional agreement with the ASFI to increase the interoperability of prosecutor's requests and their responses. Currently, the AGO has agreements in force signed with the FIU, the SEGIP, the DICARBI and the Supreme Court of Justice, among other authorities.

716. In particular, the AGO has signed an inter-agency cooperation and coordination agreement with the FIU to establish coordination, cooperation and technical support mechanisms to facilitate access and disclosure of information, and the collection of data or other products through interoperable IT systems of restricted and controlled nature, which are necessary to develop institutional activities within the scope of competence of both agencies and which serve to improve the investigation and prosecution of ML and its predicate offences, as well as TF. Finally, although there is no agreement with the SEPREC, the AGO has broad investigative powers and can request BO information through the prosecutor's requests.

717. Overall, in Bolivia, the records of legal persons have basic information that can be publicly accessed, such as the SEPREC. This information is also available within the framework of an interoperability system among the competent authorities and may be appropriate to the extent that the responses are timely provided when it comes to information requests.

718. Regarding reporting entities, the information is timely available since the interoperability system between the ASFI, the FIU and the SEPREC works directly by consulting the database. In accordance with R.10, they are required to identify their customers, keep the information and make it available to the competent authorities when required.

719. In conclusion, the country requires legal persons to inform and keep basic information up to date, which is available for direct public consultation or as a response to written requests.

720. Thus, Bolivia implements three approaches to obtain beneficial ownership information.

721. Firstly, the SEPREC has implemented the requirement to identify beneficial owners when incorporating legal persons through the submission of sworn statements indicating the beneficial owner. In case of non-compliance with the declaration of the beneficial owner, the SEPREC makes an observation in the process and prevents the document from being registered until the formal deficiency is overcome. In turn, during the regular inspections conducted within its scope of competence, the AEMP verifies compliance with the commercial obligations, including BO identification, and upon noticing that a commercial document has not been registered in the Registry of Commerce, it sets into motion the administrative proceeding to apply the corresponding sanction.

722. Secondly, corporations and partnerships limited by shares are required to keep the Book of Shareholders updated, and, regarding those companies that issue bearer shares, they should inform the name

of the shareholders and any modification to the AEMP. In case of non-compliance therewith, sanctions may be applied in accordance with RA 110/23. Finally, the reporting entities are required to identify the beneficial owner of their customers.

723. In this regard, the ASFI verifies the accuracy and timeliness with which the information is recorded in the Registry of Shareholders (RAC) within the framework of on-site and off-site supervision. During on-site inspections, the information recorded in the Minutes of Ordinary and Extraordinary Shareholders' Meetings, Book of Shareholders and others is cross-checked against the information previously reported by the reporting entities through the aforementioned system. Likewise, during off-site inspections, proceedings related to the transfer of shares and capital increases are addressed, checking that the information on the shareholders, amounts, number of shares and source of funds is accurate and free of inconsistencies, as well as that the corresponding supporting documentation is complete. In case omissions, errors and/or delays are identified in relation to information to be recorded in the RAC, the corresponding sanctioning proceedings are initiated.

724. The competent authorities can access the basic information on legal persons and arrangements. However, in the period analysed, timely and adequate access to BO information should be improved. It is recommended that the Public Administration agencies join their efforts to meet the objectives of the standard, since Bolivia does not have a single registry of beneficial owners. The efforts made by the country from 2022 to the date of the on-site visit in relation to enhance inter-agency collaboration and/or cooperation through the signing of agreements should be highlighted. However, its application cannot be assessed given its recent nature.

725. The entities that are authorised to act as trustees should submit to the ASFI a Report on Trust-Related Information and should obtain and keep all the information regarding the trust agreement, the settlor and the beneficial owner. Additionally, they should submit said information to the ASFI on a semi-annual basis, since they are reporting entities. FIs should submit this information on an semi-annual basis, whereas development financial institutions should do so on an annual basis, with closure dates on 30/6 and 31/12 of each administration. The ASFI reviews all the reports submitted, for the purpose of verifying that the supervised entities have disclosed all the information relative to the trusts they administer. Lastly, if after analysing and reviewing the annexes of the trusts, any deficiency is observed, a letter is sent stating that such deficiencies should be remedied.

726. The following tables show in numbers what was reported from the 2018 administration to 30 June 2022.

**Table 65. Registration of trusts as of 30 June 2022**

TYPE OF TRUST	31/12/2018	31/12/2019	31/12/2020	31/12/2021	30/06/2022
PRIVATE	65	64	63	67	70

PUBLIC	75	78	79	80	68
TOTAL	140	142	142	147	138

**Table 66. Number of trusts registered and completed**

TYPE OF TRUST	31/12/2018	31/12/2019	31/12/2020	31/12/2021	30/06/2022	TOTAL
REGISTERED	140	142	142	147	138	709
COMPLETED	21	25	23	32	25	126

727. From the information above, it is possible to deduce that Bolivia has appropriately implemented mechanisms for the competent authorities to access basic and beneficial ownership information on legal persons. There are public registries, and the reporting entities are required to obtain information and to keep it updated. Notwithstanding this, and considering the multiplicity of existing records, inter-agency coordination among the competent authorities is needed to allow for a more effective interoperability regarding timely access and availability of information.

728. Finally, regarding legal arrangements, it is possible to conclude that the information is available to the control authority, which consolidates the information in a database that can be consulted upon any request.

*Effectiveness, proportionality and dissuasiveness of sanctions*

729. The Bolivian legal system empowers the AEMP to exercise supervisory functions over commercial companies, as well as to impose sanctions in case of non-compliance with the legal duties established by the Commercial Code (article 6 of Law 685). In particular, regarding basic information, the Code criminalises the failure to submit the information and documentation required by the AEMP and the failure to annually renew the trade registration number, which, as analysed in R.24, includes basic information, and provides for the application of financial sanctions in case they happen to occur.

730. In order to apply the sanctions, the SEPREC submits to the AEMP the lists of deficiencies detected, e.g., those entities that failed to annually renew their trade registration number, so that it applies the sanctioning regime provided for in RA AEMP 52/11.

731. The sanctions provided for in said regulation are proportionate, considering that they are related to the type of offence, i.e. minor (written warning) or serious (fines). Failure to comply with the basic information requirement is considered to be a serious offence and therefore fines are applied.

732. Pursuant to the analysis of R.24, fines are calculated on the basis of the balances presented in the financial statements. Consequently, financial sanctions are not a fixed, but proportionate to the companies' financial capacity.

**Table 67. consolidated of the number of companies subject to supervision and sanctioned by the AEMP for non-compliance with business, financial and accounting regulations (\*CN) and non-compliance with the update of data and the renewal of the trade registration number and (\*\*PC) type of company**

	2018		2019		2020		2021		2022		AS OF 28-4-2023		ACCUMULATED TOTAL		
	CN (* )	PC (** )	CN (* )	PC (** )	CN (* )	PC (** )	PC (** )								
Sole proprietorship	1	6	15	-	2	12	10	146	6	32	-	-	34	196	230
Limited liability company	25	525	29	463	10	216	14	165	14	212	1	-	93	1,581	1,674
Corporation	15	74	24	42	4	29	11	30	50	12	161	-	265	187	452
Company incorporated abroad	-	-	-	7	-	5	-	5	-	12	-	-	-	29	29
<b>Total</b>	<b>41</b>	<b>605</b>	<b>68</b>	<b>512</b>	<b>16</b>	<b>262</b>	<b>35</b>	<b>346</b>	<b>70</b>	<b>268</b>	<b>162</b>	<b>-</b>	<b>392</b>	<b>1,993</b>	<b>2,385</b>
Total by year of administration	646		580		278		381		338		162		2,385		

733. Likewise, the AEMP has applied sanctions for non-compliance with the basic information requirement.

**Table 68. AMOUNTS OF THE SANCTIONS FOR NON-COMPLIANCE WITH BUSINESS, FINANCIAL AND ACCOUNTING REGULATIONS**

Amounts of sanctions by type of company, expressed in UFV (a national monetary unit adjusted to inflation)				
<b>ADMINISTRATION</b>	Sole proprietorship	Limited liability company	Corporation	TOTAL
<b>2018</b>		466,169.47	1,100,378.44	1,566,547.91
<b>2019</b>	77,597.48	607,580.10	1,027,993.56	1,713,171.14
<b>2020</b>	9,600.00	102,295.63	158,975.93	270,871.56
<b>2021</b>	36,903.13	137,413.13	199,379.30	373,695.56
<b>2022</b>	15,899.94	122,851.35	527,769.86	666,521.15
<b>AI 28/4/2023</b>		5,431.60	1,224,906.80	1,230,338.40
<b>Total</b>	140,000.55	1,441,741.28	4,239,403.89	5,821,145.72
<b>Equivalent in USD</b>	48,913.09	503,712.50	1,481,153.91	2,033,779.51
<b>Equivalent in BOB</b>	340,435.14	3,505,839.02	10,308,831.25	14,155,105.41

**Table 69. AMOUNTS OF SANCTIONS FOR NON-COMPLIANCE WITH THE UPDATE OF DATA AND THE RENEWAL OF THE TRADE REGISTRATION NUMBER**

Number of sanctions by type of company, expressed in UFV					
ADMINISTRATION	Sole proprietorship	Limited liability company	Corporation	Companies incorporated abroad	TOTAL
2018	8,000.00	1,470,000.00	266,400.00		1,744,400.00
2019		1,414,800.00	151,200.00	22,000.00	1,588,000.00
2020	12,310.00	465,560.00	62,550.00	10,350.00	550,770.00
2021	141,345.59	407,638.08	104,406.32	18,000.00	671,389.99
2022	50,659.18	575,193.37	40,445.90	43,200.00	709,498.45
As of 28/04/2023					
<b>Total</b>	<b>212,314.77</b>	<b>4,333,191.45</b>	<b>625,002.22</b>	<b>93,550.00</b>	<b>5,264,058.44</b>
Equivalent in BOB	516,279.46	10,536,891.65	1,519,799.15	227,482.73	12,800,452.99
Equivalent in USD	74,172.90	1,513,815.38	218,346.68	32,682.02	1,839,016.97

734. In sum, the country has applied financial sanctions for non-compliance with the basic information requirement by commercial companies. Regarding BO identification, no sanctions have been applied yet, due to the recent issuance of the regulation that authorises the AEMP to impose sanctions in that regard (RA 110/23 – 13/04/2023).

735. In turn, the ASFI, in accordance with the analysis in R.24, is in charge of the System for the Record of Shares (RAC). The data provided by the RAC are verified and analysed during on-site and off-site inspections, and in case any omission, inconsistency or delay is found, the corresponding sanctioning proceedings is initiated.

736. In conclusion, this core issue is reached to a certain extent. The sanctions applied for non-compliance with the basic information requirement are proportionate; however, they are not considered to be dissuasive in accordance with the percentage applied in the calculation of the fines applied. Likewise, it should be mentioned that no sanctions have been applied yet in relation to BO identification or the quality of BO information, except in the case of the reporting entities that are supervised by the ASFI. However, it was not possible to determine whether such sanctions were proportionate and dissuasive.

#### *Overall conclusion on IO.5*

737. Bolivia has taken actions to improve and clarify basic and BO information regarding the incorporation of legal persons, including a sectoral risk assessment. Different regulations have been issued recently in order to broaden the powers of the competent authorities, including information regarding beneficial ownership identification, the regulation of the information and update of the holders of bearer shares. Based on the regulatory framework analysed, it is possible to deduce that it would be appropriate to prevent the misuse of legal persons for ML/TF. However, given the recent implementation of such regulatory framework, the results cannot be assessed.

738. In the country, there are different agencies involved in the process of incorporation, registration and control of legal persons. Therefore, the competent authorities should join their efforts to achieve an appropriate interoperability to access basic and BO information.

739. In general terms, the country has made an adequate effort to identify the risks of legal persons and arrangements. It is also possible to observe that CDD measures and an adequate RBA have not been applied, except for the case of reporting entities.

740. However, it is possible to observe an incipient implementation of actions and procedures, so that BOs can be timely and adequately identified.

741. The sanctions applied to commercial companies in case they fail to submit basic information are proportionate, but not dissuasive. As a result of the recent implementation of the regulation on BO identification and the quality of BO information, no sanctions have been applied yet, except in the case of FIs, since the ASFI analyses and applies sanctions in relation to the quality of BO information. However, it was not possible to analyse if such sanctions are proportionate and dissuasive.

742. Based on the findings obtained from the core issues, **Bolivia is rated as having a moderate level of effectiveness for Immediate Outcome 5.**

## CHAPTER 8. INTERNATIONAL COOPERATION

### *Key findings and recommended actions*

#### ***Key findings***

- Bolivia has international cooperation mechanisms and a legal basis to provide constructive mutual legal assistance (MLA) and extradition. International cooperation is based on agreements and treaties signed with other countries. In the absence of such agreements and treaties, this can be achieved by the principle of reciprocity.
- The Central Authority for MLA and extradition is the Ministry of Foreign Affairs (MRE), which has tools and protocols including guidelines and procedures to deal with these requests.
- Bolivia requests ALM and it is observed that it is in line with the risks and main threats identified by the country, in addition, that it is conducted with neighbouring countries. Bolivia is also actively seeking extradition requests. Bolivia applies simplified extradition as part of its cooperation.
- The FIU and other competent authorities may provide international cooperation in financial intelligence and investigative matters. It should be noted that the FIU cooperates actively with its foreign counterparts. In addition, these authorities make use of other forms of cooperation. In this sense, they have the capacity to process requests for informal cooperation with their counterparts.
- The competent authorities are able to make requests for cooperation with their counterparts, using different platforms for the exchange of information in order to protect their confidentiality.
- The MRE developed a system that will serve to strengthen the management and prioritization of cases related to crimes categorized as high risk according to the ENR. However, it was verified that the competent authorities have defined processes for dealing with the requests.
- There are limitations to the gathering of information on BO, legal persons and other legal arrangements in a timely manner, which could hinder the provision of international cooperation. The above based on the findings of IO 5.
- Regarding international cooperation in supervision matters, the ASFI is the only entity that has agreements for the exchange of information and that has collaborated with foreign counterparts.
- The country has created joint investigation teams for the coordination and exchange of information. These teams are primarily related to human trafficking.

#### ***Recommended actions***

- Strengthen the mechanisms to improve response times to passive MLA requests, so that the information is obtained in a timely manner by the requesting States.
- Continue strengthening active international cooperation on ML source crimes, especially crimes that represent a threat in the country and that were identified in the NRA.
- Continue with the implementation and access by the competent authorities to the Registry of Beneficial Owners for legal persons and arrangements in order to ensure a satisfactory and timely response to international cooperation requests.
- Follow up on the implementation of the case management system to guarantee the access of all LEAs to have one single system to manage and prioritize requests, as well as implement a unified statistical database of international cooperation from national authorities.

The relevant Immediate Outcome considered and assessed in this chapter is IO.2. The relevant recommendations relevant for the assessment of effectiveness under this section are R.36-40, and elements of R.9, 15, 25, and 32.

### *Immediate Outcome 2 (International cooperation)*

#### *Providing constructive and timely mutual legal assistance (MLA) and extradition*

743. Bolivia has an adequate legal base that allows its competent authorities to provide a wide range of mutual legal assistance (MLA). Cooperation is provided in accordance with treaties, conventions, and bilateral and multilateral agreements on criminal matters ratified by the country, and in the absence of an agreement, cooperation is provided under the principle of reciprocity.

744. The country has information exchange mechanisms or instruments, and the competent authorities have signed memoranda or agreements with foreign counterparts. Likewise, they have internal procedures, included in guidelines and instructions, to provide and offer international cooperation in the field of investigations, prosecutions and procedures that are linked to ML, predicate crimes and TF.

745. The Bolivian NRA has identified drug trafficking, corruption, human and migrant trafficking, smuggling, environmental crimes and tax crimes as the main threats. In this regard, based on the information provided by the country which is detailed in the following paragraphs of this IO, the assessment team observed that the international cooperation is generally based on the identified threats.

746. Bolivia has signed 23 bilateral and multilateral instruments on international cooperation with different countries and international organizations to name: Peru, Mexico, Italy, Spain, Argentina, Belgium, Brazil, Chile, Ecuador, the United States of America, England, Portugal, Paraguay. Being Argentina, Peru, Brazil, Paraguay and Chile the countries with a greater cooperation. Likewise, the country also provides MLA to other States within the framework of Reciprocity or International Courtesy, which demonstrates that Bolivia provides and requests extensive MLA from the international community.

747. The MRE is the central authority for international legal, judicial, fiscal and administrative cooperation. This central authority has the International Legal Affairs Unit (UAI), dependent on the Directorate of Legal Affairs, which is in charge of receiving, referring and managing responses to international legal cooperation procedures that include MLA and extraditions.

748. The MRE has internal procedures, guidelines and instructions for the processing and completing MLA requests by other countries, which describes and establishes the process for addressing the requirements from their reception to their completion. These processes are reflected in the International Legal Cooperation Booklet so that all competent authorities comply with the commitments assumed by the country<sup>19</sup>. When the MRE receives requests of information, the designated official classifies them according to the seriousness of the crime, the circumstances, the procedural deadlines, the situation of the victim,

---

<sup>19</sup> <https://www.cancilleria.gob.bo/webmre/node/3432>

among others, and qualifies the urgency of the request for transmission. Likewise, the MRE can advance requests to the competent authorities on the same day by email.

749. Regarding the booklets, these set out the procedures embodied in the international instruments ratified by the Bolivian State, which are accessible to judicial authorities, prosecutors and society in general, and are published on the website of the MRE. This facilitates the understanding of the procedure and speeds up the viability of responses to both passive and active MLA requests.

750. Likewise, the MRE developed a Correspondence system that will keep record of the incoming and outgoing requests, prioritization, which must be classified as ordinary (to be completed within 72 hours), urgent (to be completed within 24 hours) and very urgent (to be completed within the course of the day). In addition, the system will include data on the offence involved in the requests, the applicable international instrument, and a follow-up alert. The purpose of this system is to enable procedures to be carried out by email upon coordination with the competent national entity or central authority of another State or diplomatic mission, as appropriate. This system to which all LEAs will have access in matters of international cooperation, will strengthen the timely attention to requests for information and the prioritization of cases, in accordance with the main threats present in the country and ML/TF. It will also allow the follow-up in real time of the requests for statistical control and better completion. At the time of the on-site visit, the system was still in the testing phase and had not been shared with the Attorney General's Office and the Supreme Court of Justice. However, the assessment team observed that this is not a condition or limitation for the country to currently provide MLA.

751. The country has established procedures for dealing with requests for information, which specifically define how the information should be conveyed. The central authority assumes the priority criterion assigned by the competent authorities and also gives it the categorization of URGENT or VERY URGENT when it has not been established due to the procedural deadlines, the crime, the victim or the case as such. Therefore, the country has managed to maintain the categorization of requests for attention, particularly regarding ML and its predicate offences.

752. In turn, the Supreme Court of Justice, has an International Relations Unit in its organisational structure that is in charge of monitoring MLA procedures, including extradition. Said authority has a Manual on "International Legal Cooperation for the Judiciary" that contains the guidelines for processing MLA requests.

753. In order to process MLA requests, it has two computer systems, one called IANUS used to record incoming cases and for jurisdictional control, accessible to the interested parties for follow-up reasons, and the other one called BIFROST, an internal registration system that allows for a double control of the cases while it generates a statistical control of the causes and briefs filed.

754. Once the MLA is received by the MRE, it forwards it to the Supreme Court of Justice, a court officer records it with the "Front Desk Platform and Processing Centres" system for the assignment of a unique number or record and forwards it to the Secretariat of the Plenary for its registration in the Book of procedures for International Legal Cooperation Requests, thus giving it the corresponding case title. In this regard, the

following items are detailed: the type of procedure, the parties involved, the date of receipt and the internal process number. Within the following 24 hours, the weekly magistrate is informed about it, who by means of a resolution sets forth that the head of the corresponding departmental court of justice appoints a criminal investigation judge to comply with the request submitted. The secretariat of the Plenary must send the request file to the corresponding departmental court on that same day.

755. In turn, the investigating court proceeds to process it within the period granted by the Supreme Court and once executed, or specifying the reason or justification for which the requested procedure could not be executed, forwards it with the respective attention note to the Supreme Court of Justice, so that, after verification, the latter orders that the requested procedure be forwarded to the MRE through the issuance of a judicial resolution. This is for its subsequent return to the requesting State.

756. The Attorney General's Office has the International Affairs Unit (UNAI) that is in charge of receiving and forwarding MLA cases, including extradition. The UNAI has a direct organic dependence on the Attorney General's Office and is made up of a chief, a legal technician and a secretary. In addition, a prosecutor specialised in the specific matter is assigned to each Department, who will be in charge of processing MLA requests through the issuance of the pertinent requests to the corresponding agencies; collecting the information obtained and returning it to the UNAI for verification of compliance; and providing the response to the requesting country. As a mechanism for the response and processing of international cooperation, the AGO has a Guidance on Procedures for International Criminal Cooperation Requests that establishes the forms, conditions, and steps that must be followed for the preparation and processing of requests for MLA international cooperation and also uses a registration system of the UNAI called "TITAN system". Through this system any incoming and outgoing international cooperation requests can be controlled, data can be filtered by crime, country, processing status and the type of procedure. In this way, the AGO can effectively provide information to the requesting country in accordance with its established procedures and guidelines.

757. According to the information provided by the country, the TITAN system has a record of MLA requests and, by way of example of the information received and the approximate time in which they were responded by the Bolivian authorities, the following cases are mentioned:

- MLA sent by Peru in a ML proceeding. The request was received by the International Affairs Unit in January 2021 and the response was provided in the same month. This request required information on real estate rights (real property) and criminal records of different citizens.
- MLA sent by Peru for the trafficking of controlled substances. The request was received by the International Affairs Unit in February 2021 and the response was provided within a period of one month (March 2021). This request required information from the Registry of Personal Identification (SEGIP), telephone companies, the Telecommunications and Transport Regulation and Oversight Authority (ATT) and the Free Justice System of the Attorney General's Office, on different citizens.

758. According to what has been recorded by the MRE, from 2018 to Q1-2023, received 918 MLA requests from 23 countries, mainly from Peru (558), Brazil (105), Argentina (91), Paraguay (61) and Chile

(43). Out of these passive MLA requests, 595 were completed and 323 are pending. Of the pending requests, it was reported that partial responses have been sent informally. Based on the above, it is appreciated that Bolivia provides international cooperation with bordering countries that could represent a risk or similar threats. Also, it is observed the capacity of the country to provide MLA to countries of other regions. Regarding the time for attention of the requests, according to the information presented by the country, the passive MLA requests were processed in an average minimum time of three months and in an average maximum time of five months, though some cases took longer due to their complexity given that they were multiple investigative requests and/or because the requesting States expanded their request while it was still being processed. These are linked to the initial or main request, taking longer to execute.

759. The Central Authority reviews the compliance of the requests and in the case of partial responses, these are transmitted to the requesting State and in turn the Bolivian competent authority is requested to fully comply with the requirement, while it continues to be registered in the database. from the Central Authority with the status “in process”. As of the date of this report, Bolivia has not rejected any passive MLA request from its foreign counterparts.

760. The data on passive requests are as follows:

**Table 70: Passive MLA requests by country and year**

COUNTRY	2018	2019	2020	2021	2022	2023	TOTAL
Chile	12	15	6	3	3	4	43
Peru	56	149	46	69	217	21	558
Argentina	35	28	0	7	8	13	91
Brazil	24	23	3	23	2	30	105
Spain	0	0	0	7	1	6	14
Paraguay	1	1	10	7	38	4	61
Colombia	1	1	0	0	2	0	4
Czech Republic	1	1	0	1	0	0	3
European Union	1	0	0	0	0	0	1
Belgium	0	2	0	0	0	0	2
Ecuador	0	2	0	1	0	0	3
Egypt	0	3	0	0	0	0	3
Mexico	2	1	0	1	7	0	11
Germany	0	0	1	1	0	1	3
Dominican Republic	0	0	0	1	0	0	1
United States	0	0	0	3	0	0	3
Panama	0	0	0	1	0	0	1
Poland	0	0	0	1	0	0	1
Switzerland	0	0	0	2	1	0	3
Portugal	0	0	0	0	2	0	2
Turkey	0	0	0	0	1	1	2
Cuba	1	0	0	0	0	0	1

<b>Ukraine</b>	1	1	0	0	0	0	2
<b>TOTAL</b>	<b>135</b>	<b>227</b>	<b>66</b>	<b>128</b>	<b>282</b>	<b>80</b>	<b>918</b>

**Table 71: Status of passive MLA requests (answered and pending), by country and year:**

<b>Status</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023 (April)</b>	<b>Total</b>
Answered	103	156	55	95	176	10	595
Pending	32	71	11	33	106	70	323
Not answered	0	0	0	0	0	0	
<b>Total</b>	<b>135</b>	<b>227</b>	<b>66</b>	<b>128</b>	<b>282</b>	<b>80</b>	<b>918</b>

761. Of the 918 MLA requests received, 282 were related to the crime of ML, 223 to drug trafficking, 92 to crimes against health, illicit trafficking of drugs and narcotics, 69 to criminal association, 63 to human trafficking, 57 to smuggling, 37 to asset forfeiture, 21 to Customs fraud, 19 to organized crime, 10 to corruption, and the rest to other types of crimes.

762. The sending of partial responses by the competent authorities is taken into account, but it is estimated that a follow-up should continue and the processes for their attention should be strengthened to allow a timely attention.

763. Regarding extradition, Bolivia has signed extradition treaties with the following countries: Argentina, the Kingdom of Belgium, Brazil, Chile, Ecuador, Spain, Government of the United States of America, the United Mexican States, Paraguay, Peru and the United States of Venezuela. It has also signed: A treaty on friendship and extradition with Italy, a treaty on extradition of criminals with England, a treaty on commerce, navigation and extradition with Portugal, an agreement on extradition between the Member States of Mercosur and the Republic of Chile. In addition, it has legislative measures that allow for the extradition of citizens involved in ML/TF crimes without delay.

764. The MRE, as central authority, issued an information booklet called “Extradition” aimed at judges, prosecutors and the general public, including clear procedures for handling requests, including processing channels, authorities, data on letters rogatory and flowcharts, so that the competent authorities can timely comply with the international instruments ratified by the country. Said booklet is available to the public and refers to the preliminary procedure for active and passive extradition.

765. In extradition processes, the Attorney General’s Office has a specific participation, in the case of passive extradition, the attorney general becomes aware of a request in a decision-making phase, verifies that all requirements have been met, within the framework of the invoked treaty and issues the corresponding opinion, which can be taken into account by the Supreme Court at the time of issuing the corresponding order or resolution.

766. In passive extradition, the central authority of the requesting country, through diplomatic letters rogatory, sends the request for preventive detention with extradition purposes to the MRE. The MRE after having complied with the formalities required in the applicable international instrument or under the reciprocity framework, sends the request to the Supreme Court of Justice, which issues the supreme order that rules for the preventive detention for extradition purposes or the resolution that makes observations to the request so that the MRE notifies the requesting State.

767. The Supreme Court of Justice pronounces itself by means of a supreme order that establishes the admissibility or inadmissibility of the extradition request and forwards it to the MRE. The admissibility or inadmissibility is then sent by the central authority of the requested State to the requesting State. Should the extradition request be admitted, the extradition is conducted from the requested State to the territory of the requesting State.

768. In turn, the Supreme Court of Justice approved the Manual for the Processing of Extradition in the Judiciary, which establishes the principles of confidentiality and reservation that should be observed by court officers and the guidelines to respond with priority extradition requests related to crimes against humanity, trafficking of controlled substances, terrorism, ML, crimes against the sexual freedom of girls, boys, adolescents and women, and crimes against corruption.

769. In an extradition process, the INTERPOL National Central Bureau (NCB) is in charge of searching, locating and arresting citizens required by international justice. It is the authority that informs its counterparts on the progress of the extradition process until their final resolution and the execution of the detainee’s handover, thus being the one who carries out the extraditions in coordination with the MRE and the requesting country. In turn, the National Intelligence Directorate of the Bolivian Police, through the National Department of Planning and Operations, complies with international search and extradition requirements of persons requested by counterparts from different countries.

770. From 2019 to 2023, a total of 41 passive extradition requests have been processed, 14 made by Brazil, 11 by Argentina 4 by Chile and 3 by Peru. Out of these requests, 36 are related to drug trafficking and criminal association to conduct drug trafficking, 1 to ML and the rest to other crimes. Out of the total of these passive requests, 18 were completed and 20 are pending. The minimum processing period of a passive extradition request until its completion is of 5 months and the maximum average processing period is approximately 4 years. However, in some cases these times are limited because the requests contain ambiguous or imprecise information, making it difficult to locate the citizen requested for extradition, causing the country to request corrections informally. In that sense, 56.09% of passive extraditions are still in process, so the country must provide greater follow-up with its counterparts so that a response can be provided that helps improve and strengthen this international cooperation. The following tables show details on passive requests:

**Table 72. Passive extradition requests by country and year**

COUNTRY	2019	2020	2021	2022	2023	TOTAL
Argentina	1	2	4	3	1	11
Brazil	1		8	5		14

<b>Chile</b>			1	3		4
<b>Cuba</b>			1			1
<b>United States</b>			1			1
<b>Ecuador</b>					1	1
<b>Spain</b>				1		1
<b>Peru</b>	1			2		3
<b>Russia</b>				1		1
<b>Turkey</b>				2		2
<b>Uruguay</b>				1		1
<b>Portugal</b>				1		1
<b>TOTAL</b>	<b>3</b>	<b>2</b>	<b>15</b>	<b>19</b>	<b>2</b>	<b>41</b>

**Table 73. Status of passive extradition requests**

Status	2019	2020	2021	2022	2023 (April)	TOTAL
Answered	1	1	6	9	1	18
Pending	2	1	9	10	1	23
Not answered	-	-	-	-	-	-
<b>TOTAL</b>	<b>3</b>	<b>2</b>	<b>15</b>	<b>19</b>	<b>2</b>	<b>41</b>

771. Bolivia has some successful cases in terms of passive extradition, which are listed below:

Turkey	
<b>Type of extradition</b>	<b>Passive</b>
<b>Crimes:</b>	Drug trafficking
<b>Requested State</b>	Plurinational State of Bolivia
<b>Requesting State</b>	Republic of Turkey
<b>International convention applied</b>	United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances Principle of reciprocity
<b>Requesting Court</b>	Tribunal Segundo Penal Pesado de Bakirköy
<b>Beginning of the extradition</b>	24 June 2020 (GM-DGAJ-UAJI-Cs-1397/2020 of 25 June 2020)
<b>Supreme Order of preventive detention for extradition purposes</b>	Sent through GM-DGAJ-UAJI-Cs-705/2021 of 13 April 2021

- Extradition classified as VERY URGENT requested by the Russian Federation, promoted by the Attorney General's Office of the Russian Federation, requesting the citizen Kalte Artem Valentinovich within the framework of the United Nations Convention against Transnational Organised Crime for the crime of criminal organisation on bank fraud. This extradition was completed in a period of 2 years and 6 months.

- Extradition classified as VERY URGENT requested by the Argentine Republic, promoted by the Federal Court of Salta No. 1, requiring the citizen Wilson Maldonado Balderrama within the framework of the extradition treaty between the Argentine Republic and the Republic of Bolivia now the Plurinational State of Bolivia, for the crime of drug smuggling as aggravated organiser and aggravated drug transportation. This extradition was completed in a period of 2 years and 5 months.

772. Based on the above, it can be seen that the country has effective mechanisms and procedures to provide assistance and collaboration, as well as to process both MLA and extradition requests, which can also be confirmed through the feedback received from the jurisdictions of the FATF Global Network (GAFILAT and other FSRB member countries).

773. Based on the information provided, it should be noted that the assistance is generally of good quality and adequate. In addition, positive cases have been presented for the collaboration and relationship between the parties and the timely provision of international cooperation. However, some of the procedures tend to have a certain degree of delay, due to their complexity or incomplete information from the requesting state. Inter-agency coordination is good and allows the 3 main authorities to respond to the requests made by their counterparts. The competent authorities have procedures for answering and processing information requests; however, the assessment team considers that there are opportunities for improvement for the timely attention of their counterparts' requests.

*Seeking timely legal assistance to pursue domestic ML, predicate offences and TF cases with transnational elements*

774. Requests for extraditions and MLA to the competent foreign authorities are channelled through the MRE in its capacity as central authority. Prior to sending it to the counterpart, the MRE reviews the requirements, formalities and scope established in international instruments. Orders are submitted to the foreign central authority or through the diplomatic channel established according to the corresponding country.

775. Within the Attorney General's Office, prosecutors in the pertinent matter issue the MLA request under the parameters established by the international instrument invoked, in which the necessary grounds are stated, such as: identification of the fact that is being investigated, the parties to the process, the crimes, the regulations that support such a request. The Attorney General's Office should be informed on the request so it can process it through the International Affairs Unit. It is worth mentioning that this Unit technically supports the prosecutors, providing assistance to prepare and draft the request, indicating the treaty to be invoked, the requirements established therein and in general, reviewing the formalities required by the State to which the request will be addressed. According to the authorities interviewed, approximately 3 months is the average time that a request takes between the prosecutor presenting it to the judge and the MRE transmitting it to the requested state.

776. To process active MLA requests, prosecutors should submit them, and the judge verifies its concurrence. The request must specify the requesting authority as well as the requested authority, recording the arrival of the request and describing the process to be carried out, the invocation of the applicable convention or treaty and its ratification date by the requested State. In addition, the request should include

an extract of the procedural backgrounds of the case that involves the preliminary and court stages, as well as the aspects that comprise it. A brief description on the matter and the grounds for the request should also be provided, in accordance with the fact investigated in Bolivia, applicable regulations, relevance of the requested procedures, reservation request and offer, certification regarding the legitimacy of the evidence obtained, reciprocity commitment, urgency of the procedure, notifications and communication and conclusion. The court authority sends the request, through a letters rogatory, to the MRE, which submits it to the requested State.

777. During the period 2018-April 2023, Bolivia made the following 239 MLA requests, highlighting the requests to neighbouring countries: 42 to Peru, 33 to Brazil, 32 to Chile, 26 to Paraguay and 24 to the Argentine Republic.

**Table 74: Active MLA requests by country and year**

COUNTRY	2018	2019	2020	2021	2022	2023	TOTAL
Argentina	4	3	0	3	7	6	24
Brazil	0	4	3	10	10	6	33
Chile	7	2	2	2	15	4	32
China	3	0	0	1	1	0	5
United States	6	3	1	5	3	0	18
Spain	1	1	1	5	6	2	16
Peru	2	7	2	11	17	3	42
Belgium	0	1	0	0	1	0	2
Korea	0	1	0	0	0	0	1
Paraguay	0	1	2	4	12	7	26
Russia	0	1	0	0	0	0	1
Mexico	0	0	2	3	6	0	11
WHO	0	0	1	0	0	0	1
Panama	0	0	0	0	3	1	4
Uruguay	0	0	0	2	1	1	4
Germany	0	0	0	0	1	0	1
Colombia	0	0	1	3	3	1	8
Ecuador	0	0	0	0	4	1	5
Malaysia	0	1	0	0	0	0	1
Costa Rica	0	0	0	0	0	1	1
Cuba	0	0	0	0	0	1	1
Japan	0	0	0	0	0	1	1
BIP	0	0	0	0	0	1	1
<b>TOTAL</b>	<b>23</b>	<b>25</b>	<b>15</b>	<b>49</b>	<b>95</b>	<b>30</b>	<b>238</b>

**Table 75: Status of active MLA requests by country and year**

Status	2018	2019	2020	2021	2022	2023 (April)	Total
Answered	18	16	8	29	48	2	121

Pending	6	9	7	20	42	34	118
Not answered	0	0	0	0	0	0	0
Total	24	25	15	49	90	36	239

778. According to the information provided, the main crimes included in the requests sent by Bolivia are the following: trafficking of controlled substances and drugs (71), ML (46), human trafficking (25), corruption (25), smuggling (6), among other predicate crimes. In this regard, the active requests are consistent with the threats identified by the country. Likewise, it is highlighted that starting in 2021, Bolivia has increased the search for ALM by almost 100% compared to previous years. It should be noted that, according to what was stated by the authorities, the limited number of MLA that is reflected is due to the low incidence of transnational criminal organizations operating in the country.

779. Bolivia presented a case of active MLA where criminal activity was identified at the local level that required information from abroad, and that also involved several countries in the region. 9 natural persons were investigated and the extradition of one of them was achieved. Based on the statements of said person and others involved, information was requested from different countries. The above denotes the country's ability to request information from different countries that, although not transnational in nature, could request information from the countries with which a link was identified.

780. On the other hand, Bolivia also makes use of international cooperation to make extradition requests to other countries. From 2021 to April 2023, 12 extradition requests were registered, 8 out of which are pending and 4 were completed, as shown in the table below:

**Table 76. Active extradition requests by country and year**

Country	2021	2022	2023	TOTAL
Argentina	1		2	3
Brazil		1	2	3
Panama	1			1
Peru		4		4
United States	1			1
<b>TOTAL</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>12</b>

Source: Ministry of Foreign Affairs

781. It is highlighted that the country has attempted to follow up on its requests to its counterparts through informal channels in order to obtain a response to the requirements. Bolivia continuously monitors the active requests, requesting an express statement of the diligence or the impossibility of these, with the response that they are being processed in accordance with the internal legal system of its state, announcing that once it has a response it will be sent.

782. Considering the above, follow-up must be strengthened in order to guarantee better international cooperation. Nonetheless, this is not considered as a deficiency for Bolivia since the assessment teams considers the effort made by Bolivia and the non-response is from its counterparts.

783. The main crimes included in those requests are as follows: ML, illicit enrichment, influence peddling, drug trafficking and human trafficking.

784. On the other hand, it is important to highlight that Bolivia uses simplified extradition, which has allowed a more timely response and more efficient active cooperation in this regard. Bolivia has some successful cases, which are listed below:

- Two extradition requests classified as VERY URGENT requested by Bolivia to the Republic of Peru for the crime of trafficking in controlled substances. A simplified extradition type was applied to these cases and were concluded in a period of 7 months.
- Extradition classified as VERY URGENT requested by Bolivia to the Argentine for the crime of femicide. A simplified extradition type was applied and it was concluded in a period of 2 months.
- Extradition classified as VERY URGENT requested by Bolivia to the Republic of Panama for the crimes of illicit enrichment of individuals to the detriment of the State, which concluded in a period of 10 months.

785. As indicated above, the country, through the MRE, as the central authority, makes use of the MLA to obtain effective and timely information for the success of the cases that are under investigation and to a large extent, are according to the threats identified by Bolivia. Regarding the use of international cooperation to make extradition requests to other countries, there are specific regulations and legal instruments.

*Seeking other forms of international cooperation for AML/CFT purposes*

786. The Bolivian authorities seek different forms of international cooperation for AML/CFT. They are part of various international networks that facilitate the exchange of information in an effective and timely manner. In addition, they promote the creation of working groups in collaboration with agencies from other countries. More details on this are provided in the following paragraphs.

787. The Attorney General's Office, the Bolivian Police through its specialized units (FELCN, FELCC, INTERPOL), the Internal Revenue Service and the National Customs, the ASFI, and the FIU are seeking other forms of international cooperation through the international networks to which they belong and keep communication channels between the respective agencies in order to facilitate the rapid and secure exchange of information. This international cooperation is carried out ex officio and upon the request of the party, both for the exchange of information and assistance in joint actions, as appropriate within the framework of their powers.

788. In this regard, there are international spaces and mechanisms such as the Ibero-American Network of Public Prosecutors (AIAMP), the Ibero-American Network of Anti-drug Prosecutors (RFAI), the Specialized Meeting of Public Prosecutors of Mercosur (REMPM), the STAR GIRA Group, the Asset Recovery Network of GAFILAT - RRAG, and the EGMONT Group of the FIUs, through which international cooperation is provided in relation to ML, TF and predicate offences.

789. The Attorney General's Office is part of the AIAMP, which has seven (7) working networks of specialised prosecutors and eight (8) working groups on topics of interest, such as illegal mining, asset forfeiture and others. These groups make it possible for prosecutors, who share best practices and are in charge of investigations, to gather together. They may create guidelines, protocols and other useful documents to strengthen the capacity of prosecutors in terms of international cooperation. The cooperation is provided electronically under the Inter-agency agreement and responses can take approximately 24 hours, whenever the required information is available to the Attorney General's Office such as, the identification particulars of a Bolivian citizen.

790. During 2020-2023, the Attorney General's Office carried out 38 requests both for ML and predicate offences through the UNAI. The country has processed 92% of those requests; the only ones pending are those corresponding to 2023. In addition, there has been cooperation with countries in the region, mainly Peru, Argentina, Chile, Brazil and Paraguay, as well as Spain.

791. Regarding the RRAG, the AGO sent 5 requests in 2023 to Argentina, Peru and Colombia, 3 of which were answered by Argentina and Peru.

792. In turn, the Police are part of INTERPOL NCB and AMERIPOL, exchanging information through the I-24/7 system, Alférez SII and the institutional mail, respectively. The authorities share information related to regulations, statistics on criminal phenomena, background information on individuals or companies, migratory movements, among others. Requests sent to INTERPOL member countries meet the parameters established in the NCB's quality standard.

793. The country made a total of 5,569 requests and it is worth mentioning that the requests for information sent to INTERPOL member countries, specially zone 4 (Argentina, Paraguay, Colombia, Brazil, Venezuela, Guyana, Bolivia, Peru, Uruguay, Suriname, Ecuador, Chile) through INTERPOL's i-24/7 global secure police communication system, has an average response time of 5 days. In this regard, up to the date of the report, there are no pending requests and when a requested country exceeds the time established by the quality standard, the NCB in Bolivia reiterates it so that a response can be provided. The assessment team considers this a good practice of proactivity to be notable to obtain information in a timely manner for criminal investigations and to serve as a basis for filing a request for criminal assistance.

794. Regarding the trafficking of controlled substances, the FELCN Directorate exchanges information with the anti-drug forces of other countries. During 2021, the country exchanged information in 4 cases: 1 order to Colombia and Peru, 2 orders to Colombia and 1 order to Mexico. According to the country, a useful and timely response was obtained from Colombia and Mexico, which favoured the Attorney General's Office to file charges. In turn, no response has been obtained in two requests made to Colombia and Peru.

795. The Special Force Directorate for the Combat against Drug Trafficking (DGFELCN), through the Anti-narcotics Operations Coordination Centre "CCOAN", has established the focal point for the exchange of police intelligence on drug trafficking and related crimes in other countries with similar cases at the regional level and with other continents. Thus, there were 421 information exchanges during the assessed period, and mostly with countries in the region which would represent a higher risk for the country.

796. The Regional Anti-Narcotics Intelligence Centre (CERIAN), whose purpose is to coordinate actions to combat drug trafficking with police and drug control entities from its five neighbouring countries: Argentina, Brazil, Chile, Paraguay and Peru, has made 395 requests, of which there is only a record of 2 requests without a response because the two pending countries do not have a focal point, which delays attention to the requirements.

797. The FELCC Directorate exchanges information in specific cases through the INTERPOL, by means of a procedure already established by the INTERPOL. Coordination is carried out through the top executives of each entity, and there are plans and agreements for the exchange of information regarding ML/TF, as well as predicate crimes. Likewise, the FELCC holds coordination meetings with its counterparts in Peru (Department against transnational organised crime and Illicit proceeds of the National Police of Peru -PNP) to address ML/TF issues and participates in sponsored campaigns and information exchanges by the EUROPE-LATIN AMERICA PACT (Assistance programme against transnational organised crime) such is the case that participated in the launch of the communication campaign “FakeCoins: Scams with cryptocurrencies” with police forces and some attorney general’s offices from 17 countries: Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Spain, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Portugal, Dominican Republic and Uruguay.

798. In addition to the information submitted, it is worth mentioning that the Bolivian authorities have the capacity to form a joint investigation team. In this regard, there is information on the “Tren de Aragua” case related to human trafficking. The Bolivian Attorney General’s Office and the Chilean Attorney General’s Office signed a historic agreement through which a joint investigation team was created between the two countries for the first time. The agreement was made under the United Nations Convention against Transnational Organised Crime and its Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children. The joint investigation team is currently carrying out activities under a high level of confidentiality, so no further information could be provided at the time of writing this report.

799. In turn, the National Customs provides cooperation to foreign counterparts within the framework of its participation in the Multilateral Agreement on Cooperation and Mutual Assistance between the National Customs Directors of Latin America, Spain and Portugal (COMALEP), the World Customs Organization (WCO) and the Global Container Control Programme of the United Nations Office on Drugs and Crime and the World Customs Organization. The channels used for the exchange of information are the following: emails, notes addressed to counterparts and computer communication systems, such as the one called “INDIRA”. It recently approved the Regulation for the exchange of information at an international level, which aims to establish the formalities, guidelines and regulatory grounds for the exchange of information in customs matters and foreign trade at an international level, ensuring the integrity and security of any data and protecting against unauthorised disclosure.

800. The FIU, as a member of the Egmont Group, and in line with its operational intelligence needs, uses the secure web platform for the exchange of financial intelligence information with its counterparts abroad. From 2020 to April 2023, it made 105 requests to the FIUs of 20 countries, such as United States (26), Argentina (15), Brazil, (13) and Peru (11) with the largest number of requests which. To date, there are 55

requests not attended. In this regard, there is a need for a deeper monitoring of requests by the FIU of Bolivia. Please find said information described hereinbelow:

**Table 77: Requests sent to other FIUs via Egmont**

Country	2020	2021		2022		2023		Total
	Attended	Attended	Pending	Attended	Pending	Attended	Pending	
Alemania					1			1
Argentina		7		1	7			15
Belgium					1			1
Brazil		7			6			13
Chile	1	4		1				6
Colombia		2	1		1	1		5
Costa de Marfil					1			1
Arab Emirates		1						1
Spain		3			4			7
United States	3	3	7	1	10		2	26
India		1						1
Luxembourg					1			1
Mexico				1	1			2
Panama		1			4			5
Paraguay					2			2
Peru		5		1	3	1	1	11
United Kingdom		1						1
Turkiye					1			1
Uruguay		1		2	1			4
Vatican		1						1
<b>Total</b>	<b>4</b>	<b>37</b>	<b>8</b>	<b>7</b>	<b>44</b>	<b>2</b>	<b>3</b>	<b>105</b>

801. Likewise, the FIU is a member of the RRAG, through which, from 2019 to April-2023, sent 15 requests for information to its counterparts in 8 countries, mainly Chile (5) and Peru (4), only 3 pending from Chile.

**Table 78: Requests sent via the RRAG**

País	2019	2022		2023		Total
	Attended	Attended	Pending	Attended partially	Pending	
Argentina				1		1
Brazil	1					1
Chile	1	1	2		1	5
Colombia		1				1
Panamá	1					1



Panamá y Perú		1				1
Perú	1	3				4
Uruguay		1				1
<b>Total general</b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>15</b>

802. The above data denotes the country's proactivity for international cooperation and the use of other types of international cooperation through its focal points of the competent authorities.

803. In addition, the Prosecutor’s Office has 6 conventions and treaties, Customs has 8 conventions and agreements with customs from other countries, the FIU has 24 MOUs signed with its foreign counterparts, and the ASFI signed a Memorandum of Cooperation and/or Understanding with the Superintendency of Banking and Insurance of the Republic of Peru. In the case of the Police, it has 27 signed agreements, which allows them to expeditiously share the information necessary to support their processes.

804. Some examples of successful cases in international cooperation are described below:

**Attorney General’s Office:**

The involvement of Controlled Delivery in the procedure called “**Bolivarian**” with the intervention of countries such as Colombia, Peru, Chile and Bolivia. Likewise, in December, coordination meetings have been held in order to specify a new Submission, which is pending.

**Police:**

In 2019, cooperation with the **Italian Police**, through the exchange of intelligence. A member of the Sicilian mafia is identified. This person would be in the city of Cochabamba. After processing information and intelligence tasks, this Italian citizen was identified (who was also in the country illegally) and the procedures for his capture were activated. He was successfully transferred to the Italian Police.

In 2021, a case was handled in coordination with the Chilean Investigation Police (PDI), the Southern Metropolitan Regional Public Prosecutor’s Office, the Chilean Attorney General’s Office and the FELCN. Through regular channels, they reported that 3 Chilean citizens who were under home confinement in their country, may possibly be found in Bolivia while the investigation on two cases related to drug trafficking is underway (May 2021). The CCOAN starts analysing the information, identifying and locating these persons, coordinating with operational groups for field work and the respective operational actions. In July, these persons residing in the department of Cochabamba were identified; in **Chile** these persons were involved in the cases “**Reina Madre I**” and “**Reina Madre II**” (since the organization used a queen’s crown as a mark on drug packages), and in Bolivia it was named “**Reina Madre III**”. Once these three Chilean citizens were identified, the procedures for the extradition of the persons required by the Chilean justice system were carried out successfully.

**Customs:**

Within the framework of the Container Control Program (CCP) of the United Nations Office on Drugs and Crime (UNODC) and the World Customs Organization (WCO), of which the National Customs is a member and through the investigation working group under the then- Department of Operational Coordination and Investigation (DCOI) in coordination with the **Customs of Panama and Chile**, in June 2020, a 40-foot container full of cigarettes about to enter the country illegally was intercepted. The work was carried out in response to an alert generated by the Panama Customs, through the Cencomm platform, on a cigarette

container in transit to Bolivia, which would not be optimal for human consumption, the container number was MRKU2896728. Once the cargo was monitored and profiled, the means of transport was escorted from the Customs Inspection Point (PIA Lagunas/Tambo Quemado) to the Oruro/Pasto Grande Interior Customs Administration, where the container was opened, finding the goods that had not been declared in the International Cargo Manifest (MIC/DTA). They found cigarettes instead of what had been declared: adhesive tape. Therefore, a preventive confiscation of the cigarettes was carried out, as well as the means of transport for their subsequent inventory, valuation and respective investigation, issuing Intervention Entry ORUOI-0024/2020, the case entitled “**PUCHO CAMUFLADO**” (hidden cigarettes). As from that investigation, more than 16 tons of cigarettes with an approximate CIF value of **USD 220,163.20 in goods**. This case is being tried in criminal jurisdiction for the crime of smuggling.

805. As regards cooperation in the field of supervision, the ASFI, in accordance with its Regulations for the Processing and Drafting of International Cooperation Requests in Matters of Legitimation of Illegal Proceeds from Terrorism and Proliferation of Weapons of Mass Destruction or Unconventional Weapons Financing, may exchange information with foreign counterparts or similar entities or other competent authorities in matters of ML/TF/PF. By virtue of this, international cooperation was requested to Nicaragua in 2019 regarding the information required from a natural person as a shareholder of an entity that requested authorization to register and operate in the ASFI Securities Market Registry. A response regarding the information requested to the country was received.

806. The Gaming Supervisory Authority (AJ) has a Procedure Manual for the processing and answering of international cooperation requests and/or exchange of information in ML/TF/PF matters. Likewise, it signed the Addendum to the Memorandum of Cooperation and/or Understanding with the Superintendency of Banking, Insurance and Private Pension Fund Administrators of the Republic of Peru, referring to the “General Commitment for the Exchange Information on the Respective Banking Systems” and to the incorporation of the “Commitment to Exchange Information Regarding the supervision of the system for the prevention of Money Laundering and Terrorist Financing” and “Operations allowed in the Binational Border Service Centre (CEBAF) and its supervision”. Likewise, it has signed memoranda of understanding with its counterparts in Spain and Chile. In addition, the AJ has participated in international meetings with its counterparts from Curacao, Panama and Peru, where guidelines of the anti-money laundering measures, good international practices in terms of regulation and issues related to the anonymity of gamblers (this does not apply to Bolivia) and compulsive gambling were addressed.

807. Regarding communication and feedback on the information exchanged, the Attorney General’s Office may do it with its foreign counterparts directly and constantly through the consultations that are carried out by means of the AIAMP International Cooperation Network (REDCOOP). In this regard, the usefulness of the information is shared in the virtual meetings held. In turn, the Police provide feedback, directed by the Department Headquarters, to investigators where ML cases that have a financial and asset intelligence report are analysed. Feedback is provided on relevant data such as investigative techniques applied to the different cases. In this regard, feedback can be achieved in cases in which the information sent or received has been useful for investigations by the recipient agencies.

808. Regarding the FIU, upon the request of some of its counterparts, it responds to feedback forms that are shared when responding to cooperation requests. These are electronic forms in which responses are obtained on the timeliness and quality of the information shared.

809. Based on the above, it is verified that the Bolivian authorities request other forms of international cooperation in matters of AML/CFT. In particular, it is highlighted that the competent and investigation authorities are part of several international networks that are used for the exchange of information. There are also cases in which working groups have been formed with agencies from other countries.

*Providing other forms of international cooperation for AML/CFT purposes*

810. The FIU has signed 24 Memoranda of Understanding with counterparts from other jurisdictions, Argentina, Brazil, Colombia, Chile, Ecuador, Guatemala, Costa Rica, Honduras, Japan, Korea, Nicaragua, Panama, Paraguay, Portugal, Dominican Republic, Venezuela, Mexico and Peru. Likewise, it is part of the Egmont Group and provides financial information to its foreign counterparts through the Egmont Secure Network. In the period 2018-2023, it received a total of 66 requests for information from 20 countries, mainly from Peru (18), Argentina (11) and Chile (7), out of which 97% were answered, and the others, belonging to 2023, are pending.

**Table 79: Requests received at the FIU-Bolivia via EGMONT**

COUNTRY	2018	2019	2020	2021	2022	2023	TOTAL
Argentina	3	2	1	3	1	1	11
Belize					1		1
Benin				1			1
Chile	2	2		1	2		7
Arab Emirates				1			1
Spain			1		1		2
United States	1		1		2		4
France	1				1		2
Israel			1				1
Italy	1						1
Japan			1				1
Kazakhstan					1		1
Latvia	1				1		2
The Netherlands			1				1
Panama				1			1
Paraguay	3		1				4
Peru	1		4	3	8	2	18
Russia			1		1		2

Syria				2	2		4
Thailand				1			1
<b>TOTAL</b>	<b>13</b>	<b>4</b>	<b>12</b>	<b>13</b>	<b>21</b>	<b>3</b>	<b>66</b>

811. From the information provided, it can be seen that the number of requests answered increases over time, from 13 received in 2018 to 21 answered in 2022, with a higher incidence of requests from neighbouring countries, Argentina, Peru and Chile, accounting for 51% of the total since 2018 among these three countries. The requests were triggered mainly by the alleged commission of drug trafficking and money laundering (29 requests).

812. Likewise, the FIU, from 2018 to April 2023, received 36 requests from its counterparts from 9 countries, via the RRAG, mostly from Argentina (18), Colombia (5) and Chile (4); all of them are fully answered.

**Table 80. FIU: Requests received via RRAG**

COUNTRY	2018	2019	2020	2021	2022	2023	TOTAL
Argentina	3	5	3	2	5		18
Belgium	1						1
Chile	1	1		1	1		4
Colombia	2	2		1			5
Ecuador			1				1
El Salvador					1		1
Peru					3		3
Spain						2	2
Moldova						1	1
<b>TOTAL</b>	<b>7</b>	<b>8</b>	<b>4</b>	<b>3</b>	<b>10</b>		<b>36</b>

813. The average response time for RRAG requests ranges between 29 and 86 calendar days (2 months), similar to the response time for requests made by EGMONT, it varies according to the accuracy in the identification and volume of the recorded information. From the data provided, it can be seen that 78% of the requests come from neighbouring countries (Argentina, Chile and Peru), and 65% were related to ML crimes, drug trafficking and criminal organization.

814. The Regional Centre for Anti-Narcotics Intelligence (CERIAN), whose purpose is to coordinate actions to combat drug trafficking with police and drug control entities from its five neighbouring countries: Argentina, Brazil, Chile, Paraguay, and Peru. The CERIAN has received and attended the 100% of the requests for international cooperation during the assessed period:

**Table 81. Request and dissemination of information from countries to CERIAN (2017-2023)**

REQUESTING COUNTRY	2018	2019	2020	2021	2022	April 2023	TOTAL
Argentina	5	7	21	18	82	32	165



Brazil	3	28	21	54	41	14	161
Chile	3	5	17	13	14	1	53
Ecuador	1	2	2	1	0	0	6
Paraguay	2	1	2	4	3	4	16
Peru	6	16	13	13	5	1	54
Uruguay	1	2	3	2	0	0	8
<b>TOTAL</b>	<b>21</b>	<b>61</b>	<b>79</b>	<b>105</b>	<b>145</b>	<b>52</b>	<b>463</b>

815. The General Directorate of the FELCN, through the CCOAN, has established over the years the focal point for the exchange of police intelligence on drug trafficking and related crimes with similar ones in other countries at a national level and with other continents. Within the assessment period, it carried out a total of 2,868 exchanges of information, mainly with Brazil, Chile, Peru and Argentina.

816. In turn, the National Customs has signed mutual assistance agreements and protocols in customs-related matters within the framework of the International Cooperation and Assistance Agreements signed with different countries, which allow it to exchange information with its counterparts, either requesting or providing information. Likewise, the Customs provides spontaneous information to its counterparts; such is the case of a spontaneous communication made to the Chilean Customs on the identification of unalloyed aluminium sheets with characteristics similar to those of motor vehicle license plates used in the Republic of Chile. The communication was made after realising that those goods were allegedly used for the counterfeit of license plates. The Chilean consulate in La Paz suggested to conduct an investigation by the competent authorities and considering that the goods were poorly described in the statement, they were confiscated. Subsequently, they were destroyed in accordance with Bolivian regulations.

817. Likewise, and within the framework of the 28th Additional Protocol of the Economic Complementation Agreement between the States Parties to MERCOSUR and the Plurinational State of Bolivia, the National Customs has conveyed information to Argentina, Paraguay and Uruguay through a corporate mailbox.

818. Regarding the requests to the FIU-Bolivia there are some cases:

Through the communication channel, EGMONT, the “Conselho de Control de Atividades Financeiras” **COAF – Brazil**, requested information from a person for the alleged crime of drug trafficking and money laundering through a possible scheme in which Bolivian citizens and companies are involved. Based on that, deposits for more than BOB 80,000,000 (**eighty million Bolivian currency**) had been received by a cement producing company during a term of two and a half years. Information on partners and financial relationships were sent to the requesting entity.

Through the GAFILAT Asset Recovery Network (RRAG), the **Argentine FIU** explained that, since 2018, a group of people is being investigated for the crime of money laundering. They placed funds originated in **repeated scams** into the market through the purchase of real and personal property with the purpose of making them appear like a request. Considering that some of the people in the identified group were Bolivian, it is suspected that they could register properties in the country, as a result of the

analysis and consultation of the systems accessed by the FIU. Different properties owned by the persons reported were identified. Said information was made known to the requesting party.

819. Regarding the provision of international cooperation by supervisors, the ASFI and the APS can exchange information with their counterparts in accordance with the signed treaties and agreements. The ASFI has signed a Memorandum of Cooperation with Peru. In the case of the APS, it may exchange information on legislation, control methods, statistics, market and operating system features regarding insurance and reinsurance and any other subject related to the insurance activity. According to the information provided, the APS responded to two requests for the exchange of foreign information that were channelled through the FIU, the first from the Republic of Ecuador and the second from the Federative Republic of Brazil.

820. Based on what has been developed, it is possible to observe that Bolivia, through its competent authorities, generally offers international cooperation to exchange information with its foreign counterparts. Likewise, it is possible to observe that the different agencies of the country's AML/CFT system use a variety of mechanisms to provide the broadest information as required. Likewise, it can be seen that cooperation requests have been increasing over time and that, to a large extent, the country responds to them on time.

*International exchange of basic and beneficial ownership information of legal persons and arrangements*

821. The SEPREC records the basic information of owners, attorneys-in-fact and legal representatives of sole proprietorships, which can be available to the competent authorities either directly or upon request to the SEPREC. However, the country does not have a single registry of beneficial owners as such, thus access to the information on a beneficial owner is limited.

822. The SIN may have access to the basic information handled by the SEPREC and is empowered to share financial, commercial and tax information within the international cooperation with countries of the Andean Community of Nations (CAN). Regarding the exchange of information, it has procedures and mechanisms for safeguarding and confidentiality. In the SIN, the receipt and dispatch of requests are channelled through authorized emails of the competent authorities to be later entered into the official correspondence channel of the institution for its further traceability.

823. Within these mechanisms, the SIN has made requests for international cooperation to its foreign counterparts, such as Sweden, Peru and Argentina regarding BO and all have been attended.

824. In turn, the ASFI reveals that it has basic and updated information on the beneficial owner of legal persons and other legal arrangements, and in virtue of its powers, it has shared it with foreign counterparts. During the assessment period, 2 exchanges were carried out, which are listed below:

- In the 2019 administration, it requested international cooperation from the country of Nicaragua regarding a natural person, who was handled by the Superintendency of Banks and other Financial Institutions, the procedure for requesting and receiving information was carried out under confidentiality guidelines.

- In the 2021 administration, the ASFI received the request for international cooperation on the information request made by the country of Japan, related to the identification of a beneficial owner.

825. The FIU, in turn, has evidence to show that it provides cooperation and that foreign requests for cooperation in the BO identification and exchange of basic and beneficial ownership information of legal persons and other legal arrangements are being responded to.

826. Finally, there is no evidence of any restriction in Bolivia for the exchange of basic information and about the BOs of legal persons and arrangements; however, in terms of access to information by the competent authorities, some deficiencies are seen in order to obtain it effectively (see Immediate Outcome 5).

#### *Overall conclusions on IO.2*

827. Bolivia offers MLA and extradition in a constructive manner. From the statistics presented, it is observed that international cooperation is conducted to a large extent in accordance with the threats identified by the country. Likewise, the country requests ALM to prosecute ML, TF and predicate crimes. The country has clear procedures regarding the management of information and its protection. There is developed cooperation between the competent authorities and relevant foreign counterparts. Regarding the search or provision of cooperation with counterparts, it is sought by the vast majority of competent authorities. As for the supervisors, they can exchange information, however, this search is only observed by the ASFI.

828. The national cooperation and coordination to process MLA responses, extradition, is coordinated by a single entity, this being an advantage for its processing. In this regard, good collaboration and clear processes for both active and passive cooperation can be found. Additionally, the competent authorities have agreements that allow them to exchange information with their foreign counterparts, and they can also make use of other tools such as the RRAG, Interpol, WCO platforms, among others, as well as any other forms of cooperation. Although supervisors may exchange information, the search for or provision of cooperation with their counterparts is not observed, except in the case of the ASFI.

829. Regarding TF, the NRA and the SRA found that the risk is low, mainly because no act of domestic terrorism has occurred, in addition to the fact that there is no evidence of the presence of any terrorist group in the country, which is why the country has not seen the need to seek assistance for this crime.

830. Regarding the exchange of information on BOs, the deficiencies identified in IO.5 could have an impact on the provision of international cooperation in this matter.

831. The assessment team considers that the country has opportunities for strengthening the monitoring and follow-up of the requests made to foreign counterparts. On the other hand, it is highlighted the improvement in the search for information by the Bolivian authorities and the proactivity to provide attention to requests. Furthermore, the country has demonstrated the use of simplified extradition, in addition to success cases regarding active cooperation and prioritization of requests for attention. The assessment team considers that the required improvements are moderate in nature. Therefore, **Bolivia is rated as having a substantial level of effectiveness.**

## TECHNICAL COMPLIANCE ANNEX

CT1. This annex provides detailed analysis of the level of compliance with the FATF 40 Recommendations in numerical order. It does not include descriptive text on the country situation or risks and is limited to the analysis of the technical criteria for each recommendation. It should be read in conjunction with the Mutual Evaluation Report.

CT2. Where both the FATF requirements and national laws or regulations remain the same, this report refers to the analysis carried out as part of the previous Mutual Evaluation in 2011. This report is available at

<https://www.gafilat.org/index.php/es/biblioteca-virtual/miembros/bolivia/evaluaciones-mtuas-1/1950-informe-de-evaluacion-mutua-de-bolivia-3a-ronda>.

### *Recommendation 1 - Assessing risks and applying a risk-based approach*

CT3. This Recommendation (R) is new, and therefore it was not assessed in Bolivia's MER of the Third Round of Mutual Evaluations conducted by GAFISUD (now GAFILAT).

#### *Risk assessment*

CT4. *Criterion 1.1* - Bolivia identifies and assesses its ML/TF risks in its National Risk Assessment (NRA), which was developed by legal mandate by the National Council Against Money Laundering and Terrorist Financing and the Financial Investigation Unit.

CT5. Thus, through Supreme Decree 3838 of 20 March 2019, Bolivia established the National Risk Assessment on Money Laundering, the Financing of Terrorism and Proliferation of Weapons of Mass Destruction (NRA).

CT6. Bolivia's NRA was approved and issued on 12 January 2023 by the CONAL. Risk identification was conducted following a well-structured methodology and with the assistance of an international expert on the matter. Moreover, face-to-face and virtual meetings were held with relevant entities of the public and the private sectors, both from the financial and the DNFBP sector, as well as with those entities engaged in the combat of predicate offences; and specific workshops on ML/TF were delivered to them and the work for the future months was organised.

CT7. The NRA considered that the main ML predicate offences as it is mentioned in chapter I of this MER.

CT8. Furthermore, ML risks were identified in relation to vulnerabilities within the country, such as the porosity of borders, the effects of corruption, the capacity to prosecute crimes and impose sanctions, investigative and processing capacities, as well as operational and inter-agency coordination capacities. Furthermore, significant legal deficiencies such as the lack of regulations for some DNFBP as well as some operative coordination and cooperation issues.

CT9. Likewise, the analysis conducted in the NRA is superficial and based on surveys on different sectors, including financial entities with greater or lesser materiality and DNFBPs—both regulated DNFBPs and those that had not been regulated yet by the time the NRA was elaborated.

CT10. Lastly, the NRA includes a specific section to identify and assess TF risks in Bolivia. This section analyses the threats in the understanding that, due to the domestic context, said threats mainly come from external dynamics, the geographical position of the country and the porosity of its borders, as well as other phenomena that pave the way for the country to be used as a means for international or regional TF with organisations based in Brazil, Paraguay, Peru and Colombia.

CT11. The NRA concludes that the TF threat in Bolivia is low. However, the document emphasises the importance of the new emerging threats linked to organised crime derived from drug trafficking which, in relation to other countries in the region and their phenomena, could trigger the emergence of local terrorist organisations. As a result of this, the State should adopt preventive and control measures to avoid financing from being directed towards other regions in the world and to avoid this potential threat from becoming a threat that would significantly affect the country's national defence and security.

CT12. Likewise, it was possible to identify some vulnerabilities in the legal framework that could limit its scope of action in the investigation and prosecution of all types of terrorism and TF, as well as in the application of TFS required by the relevant UNSCRs and Conventions. Although the assessed and identified risks are reasonable, the competent authorities and the assessment team agreed that it is necessary to strengthen the specific section on TF risk in order to deepen the analysis, as well as to better identify and raise awareness among the competent authorities and the private sector about the potential risk.

CT13. *Criterion 1.2* -Through Law 262 of 2012, Bolivia created the National Council against Money Laundering and Terrorist Financing (CONAL)<sup>20</sup>. This Council is mandated by law to formulate the guidelines for the design of AML/CFT policies, as well as to prepare the AML/CFT Strategy. On the other hand, article 4 of Supreme Decree 3838 of 2019 establishes the FIU as the agency in charge of coordinating, enforcing and monitoring the ML/TF NRA. In this regard, Bolivia has a regulatory framework that instructs specific authorities (CONAL - FIU) to establish, coordinate and implement a mechanism to assess ML/TF risks in the country.

CT14. *Criterion 1.3* - Article 2 of Supreme Decree 3838 of 2019 establishes the frequency at which the NRA should be conducted. In accordance with the aforementioned regulatory framework, the NRA should be conducted at least every 5 years.

CT15. *Criterion 1.4* - The FIU is the agency responsible for the coordination, enforcement and monitoring of the NRA, and is therefore in charge of disseminating the results. In this regard, taking into account the results thereof, the other competent authorities in whose scope of action risks or vulnerabilities have been

---

<sup>20</sup> The National Council Against Money Laundering and Terrorist Financing is made up of the highest executive authorities of the Ministry of Economy and Public Finance, the Ministry of Government, the Ministry of Defence, the Ministry of Justice, and the Ministry of Institutional Transparency and Fight Against Corruption.

detected should adopt the relevant measures to mitigate said risks and implement actions to address vulnerabilities. (Articles 4 and 6 of Supreme Decree 3838). In February 2023, the CONAL began to disseminate the NRA by holding different meetings with various sectors and authorities. In this regard, according to the information provided by the country, during Q1 of 2023, 10 face-to-face and virtual meetings were held with different sectors, supervisors and public agencies, in order to present the results of the NRA.

### *Risk mitigation*

CT16. *Criterion 1.5* - As indicated above, Law 262 of 2012 instructs the CONAL to create AML/CFT policies and develop the National AML/CFT Strategy. As reported by the country, Bolivia applies a risk-based approach to define mitigation plans and actions both at the national and institutional levels. At the national level, the CONAL can define strategies for the mitigation of national risks, which are implemented in the institutional plans of each entity.

CT17. The power of the CONAL is sufficiently broad and there exist actions carried out by the authorities that strengthen the AML/CFT system. Furthermore, although Bolivia already had a National Strategy from December 2015—which different authorities had been following—, since the issuance of the NRA, in March 2023, the country approved a new National AML/CFT Strategy that has an action plan to mitigate the deficiencies identified by addressing vulnerabilities and strengthening key issues of the preventive and judicial-criminal systems, the institutional system, and the CFT system, as main pillars. The objective of the 2023-2025 Action Plan of the National and Sectoral AML/CFT Strategy is to mitigate the threats and vulnerabilities identified in the NRA and to monitor and prioritise the actions that were not completed in the 2015 Strategy. However, lack of a deeper understanding about the risk posed by certain sectors, including the sector of dealers in precious metals and stones, could limit the effectiveness in addressing certain risks through the application of specific measures. In this sense, the country shared with the AT, the prudential measures imposed on the sector, as well as the existing entry barriers, it is considered that, although there is no specific risk analysis of the sector, there are certain mitigating factors and controls implemented through other SO and some authorities in foreign trade and tax matters.

CT18. *Criterion 1.6* - (a) and (b). The Bolivian legislation does not provide for explicit cases where reporting entities are exempted from the application of the requirements of FATF Recommendations as a result of a low risk of ML/TF. However, due to the regulatory transition that the sector of pension administration companies is undergoing, there are exceptions for this sector with regard to AML/CFT compliance, since, as a consequence of the quite extensive analysis and study conducted on the current intrinsic nature of the sector as part of social security in the long term, types of customers, products and control measures, the country has identified this sector as a very low risk sector for ML, TF and PF (Report INF.DP/753/2022).

CT19. Moreover, in accordance with the findings of Recommendation 22 of this Annex, the assessment team considers that by regulating and including lawyers, accountants and real estate agencies in Bolivia's AML/CFT system, there exists a tacit exception which exempts from the obligations those persons that, meeting the same criteria, are not considered "large taxpayers." This exception does not seem to be justified

in terms of low risk, nor is there evidence of any study in this regard. Likewise, the lack of regulation of precious metals and stones dealers is not justified by an analysis with a low-risk result in accordance with this criterion.

CT20. *Criterion 1.7* - Bolivia establishes the obligation for the reporting entities within its AML/CFT system to have and observe internal policies and procedures to identify, assess and understand the ML/TF/PF risks to which they are exposed, having to document their risk assessments, adopt effective mitigating measures and monitor such measures.

CT21. In this regard, companies providing banking and financial intermediation<sup>21</sup>, insurance market and securities market intermediation<sup>22</sup> and ancillary financial services<sup>23</sup> are required to identify their risks and to take measures to manage and mitigate them. In the case of casinos and games of chance, notaries and the rest of the DNFBPs, exception for the sector of dealers in precious metals and stones, there are FIU Resolutions RA UIF/23/2023, articles 28, 29, and 30 and RA UIF/25/2023, article 5 c) and article 28, which are applicable in the same sense as the Instructions for the financial sector. (Article 6 of Supreme Decree 3838; paragraph b.I, article 4 of Instructions UIF/042/2022 and UIF/067/2022 for financial intermediation and the insurance market; paragraph c).I, article 4 of Instruction UIF/20/2023, UIF/21/2023, UIF/24/2023 for the securities market and related activities, mobile payment service providers, and money order and remittance companies; respectively.) This regulatory framework is reinforced by the Operating Procedures Manual for the Detection, Prevention, Control and Report of Money Laundering, Terrorist Financing and/or Predicate Offences with a risk-based approach approved by Resolution RA 001/2013 applicable to ancillary credit services and the other regulated sectors, including notaries (article 2, paragraph h, articles 43, 45, 51 and 52).

CT22. In Bolivia, the entities that have the power to manage electronic means of payment are the entities under the supervision of the ASFI, which include said intermediary financial institutions and ancillary financial service providers (money remitters and mobile payment service providers) in accordance with the provisions of article 314 of Law 393. Money remitters and mobile payment service providers should identify and assess the risks to which they are exposed in order to implement measures based on such risks by virtue of the provisions of paragraph c) of article 4 of Instructions FIU/21/2023 and FIU/ 24/2023, respectively. However, the obligations required in this criterion apply only to lawyers, accountants and real estate agencies that are classified as large taxpayers and do not apply to precious metals and stones traders due to their lack of regulation on the matter as mentioned above.

CT23. *Criterion 1.8* - The Bolivian regulatory framework allows reporting entities within its AML/CFT system to apply simplified due diligence measures to those customers, products or transactions that represent a reduced risk.

---

<sup>21</sup> Commercial banking, SME banks, housing financial institutions, savings and credit cooperative associations, state financial institutions, development financial institutions.

<sup>22</sup> Brokerage companies, securities market, risk rating agencies, debt issuers, securities depository entities, mutual funds, mutual fund management companies and securitisation companies.

<sup>23</sup> Securitisation companies, financial leasing companies, bonded warehouses, exchange offices and remittance companies.

CT24. In this regard, the financial intermediation sector, the insurance market, exchange offices, ancillary credit service providers and the securities market sector have sufficiently clear regulations that allow for the application of simplified DDC measures when the low risk of customers, products, transactions or services is verified;<sup>24</sup> and some regulations even guide the reporting entities in relation to low risk scenarios or factors and the minimum measures that should be applied.

CT25. With regard to regulated DNFBPs, the casinos and gaming sector has regulations (article 46 of Instruction 23/2023) that permit the application of simplified CDD measures, and the reporting entities are required to comply with risk management. The regulations also establish the minimum measures required in CDD. As mentioned in previous criteria, the RBA Manual also applies to the sector of notaries public by virtue of its article 2, h); article 32. As regards the rest of the DNFBPs, except for dealers in precious metals and stones, they have been recently regulated by FIU Instruction UIF/25/2023 (article 29) and FIU/23/2023 (article 46) in relation to the fulfilment of this criterion.

CT26. *Criterion 1.9* - The ASFI and the APS are the supervisory authorities of the financial and insurance sectors and apply inspection procedures that include verification of the existence and functioning of formalised comprehensive risk management systems in financial entities and assess the application of the risk-based approach (for further details, refer to the analysis of Recommendations 26 and 28). Regarding the implementation of the RBA by regulated DNFBP sectors (notaries, and casinos and games of chance), the supervisory authorities are the Directorate of the Plurinational Notary's Office and the Gaming Supervisory Authority, respectively. These authorities are also competent to supervise the actions of those regulated entities in relation to their obligations to apply the RBA. Additionally, there are new regulations for the other DNFBPs, except for dealers in precious metals and stones, whose supervisory authority is the Companies Supervisory Authority (Supreme Decree 4904); and Resolution RA UIF-25/2023 empowers this authority to supervise such sectors. Although, this Resolution it is not specific about the verification of the existence and functioning of the RBA management. Based on the analysis thereof, it was possible to conclude that the supervisory authority should verify the risk profile for ML, TF and/or predicate offences. Likewise, it should assess the adequacy of the internal preventive procedures, policies and controls implemented by the reporting entities, taking into account the risk profile for ML, TF and other predicate offences. However, according to the analysis conducted, the aforementioned Instruction only applies to reporting entities that are considered large taxpayers, thus leaving out certain persons that should be supervised on RBA.

#### *Risk assessment*

CT27. *Criterion 1.10*

---

<sup>24</sup> Article 6 of the Supreme Decree 3838; b.I, article 4 and a).I article 51 of Instruction UIF/042/2022 for intermediary financial institutions; articles 4, 48 and article 56 of Instruction UIF/067/2022 for insurance market entities; articles 28 and 33 of Instruction UIF/5/2023 for exchange offices; paragraph 11.3, of article 11 of the Instructions approved by Resolutions 007/2013 and 008/2013 for bonded warehouses, financial leasing companies, respectively; paragraph a).I, article 52 of Instruction UIF/24/2023 for money order and remittance companies; paragraph 12.3, article 12 of Instruction 004/2013 for securitisation companies; a).I article 50 of Instruction UIF/20/2023; article 24 of Instruction 008/2013 for bonded warehouses; paragraph 1).I article 54 of Instruction UIF/21/2023 for mobile payment service providers; Likewise, these regulations are reinforced—in the case of some sectors—with various provisions issued in the Instructions for securitisation companies (006/2013), and financial leasing companies (007/2013). Article 25.

- (a) The regulations issued by the FIU in accordance with the powers conferred by article 495 of Law 393 establish the obligation for financial institutions to identify and document their risk assessments, through specific Instructions, namely: article 4 of Instruction UIF/042/2022 (financial intermediation); article 4 of Instruction UIF/067/2022 (insurance market). Similarly, article 4 of Instruction UIF/20/2023 for brokerage activities in the securities market and related activities; article 4 of Instruction UIF/24/2023 for money order and remittance companies; article 4 of Instruction UIF/21/2023 for mobile payment service and ancillary financial service providers. Finally, for the leasing and financial factoring sectors, the regulations on ML/FT/FP risk management are established in articles 41 to 53 of the Procedures Manual approved through Resolution RA 001/2013, which stipulates that the reporting entities should have an internal Procedures Manual with a RBA on ML/TF. Such Procedures Manual should include a risk matrix and an action plan, as well as other indicators that should be observed for comprehensive risk management.

Finally, with regard to the DNFBPs regulated by Bolivia, casinos and games of chance are required to administer and manage their risks in order to identify, assess, control and disclose the ML/TF risks to which they are exposed, as well as to document their risk assessments. Article 4 c) of FIU Resolution RA UIF/23/2023). In the case of notaries, the regulations referred to by the country do not seem to comply with this sub-criterion. In addition, there are new regulations for the other DNFBPs, except for dealers in precious metals and stones, whose supervisory authority is the Companies Supervisory Authority (RA UIF-25/2023, article 5 c). However, according to what was analysed, the aforementioned Instruction only applies to reporting entities that are considered large taxpayers, thus leaving out certain persons that should be supervised on RBA.

- (b) Instructions UIF/042/2022 (articles 19-26), UIF/067/2022 (articles 35-41), UIF/5/2023 (articles 22-24), UIF/20/2023 (articles 33-39); UIF/21/2023 (articles 34-40); UIF/24/2023 (articles 32-38), 008/2013 (article 22), and 007/2013 (articles 23), as well as the Procedures Manual (RA 001/2013, articles 43-53) for financial intermediation, the insurance market, exchange offices, the securities market and related activities, mobile payment service providers, money order and remittance companies and bonded warehouses, financial leasing companies, respectively, have clear and specific that require reporting entities to take into account at least the risk factors related to i) customers, ii) products and services, iii) geographic areas, and iv) delivery channels when identifying, measuring, monitoring and controlling, and disclosing ML/TF/PF risks.

In turn, for the casinos and gaming sector, there is Instruction UIF/23/2023 (articles 30-35), which sets forth stages for the risk management process to be conducted by the reporting entities, which should, at least, consider the risk factors: customer, service, geographic and operating area based on its size, characteristics, volume of transactions and other elements that could expose such reporting entity to ML/FT risks. As for notaries, the relevant regulations are framed in the mandatory RBA Manual article 2.h) in relation to article 46, which establishes the obligation to have methodologies for, among other issues, identifying and segmenting ML/TF risk factors according to the information on customers, type of customer, products and services, delivery channels, geographical risk, etc. Moreover, there are new regulations for the other DNFBPs, except for dealers in precious metals and stones, which complies with this sub-criterion (UIF-25/2023, article 21). However, according to what was analysed, the aforementioned Instruction only applies to reporting entities that are considered large taxpayers, thus leaving out certain persons that should be supervised on RBA.

- (c) Instructions UIF/042/2022 (article 4, paragraph c), UIF/067/2022 (article 4, paragraph c), UIF/5/2023 (article 4, paragraph c), UIF/20/2023 (article 4, paragraph d); UIF/21/2023 (article 4, paragraph d); UIF/24/2023 (article 4, paragraph d) for financial intermediation, the insurance market, exchange offices, the securities market and related activities, mobile payment service providers and money order and remittance companies, respectively, establish the obligation to keep risk assessments updated. With regard to the other financial entities, article 53 of the Procedures Manual (001/2013) is applicable to them; the regulations indicate that they should conduct permanent monitoring and/or independent assessments in order to verify the evolution of risk so as to detect and monitor the effectiveness of the policies and procedures implemented to mitigate them. Regarding DNFBPs, Instruction UIF/23/2023 for the casinos sector, article 29.II establishes the obligation to keep risk assessments updated. In turn, article 53 of the Manual of Notaries includes the obligation to monitor risk. However, the assessment team considers that the explicit obligation to keep its risk assessments updated is not necessarily covered by its monitoring. Additionally, there are new regulations for the other DNFBPs, except for dealers in precious metals and stones, covering this sub-criterion (RA UIF-25/2023, article. 5 d). However, according to what was analysed, the aforementioned Instruction only applies to reporting entities that are considered large taxpayers, thus leaving out certain persons that should be supervised on RBA.
- (d) The obligation to have appropriate mechanisms to make risk assessment information available to competent authorities is covered as follows: With regard to FIs, such obligation is provided for in article 4 of Instruction UIF/042/2022, Instruction UIF/067/2022 and Instruction UIF/5/2023; (intermediation, insurance market, exchange offices). As regards the rest of the entities in the financial sector, the applicable regulations are not as clear with respect to the obligation to make it available, however, this can be inferred from the powers of the supervisors (Procedures Manual RA 001/2013). Furthermore, the competent authorities have powers to require this information within the exercise of their supervisory function.
- With regard to DNFBPs, the recent regulatory framework applicable to casinos (UIF/23/2023), which regulates DNFBPs, except for dealers in precious metals and stones (UIF-25/2023, article 5), addresses the requirement under this criterion. However, according to what was analysed, the aforementioned Instruction only applies to reporting entities that are considered large taxpayers, thus leaving out certain persons that should be supervised on RBA. With regard to notaries, this obligation to have a mechanism to provide risk assessment information to the relevant supervisors is not clear, so the assessment team considers that the scope required by this sub-criterion is not covered.

### *Risk mitigation*

#### CT28. *Criterion 1.11*

- (a) The different regulations applicable to FIs and DNFBPs establish that the risk management manual should be approved by the board of directors. Instruction 42/2022, article 5 paragraph I a) and c) (financial intermediation); Instruction 67/2022, article 5 paragraph I a) and c) (insurance market); Instruction 05/2023, article 5 paragraph I a) and c) (exchange offices); Instruction 20/2023, article 5.I a) and c) (securities market and related activities); Instruction 21/2023, article 5 paragraph I a) and c) (mobile payment service providers); Instruction 24/2023, article 5 paragraph I a) and c) (money order and remittance companies); Instruction 08/2013, article 28 (bonded warehouses) and

Instruction 07/2013, article 29 (financial leasing); Instruction UIF/23/2023, article 5 paragraph I a) and c) (games of chance and casinos); Instruction 25/2023, article 17 (DNFBP excluding casinos, notaries and dealers in precious metals and stones) However, according to what was analysed, the aforementioned Instruction only applies to reporting entities that are considered large taxpayers, thus leaving out certain persons that should be supervised on RBA.

Likewise, the provisions mentioned above are reinforced by the provisions of the Procedures Manual (RA 001/2013) applicable to notaries (article 42).

- (b) The different regulations issued by the reporting entities require the monitoring of the procedures and the controls applied, as well as risk mitigation. In the case of FIs, article 6 of Supreme Decree 3838; related to articles 19 and 28 of Instruction UIF/042/2022; articles 35 and 43 of Instruction FIU/042/2022; article 22 of Resolution RA 008/2013 for financial intermediation and the insurance market and bonded warehouses, respectively. Similarly, article 23 of RA 04/2013; 06/2013; 07/2013 and 12/2013 issued by the FIU for the securities market, securitisation companies, financial leasing companies, and money remitters, respectively. In addition to the above, article 53 of the Procedures Manual (RA 001/2013) applicable to the securities market and ancillary credit services; it covers exchange offices.

With regard to DNFBPs, article 13 of Instruction RA 91/2017 for the casinos and gaming sector (article 53 in relation to article 2.h) of the Manual on RBA). They require the stage related to the obligation to manage ML/TF risks and to monitor risks, considering measures to mitigate the probability of occurrence. The rest of the DNFBPs, except for dealers in precious metals and stones, are covered in the recent Instruction UIF/25/2023, article 21 c).

- (c) The relevant provisions applicable to the different FI sectors include the obligation to apply enhanced measures in cases of higher risk. In particular, they set forth that enhanced due diligence measures should be implemented when higher risks are identified. The above is clear in the regulations applicable to financial intermediation (article 51 of Instruction UIF/042/2022); the insurance market (article 48 of Instruction UIF/067/2022; securities market and related activities (article 50 of Instruction UIF/20/2023); mobile payment service providers (article 54 of Instruction UIF/21/2023); the insurance market (article 52, Instruction UIF/24/2023); bonded warehouses and financial leasing companies (article 11, 07/2013 and 08/2013 respectively), exchange offices (Instruction UIF/5/2023, article 33.3). Regarding DNFBPs, casinos are required to apply enhanced CDD when they detect higher risk scenarios (Instruction UIF/23/2023, article 46). Likewise, with regard to notaries, the Manual on RBA, article 31, establishes that the reporting entities should apply enhanced measures in the case of high-risk customers. The rest of the DNFBPs, except for dealers in precious metals and stones, address this sub-criterion through recent Instruction UIF/25/2023, article 29.

CT29. *Criterion 1.12* - The Bolivian regulatory framework for FIs comprises the sector of financial intermediation, insurance market, exchange offices, ancillary credit service providers and the securities market. The regulations clearly establish that the reporting entities can apply simplified measures<sup>25</sup> only

<sup>25</sup>Article 6 of Supreme Decree 3838; subparagraph b, paragraph I, article 4 and subparagraph a), paragraph I, article 51 of Instruction UIF/042/2022 for financial intermediation entities; articles 4, 48 and article 56 of Instruction UIF/067/2022 for insurance market entities; articles 28 and 33 of Instruction UIF/5/2023 for exchange offices; Numeral 11.3 of article 11 of the Instructions approved by Resolutions 007/2013 and 008/2013 for bonded warehouses, financial leasing companies, respectively; subparagraph a), paragraph I, article 52 of Instruction UIF/24/2023 for money order and remittance companies; Numeral 12.3, article 12 of Instruction 004/2013 for securitisation companies; subparagraph a), paragraph I, article 50 of Instruction UIF/20/2023; article 24 of Instruction 008/2013 for bonded warehouses; subparagraph 1), paragraph I, article 54 of Instruction

when low risks are identified, according to the analysis conducted by the entities based on the criteria defined in their policies, taking into account the risk factors established and in line with the findings of the NRA. In this regard, the relevant provisions mentioned in the previous criterion explicitly prohibit the application of these measures in the cases referred to in the criterion.

CT30. With regard to DNFBPs, notaries have this obligation in compliance with this criterion (Manual on RBA article 32). However, the new regulation for the casinos and gaming sector (RA UIF/23/2023 article 46, paragraph 1), as well as that for the rest of the DNFBPs (RA UIF/25/2023 article 29, paragraph A), except for dealers in precious metals and stones. However, although these regulations establish the application of simplified CDD measures only in case of low risk, they do not mention the explicit prohibition to apply simplified measures when there is suspicion of ML/TF. Likewise, according to what was analysed, the aforementioned Instruction only applies to reporting entities that are considered large taxpayers, which exempts certain persons from having to comply with this obligation.

#### *Weighting and conclusion*

CT31. Bolivia developed a NRA in order to have a clear risk identification and assessment and understand how ML threats can affect the AML/CFT system, as well as the sectors and phenomena that would represent higher risks. Likewise, with regard to TF risks identification and assessment, although the methodology did not have great quantitative information due to the country's context, the results and conclusions are reasonable. The country has adopted certain mitigating measures that coincide with some conclusions of the NRA; however, the chapter on TF risk should be strengthened and work should continue on a better risk analysis of the different sectors, especially in those sectors that are not regulated or are partially left out of the regulation such as lawyers, accountants, real estate agencies that are not considered large taxpayers; and dealers in precious metals and stones).

CT32. The information that could be accessed reveals that, the different authorities have conducted certain measures that have strengthened Bolivia's AML/CFT system. Among those measures there is the creation of the and CONAL with wide range powers, there is also a national strategy and an updated mechanism that considers the prioritisation of national measures and policies for the strategic and orderly mitigation of the risks identified in the NRA. Although this is a great advance, the country continues working on the application of the RBA for the allocation of resources.

CT33. Moreover, the criteria that involve the private sector are not addressed by all DNFBPs, such as dealers in precious metals and stones, which was pointed out as being one of the sectors with highest materiality. In addition, the new regulations applicable to lawyers, accountants and real estate agencies do not have the necessary scope, since they do not apply to persons that are not considered "large taxpayers." The measures required by this Recommendation have been applied to a large extent in the sectors with the highest materiality, except in the case of dealers in precious metals and stones, which are not regulated.

---

UIF/21/2023 for mobile payment service providers. Likewise, these regulations are reinforced, for some sectors, with different provisions issued in Instructions for securitisation companies (006/2013) and financial leasing companies (007/2013). Article 25 of the aforementioned specific Instructions.

However, there are still some deficiencies and lack of obligations with regard to this Recommendation. **Recommendation 1 is rated largely compliant.**

### *Recommendation 2 - National co-operation and co-ordination*

CT34. In its 3rd Round MER, Bolivia was rated NC for former R.31, due to the non-existence of inter-agency coordination mechanisms between the agencies competent in ML prevention and supervision. In addition, the lack of statistics on inter-agency cooperation at the national level and the fact that there is no authority responsible for the formulation of AML/CFT policies.

CT35. *Criterion 2.1* - In 2012 Bolivia created the CONAL and, based on the powers conferred to this Council, the country conducted its first NRA in 2022 in order to identify the country's risks and adopt appropriate measures (Supreme Decree 3838 of 2019). This NRA was approved and issued in January 2023 and should be updated every five years.

CT36. Based on the NRA, the country prepared a Mitigation Plan for the identified risks, which constituted the basis for the new National AML/CFT Strategy approved by the CONAL in March 2023. This strategy resumes the monitoring of some issues from the previous 2015 strategy. The actions that were not completed were analysed in the NRA discussions in order to prioritize and update them in the 2023 plan with new and more specific actions aimed at various competent authorities.

CT37. *Criterion 2.2* - In 2012, by means of Law 262/12, Bolivia created the National Council Against Money Laundering and Terrorist Financing (CONAL), which is made up of the highest authorities of the AML/CFT system (Ministry of Economy and Public Finance, Ministry of Government, Ministry of Defence, Ministry of Justice and Institutional Transparency, Attorney General's Office) and chaired by the Head of the Ministry of Economy and Public Finance. In turn, the FIU is responsible for providing technical and administrative support to the CONAL as Technical Secretariat (article 6).

CT38. In accordance with article 7 of Law 262/12 and article 9 of 2022 CONAL Rules of Procedure, it may propose public policies for the prevention and repression of ML/FT, formulate guidelines for the design of prevention plans, prepare the National Strategy and assess its enforcement, as well as approve rules of procedure for the functioning of the Council. To this end, through a resolution, it will approve the national strategies, action plans, national risk assessments, among other public policy instruments on the matter, and will assess their assessment to carry out the respective updates. Additionally, for the fulfilment of its powers and when deemed necessary, it may request the participation of representatives with voice, but without vote, from other AML/CFT public agencies and form working groups to address specific issues.

CT39. *Criterion 2.3* - As mentioned in criterion 2.2, the CONAL is in charge of coordinating the formulation of public policies for the prevention and repression of ML/TF/PF. In accordance with the CONAL's Rules of Procedure, the authorities that are members of the Council should have an active participation and comply with the provisions for the fulfilment of the objectives. Likewise, for the fulfilment of its powers, whenever deemed necessary, the Council may request the participation of representatives of other public agencies to discuss specific issues regarding the actions and measures that need to be

implemented (article 5). In addition to the above, the CONAL may establish working teams for the assessment, analysis and/or preparation of technical reports, in order to support the fulfilment of its objectives (article 8).

CT40. As the Technical Secretariat, the FIU should, among other activities, coordinate and conduct all the actions, procedures and activities necessary to comply with the decisions of the Council (article 10).

CT41. Moreover, in accordance with the powers conferred to the FIU, it can request technical, logistical or functional cooperation from any public agency, maintaining the confidentiality and secrecy of the information generated in the agency. In addition, it can sign national or international inter-agency agreements for the better performance of its functions (article 6 paragraph b and article 10 paragraph c of Supreme Decree 4904/23). In this sense, the FIU has signed inter-agency agreements in order to exchange relevant data and information on FIU actions with law enforcement agencies (LEAs) and supervisory bodies. In turn, there are other agreements between LEAs for the same purposes of exchanging information when required and at the operational level.

CT42. Regarding supervisors, there exist inter-agency agreements between Bolivian authorities, such as the Financial System Supervisory Authority (ASFI), the Pension and Insurance Supervisory and Control Authority (APS) and the Gaming Supervisory Authority (AJ). Although there is no agreement between the other supervisors with the Directorate of the Plurinational Notary's Office (DINORPLU), the latter participates in the working groups and the supervision group created by the CONAL for coordination and issues requested by the Council.

CT43. *Criterion 2.4* - See criterion 2.3.

CT44. *Criterion 2.5* - The Bolivian authorities have the duty to maintain the protection and confidentiality of the information that is shared. The inter-agency agreements signed and the action protocols implemented by the authorities establish the protection of information and its confidentiality. In addition, according to Law 393, the financial transactions conducted with financial institutions by natural or legal persons, whether national or foreign, will enjoy the right of secrecy and confidentiality. This secrecy requirement will not apply when required by (i) the competent judicial authorities in the framework of a formal proceeding, (ii) the public authorities in charge of conducting financial crime investigations, (iii) the executives of intermediary financial institutions in the framework of the exchange of information that they may conduct among themselves, (iv) the FIU and (v) the Executive Board of the ASFI in exercise of their supervisory functions and to provide information to other supervisory agencies or foreign counterparts, as well as to foreign judicial authorities in relation to the commission of financial crimes (articles 472 and 473).

CT45. It is important to mention that all information shared between the authorities is confidential, officials may not reveal it and it should be used only for the purposes it was requested and with the corresponding judicial or administrative consequences.

*Weighting and conclusion*

CT46. The regulations on national cooperation and coordination fully cover the criteria required by the Standard. **Recommendation 2 is rated compliant.**

*Recommendation 3 - Money laundering offence*

CT47. In its 3rd Round MER, Bolivia was rated PC for R.3. This rating responded mainly to the fact that the crime of money laundering (ML) was not fully in line with the provisions of the International Conventions. Additionally, all the predicate offences required by the Recommendation were not provided for and there was not enough evidence for determining the effectiveness of the system with regard to ML as a stand-alone offence. Finally, it was pointed out that there was no provision on the criminal liability of legal persons.

CT48. *Criterion 3.1* - The ML offence in Bolivia is called “legitimization of illicit profits” and is criminalised in article 185 bis of the Criminal Code and in relation to article 34 of Law 004 known as the “Marcelo Quiroga Santa Cruz” law, article 2 of Law 170 and the Third Additional Provision of Law 262.

CT49. The criminal offence includes elements of the Vienna and Palermo Conventions. In this regard, the conversion and transfer of property knowing that they are the proceeds of crime are identified as criminal offences. Likewise, concealment, disguise and cover-up are also duly addressed. With regard to the aid or collaboration provided to the person who commits the crime in accordance with the Vienna and Palermo Conventions, the aid mentioned in the criminal offence is not limited to support provided to avoid the legal consequences of the actions of the person who commits ML, but it only focuses upon the fact that such aid or collaboration is for the commission of the crime. However, the legal concept of concealment, which is applicable to any offence (including ML) is criminalised in article 171 of the Criminal Code, thus covering the support provided to avoid the legal consequences of the commission of the crime. In addition, although the criminal offence covers the behaviours related to acquisition, possession, use and facilitation, it does not directly address the levels of participation such as co-participation, association, conspiracy, attempt or advice to commit said crime. However, the Bolivian Criminal Code addresses most of these requirements in different articles in accordance with the analysis of c. 3.11.

CT50. *Criterion 3.2* - Article 185 bis of the Criminal Code includes 20 of the 21 categories of the predicate offences required by the Standard. These predicate offences are mostly included in the Criminal Code, but also in other regulations, such as Laws 263, 054, 1008, 004, 1333, 1700 and the Tax Code. However, the illicit trafficking of stolen goods and other goods is not provided for in the Bolivian legislation, but it is important to mention that some other related offences are indeed criminalised, such as robbery (article 331 of the Criminal Code), aggravated robbery (article 332 of the Criminal Code) and smuggling (article 181 of the Tax Code). Similarly, the taking of hostages is not foreseen as a ML predicate offence, but related crimes, such as kidnapping (article 334 of the Criminal Code), deprivation of liberty (article 292 of the Criminal Code) and abduction (article 313 of the Criminal Code).

CT51. *Criterion 3.3* -

- (a) Bolivia does not apply a threshold-based approach and/or a combined approach. The country has a list of ML predicate offences without a threshold.
- (b) Not applicable.
- (c) Not applicable.

CT52. *Criterion 3.4* - The crime of ML, in accordance with article 185 bis of the Criminal Code, extends and is applicable to any type of property, resources, rights or the proceeds of crime. In this regard, article 71 bis of the Criminal Code sets forth that in ML cases it is possible to forfeit the resources and assets derived directly or indirectly from ML, as well as the resources and assets derived directly or indirectly from the related crime, including any profits and other benefits that may have been obtained from them and that are not owned by the convicted person, but for some exceptions, such as when the owner demonstrates to have acquired them by actually paying their fair price or in exchange for benefits corresponding to their value; among others.

CT53. *Criterion 3.5* - Article 185 bis of the Criminal Code establishes that ML is a stand-alone crime and should be investigated, prosecuted and sentenced without the need for a prior conviction with respect to its predicate offences.

CT54. *Criterion 3.6* - The antepenultimate paragraph of article 185 bis of the Criminal Code specifically establishes that ML will also apply to the conducts described in said article, even when the crimes from which the illicit proceeds come have been committed in whole or in part in another country, provided that those acts are considered criminal offences in both countries.

CT55. *Criterion 3.7* - Article 185 of the Criminal Code criminalises ML as a stand-alone offence. However, this provision does not preclude the persons committing the predicate offence from being held criminally liable for ML. Likewise, the crime of ML can be committed by any person, including the person who commits the predicate offence. In this sense, article 5 of the Criminal Code states that the criminal law does not recognize any personal jurisdiction or privilege, but its provisions will apply to persons who were over fourteen years of age at the time of the act.

CT56. *Criterion 3.8* - Bolivia according to articles 180-I of the Bolivian Constitution and article 171 of the Code of Criminal Procedure sets forth the principles of “material truth” and “freedom of evidence” in order to demonstrate the intention and knowledge required in the commission of crimes, including ML, based on objective factual circumstances. On the one hand, the Bolivian Constitution stipulates that the ordinary jurisdiction is based on several procedural principles including material truth and the parties’ due process before the judge. In turn, through the principle of freedom of evidence (article 171 of the Criminal Code), the judge can admit as means of proof every legal element of conviction and may also use other means of proof, including the regulation that explicitly states that the judge may use indirect means of proof. Therefore, it is considered that the indications, facts or circumstances leading to the historical truth of ML can be proven by any legal means produced and incorporated in the proceedings in accordance with the law.

CT57. In line with this, article 173 of the Code of Criminal Procedure, sets forth that the judge or court applies the rules of sound criticism, justifying and adequately substantiating the reasons for which certain

value is given to a certain means of proof, based on the overall and consistent assessment of all the essential evidence produced, including that evidence that is based on the circumstances of the crime, as provided for in article 37 of the Criminal Code. In addition, regarding the knowledge and intention to prove the existence of a crime, Bolivia applies the wilful misconduct rules, in accordance with article 14 of the Criminal Code. Finally, reversing the burden of proof rests with the prosecuted person, who should justify and prove the origin or source of the “assets” owned, as established in article 71 bis, numeral 2, of the Criminal Code.

CT58. *Criterion 3.9* - Article 185 bis of the Bolivian Criminal Code establishes a sanction of between 5 to 10 years’ imprisonment, disqualification for the exercise of the public function and/or elected positions and a day fine ranging from two hundred (200) to five hundred (500) for the crime of ML; it should be noted that, in accordance with article 29 of the Criminal Code, the day fines will be set by the judge based on the economic capacity of the convicted person and other criteria. It should also be mentioned that a 500-day fine is the maximum applicable in accordance with article 29 of the Criminal Code. Likewise, article 185 bis of the Criminal Code establishes that anyone who facilitates or incites the commission of this crime will be punished with 4 to 8 years’ imprisonment. Additionally, article 71 bis sets for the forfeiture of assets involved in the crime of ML.

CT59. *Criterion 3.10* - Article 3 of Law 1390/2, which introduces various articles to the Criminal Code, includes article 23 ter that lists ML in the set of crimes for which criminal liability is attributed to legal persons in accordance with article 185 bis of the Criminal Code. In turn, article 26 bis of the Criminal Code, introduced by the aforementioned article 3 of Law 1390/2, establishes sanctions on legal persons that commit corruption or related crimes (including ML), ranging from economic sanctions, such as fines, temporary loss of government benefits, forfeiture; prohibitive sanctions, such as the partial suspension of activities or prohibition to carry them out; remedial sanctions, such as the implementation of preventive mechanisms and even the loss of legal status. Article 3 of Law 1390/2 introduces articles 26 ter (loss of legal status), 26 quater (economic sanctions), 26 quinquies (prohibitive sanctions), 26 sexies (remedial sanctions) and 26 septies (mitigating sanctions), which establish sanctions on legal persons as provided for in article 26 bis of the Criminal Code for corruption or related crimes.

CT60. It should also be mentioned that the sanctions on legal persons may be imposed alternatively or concurrently, provided that the nature of these sanctions allows for simultaneously complying with them (numeral III of article 26 bis of the Criminal Code in accordance with article 3 of Law 1390/21).

CT61. *Criterion 3.11* - Regarding the crimes ancillary to ML, the Bolivian criminal legislation provides for the following levels of participation: i) perpetration (article 20 of the Criminal Code), where perpetrators are those who conduct the act by themselves, jointly with another person, through another person or those who wilfully provide cooperation to commit a crime without which the wilful criminal offence could not have been committed, ii) criminal association (article 132 of the Criminal Code), where the participation of 4 or more people is required to commit crimes, iii) criminal organisation (article 132 bis of the Criminal Code), where the crime must be committed by a group of 3 or more persons who are permanently organised, iv) criminal association and conspiracy (article 53 of Law 1008), where two or more persons are organised for the commission of crimes related solely to the trafficking of controlled substances, v) attempt (article 8 of the Criminal Code), vi) instigation (article 22 of the Criminal Code), vii) complicity (article 23 of the

Criminal Code) and viii) concealment (article 171 of the Criminal Code). Regarding the advice provided to commit said crime, although it is not expressly stipulated in the Criminal Code, this conduct is considered to be covered by article 20 of said Code, where perpetrators are, among others, those who wilfully provide cooperation to commit a crime without which the wilful criminal offence could not have been committed.

#### *Weighting and conclusion*

CT62. The Bolivian legal definition of ML covers, to a large extent, the elements required by the Vienna and Palermo Conventions and the main criteria of this recommendation. However, the main deficiency identified is related to the proportionality and dissuasiveness of ML sanctions, which are considered to be limited. **Recommendation 3 is rated largely compliant.**

#### *Recommendation 4 - Confiscation and provisional measures*

CT63. In its 3rd round MER of 2011, Bolivia was rated LC for the then R.3 because: a) the forfeiture of assets of corresponding value was not provided for in the law, b) it was not possible to forfeit assets derived indirectly from ML, and c) no statistics were provided to verify the effectiveness of the system specifically in relation to ML.

CT64. *Criterion 4.1* - The Bolivian Criminal Code provides for the forfeiture or confiscation of assets related to the commission of different crimes, whether they are in the possession of the prosecuted persons or of a third party who has acquired them (article 71 of the Criminal Code). These legal instruments are applicable to ML (article 71 bis of the Criminal Code). Similarly, the Bolivian legislation provides for asset forfeiture in the case of specific criminal offences, such as: drug trafficking (article 53 of Law 913/2017), corruption (articles 27 and 28 of Law 004/2010) and smuggling (articles 176 bis and 181 of the Tax Code). Additionally, the country has special legislation on the extinction of ownership, which allows for the forfeiture of assets linked to drug trafficking (Title II, Law 913/2017).

- (a) The forfeiture of assets related to the crime of ML is provided for in article 71 bis of the Criminal Code and covers those resources and assets that are in the possession of the prosecuted person or a third party, and that derive directly or indirectly from this crime, including any profits and other benefits that may have been obtained from them.
- (b) The forfeiture of assets in cases of ML and its predicate offences extends to cover the instrumentalities and proceeds of the crime, including any profits or other benefits derived thereof (article 71 of the Criminal Code), as well as any profits and other benefits that may have been obtained from them (article 71 bis of the Criminal Code). Regarding the forfeiture of assets or instrumentalities that were attempted to be used for ML or its predicate offences, article 8 of the Criminal Code provides for attempt, which, in relation to article 252 fourth paragraph of the Code of Criminal Procedure (*in rem* provisional measures) determines that in ML investigations, among other measures, the preventive annotation of all assets linked to the investigation will be available. Additionally, article 253 of the Code of Criminal Procedure provides for the possibility of seizing the assets, the means and the instrumentalities owned by potential instigators and accomplices. On the other hand, in cases of laundering of the proceeds of drug trafficking, article 68 numeral 2 of

Law 913 establishes that the extinction of ownership will be applicable on assets that have been used as instrumentalities in the preparation or commission of crimes linked to the illicit trafficking of controlled substances.

- (c) In the case of the proceeds of TF or the instrumentalities used to commit this crime, pursuant to articles 71 and 133 bis of the Criminal Code, asset forfeiture is applicable according to this sub-criterion.
- (d) Regarding the forfeiture of assets of equivalent value, the fourth paragraph of section 2 of article 71 bis of the Criminal Code states that when the confiscated assets cannot be submitted, the confiscation of their value may be ordered.

CT65. *Criterion 4.2* - Bolivia has legislation that allows competent authorities to identify and track assets subject to confiscation}.

- (a) Numeral 10 of article 12 of Law 260 empowers the Attorney General’s Office to take action in the “elaboration of the inventory, control and allocation of seized, forfeited or confiscated assets.” In turn, numerals 12, 13 and 14 of article 40 of the same law empower the prosecutors in the matter to request the adoption of provisional measures (personal and *in rem*), to manage the preventive annotation of seized assets before the corresponding public registries, and to request to the judicial authority hearing in the case the forfeiture or confiscation of the proceeds and instrumentalities of the crime and their delivery to the Attorney General’s Office as depositary.

Bolivia has some instruments, such as the “Basic Guidance on Investigation in ML cases,” approved by Resolution FGE/JLP/DAJ 135/2021 and the “Guidance on the Seizure and Confiscation of Assets Seized in Cases of Drug Trafficking and Subject to Extinction of Ownership” approved by Resolution FGE/JLP/DAJ 136/2021, where the Attorney General’s Office and specialised prosecutors can file a request for the economic and financial profile of the persons under investigation, and request from the cooperating entities (DIRCABI, FIU and Vice-Ministry of Social Defence and Controlled Substances) the necessary steps to obtain the documentation necessary to identify and pinpoint the property on which to apply the provisional measure, as well as to file a request for investigation and identification of the assets involved in the action.

The Bolivian regulatory framework also provides for legal instruments, such as personal search, vehicle requisition, vehicle search, delivery of objects and documents, and seizures; among others (articles 175, 176, 180 and 184 of the Code of Criminal Procedure) that contribute to the purposes of forfeiture. Finally, regarding the valuation of assets subject to confiscation or forfeiture, when receiving the confiscated or seized assets, the DIRCABI, in accordance with article 124 (II) of Supreme Decree 3434, should conduct a preliminary valuation, solely for registration purposes. At the stage of confiscation or forfeiture, the valuation of the assets is established by an appraisal expert in accordance with article 141 (III) of the aforementioned decree.

- (b) The country has different *in rem* provisional measures to be applied in the case of assets subject to confiscation, seizure and confiscation operations stand out (articles 252 and 253 of the Code of Criminal Procedure).
- (c) Pursuant to article 253 et seq. of the Code of Criminal Procedure on *in rem* provisional measures, the prosecutor of the case can directly order, from the very beginning of the investigation, the preventive annotation of the assets involved. Likewise, the fifth paragraph of article 71 bis of the

Criminal Code, specifically establishes that any act carried out, directly or by an intermediary or by any indirect means, whether for a consideration or free of charge, whose purpose is to conceal assets that could be subject to confiscation. Additionally, article 17 of the Organic Law of the Attorney General's Office states that any person, entity or agency, public or private, has the obligation to carry out any procedure related to the investigation of the crime, immediately, directly and free of charge, including precautionary or provisional measures on assets subject to confiscation; such actions should not even be subject to the payment of any fees, stamps or any other type of value.

- (d) Bolivia has legislative measures that allow the competent authorities to take appropriate investigative measures. The general investigative powers granted to the Attorney General's Office are established in article 225 of the National Constitution, the provisions of the Code of Criminal Procedure and the Organic Law of the Attorney General's Office (Law 260). Likewise, the police special forces (FELCN and FELCC) carry out investigative work under the operative direction of the Attorney General's Office, within the framework of the CPP regulations and the internal regulatory instruments that count for this purpose (Guides and Manuals for the criminal investigation, Res. 19/21, RA 0149/20, 306/21, 008/18, 186/22 and Ministerial Resolutions 232/20 and 243/21).

CT66. *Criterion 4.3* - Bolivia has legislative measures that protect the rights of bona fide third parties. On the one hand, article 71 of the Criminal Code, states that forfeiture is applicable unless the instrumentalities and effects in question are owned by a non-labile third party, who could get those assets back. Articles 65, 70 and 75 of Law 913 also provide for the exception of rights acquired by bona fide third parties.

CT67. *Criterion 4.4* - In Bolivia there is the Directorate for the Registration, Control and Administration of Seized Assets (DIRCABI). In accordance with article 257 et seq. of the Code of Criminal Procedure, this Directorate is in charge of registering and preparing an inventory of the assets seized as a result of different crimes, specifying their nature and state of conservation. The DIRCABI administration regime for seized assets includes measures for the direct sale or public auction of the assets, appointment of depositaries, safeguard and preservation of the assets that were not sold, among others. Likewise, within the framework of Chapter VII of Law 913, the DIRCABI has mechanisms to administer, control and monetize the assets seized, forfeited and confiscated in criminal proceedings involving the illicit trafficking of controlled substances and ML only when linked to drug trafficking cases; as well as the administration, control and monetization of assets subject to a procedure for the extinction of ownership in favour of the State when such assets are related to drug trafficking cases.

CT68. In addition to the DIRCABI, there are other authorities that intervene in forfeiture processes, such as the National Customs, which, in accordance with article 186 of the Tax Code, is empowered to carry out the preventive confiscation of the proceeds, means and instrumentalities of crime and to substantiate the corresponding proceeding. Likewise, article 192 of the Tax Code and article 4 of Law 615, amended by Law 975, empower the National Customs to administer and control the goods related to smuggling. Additionally, Resolution RD 01-004-22 approves 3 Rules of Procedure on the direct awarding and delivery of assets, auction of abandoned and confiscated assets, and destruction, which establish different mechanisms for this authority to dispose of the forfeited assets. In addition, the SIN, according to article 66 of the Tax Code, is responsible for, among other issues, the enforcement of provisional measures, as well as for tax enforcement. The SIN may adopt provisional measures when there is a risk that the collection of a given tax debt or unduly

returned amount may be frustrated or hampered (article 106 of the Tax Code). Additionally, this authority may apply coercive measures, such as public auction, bidding or direct awarding (article 111 of the Tax Code).

*Weighting and conclusion*

CT69. The Bolivian legislation on confiscation covers, fully cover the criteria required by the Standard. **Recommendation 4 is rated compliant.**

*Recommendation 5 - Terrorist financing offence*

CT70. In its 3rd Round MER, Bolivia was rated NC for SR.II, mainly due to the fact that TF was not criminalised and, accordingly, TF was not established as a predicate ML offence.

CT71. *Criterion 5.1* - The TF offence is criminalised in article 133 bis of the Criminal Code. This offence was introduced into the Bolivian criminal law by Law 170/11 and was later modified by the fourth additional provision of Law 262/12. Additionally, other provisions set forth in the Criminal Code (articles 8, 22, 23) are applicable to this offence.

CT72. Article 133 bis of the Criminal Code states that anyone who deliberately, directly or indirectly, provides, collects, transfers, delivers, acquires, possesses, negotiates or manages funds, assets, resources or rights, whether through the exercise of legal or illegal activities, with the intention that they be used or knowing that they will be used, in whole or in part, by a terrorist, terrorist organisation or to commit the crime of terrorism, will be punished with a penalty of 15 to 20 years' imprisonment and the confiscation of the funds and property involved, as well as of the proceeds of crime. The criminal offence also covers any person who organises or directs the commission of this crime. In turn, it also specifies that this crime is committed even when the funds, assets, resources or rights have not been used or are not linked to a specific terrorist act. Finally, it expressly states that TF is autonomous and will be investigated, prosecuted and sentenced without the need for a prior sentence for related crimes.

CT73. Furthermore, the offences of attempt, instigation and aiding and abetting (articles 8, 22 and 23 of the Criminal Code respectively) apply to the crime of TF as they are among the general means used to perpetrate any of the offences included in the Criminal Code.

CT74. In turn, article 133 bis of the Criminal Code and other articles complementary to such Code, such as article 133 (paragraph ii) on illegal acts of violence against the safety of means of transport) and article 211 bis (on the illegal use of nuclear material or radioactive material) cover the acts provided for in the agreements annexed to the Convention for the Suppression of TF, except for the 1998 The Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf.

CT75. *Criterion 5.2* - Sections I and II of article 133 bis of the Criminal Code include the elements of this criterion, reaching any person who wilfully provides (supplies) and/or collects (gathers) funds or other assets by any means, directly or indirectly, with the unlawful intention that they should be used, or in the knowledge

that they are to be used, in full or in part, by a terrorist organisation or by a terrorist to carry out terrorist acts, even in the absence of a link to a specific terrorist act.

CT76. *Criterion 5.2 (bis)* - The TF offence does not include financing the travel of individuals who travel to a State other than their State of residence or nationality for the purpose of perpetrating, planning, or preparation of, or participation in, terrorist acts or the providing or receiving of terrorist training in accordance with this criterion. Although article 133 bis of the Criminal Code criminalises the management and provision of funds, the criminal offence does not provide for the implied link with respect to the financing of the travel as required by the Standard.

CT77. *Criterion 5.3* - Section I of article 133 bis of the Criminal Code expressly states that the sources of funds or other assets of TF may be legal or illegal activities.

CT78. *Criterion 5.4* - Section III of article 133 of the Criminal Code establishes that the TF offence is committed even when the funds and other assets have not been used or are not linked to a specific terrorist act; and regarding attempt, article 8 of the Criminal Code sets forth the legal concept of attempt, as analysed in criterion 5.1.

CT79. *Criterion 5.5* - In order to demonstrate and prove the TF offence, the Bolivian legislation guarantees that objective factual circumstances can be inferred in accordance with the Bolivian Constitution of the State, which establishes the principle of “material truth”, and the Code of Criminal Procedure, which sets forth the principle of “freedom of evidence.” This is in line with the analysis of criterion 3.8, the rules of sound criticism (article 173 of the Code of Criminal Procedure) and the rules of wilful misconduct (article 14 of the Criminal Code).

CT80. *Criterion 5.6* - The Bolivian Criminal Code applies proportionate and dissuasive criminal sanctions to the natural persons who commit TF, whether they are perpetrators, instigators, accomplices or accessories-after-the-fact, establishing the penalty based on the personality of the perpetrator, the greater or less seriousness of the act, the circumstances and the consequences of the crime. In this regard, in accordance with article 133 bis of the Criminal Code, the sanction consists of between 15 and 20 years’ imprisonment and the confiscation of the funds and property involved, as well as the proceeds of the crime.

CT81. *Criterion 5.7* - In line with article 3 of Law 1390/21, which adds different articles to the Criminal Code, it is not possible to observe that there exists autonomous criminal liability of legal persons for TF, by virtue of the fact that this crime is not even expressly mentioned in the list of crimes set forth in article 23 ter, nor is it a crime of corruption or a related crime, as required by article 23 bis. In this regard, the criminal sanctions for legal persons provided for in article 26 bis are not applicable either and therefore it is not possible to determine that such sanctions are proportionate or dissuasive. It should be noted that article 13 ter of the Criminal Code provides for the criminal liability of the person who acts as administrator or on behalf of a legal person.

CT82. *Criterion 5.8* -

- (a) As pointed out in criterion 5.1, although article 133 bis of the Criminal Code does not expressly provide for the attempt to commit TF, article 8 of the Criminal Code, which regulates the attempt as criminal involvement, applies to TF.
- (b) Article 8 of the Criminal Code refers to the direct attempt by the perpetrator of the crime. Although the criminal offence does not directly provide for the attempt when it is carried out in the character of accomplice, article 23 on aiding and abetting is applicable to any person who participates as an accomplice in the attempted crime even when it has not been carried out.
- (c) Numeral II of article 133 bis of the Criminal Code expressly states that any person who organises or directs the commission of the TF offence also commits the crime in question.
- (d) Article 20 of the Criminal Code sets forth that any person who carries out an act alone, jointly or through another person, or any person who wilfully provides cooperation of such a nature, without which the fraudulent unlawful act could not have been committed, will be considered perpetrators of a crime. In this regard, the attempt set forth in article 8 of the Criminal Code is applicable to article 20 of the Criminal Code where any person who contributes to the attempt to commit the crime is also liable for it to a certain degree of involvement. In the same way, for the commission of TF by a group of persons, article 132 of the Criminal Code (criminal association) is applicable.

CT83. *Criterion 5.9* - Terrorism and its financing in Bolivia are ML predicate offences, as established by the list of crimes set forth in article 185 bis of the Criminal Code.

CT84. *Criterion 5.10* - According to numeral 2 of article 1 of the Criminal Code, any punishable act will be punished even when it has been committed abroad, when the results of said acts have occurred or should have occurred in Bolivian territory or in places subject to its jurisdiction. In turn, numeral 3 indicates that the Criminal Code applies to crimes committed abroad by a Bolivian national, provided that such person is within the national territory and has not been punished in the place where the crime was committed. In this regard, TF can be prosecuted for cases in which the person that is liable or allegedly liable is in the same country or in a different country from the one in which the individual terrorist/terrorist organisation is or the terrorist act occurred/will occur as required by the criterion.

*Weighting and conclusion*

CT85. The TF offence in Bolivia covers, to a large extent, the elements required by the International Convention for the Suppression of Terrorist Financing and the main criteria of the Recommendation. However, there are some deficiencies in criteria 5.1, 5.2 bis and 5.7. It is worth highlighting that the TF offence does not include the financing of the travel of foreign terrorist fighters (criterion 5.2 bis), as well as the fact that criminal liability and sanctions are not applied to legal persons for TF (criterion 5.7). **Recommendation 5 is rated largely compliant.**

*Recommendation 6 - Targeted financial sanctions related to terrorism and terrorist financing*

CT86. In its 3rd Round MER, Bolivia was rated NC for SR.III. It was concluded that Bolivia has no specific legislation or regulation that governs the mechanism for freezing terrorist funds and other measures in accordance with UNSCRs 1267 and 1373.

CT87. *Criterion 6.1* - Bolivia has no specific legislation or regulation that governs the mechanism for identification and designation of terrorists and terrorist groups in accordance with UNSCR 1267 and its successors.

CT88. *Criterion 6.2* - Bolivia has no specific legislation or regulation that governs the mechanism for identification and designation of natural and legal persons in accordance with UNSCR 1373. As regards sub-criteria c) of this criterion, the process is carried out through the Ministry of Foreign Affairs who receives the request and without delay will evaluate that it is in accordance with the applicable legal principles, based on conventions and international treaties (Art. 4 II. a) Law 262). However, neither said provision nor the Action Protocol mention the specific aspects that must be analysed to accept the third country's request in accordance with the aforementioned sub-criterion.

CT89. *Criterion 6.3* - As indicated in the previous criterion, Bolivia has no relevant regulation or mechanism in place for the identification and designation of natural and legal persons that could meet the designation criteria under the relevant UNSCRs.

CT90. *Criterion 6.4* - The Plurinational State of Bolivia has a legal framework that allows for the implementation of targeted financial sanctions in a preventive manner and through administrative channels, after the publication of the UNSC lists related to terrorism and at the request of a country within the framework of international judicial and administrative cooperation regarding terrorism and its financing (Law 262). The Judiciary acts in parallel while the assets and funds remain frozen only to verify the identity and positive match of that person or entity and the freezing measure should be maintained as long as the person involved continues appearing on the respective lists. In the case of requests made under UNSCR 1373, the process is very similar. However, in accordance with Art. 4 II a) and the Action Protocol Art. 13-II, it is the Ministry of Foreign Affairs that analyses whether said request meets the requirements without further clarification as to whether these requirements include the analysis of whether the application has sufficient information, as well as the threshold of suspicion of reasonable grounds and the listing criteria pursuant to said resolution.

CT91. The articles of this law are specific to the obligation to freeze assets and funds of any nature related to the natural or legal persons that have been listed by the UNSC. Likewise, Bolivia issued Supreme Decree 4906/23 that regulates and supplements the aforementioned law by defining the term “property and other assets” in a sufficiently broad manner and establishing that the measure of preventive freezing of funds or other assets will be immediately applicable to all reporting entities upon taking notice of the UNSC lists, in accordance with article 4 of Law 262.

CT92. Similarly, Biministerial Resolution 03/2012, issued by the Minister of Economy and Public Finance and the Minister of Foreign Affairs, provides for the immediate actions to be conducted by the Ministry of Foreign Affairs and the Financial Investigations Unit upon taking notice of the UNSC lists and at the time the FIU issues the administrative resolution requiring the reporting entities to immediately freeze any property or asset. (RM 03/12 articles 1 and 2). Likewise, Instruction UIF 26/23 (Art 5 and 6) for all the reporting entities of the AML/CFT system has been recently issued, making the requirement to apply TFS

without delay clearer by requiring them to carry out permanent monitoring of the UNSC lists and effectively apply the freeze, communicating this action to the FIU immediately.

CT93. Finally, the different Instructions for the regulated reporting entities contain specific regulations that require them to apply TFS immediately. However, this obligation is not applicable to dealers in precious metals and stones and the limitations referred to in R.15 and R.22 on VASPs and lawyers, accountants and real estate agencies, respectively, should be taken into account.

CT94. *Criterion 6.5* - As mentioned in the previous criterion, the competent authorities responsible for implementing and enforcing targeted financial sanctions in Bolivia are: The Ministry of Foreign Affairs, the Financial Investigations Unit (FIU) and the criminal investigation judge with jurisdiction in the application of provisional measures, as established in article 4 of Law 262, which is reinforced by Resolution 03/2012 and Supreme Decree 4906/23 in relation to the importance of promptness and the definition of funds and other assets. Likewise, Instruction 26/2023 is addressed to all the reporting entities and instructs them to comply with TFS in a timely manner. However, as mentioned in the previous criterion, the sector of dealers in precious metals and stones is not subject to the requirement to impose TFS, and limitations have been found in other reporting entities (see R. 15 and R. 22) and therefore the authorities are not empowered to cover the criterion in relation to these limitations.

- (a) Pursuant to article 4 of Law 262 and the second and third provisions of Biministerial Resolution 03/2012, as well as Supreme Decree 4906/23, procedures and means are established by which the FIU communicates to the reporting entities, public registries and other public administration entities (registry, migration and customs offices) the express Administrative Resolution ordering the preventive freezing of funds and other assets of natural or legal persons designated in the UNSC lists, for immediate enforcement of the measure. However, this obligation does not cover all natural and legal persons in the country. Also, as mentioned above there are limitations in the case of certain reporting entities.
- (b) This criterion is covered by article 3 of Law 262/2012 and Supreme Decree 4906/23 (articles 7 and 8), since they include the obligation to freeze all funds and other assets that are wholly or jointly owned by designated persons, including those directly or indirectly controlled by the designated persons and the proceeds derived from those funds or assets (all assets of any nature, tangible or intangible, personal or immovable, regardless of the form in which they have been acquired and their destination).
- (c) Although the legal framework of the country prohibits the transfer, conversion, disposal or transportation of the funds or other assets during the term of validity of the measure imposed, as well as any subsequent record, encumbrance or annotation in the corresponding public registries—which is reinforced by article 7 of Supreme Decree 4906/2023 and therefore could be understood more broadly—, this prohibition is not clear as to whether it extends to citizens or to any person or entity in the country. Therefore, the assessment team considers that the comprehensive prohibition referred to in this sub-criterion is not covered.
- (d) The procedure provided for in Law 262, Resolution 03/2012, Instruction UIF 26/2023 and in the Inter-agency Action Protocol signed by the Ministry of Foreign Affairs, the Ministry of Defence, the Judiciary and the FIU sets forth that the freezing of funds and other assets should be of immediate

compliance (without delay), and states that there exist different mechanisms to communicate the lists or designations to the reporting entities of the national financial system and to the regulated DNFBPs, such as electronic notification, personal service, service of notice or telegram or any other means of reliable notification.

- (e) The “Specific Instructions for the Reporting Entities to Implement United Nations Security Council Resolutions” establishes that, in case of having effectively applied the preventive freezing of funds or other assets, the reporting entities should inform the FIU of this action immediately through form “FC-01: Freezing Report” (Instruction 26/2023 article 6). Additionally, they should elaborate the STR and submit it to the FIU within a maximum period of one (1) working day. However, the regulations are not clear as to how the obligation is complied with in the case of attempted transactions. Moreover, this obligation is not applicable to dealers in precious metals and stones and the limitations referred to in Recommendations 15 and 22 on VASPs and lawyers, accountants and real estate agencies, respectively, should be taken into consideration.
- (f) Bolivian regulations establish, through article 5 of Law 262/2012, that in case of verifying that the freezing of funds and other assets has affected a natural or legal person due to homonymy, then the freezing measure should be lifted within a period not exceeding 2 calendar days. Likewise, article 9 of Supreme Decree 1553 covers other bona fide third parties that may have been damaged through the signing of contracts, as long as the authority is able to verify certain criteria.

CT95. *Criterion 6.6* - Bolivia has the following regulatory and institutional framework:

- (a) Bolivian regulations do not specifically or publicly set forth procedures to file de-listing request to the corresponding Committee in the cases where the country considers that a person does not meet or no longer meets the designation criteria.
- (b) Bolivia establishes the way in which a person may request to the FIU the unfreezing of assets that have been frozen following the request of a third country. However, the regulations of this country do not explicitly set forth procedures or mechanisms to de-list persons or entities that have been designated by the country itself after verifying that the designation criteria under UNSCR 1373 are no longer met, nor the manner or the means by which a designated person may appeal against the listing.
- (c) Regarding compliance with UNSCR 1373, article 5 of Supreme Decree 1553 establishes the procedure to be followed by the person whose funds and other assets are frozen following the request of a country made within the framework of international judicial and administrative cooperation, in order to implement the respective unfreezing. This procedure includes the intervention of the criminal investigation judge with jurisdiction in the application of provisional measures and on duty in the place where the FIU is operating. However, it is not clear what the procedure to review the designation decision would be and how it would be implemented if the designation has been made domestically and not by a third country.
- (d) Regarding compliance with the UNSCR 1988, article 2, in relation to article 4, of Supreme Decree 1553 establishes the procedure to be followed by the person designated in UNSC public lists. This mechanism is carried out through the authorities, since the designated person should appear before the FIU and the latter before the Ministry of Foreign Affairs so that the case can

be channelled to the corresponding Committee or to the entity designated by the resolutions issued by the UNSC itself.

- (e) In the main section of the FIU website (<https://www.uif.gob.bo/>), there is a direct access link to the UNSC, through which people who may be affected by designation and freezing measures can access the necessary information about the United Nations Office of the Ombudsman, an independent and impartial office entrusted with the task of considering requests from individuals, groups, companies or entities who wish to be de-listed from the ISIL (Da'esh) and Al-Qaida Sanctions List of UNSC ISIL (Da'esh) and Al-Qaida Sanctions Committee.
- (f) Through Law 262/2012, available to the general public, in relation to article 5 (LIFTING THE MEASURE IN CASE OF HOMONYMY), Bolivia sets forth the internal procedure by which the unfreezing of assets and funds will take place in a maximum of 2 days, when it is confirmed by any means that it was a case of homonymy. Likewise, the judicial review confirming the administrative measure should focus on the positive verification of the identification of the person or entity to which the freezing has been applied.

In addition, the Inter-agency Action Protocol sets forth the mechanism by which the Ministry of Foreign Affairs, the Judiciary and the FIU should proceed, as well as the procedure to lift the measure.

- (g) Article 15 subparagraph c) of Supreme Decree 1553, clearly establishes that the FIU should issue an Administrative Resolution expressly ordering the unfreezing of the funds and other assets of the person that has been de-listed as reported by the Ministry of Foreign Affairs. Said Administrative Resolution notifies the reporting entities from the national financial system and the corresponding public registries of such a measure, and they will be required to comply with it. The above is confirmed with article 20, numeral I, of the Inter-agency Action Protocol for Compliance with the Measures Ordered by the United Nations Security Council Resolutions on Terrorism, the Financing of Terrorism and Proliferation of Weapons of Mass Destruction. In addition, Instruction 26/2023 article 8, paragraph I, establishes that, once the de-listing of a natural or legal person or entity designated within the framework of UNSCRs is known, the FIU will notify to the reporting entities the Administrative Resolution ordering the preventive unfreezing of funds or other assets through the channels established, for the enforcement of such measure.

CT96. *Criterion 6.7* - Article 6 section I and II of Supreme Decree 1553 and Decree 4906 establish the procedure to access frozen funds or assets which are considered necessary for basic and other extraordinary expenses pursuant to UNSCR 1452; this is reinforced by article 25 of the Inter-agency Action Protocol and the mechanisms established for the competent judge who has ratified the freezing measure.

#### *Weighting and conclusion*

CT97. The assessment team considered the general lack of compliance with criteria 6.1, 6.2 and 6.3 and because dealers in precious metals and stones are not considered reporting entities and therefore do not have direct obligations to promptly freeze funds and assets, as well as the limitations referred to in Recommendation 22, especially with regard to lawyers, accountants and real estate agencies which are not considered as large taxpayers; therefore, there are moderate deficiencies, taking into account the relative



importance of the criteria in the country context. Finally, some regulations are not clear as to how some specific aspects of sub-criteria 6.5 (c) and 6.6 (a), (b) and (c) are covered. **Recommendation 6 is rated partially compliant.**

*Recommendation 7 - Targeted financial sanctions related to proliferation*

CT98. This Recommendation was introduced in 2012, and therefore it was not assessed in the 3rd Round of Mutual Evaluations.

CT99. *Criterion 7.1* - As described in criterion 6.4, Bolivia has a regulatory framework (Law 262/2012, Biministerial Resolution 03/2012) that allows for the implementation of targeted financial sanctions in a preventive manner and through administrative channels, following the publication of the UNSC lists in the prosecution of terrorism. However, this framework is not directly consistent with this criterion as no reference is made to any of the UNSCRs relative to the suppression and disruption of the proliferation of weapons of mass destruction and their financing.

CT100. In this regard, the FIU issued the Inst. UIF 26/2023, in accordance with the power granted to it by paragraph I, article 495 of Law 393, and Supreme Decree 4904, article 10. Said regulation is enforceable against all the reporting entities of the AML/CFT system throughout the national territory and its article 5 sets forth the obligation to identify, verify and, where appropriate, freeze the assets of the persons or entities designated in UNSC lists mentioning the UNSCRs related to proliferation and its successors.

CT101. The aforementioned Instruction is enforceable against all the reporting entities, except for dealers in precious metals and stones or lawyers, accountants and real estate agencies that are not considered large taxpayers and requires them to comply with their obligation to freeze immediately. Bolivia also proved the enforceability against all reporting entities presenting some cases in which the judge, upon the request of the FIU, had ordered the application of freezing measures on persons designated under UNSCR 1718 (2006) in relation to the Democratic People's Republic of Korea, the assessment team considers that, in order to provide greater legal certainty and encourage the State to undertake the obligation to have the institutional framework that ensures the effective implementation of TFS.

CT102. *Criterion 7.2* - As described in the previous criterion, Bolivia argues that Law 393, in relation to Supreme Decree 4904, grants the necessary legal authority to the FIU to implement the TFS required by the UNSCRs related to the PWMD. In terms of implementation, the regulations mentioned above are reinforced by the Inter-agency Action Protocol issued by Bolivia in 2022 and which defines the scope of operation of each authority involved in the application of TFS, including those related to the PWMD.

- (a) Notwithstanding the requirements of criterion 7.1, Bolivia recently issued the "Specific Instructions for the Reporting Entities to Implement United Nations Security Council Resolutions", approved by Administrative Resolution UIF/26/2023, dated 14 April 2023. This resolution establishes that the reporting entities throughout the national territory are required to comply, without delay, with the procedures for the preventive freezing and unfreezing of funds and other assets of natural and legal persons and entities linked to terrorism, the financing of terrorism and proliferation of weapons of

mass destruction, designated by the different UNSC Committees. The regulations mentioned above are reinforced by the Instructions issued by the FIU for each of the sectors of reporting entities, except for dealers in precious metals and stones, and the limitations referred to in Recommendations 15 and 22 on VASPs and lawyers, accountants and real estate agencies, respectively. These instruments require the application of TFS immediately and without prior notification, as well as the requirement to permanently check the UNSC lists related to the PWMD. Likewise, this obligation does not extend to any natural or legal person other than SO.

(b) Instruction UIF/26/2023, mentioned in the previous sub-criterion, and the Inter-agency Action Protocol establish that funds and other assets are understood to be property of any kind, whether tangible or intangible, financial, economic and natural resources, movable or immovable, regardless of the way in which they were acquired; including legal documents or instruments, whatever their type, character or nature, electronic or digital, evidencing ownership or equity interest in such property or other assets, and any interest, dividend or other income in, or accumulated value from, or generated by, such property or other assets and any other assets that may potentially be used to obtain funds or property and to provide services. In relation to the above, the assessment team considers it broad enough to cover the requirements of this sub-criterion.

(c) Instruction UIF/26/2023 and the aforementioned Inter-agency Action Protocol include the definition “freezing of funds or other assets,” which prohibits the transfer, conversion, disposal or transportation of funds or other assets owned or controlled by persons or entities designated by the UNSC. The freezing measures include prohibitions to prevent funds or other assets from being made available, directly or indirectly, for the benefit of designated persons and entities. This measure of immediate application also entails the freezing of such funds or other assets and the disruption of the economic or commercial flow without difficulties and immediately.

Although this measure is in line with the international standard, the assessment team considers that, based on the analysis of its scope, this measure is not applicable to all citizens or persons and entities within the Bolivian territory, but rather they are mostly for the reporting entities of the AML/CFT/CFP system.

(d) Instruction UIF/26/2023, article 5 Paragraph I, establishes that the FIU will notify to the financial and non-financial reporting entities the administrative resolution ordering the preventive freezing of funds or other assets through the channels established for that purpose.

In this regard, the FIU uses the Caronte System, which has a module to promptly notify and communicate with the reporting entities through a registered email. In addition to the above, the aforementioned Inter-agency Action Protocol establishes that the communication of the UNSC lists and their corresponding updates to the entities responsible for the application of the freezing of funds or other assets will be conducted through the following mechanisms: physical correspondence and/or institutional email, and coordinated by institutional landline and/or mobile phone. (Articles 9 and 10).

Likewise, the FIU’s institutional website publishes the electronic link corresponding to the consolidated list and the updates of the sanctions issued by the UNSC.

(e) Instruction UIF 26/2023 article 6 sets forth that, in the event that reporting entities have implemented the relevant freezing in accordance with this recommendation, the reporting entities are required to promptly inform the FIU of this by means of a specific email and to send an STR in a maximum

period of one day. Likewise, the regulations for each reporting entity set forth the same obligation. However, no mention is made in relation to reporting attempted transactions as established in this sub-criterion.

- (f) The regulations analysed do not refer to measures to meet this sub-criterion.

CT103. *Criterion 7.3* - The country was able to demonstrate that it has regulations that are enforceable against the reporting entities, and that make it possible to monitor their compliance and to otherwise apply sanctions to them; however, it should be taken into account that dealers in precious metals and stones are not included as reporting entities of the AML/CFT/CFP system, and the limitations referred to in Recommendations 15 and 22 on VASPs and lawyers, accountants and real estate agencies, respectively. Moreover, the assessment team considers that the country should strengthen the legal framework as described in criterion 7.1 (paragraph III of article 495 of Law 393; paragraph I of article 24 and article 25 of Supreme Decree 4904, and paragraph II of article 12 of Instruction UIF 26-2023).

CT104. *Criterion 7.4* - The country lacks specific procedures applicable in this regard. However, in the main section of its website (<https://www.uif.gob.bo/>), the FIU has published a direct access link to the UNSC, through which people who may be affected by designation and freezing measures can access the necessary information on the procedures of the Focal Point for De-listing Requests.

- (a) See first paragraph of this criterion.
- (b) Article 19 of the publicly accessible Inter-agency Action Protocol establishes that, if verified by any means that the freezing has affected a person or entity other than the one designated by the UNSC due to homonymy, the authority that ordered the measure should lift it within the period provided by law at the request of the affected party. However, although this measure provides for the regulatory possibility of lifting it, the assessment team considers that there is no procedure to make the request or to order the lifting in case of homonymy.
- (c) The Inter-agency Action Protocol establishes that the unfreezing of funds and other assets to cover basic or extraordinary expenses will be ordered by the criminal investigation judge who ratified the freezing measure, communicating the decision to the FIU, which will continue with the proceedings before the judge so that, once accepted, the relevant reporting entities are informed to request access to funds. (Article 25 of the Protocol and Instruction UIF 26/2023 article 10).
- (d) Instruction UIF/26/2023 establishes that the FIU will notify the reporting entities of the administrative resolution ordering the unfreezing of funds or other assets through the established mechanisms, when any person or entity has been de-listed from the UNSC lists. The established procedure indicates that the notification should be made in a timely manner, and the regulated reporting entities should implement the measure immediately.

CT105. *Criterion 7.5* -

- (a) The recent Bolivian regulation that also covers the UNSCRs related to the PWMD establishes that the action of freezing accounts will not prevent a designated natural or legal person or entity from being able to pay debts under a contract entered into prior to being designated. However, this provision is not clear in relation to whether it covers all the obligations detailed above or only those

that derive from the signing of a contract. Likewise, there is no specific mention of interest or other profits owed related to accounts frozen under UNSCR 1718 or 2231. (Article 9 of Supreme Decree 4906).

- (b) This sub-criterion is met with the Bolivian regulations recently issued in this regard for each of the cases. (Article 9 a), b) and c) of Supreme Decree 4906).

### *Weighting and conclusion*

CT106. In terms of TFS, Bolivia has Law 262; however, its scope on PWMD is not literal nor does it refer specifically to the relevant UNSCRs. In this respect, the country has recently issued inter-agency action protocols and a series of special regulations including a Supreme Decree, by which, as understood by the assessment team, Bolivia would be in a position to implement TFS without delay against persons and entities designated by UNSCR 1718 and its successors, and UNSCR 2231, as well as any of its future successor resolutions. However, the country still has deficiencies in terms of regulations and mechanisms that could hinder application, namely: i) complex regulations that could reduce the legal certainty of acts; ii) lack of obligation to apply said TFS by dealers in precious metals and stones, VASPs, accountants, lawyers and real estate agencies that are not considered to be large taxpayers; iii) absence of a comprehensive prohibition applicable to all Bolivian citizens or to persons or entities within its territory; and the need to provide greater guidance for the general public on the freezing procedures, to unfreeze and get access to resources upon the corresponding request. **Recommendation 7 is rated partially compliant.**

### *Recommendation 8 - Non-profit organisations*

CT107. In its 3rd Round MER, Bolivia was rated NC for R.8, former SR.VIII. It was concluded that the country did not have an adequate registration system nor an adequate supervision system for NPOs. In addition, it was pointed out that there was no beneficial ownership identification procedure for NPOs that would allow for the identification of resources or financing from illegal activities.

CT108. *Criterion 8.1 -*

- (a) In Bolivia there are different types of social organisations that have legal status and are regulated by Law 351/13 and Law 1161/19 and subsidiary regulations. In accordance with article 4 of Law 351/13, in Bolivia there are: a) social organisations<sup>26</sup>, b) non-governmental organisations<sup>27</sup>, c) foundations<sup>28</sup> and d) civil society organisations<sup>29</sup>.

By June 2022, there were 2,192 NPOs operating in the country. Out of this total, 637 correspond to civil society organisations, 258 to foundations, 9 to social organisations, 905 to non-governmental

<sup>26</sup> Group of persons who, given the territory they occupy and/or the common activities and similar interests they develop, get together and/or promote initiatives of common interest for their members and/or get together to exercise social control.

<sup>27</sup> Private law entities engaged in activities related to social services, social welfare, charity, economic and social development; made up of national and/or foreign persons, who, with the due recognition of the State, conduct non-profit development and/or welfare activities; engaged only in non-financial activities making use of their own funds and/or financing and/or external cooperation within the national territory.

<sup>28</sup> Private law entities that, at the time of incorporation, allocate their initial capital with a long-term perspective to the fulfilment of special purposes of non-profit general interest; they are engaged in non-financial activities and in order to develop their activities they must obtain recognition from the State.

<sup>29</sup> Group of private law persons who have the recognition of the State to conduct non-profit and non-financial activities for a common purpose.

organisations and 383 to religious and spiritual organisations. In order to determine which NPOs have higher TF risk in line with the Standard, the country conducted an SRA for the sector in 2022. This SRA considered 4 factors to determine the degree of TF risk in the sector: i) collection or disbursement of resources, ii) administration of considerable sources of resources, iii) activity or purpose to which the resources are allocated, and iv) if they are religious or spiritual NPOs. Additionally, vulnerability factors were taken into account, such as: i) activity or purpose, ii) executed budget, iii) geographic location-financing source, and iv) transparency of information and best practices. As a result, 71 NPOs were determined to pose TF risk (48 are foreign NGOs that receive resources from international sources and 23 are religious organisations, which have the Islam as their doctrine, with subsidiaries in the Bolivian territory but headquarters abroad and with national headquarters. Out of this total, 61 are of low TF risk and only 10 are of medium TF risk.

**NPOs (except religious and spiritual organisations)**

The Ministry of the Presidency is the competent authority to grant legal status and register the entities covered by Law 351/13, whose scope of action is not limited to a district (*departamento*) in the Bolivian territory (article 8 Law 351/13). It also applies some registration measures that will be analysed in criterion 8.3.

**Religious and spiritual organisations**

On the other hand, religious and spiritual organisations are incorporated and registered with the Ministry of Foreign Affairs based on articles 9 and 10 of Law 1161/19. These organisations are governed by Supreme Decree 4054/19, which partially regulates Law 1161/19 in relation to the granting, adaptation, revocation and registration of legal status, as will be analysed in the subsequent criteria.

- (b) In the NPO SRA, Bolivia identified as a threat the “exchange of services between criminal organisations and territorial organisations”, which is the only possible scenario where the country could be undermined for the sector. However, there is no evidence that this situation has not taken place yet and there are no criminal investigations linked to TF on this regard.  
By virtue of the above, the NPO SRA indicates that the level of risk of terrorism and its financing in Bolivia is low.
- (c) Bolivia has measures to address the risks identified for the subgroups of NPOs which are considered to pose a TF risk. Such measures include the obligations related to the registration with and monitoring by the competent authorities that are detailed below:

**NPOs (except religious and spiritual organisations)**

The entities that make up this sector in accordance with article 4 of Law 351/13 are governed by the rules of the registration system for legal persons and its components in accordance with articles 24 and 25 of Supreme Decree 1597/13. On the other hand, for NGOs, foundations and non-profit organisation that conduct projects or programmes for social development or for the benefit of a vulnerable population, the Vice-Ministry of Public Investment and External Financing (VIPFE), manages the National Registry of Consultancy Services Companies, Donations and NGOs (article 40 paragraph k) of Supreme Decree 4857.

**Religious and spiritual organisations**

The Supreme Decree 4054/19, which partially regulates Law 1161/19, contemplates the granting, adaptation, revocation and registration of the legal status of this subgroup of organisations.

The NPO SRA rates national vulnerability as low; nevertheless, it identifies the main vulnerabilities of the sector (though there are mitigating measures to address them, such as the application of sanctions for non-compliance), as follows:

- i) The internal procedures for inter-agency coordination regarding the updating of NPO registries, which could be improved.
- ii) The refusal to update and submit information or the non-compliance with the Framework Agreement for Basic Cooperation (AMCB) signed by NPOs with their corresponding competent authorities.
- iii) Delay or non-compliance in the delivery of information from religious and spiritual organisations that are in the process of adapting to Law 1161/19 and Supreme Decree 4054/19.

Although the NPO SRA, in order to mitigate the detected TF risks in the sector, recommends that, among other measures, inter-agency agreements be signed between the competent authorities to reassess the risks and the nature of the threats that make NPOs vulnerable (paragraph e) in the Recommendations section), to date this obligation is not covered by the current regulations.

CT109. It is considered that through these mechanisms and the follow-up mechanisms that will be explained in detail in criterion 8.3, Bolivia has measures (including legislative measures) that allow it to a large extent to conduct effective and proportionate actions to address the TF risks identified in the sector.

CT110. *Criterion 8.2 -*

- (a) In addition to the registration requirements analysed in the previous criterion, Bolivia has transparency policies for the administration of NPOs.

On the one hand, through Ministerial Resolution 240/12, it was created the Unit of Non-Governmental Organisations and Consultancy Services Companies (UONGC) under the VIPFE, and later through Administrative Resolution RA 22/17, the Single National Registry of foreign NGOs was created. Numeral 26 of article 4 of Law 465/90 sets forth that the Ministry of Foreign Affairs should sign agreements or conventions (AMCB) with religious and spiritual organisations, foreign foundations and non-governmental organisations, among others, in order to establish their general regulatory framework in terms of regulation, functioning and activities.

The aforementioned registries and the AMCB signed with the competent authorities are useful to know details about the administration and management of NPOs. For the signing of an AMCB, information and documentation are collected on the legal address of the NGO (by means of a notarized instrument), resume of the legal representative, police and criminal records of the legal representative, memorandum and articles of association in force and other documents pursuant to article 5 of Ministerial Resolution 244/17.

In turn, for religious and spiritual organisations, articles 6 and 8 of Supreme Decree 4054/19 establish the requirements for the granting or adaptation of the legal status of these organisations, where documentation is required similar to that of the AMCBs.

Additionally, the fifth article of Supreme Decree 22409 and article 11 of Ministerial Resolution 244/17 set forth that the NGOs registered with the Registry will submit annual and 3-year reports with information on the activities conducted and the projects scheduled for the future.

Finally, as a transparency policy, the requests for documentation and forms from NGOs are made through the website of the virtual government office<sup>30</sup>. Forms should be filled following the User Guide, a document published on the VIPFE website, which establishes the procedure to be followed for the registration of an NGO. Likewise, the VIPFE website lists the national and foreign NGOs that have obtained their certificate in accordance with the regulations and whose registration would be in force.

- (b) The FIU, in coordination with the VIPFE and the Ministry of Foreign Affairs (MRE), held two training workshops for NPOs in 2022 in order to encourage and generate greater awareness on possible vulnerabilities and risks of TF abuse. Likewise, in the framework of the preparation of the NRA during July and November 2022, work was conducted with NPOs on the mitigating factors and vulnerabilities of the sector. Finally, during 2023, a public/private joint workshop was delivered where the NRA and the SRA, as well as the preventive measures to avoid misuse for TF purposes in the sector, were disseminated.

It is important to note that, in the Bolivian context, the main source of funding for NPOs are donations from abroad, so the local donor community that provides funds to foreign NGOs or religious entities is very limited. In this regard, although its representativeness in the Bolivian context is limited, it was not possible to observe any outreach or training programme undertaken for the local donor community.

- (c) Although best practices have not yet been properly developed to address TF risk and vulnerabilities together with the sector, during 2022 and 2023, mainly in the framework of the preparation of the NPO SRA, the country undertook outreach programmes with the sector in accordance with what was analysed in the previous sub-criterion. However, this outreach is considered to be still incipient.
- (d) The competent authorities do not seem to have conducted any actions in relation to NPOs in order to encourage them to carry out transactions through regulated financial channels. However, it should be noted that, through Board of Directors' Regulatory Resolution 10-0017-5 of 2015, the SIN is responsible for the tax treatment of payments arising from transactions involving the buying and selling of goods and/or the provision of services conducted by any natural or legal person (including NPOs), whose total value is equal to or greater than BOB 50,000 (fifty thousand Bolivian pesos). The above implies that such transactions should be supported by documents issued or recognized by the financial system that is regulated by the ASFI and/or the BCB, and that tax control mechanisms should be implemented in relation to the obligations of taxable persons and/or liable third parties and taxpayers in general.

CT111. *Criterion 8.3* - Bolivia performs a general monitoring of NPOs. Measures (including legislative ones) have been implemented that largely allow effective and proportional measures to be taken to address TF risks. For example, for foreign NGOs, the Framework Agreements for Basic Cooperation (AMCB) are monitored to verify compliance with the obligations by this subgroup. As a consequence, foreign foundations of NGOs are required to submit an annual activity report to the MRE within the framework of the AMCB signed, as well as an annual progress report on the implementation of programmes and/or projects to the VIPFE and the entities of the sector (article 11, Ministerial Resolution 244/17). The findings of the NPO SRA show that the country has applied a risk-based approach in order to identify and classify the subgroup

<sup>30</sup> <https://ong.planificacion.gob.bo>

that may be the most vulnerable to TF as described in criterion 8.1. Furthermore, based on the information obtained in the on-site visit, it was possible to verify that the FIU conducts a specific monitoring regarding TF on 10 of the entities representing a high risk. However, based on the interviews held with the private sector, it was possible to conclude that monitoring is focused to a greater extent on prudential requirements (mainly related to registration and corporate governance) but not on the TF risk; besides, the knowledge of the TF risk in the sector is limited.

CT112. With regard to religious and spiritual organisations, apart from the monitoring on registration matters of their articles of association and internal rules of procedure, paragraph e), article 7 of Law 1161/19 establishes the duty to submit to the MRE an annual report on administrative, financial, legal, religious or spiritual activities.

CT113. The monitoring on TF does not seem to apply a RBA in a generalised manner, since the analysis of the regulations does not reveal the existence of measures differentiated by level of risk beyond the general obligations that all NPOs under the jurisdiction of the MRE should comply with. Nevertheless, the country has recently made efforts in this respect: on 17 April 2023, the FIU elaborated a report (UIF/DAFL/UAF2/412/2023) to verify if the systems to which they have access record asset-related and financial information, as well as the socioeconomic profile of the NPO identified as representing a high risk. However, when contrasting said report with others held by the FIU, said authority could not prove TF-related transactions or TF links with said NPOs.

CT114. *Criterion 8.4* - Regarding monitoring and supervision, it is reported that:

- (a) The regulatory framework applicable to foreign NGOs and religious organisations has a mechanism to verify obligations, primarily of a prudential nature. It is not clear, however, how risk-based measures are monitored, apart from the monitoring conducted by the FIU last year. The monitoring mechanism applicable to foreign NGOs is conducted through the follow-up conducted by the MRE through the Framework Agreements for Basic Cooperation (AMCB), pursuant to Law 351/13 and article 17 paragraph v of Supreme Decree 4857. Although this mechanism seems to be consistent with the generalised low level of risk of the sector, the effectiveness of the risk-based monitoring is still perceived as limited. The above is consistent with the information obtained by the private sector during the on-site visit.
- (b) Bolivia has sanctions applicable to non-compliance by NPOs:  
**NPOs (except for religious and spiritual organisations)**

Article 19 of Supreme Decree 1597/13 sets forth the revocation of the legal status of NPOs established in article 4 of Law 351/13 in case they refuse to update and submit information within the framework of an AMCB or fail to comply with it. Additionally, it is possible to revoke the AMCB signed in the case of programmes and projects that do not have the approval and consent of the VIPFE (numeral IV, article 9, Ministerial Resolution 244/17) and to ban transactions in the country by those foreign foundations of NGOs that have been ordered to conclude their activities but have failed to do so (numeral VII, article 19, Ministerial Resolution 244/17)

**Religious and spiritual organisations**

With regard to this sector, the sanctions for non-compliance with obligations include the revocation of legal status (article 10 of Supreme Decree 4054/19 in relation to article 11 of Law 1161/19). The grounds are non-compliance with the aims and purposes set forth in the Articles of Association as established by an enforceable judicial decision against the organisation, and lack of adaptation to the legal status within the term.

In this regard, it is estimated that the range of sanctions is not completely effective or proportionate for this subgroup, since there is no sanctions gradation: revocation is the only applicable sanction and other sanctions, such as the removal of officials, freezing of accounts or fines in accordance with the Standard, are not considered.

CT115. *Criterion 8.5 - In Bolivia:*

- (a) There is coordination and exchange of information between the competent authorities that may have relevant information on NPOs. In this regard, as described in the analysis of R. 30 and 31, law enforcement authorities, such as the Police and the Attorney General's Office, may exchange information on any entity, including NPOs. Along the same lines, as described in R.29, the FIU is also empowered to exchange information and cooperate with other competent authorities in this sector. Finally, in particular, the authorities that have direct interaction with the sector, such as the Ministry of Foreign Affairs and the VIPFE, participate in the coordination with other authorities and enforcement of government policies, including, for example, issues such as registration, signing of AMCB (paragraphs m) and v) of article 17, paragraph c) of article 18 and numeral 8 of article 14 of Supreme Decree 29894/09) and article 6 of Supreme Decree 2861. Finally, article 6 of Supreme Decree 28168/05 states that the highest executive authorities should ensure access to information to all persons without distinction of any nature, establishing the structure and internal procedures of the public entities under their authority, which allow for the provision of complete, adequate, timely and reliable information.
- (b) Although to date the FIU has not received STRs on TF related to NPOs, nor have criminal investigations been carried out into possible facts related to this crime, both the Attorney General's Office and the Police, as indicated in the analysis of R. 5, 30 and 31, have the capacity to investigate these entities if there were indications that they are being misused or actively support terrorism or its financing (article 218 of the Code of Criminal Procedure).

In addition, paragraph h) of section I of article 21 of Law 004 establishes for NGOs, foundations and civil society organisations the duty to inform and submit all the information that the FIU may request within its scope of competence. However, this provision does not cover religious organisations in accordance with Law 1161/19.

- (c) During investigations, the Attorney General's Office may have access to all information and intervene in all proceedings (articles 40 of Law 260). In this regard, for example, the Attorney General's Office is empowered to consult the information available on foreign foundations and NGOs that the VIPFE, in its capacity as competent authority, publishes on its website regarding the registration of these entities with the Single National Registry of NGOs, created by Administrative Resolution RA 022/17 and monitoring of them by this Registry. Furthermore, article 286 of the Code of Criminal Procedure establishes the obligation to report crimes requiring public prosecution, in

particular numeral 1 indicates said obligation on the part of government officials and employees who get to know the fact in exercise of their functions.

- (d) In Bolivia, there is not a unique mechanism that ensures identification that in case of suspicion that an NPO is involved in or is being misused for TF or is covering up the clandestine diversion of funds towards terrorism or its financing, this information is shared with the relevant authorities as required by this subsection. However, in the case of the information held by the VIPFE, as it is registration data and other data on foreign foundations and NGOs, the regulations consider a guarantee of access to information by the highest executive authorities that should ensure access to the information to every person without distinction of any nature, establishing the structure and internal procedures that the public entities under its umbrella should have to be able to provide complete, adequate, timely and reliable information (article 6 of Supreme Decree 28168). Although there does not seem to be a specific mechanism for information related to other relevant NPOs, such as religious and spiritual organisations that are under the jurisdiction of the Ministry of Foreign Relations (MRE), according to article 218 of the Code of Criminal Procedure, prosecutors, judges or courts may request reports to any public or private person or entity in relation to data contained in their records.

CT116. *Criterion 8.6* - The Bolivian authorities have the capacity to exchange information with their foreign counterparts in accordance with the analysis of R. 36 to 40. Such capacity is also applicable in relation to NPOs, since there exists no prohibition to do so in relation to this sector. Therefore, all entities, whether jurisdictional or administrative, can, within their scope of competence, exchange information about NPOs with their counterparts.

CT117. The central authority to deal with MLA issues is the Ministry of Foreign Affairs (numeral 4 of article 4 of Law 465/13), while the authority responsible for providing assistance in terms of financial intelligence is the FIU, pursuant to article 494 (on the handling of requests) of Law 393/13, article 18 of Supreme Decree 2471/97 (numeral 7) and numeral 14 of Supreme Decree 1553/13. Additionally, the FIU has a Rules of Procedure for handling cases of international cooperation approved by Administrative Resolution RA UIF/DAFL/001/18, which is applicable in these cases.

#### *Weighting and conclusion*

CT118. Bolivia has recently assessed the risks associated with NPOs and has identified, through its SRA, foreign NGOs and religious and spiritual organisations as the sub-sectors representing the highest risk in terms of TF, despite the fact that the country's overall risk in this regard is rated as low. The country has competent authorities responsible for the registration and monitoring requirements to be met by this sector. However, apart from the registration requirement and any other prudential requirements, risk-based monitoring and approach with the sector seems to be incipient and mainly based from the 2022 SRA.

CT119. Finally, the sanctions applied on religious and spiritual organisations do not seem to be proportionate or effective as there is no sanctions gradation. **Recommendation 8 is rated partially compliant.**

### *Recommendation 9 - Financial institution secrecy laws*

CT120. Bolivia was rated LC for R.4 in its 2008 MER, mainly because there existed several rules regarding the lifting of bank secrecy that could limit the action of the authorities.

CT121. *Criterion 9.1* - Bolivia has a legal and regulatory framework that establishes the right to secrecy and confidentiality of the information on financial transactions. Similarly, the country has issued different regulations that allow for the exemption from the duty of confidentiality and the lifting of confidentiality restrictions. In this respect, regardless of the existence of other regulations that somehow cover aspects of this Recommendation for certain authorities and in certain scenarios specifying their use, Law 393/2013 for all financial service providers establishes (article 473, in relation to article 472) the lifting of confidentiality restrictions when so required by the different judicial or administrative authorities in compliance with their obligations. These authorities include, among others, the FIU, the financial supervisor and the investigative authorities in cases of financial crimes, corruption and those crimes that could be ML offences. Likewise, there are a variety of mechanisms for exchanging information between agencies at the operational level (see analysis of R.2) and there are no financial institution secrecy laws that inhibit this exchange. The exchange of information between competent authorities also occurs at the international level (see analysis of R.40).

#### *Weighting and conclusion*

CT122. The financial institutions' secrecy law in Bolivia does not preclude the implementation of the FATF Recommendations as required by this Recommendation. The assessment team did not identify deficiencies in the Bolivian regulations in relation to this Recommendation. **Recommendation 9 is rated compliant.**

### *Recommendation 10 - Customer due diligence*

CT123. Bolivia was rated PC for R.5 in its most recent MER. The main deficiencies include: i) Lack of inclusion of all participants in the Bolivian financial system; ii) Lack of knowledge of recently issued regulations by financial institutions; iii) Deficiencies in the regulations on beneficial ownership identification with respect to non-bank financial institutions; iv) Regulatory gap regarding the actions to be taken by institutions when any of the criteria for customer identification and due diligence cannot be met.

CT124. *Criterion 10.1* - The obligation for the reporting entities in the financial sector to conduct CDD is set forth in Law 393, articles 501 and 502. However, to comply with this criterion, Bolivia decided to do so through subsidiary regulations issued by the FIU. In this regard, the different Instructions for the different types of financial entities establish that a business relationship may not be initiated with natural or legal persons that intend to open accounts or conduct anonymous transactions or with fictitious names. Instruction 42/2022, article 30 (financial intermediation); Instruction 67/2022, article 45 (insurance market); Instruction 05/2023, article 25 (exchange offices); Instructions 08/2013 and 07/2013, article 12.1 (bonded warehouses and financial leasing companies); Instruction 20/2023, paragraph c).II of article 43 (securities market and related activities); Instruction 21/2023, paragraph c).II of article 44 (mobile payment service providers); Instruction 24/2023, in paragraph c).II of article 42 (money order and remittance companies).

CT125. *Criterion 10.2* - In Bolivia financial entities are required to apply CDD as a legal obligation (Law 393, article 502) in the following circumstances:

- (a) When starting a business relationship, in order to record and verify by reliable means the customer's identity, business activity and address. (Article 25 of Supreme Decree 4904/2023 applicable to: i. Financial intermediation activities and ancillary financial services; ii. Intermediation activities in the securities market and related activities; and iii. The activities of insurance companies, intermediaries and insurance agents).

Likewise, different FIU Instructions for the different entities of the financial sector establish the customer acceptance and KYC policy, as well as the different CDD regimes that should be applied at the beginning and/or during the business relationship, in accordance with the policy defined by each entity and the minimum data required by each of them. Instruction 42/2022, article 32 (financial intermediation); Instruction 67/2022, article 48 (insurance market); Instruction 05/2023, article 25 (exchange offices); Instructions 08/2013 and 07/2013, articles 11 and 12 (bonded warehouses and financial leasing companies respectively); Instruction 20/2023, article 45 (securities market and related activities); Instruction 21/2023, article 46 (mobile payment service providers); Instruction 24/2023, article 44 (money order and remittance companies).

In addition to the above, the Procedures Manual (RA 001/2013) applicable to intermediation activities in the securities market and related activities and ancillary financial services (securitisation companies, financial leasing companies, bonded warehouses and money remitters and mobile payment service providers), reinforces the aforementioned regulations in compliance with this sub-criterion.

- (b) In the case of financial intermediation, as a general rule, CDD is conducted on all customers, users and beneficial owners, and specific mention is made when the user conducts one or more transactions in a row or not, whose total amount is greater than USD 5,000. Likewise, there exists the obligation to conduct a general CDD on users when they get access to the services and/or products offered by the reporting entities. (Instruction 42/2022, articles 32 and 33 in relation to articles 26 and 37); Instruction 20/2023, article 58 (securities market and related activities); Instruction 21/2023, article 60 (mobile payment service providers); Instruction 24/2023, article 58 (money order and remittance companies).

In the case of the insurance market, securities market, bonded warehouses, securitisation and financial leasing companies and money remitters, due to the nature of their business activity and the way in which they are hired, the regulations do not differentiate between customer and user to conduct CDD.

Notwithstanding the above, the regulations require reporting entities to have the corresponding KYC forms duly filled in when the amount involved in the transactions exceeds the threshold established according to the sector and the type of transaction. Such thresholds never exceed USD 10,000. With regard to exchange offices, due to the nature of their business activity, the regulations consider only the term "user." In this respect, the obligations to conduct CDD are based on what is mentioned in the previous sub-criterion, covering all transactions as initiation of the business relationship.

- (c) In the case of financial intermediation, as a general rule, CDD is conducted on all customers, users and beneficial owners regardless of the type of transaction and it may require more elements according to the levels of risk established by the entity. In this sense, with regard to wire transfers,

in addition to the information obtained in the general CDD, the reporting entity should obtain the information required in article 46 of Instruction 42/2022, in accordance with the requirements of R.16 for the USD 1,000 threshold. The same occurs in relation to Instruction 21/2023, article 50 (mobile payment service providers); and Instruction 24/2023, article 46 (money order and remittance companies). Regarding ancillary services (financial leasing companies, bonded warehouses, exchange offices), as appropriate, wire transfers are conducted through intermediary financial institutions that apply the preventive measures defined in article 46 (wire transfers) of aforementioned Instruction UIF/042/2022.

- (d) The Bolivian regulations provide for CDD to be conducted in a general way (Law 393, article 151). The different Instructions take as a general rule to always conduct CDD and some of them mention the obligation to conduct CDD when there are doubts about the veracity or timeliness or accuracy of the data or when there is suspicion of or information about the link with ML/TF/PF, regardless of the exemptions or thresholds established. Instructions applicable to financial intermediation, insurance market, exchange offices, securities market and related activities, mobile payment service providers and money remitters, as well as the Procedures Manual mentioned in sub-criterion 10.2 (a). Articles 34 paragraph e) and 35 paragraph l) of the aforementioned Manual).
- (e) See previous sub-criterion.

CT126. *Criterion 10.3* - Regardless of the generic requirement to conduct CDD established in Law 393 and in relation to the obligation of financial entities to abide by the guidelines issued by the FIU, the different Instructions for the different financial institutions provide for the duty to identify and verify the identity of their customers, whether natural or legal persons and of beneficial owners (BO), as well as the data and information to be collected in order to identify and verify the identity of the customer; understand the business relationship; and conduct a risk-based CDD on an ongoing basis throughout the business relationship. Instruction 42/2022, articles 33 and 34 (financial intermediation); Instruction 67/2022, articles 47 and 48 (insurance market); Instruction 05/2023, articles 25 and 32 (exchange offices); Instructions 08/2013 and 07/2013 articles 8 and 9 (bonded warehouses and financial leasing companies, respectively); Instruction 20/2023, articles 45, 46 and 49 (securities market and related activities); Instruction 21/2023, articles 46, 47 and 53 (mobile payment service providers); Instruction 24/2023, articles 44, 45 and 48 (money order and remittance companies). Likewise, the Procedures Manual (RA 001/2013) reinforces the measures mentioned above regarding the obligation to verify, record and document by any reliable and suitable means all the information provided during the CDD (articles 11, 24 and 33).

CT127. *Criterion 10.4* - Financial institutions are required to verify that a person claiming to act on behalf of the customer is authorised to do so and should identify and verify their identity. Instruction 42/2022, articles 32, 33, 34, 35 and 39 (financial intermediation); Instruction 67/2022, articles 47, 48 and 55 (insurance market); Instruction 05/2023, articles 25 d), 28, 30 III; 31 II and 32 (exchange offices); Instructions 08/2013 and 07/2013 articles 8, 9, 10 and 12 (bonded warehouses and financial leasing companies, respectively); Instruction 20/2023, articles 48 and 49 (securities market and related activities); Instruction 21/2023, articles 48 and 49 (mobile payment service providers); Instruction 24/2023, article 46 and 47 (money order and remittance companies).

CT128. Although, in the case of the insurance market and exchange offices, this obligation is not explicitly mentioned, the assessment team considers that the obligation to identify the BO and verify BO identity through the relevant supporting documentation by any reliable and suitable means is strong enough to meet this criterion. In any case, the above is reinforced by the provisions of Supreme Decree 4904/2023, which regulates the Financial Investigation Unit, and the Procedures Manual (RA 001/2013, article 17, 18, 30 and 31). Applicable to all of the above.

CT129. *Criterion 10.5* - The regulations applicable to the different financial entities, reinforced by the Procedures Manual (RA 001/13), clearly set forth the obligation to identify the BO and verify BO identity through the pertinent supporting documentation, independent sources and any reliable and suitable means in order to know the BO and to understand the purpose and nature of the business relationship.

CT130. Although no frequency is established to verify the BO during the time the legal person is a customer of the reporting entity, these measures are applied while monitoring the customer and its way of operating based on the risk assigned by the entity.

CT131. Instruction 42/2022, articles 33 and 34 (financial intermediation); Instruction 67/2022, articles 47 and 48 (insurance market); Instruction 05/2023, article 25 and 32 (exchange offices); Instruction 08/2013 and 07/2013 (articles 8 and 9 (bonded warehouses and financial leasing companies, respectively)); Instruction 20/2023, articles 45, 46 and 49 (securities market and related activities); Instruction 21/2023, articles 46, 47 and 53 (mobile payment service providers); Instruction 24/2023, article 44, 45 and 48 (money order and remittance companies). Likewise, the Procedures Manual (RA 001/2013) reinforces the measures mentioned above regarding the obligation to verify, record and document by any reliable and suitable means all the information provided during the CDD (articles 11, 24 and 33).

CT132. *Criterion 10.6* - The different regulations mentioned in the above criteria clearly require that reporting entities understand and, where appropriate, obtain information about the purpose and nature of the business relationship. See regulatory basis mentioned in criterion 10.4.

CT133. *Criterion 10.7* - The different specific risk-based Instructions issued by the FIU set forth the requirement a) to conduct continuous CDD during the business relationship and to examine transactions where appropriate based on the risk of the customer, BO or user; and b) to ensure that the documents, data or information collected is consistent with the knowledge available about the customer, relevant and kept up-to-date. In cases of enhanced CDD due to exposure to higher risk, the reporting entities should increase the level of monitoring, gathering more information on the case. Instruction 42/2022, articles 33 and 51 (financial intermediation); Instruction 67/2022, articles 43 and 48 (insurance market); Instruction 05/2023, articles 28 and 34 (exchange offices); Instructions 08/2013, 07/2013 and 12/2013, article 11 (bonded warehouses, financial leasing companies and money remitters, respectively); Instructions 04/2013 and 06/2013, article 12 (securities market and securitisation companies). Instruction 20/2023, articles 45, 46, 47 and 49 (securities market and related activities); Instruction 21/2023, articles 46, 47, 48, 49 and 53 (mobile payment service providers); Instruction 24/2023, articles 44, 45, 47 and 48 (money order and remittance companies). This is reinforced by the provisions of the Procedures Manual (RA 001/2013, articles 21, 30 and 35). Applicable to all of the above.

CT134. *Criterion 10.8* - As mentioned in previous criteria, the different Instructions issued by the FIU establish that, when conducting CDD and establishing the risk level, information should be obtained about the purpose of the business relationship and the nature of the business to be conducted; this without prejudice to enhancing CDD measures when deemed necessary by the reporting entities based on the risk assigned to the customer or business relationship. In this regard, in the case of legal persons, specific additional information is required to help the reporting entities understand the shareholding and control structure and identify the BO. Instruction 42/2022, articles 33 and 35 (financial intermediation); Instruction 67/2022, articles 48, 51 and 55 (insurance market); Instruction 05/2023, articles 28 and 31 (exchange offices); Instructions 08/2013, 07/2013 and 12/2013, article 9.2 (bonded warehouses and financial leasing companies, respectively); Instruction 20/2023, articles 48 and 49 (securities market and related activities); Instruction 21/2023, articles 49 and 53 (mobile payment service providers); Instruction 24/2023, article 47 and 48 (money order and remittance companies). This is reinforced by the provisions of the Procedures Manual (RA 001/2013, article 16) applicable to all of the above.

CT135. *Criterion 10.9* - As mentioned above, the obligation to identify their customers, whether natural or legal persons, is an obligation set forth in Law 393 applicable to all the reporting entities of the system. Likewise, the different Instructions issued by the FIU for each sector establish the list of minimum information that should be obtained from customers that are legal persons, including a) corporate name, legal or business form, the memorandum of association and incorporation documents; b) the ownership and control structure; c) headquarters address and, if applicable, branches and others. Instruction 42/2022, article 35 (financial intermediation); Instruction 67/2022, article 51 (insurance market); Instruction 05/2023, articles 31 and 32 (exchange offices); Instructions 08/2013, 07/2013 and 12/2013, article 9 (bonded warehouses and financial leasing companies, respectively); Instruction 20/2023, articles 48 and 49 (securities market and related activities); Instruction 21/2023, articles 49 and 53 (mobile payment service providers); Instruction 24/2023, article 47 and 48 (money order and remittance companies). Likewise, these regulations are reinforced by the provisions of article 16 of the Procedures Manual (RA 001/2013) applicable to all of the above.

CT136. *Criterion 10.10* - The obligation to conduct CDD is set forth in Law 393. Furthermore, as described in previous criteria, the different instructions issued by the FIU set forth that the reporting entities should identify the BO and take the reasonable measures to verify the identity of the customer's beneficial owner that is a legal person or arrangement, using relevant information or data obtained through reliable sources, as appropriate, and may request additional information from the customer and/or use other sources of information in order to confirm or complement the data obtained. Instruction 42/2022, article 39 (financial intermediation); Instruction 67/2022, article 55 (insurance market); Instruction 05/2023, article 32 (exchange offices); Instruction 20/2023, article 49 (securities market and related activities); Instruction 21/2023, article 53 (mobile payment service providers); and Instruction 24/2023, article 48 (money order and remittance companies).

CT137. Thus, Supreme Decree 4904/2023 article 17 is clear about the scope of the term BO and is applicable to all the reporting entities of the AML/CFT system in Bolivia.

CT138. *Criterion 10.11* - As previously mentioned, the different reporting entities that are FIs are required to conduct CDD and BO identification by obtaining reliable information from the customer and from other sources that provide reliable and suitable data on the identity of the BO. In the case of trusts, intermediation entities have specific regulations that refer to the identification of the different parties to the trust (Instruction 42/2022 article 38 in relation to 39). In order to standardise this measure with the rest of the FIs and their respective regulations, the Procedures Manual (RA 001/2013), applicable to intermediation activities, the securities market and related activities, and ancillary financial services (securitisation companies, financial leasing companies, bonded warehouses, money remitters and mobile payment service providers (article 18 and 19), in relation to Supreme Decree 4904/2023 articles 16 and 17, sets forth the obligation for the aforementioned sectors to identify the BO when establishing trusts, in order to know, verify and have control of the entire chain (settlor, trustees, economic beneficiaries and any other natural person exercising effective control over the trust), and to at least collect information to identify the settlor, trustee and beneficiaries. It should be borne in mind that, according to the Bolivian legislation, only banking institutions can act as trustees in a trust agreement, which covers the requirements under Instruction 42/2022.

- (a) See first paragraph of this criterion.
- (b) In Bolivia there are no other types of legal arrangements.

CT139. *Criterion 10.12* - Furthermore, as described in previous criteria, the reporting entities from the insurance market should identify the BO and take the reasonable measures to verify the identity of the customer's beneficial owner that is a legal person or arrangement, using relevant information or data obtained through reliable sources, as appropriate, and may request additional information from the customer and/or use other sources of information in order to confirm or complement the data obtained.

CT140. Likewise, in the case of collection of life insurance or with an investment component, in accordance with paragraphs a) and b), the regulations establish the cases in which information should be requested to identify the beneficiary of the insurance policy when the latter is not the same as the policyholder, as well as the criteria to request such information and the type of information to be requested.

CT141. Thus, in addition to other data, the corporate name, nationality, tax identification number, etc. is requested. Likewise, in relation to paragraph c) of this sub-criterion, there is the obligation to verify said information at the time of payment of the compensation for the loss. Instruction 67/2022 article 53 numeral X and 55 in relation to article 54.

CT142. *Criterion 10.13* - Instruction 67/2022 sets forth that, in the case of insurance policies that represent a higher risk, enhanced CDD measures should be applied. The reporting entities should determine the customer's risk in accordance with the criteria established by the standard at the beginning or during the business relationship; said criteria include whether the client, beneficiary of insurance the policy or the BO is considered a PEP, the geographical area of the transactions, the product and/or service used, the delivery channels, the amount, volume and frequency of transactions (article 38). In addition, the regulations indicate that the reporting entities should include the beneficiary of the insurance policy as a relevant risk factor to determine whether enhanced CDD measures should be applied or not. Thus, when the beneficiary of the insurance policy is considered to represent a higher risk, the reporting entity should identify and verify the

identity of the BO, as set forth in the Instruction, until the claim is settled (article 54). Finally, as mentioned in the previous criterion, in the case of insurance policies where it is not possible to identify the beneficiary of the insurance policy at the beginning of the business relationship, said verification should be conducted before or at the time of payment of the compensation for the loss (article 56).

CT143. *Criterion 10.14 -*

(a) to (c) As mentioned in previous criteria, the Instructions issued by the FIU require that, before initiating a business relationship or conducting transactions, FIs adopt, establish and implement the measures to know their customer, user and beneficial owner, through documentation, data and/or reliable information collected from the customer and from independent sources, in order to verify BO identity and understand the purpose and nature intended for the business relationship. Likewise, the customer acceptance policies establish that, among other circumstances, a business relationship may not be initiated with persons about whom there is no sufficient information or who refuse to provide data, and an STR should be filed with the FIU.

Furthermore, during the monitoring stage and depending on the level of risk, the information that has changed should be verified. Instruction 42/2022, articles 30, 32, 33 and 34 (financial intermediation); Instruction 67/2022, articles 45, 48 and 53 (insurance market); Instruction 05/2023, article 28 (exchange offices); Instruction 08/2013, 07/2013 and 12/2013, articles 8 and 9 (bonded warehouses and financial leasing companies, respectively). Likewise, the provisions mentioned above are reinforced by the provisions of the Procedures Manual (RA 001/2013) applicable to intermediation activities in the securities market and related activities, and ancillary financial service providers, financial leasing companies, bonded warehouses and money remitters and mobile payment service providers. Articles 11, 13, 14, 18 and 34 b) and d).

CT144. *Criterion 10.15 -* As indicated in the previous criteria, the reporting entities that are FIs are required to implement methods and procedures for identifying and assessing the risks to which they are exposed and for estimating the level of exposure to risk of the reporting entity based on the overall inherent risk and the controls adopted. Regarding the verification of the information received as part of the CDD conducted, either at the beginning of the business relationship or during the monitoring stage, depending on the risk that has been considered, the reporting entities can only initiate business relationships when the customer has been identified and verified. See criterion 10.14 and its basis.

CT145. *Criterion 10.16 -* FIs are required to identify, assess and understand the ML/TF risk to which they are exposed, and should document their risk assessments, adopt the corresponding mitigating measures and monitor their implementation. Likewise, they are required to conduct CDD at the beginning and during the business relationship according to the identified risks and risk factors.

CT146. In this regard, the regulations establish that in case of low risk, the frequency of the monitoring can be lowered and, on the contrary, when the risk is considered to be high based on the different risk factors, the monitoring should be intensified. Instruction 42/2022, articles 4, 33 and 51 (financial intermediation); Instruction 67/2022, articles 4, 13 and 56 (insurance market); Instruction 05/2023, articles 28, 32 and 33 (exchange offices); Instructions 08/2013, 07/2013 and 12/2013, articles 11 and 12.4 (bonded warehouses

and financial leasing companies, respectively); Instruction 20/2023, articles 4, 13 and 50 (securities market and related activities); Instruction 21/2023, articles 4, 13 and 54 (mobile payment service providers); Instruction 24/2023, article 4, 13 and 52 (money order and remittance companies).

CT147. Likewise, the provisions mentioned above are reinforced by the provisions of the Procedures Manual (RA 001/2013) applicable to intermediation activities in the securities market and related activities, and ancillary financial service providers (securitisation companies, financial leasing companies, bonded warehouses, money remitters and mobile payment service providers). Articles 20, 22, 30, 33, 34 and 35. In this sense, the regulations described above are clear in stipulating the obligation to carry out CDD on existing clients and carry it out on the basis of materiality and risk in accordance with the monitoring that has been assigned to ensure the opportune moment of its completion.

CT148. *Criterion 10.17* - In accordance with the relevant Instructions, the CDD measures applied by the reporting entities during the business relationship should be applied based on the identified risk posed by the customer, beneficial owner or user and in accordance with the established risk factors. In this regard, enhanced CDD measures should be applied when exposure to ML/TF risk is high. Likewise, the reporting entities should increase the degree and nature of the monitoring of the business relationship and of the transactions conducted, and collect further information if necessary, update the data and documents, gather information on the origin of the funds or source of wealth, etc. See basis for the previous criterion.

CT149. *Criterion 10.18* - As previously mentioned, the FIU, based on Law 393, has issued different instructions that establish, on the one hand, the obligation to identify and measure risks according to the established factors and, on the other hand, the possibility that reporting entities can apply simplified CDD measures in order to know their customer in line with the result of their own risk assessments when low risk is verified. Instruction 42/2022, articles 4 and 51 (financial intermediation); Instruction 67/2022, articles 4, 48 and 56 (insurance market); Instruction 05/2023, articles 28 and 33 (exchange offices); Instructions 08/2013 and 07/2013 (article 11 (bonded warehouses and financial leasing companies, respectively); Instruction 20/2023, articles 4, 13 and 50 (securities market and related activities); Instruction 21/2023, articles 4, 13 and 54 (mobile payment service providers); Instruction 24/2023, article 4, 13 and 52 (money order and remittance companies). Taking it a "*contrario sensu*", to comply with this criterion, the relevant regulations are clear in requiring the application of reinforced measures when a) there is suspicion or there is information about the connection with ML/TF and FPADM regardless of the exemptions or established thresholds; b) In higher risk scenarios.

CT150. Likewise, the provisions mentioned above are reinforced by the provisions of the Procedures Manual (RA 001/2013) applicable to intermediation activities in the securities market and related activities, and ancillary financial service providers (securitisation companies, financial leasing companies, bonded warehouses, money remitters and mobile payment service providers). articles 32 and 35.

CT151. *Criterion 10.19* -

(a) and (b) As mentioned in previous criteria, the different Instructions issued by the FIU set forth, in their respective articles, the stages of CDD for KYC purposes and the obligation not to initiate a business

relationship or conduct transactions with persons about whom there is no sufficient information or who refuse to provide data. When the reporting entity cannot comply with the relevant CDD measures, it must carry out the following: i) Before starting the commercial relationship: it must not open the account, initiate commercial relations, or carry out the transaction. ii) During the business relationship it must terminate the business relationship; and iii) in both cases you must consider making a suspicious transaction report in relation to the person or client.” Similarly, they establish the obligation to submit an STR to the FIU informing of that circumstance.

Instruction 42/2022, article 51 (financial intermediation); Instruction 67/2022, articles 45 and 48 (insurance market); Instruction 05/2023, articles 28 and 41 (exchange offices); Instructions 08/2013 and 07/2013, article 12 (bonded warehouses and financial leasing companies, respectively); Instruction 20/2023, articles 34, 43, 46 and 61 (securities market and related activities); Instruction 21/2023, articles 35, 44, 47 and 62 (mobile payment service providers); Instruction 24/2023, articles 35, 44, 45 and 60 (money order and remittance companies). Likewise, the provisions mentioned above are reinforced by the provisions of the Procedures Manual (RA 001/2013) applicable to intermediation activities in the securities market and related activities, and ancillary financial service providers (securitisation companies, financial leasing companies, bonded warehouses, money remitters and mobile payment service providers). articles 28 and 34.

CT152. *Criterion 10.20* - The instructions for the financial sector provide for the possibility that, in exceptional cases, FIs do not complete the CDD when realising that by doing so they would be alerting the customer, and report said situation to the FIU. See the basis for the previous criterion in relation to intermediation companies, insurance market, exchange offices, securities market, mobile payment service providers, and money order and remittance companies. However, there is no equivalent regulation that meets this criterion for financial leasing companies and financial factoring.

#### *Weighting and conclusion*

CT153. Bolivia has a legal, regulatory, and institutional structure that requires the financial reporting entities to conduct CDD, whether general, simplified or enhanced, according to the risk posed by the situations provided for in this Recommendation. In addition, the reporting entities are required to monitor the transactions conducted by the customer and to maintain the registry of beneficial owners updated according to the risk identified. However, there is no regulation that meets certain requirements regarding some of the criteria with regard to leasing companies and financial factoring. Therefore, the assessment team considers that Bolivia only has minor deficiencies in compliance with this Recommendation. **Recommendation 10 is rated largely compliant.**

#### *Recommendation 11 – Record keeping*

CT154. Bolivia was rated PC for R.10 in its most recent MER. The main deficiency was the lack of inclusion of money remitters and exchange offices.

CT155. *Criterion 11.1* - Law 393 (Financial Services Law) sets forth that FIs should keep record of the books and documents of their transactions, microfilmed or recorded in magnetic and electronic means, for a period of not less than ten (10) years from the date of the last accounting entry (articles 34 and 470).

CT156. In addition, the different Instructions for each of the stakeholders of the financial sector set forth that all the necessary records on operations or transactions, wire transfers, electronic payment instruments and payment orders, both national and international, should be kept in physical or digital formats, for at least ten (10) years after the completion of the transaction, and that said information should be sufficient to allow for the reconstruction of each of the operations or transactions. Instruction 42/2022, article 66 (financial intermediation); Instruction 67/2022, article 69 (insurance market); Instruction 05/2023, article 43 (exchange offices); Instructions 08/2013 and 07/2013 (article 14 (bonded warehouses and financial leasing companies, respectively)); Instruction 20/2023, article 62 (securities market, securitisation companies); Instruction 24/2023, article 63 (money remitters); Instruction 21/2023, article 64 (mobile payment service providers).

CT157. Likewise, the aforementioned provisions are reinforced by the provisions of the Procedures Manual (RA 001/2013) applicable to intermediation activities in the securities market and related activities, and ancillary financial service providers (securitisation companies, financial leasing companies, bonded warehouses); article 22.

CT158. *Criterion 11.2* - As mentioned in the previous criterion, Bolivian regulations establish the requirement to keep, for a minimum period of ten years, the records obtained through CDD measures, the files, correspondence and the results of the analysis conducted. See the basis for the previous criterion.

CT159. *Criterion 11.3* - As mentioned in criterion 11.1, Bolivian regulations establish the requirement to keep, for a minimum period of ten years, the records obtained through CDD measures, the files, correspondence and the results of the analysis conducted that are sufficient for the reconstruction of transactions. Although some of the regulations of FIs are not clear on this specific point, since they equate this requirement with the obligation to use a special form, subject to thresholds per transaction, this requirement is more clearly covered by the recent Supreme Decree 4904/2023, article 18 in relation to article 3, which reaffirms the period and sets forth that the information should allow for the reconstruction of the transactions. See criterion 11.1 and its basis.

CT160. *Criterion 11.4* - Law 393, applicable to FIs, sets forth the obligation to provide all the information related to the subject matter legislated in said Law when so required by the competent authority for the fulfilment of its functions and for which the financial secrecy may not be invoked, since the provisions relative to the duty of secrecy or legal reserve whatsoever will not be applicable, as shown in Recommendation 9 (articles 473, 494 and 495). Likewise, Supreme Decree 4904 reinforces this obligation by establishing that the reporting entities should contribute to the provision of evidence in investigations and be available to the competent authorities.

CT161. Likewise, the Organic Law of the Attorney General's Office (article 17) empowers it, and requires any person, institution or public or private agency to provide information, submit documentation and/or

conduct any other procedure related to the investigation requested directly by the Attorney General's Office, within the period of time requested and free of charge.

#### *Weighting and conclusion*

CT162. The Financial Services Law establishes that reporting entities should keep records of the identity of their customers, account files and business correspondence for at least 10 years after the date of the accounting entry.

CT163. Likewise, the new regulation (Supreme Decree 4904/23) sheds light on the issues related to financial leasing and securitisation companies. The Bolivian regulatory framework meets the requirements of this Recommendation. **Recommendation 11 is rated compliant.**

#### *Recommendation 12 - Politically exposed persons*

CT164. Bolivia was rated NC for R.6 in its most recent MER. Main deficiencies include: i) low level of effectiveness in the application of regulations; ii) failure to identify the level of potential customer or economic beneficiary in the regulations related to PEP, and iii) failure to consider money remitters and exchange offices as reporting entities.

CT165. *Criterion 12.1* - In Bolivia, there are regulations in place which establish measures related to the identification of customers that fall into the PEP category, classifying them as high risk. Therefore, there should be ongoing monitoring. In this regard, the different instructions issued by the FIU for each FI set forth that the reporting entities should perform CDD on users and BO as required under R.10 and: (a) adopt the necessary measures to identify PEPs and, if applicable, implement measures to determine if the BO is a PEP.

CT166. Additionally, foreign PEPs should be classified as high-risk customers and enhanced CDD measures should be implemented on them; (b), (c), and (d) the reporting entities are required to be aware of and establish the source of wealth and funds, conduct enhanced monitoring, and obtain senior management approval before establishing or continuing a business relationship. Instruction 42/2022, article 54 (financial intermediation); Instruction 67/2022, articles 36, 46 and 60 (insurance market); Instruction 05/2023, articles 21 and 35 (exchange offices); Instructions 08/2013 and 07/2013 (articles 12 and 28 (bonded warehouses and financial leasing companies, respectively); Instructions 04/2013 and 20/2023, article 54 (securities market and securitisation companies); Instruction 20/2023, article 54 (money remitters); Instruction 21/2023, article 56 (mobile payment service providers).

CT167. Likewise, the resolutions mentioned above are reinforced by the Procedures Manual (RA 001/2013) applicable to intermediation activities in the securities market and related activities, and ancillary financial services (securitisation companies, financial leasing companies, bonded warehouses and money remitters). Articles 3, 31, 47 b) 66 and 67.

CT168. *Criterion 12.2* - In relation to domestic PEPs or persons who have been entrusted with a prominent function by an international organisation, the regulations issued by the FIU: a) consider the category of PEP as an aggravating risk factor; and set forth the obligation to take reasonable measures to identify PEPs

(domestic PEPs or persons who have been entrusted with a prominent function by an international organisation), and b) establish that their level of risk should be determined according to the exposure of PEPs and, where applicable, apply mitigating measures, perform CDD and monitoring. Instruction 42/2022, articles 22, 31 and 54 (financial intermediation); Instruction 67/2022, articles 36 and 60 (insurance market); Instruction 05/2023, articles 21 and 35 (exchange offices); Instructions 04/2013 and 20/2023, article 54 (securities market and securitisation companies); Instruction 20/2023, article 54 (money remitters); Instruction 21/2023, article 56 (mobile payment service providers).

CT169. Likewise, for the rest of the FIs, the provisions mentioned above are reinforced by the Procedures Manual (RA 001/2013) applicable to intermediation activities in the securities market and related activities, and ancillary financial services (securitisation companies, financial leasing companies, bonded warehouses and money remitters and mobile payment service providers). (Articles 3, 31, 47 and 66).

CT170. Additionally, the FIU issued Circular EXT/UIF/DAES/UAEC/24/2023, which included an updated list of PEPs' positions for all the reporting entities.

CT171. *Criterion 12.3* - The regulations issued by the FIU state that the measures established in such Instructions for PEPs should also apply to their family members up to the second degree of consanguinity or affinity, or to any person linked to such PEP by adoption, as well as to close persons or associates to such PEP, depending on the risk defined for such PEP. Instruction 42/2022, article 54 (financial intermediation); Instruction 67/2022, article 60 (insurance market); Instruction 05/2023, article 35 (exchange offices); Instruction 20/2023, article 54 (securities market and securitisation companies); Instruction 20/2023, article 54 (money remitters); Instruction 21/2023, article 56 (mobile payment service providers), and Instructions 08/2013, 07/2013, article 27 (bonded warehouses and financial leasing companies, respectively).

CT172. Likewise, the provisions mentioned above are reinforced by the Procedures Manual (RA 001/2013) applicable to intermediation activities in the securities market and related activities, and ancillary financial services (securitisation companies, financial leasing companies, bonded warehouses, money remitters and mobile payment service providers providers) (articles 3 e) and 67), when defining PEP's associates as close relatives, closely associated persons and close collaborators.

CT173. *Criterion 12.4* - As mentioned in Recommendation 10, the insurance sector, governed by Instruction 67/2022, clearly establishes that the reporting entities are required to take reasonable measures to identify whether their customers are politically exposed persons. This can be achieved by: i) implementing measures, using the information obtained from the customer to determine whether the customer is a PEP, or if the beneficiary of the insurance, the BO or the customer's provider is a PEP, and ii) verifying the identity, using relevant information or data from reliable sources, to determine whether the customer, the beneficiary of the insurance, the BO or the provider falls into this category.

CT174. Once the customer, beneficiary of the insurance, BO or provider has been identified as a domestic PEP or a person entrusted with a prominent function by an international organisation, the reporting entity should establish the level of risk. Based on the risk exposure, if higher risk is identified, the reporting entity should take enhanced CDD measures, whereby: i) reasonable measures are adopted to establish the source



of wealth and funds; ii) enhanced monitoring of the business relation is conducted, and iii) senior management approval is obtained before establishing or continuing such business relationship.

CT175. Additionally, if it is not possible to verify the beneficiary of the insurance and/or BO, such verification should occur before the payout of the policy proceeds or compliance with the benefits agreed. In the case of high-risk beneficiaries of life insurance with investment policies that do not comply with the enhanced CDD measures implemented by the reporting entity at the time of the payout, issuing a suspicious transaction report needs to be considered. Instruction 67/2022, articles 46, 48, 54, 56 and 60 (insurance market).

#### *Weighting and conclusion*

CT176. The Bolivian legislation establishes measures to identify and treat customers that fall into the PEP category. Additionally, they should be considered as high-risk customers in order to perform CDD on them. Likewise, it establishes parameters to initiate the business relationship with persons classified as PEP, who are subject to regular monitoring. **Recommendation 12 is rated compliant.**

#### *Recommendation 13 - Correspondent banking*

CT177. In its 3rd Round MER, Bolivia was rated PC for R.7. Main deficiencies were: i) money remitters and exchange offices are not considered reporting entities; ii) the responsibilities of the parties with regard to AML issues are not defined, and iii) it is not applicable to CFT issues.

CT178. *Criterion 13.1* - According to the FIU instruction for financial intermediation, entities should be required to:

- (a) when signing correspondent banking agreements as the correspondent bank, gather sufficient information about the respondent bank to understand 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 and PF investigation or regulatory action;
- (b) assess the respondent institution's AML/CFT/CFP controls, considering, at least, the following factors: i) types of transactions, market segments and other segments inherent to the nature of its business activity; ii) geographic location, and iii) implementation of ML/TF/PF risk management measures and clear understanding of the institution's AML/CFT/CFP responsibilities;
- (c) obtain approval through express record or any other instrument from the Board of Directors, equivalent body or senior management before establishing new correspondent relationships;
- (d) regarding paragraph d), it is not clear how the requirement to clearly understand the respective AML/CFT responsibilities of each institution is applied. Instruction 42/2022, article 4.

Based on the analysis of the assessment team, correspondent relationships are not only established through intermediary financial institutions in the Bolivian financial system, but also through money remitters, which are also governed by regulations covering paragraphs (a) and (b). However, it is not clear how entities are required to comply with paragraphs (c) and (d) of this criterion. (Section 5, Chapter

VII of the Rules of Procedure for Money Order and Remittance Companies; article 42, paragraph III and article 51 of Instruction 24/2023). Moreover, the securities sector and exchange offices are not allowed to establish correspondent relationships. Articles 17, 19, 95 and 78 of Law 1834; article 2, section 4 of the Rules of Procedure for Exchange Offices.

CT179. *Criterion 13.2* - With respect to “payable-through accounts,” the regulations mentioned in the previous criterion provide that (a) institutions are required to assess the policies and procedures of the foreign institution, including controls to assess its risks, and clear understanding of all its obligations, and (b) although such regulations do not strictly establish that the FI should ensure the respondent bank is able to provide relevant CDD information upon request, this can be deduced from compliance with all the requirements set forth in article 44 mentioned above. However, it is not clear how money remitters are governed by the provisions of this criterion.

CT180. *Criterion 13.3* - In accordance with criterion 13.1 (article 44 of Instruction 42/2022), the reporting entity should be prohibited from entering into, or continuing, correspondent banking relationships with shell banks. Additionally, the reporting entity should take reasonable measures to satisfy themselves that respondent banks do not permit their accounts to be used by shell banks. However, it seems that this obligation is not applicable to money remitters.

#### *Weighting and conclusion*

CT181. According to the Bolivian legal framework, intermediary financial institutions are required to gather sufficient information about a respondent institution to clearly understand the ML/TF measures implemented, the nature of the respondent’s business, the reputation of the institution and the quality of supervision, including whether it has been subject to a ML/TF investigation or regulatory action. Nonetheless, the requirements for money remitters are not sufficient to cover this criterion. **Recommendation 13 is rated partially compliant.**

#### *Recommendation 14 - Money or value transfer services (MVTs)*

CT182. Bolivia was rated NC for SR.VI in its most recent MER. Main deficiencies were: i) money or value transfer service providers are not properly regulated in terms of AML/CFT prevention, and ii) money or value transfer service providers are not supervised by a competent body.

CT183. *Criterion 14.1* - Pursuant to Bolivian legislation, all FIs (financial activities and services) can only be operated through entities authorised by the ASFI. (Law 393, paragraphs f), g), y) and z), paragraph I of article 119; paragraphs f), h), i) and j), paragraph I of article 123, article 240, paragraph II of article 357 and article 372 of Law 393 on Financial Services (LSF) (Schedule 1), as well as paragraph III, article 19 of LSF).

CT184. The entities that are currently authorised to make wire transfers in the country or abroad are: i) intermediary financial institutions; ii) money remitters; iii) mobile payment service providers, and iv) exchange offices. Law 393, articles 19 and 150; regulations issued by the ASFI governing compliance with the Law, Rules of Procedure for money order and remittance companies, article 15; for mobile payment service providers, articles 3 j), 15; and for money remitters, articles 2 and 5.

CT185. *Criterion 14.2* - Pursuant to Law 393, the ASFI, whether ex-officio initiate or by public complaint, is empowered to demand the immediate suspension of financial intermediation activities or ancillary financial services carried out by natural or legal persons that are not authorised to perform such transactions in accordance with article 486.

CT186. In turn, the Rules of Procedure on the Control of Illegal or Unauthorised Financial Activities delves into the suspension process, whether preventive or final, established by the Law. The ASFI may require support from law enforcement authorities. Article 1, section 2 and article 1, section 3.

CT187. Additionally, in accordance with articles 1, 2 and 3 of book 9, title I, chapter I, section 3 of Circular ASFI/317/15, related to article 491 of Law 393, the ASFI should submit the record to the Attorney General's Office when a suspension order has been issued, based on the terms mentioned in the previous paragraph. The ASFI should also file a complaint before the competent authority according to the financial crime provided for in the Law, within the framework of the provisions of article 363 quater of the Criminal Code. The complaint of other crimes previously warned may also be included.

CT188. *Criterion 14.3* - As mentioned in criterion 14.1, Law 393 establishes that the ASFI is required to regulate, control and oversee financial services, the securities sector, intermediaries and ancillary entities in accordance with the Bolivian Constitution, the abovementioned Law and regulatory Decrees.

CT189. Regarding AML/CFT monitoring, specific rules of procedure for FIs that are authorised to make money transfers set forth the powers of the FIU and other supervisory bodies, with the aim of supervising all the preventive measures of the system, in accordance with Recommendations 9 to 20. These include general obligations subject to monitoring, such as the application of CDD and other applicable provisions issued by the FIU related to AML/CFT/CFR. Articles 2 and 3 of the FIU RBA Guidance for intermediary financial institutions on risk management against ML/TF and PF, article 2 of the Procedures Manual (RA 001/2013), and article 3 of the Specific RBA Guidance for money remitters govern all the financial entities authorised to carry out money or value transfer services.

CT190. *Criterion 14.4* - The Rules of Procedure on financial service and marketing points applicable to financial intermediation and ancillary financial services, holding an operating license granted by the ASFI, set forth the requirements for MVTS providers and their agents.

CT191. According to article 1, section 3 of said Rules of Procedure, related to articles 1 and 2, section 3 of the Rules of Procedure on Correspondent Banking, supervised entities are required to comply with the requirements set forth in the relevant Rules of Procedure, including paragraph a) of article 1: "Hold an operating license or a certificate of adequacy granted by the ASFI, as applicable."

CT192. Likewise, the general manager of the supervised entity is required to implement the policies and procedures, approved by the Board of Directors or equivalent body, to establish correspondent relationships and ensure compliance thereof (article 6, section 3). Compliance with this criterion is reinforced by the most recent issuance of Instruction 21/2023, articles 16, 17, 46 and 47 (mobile payment service providers), and Instruction 24/2023, articles 49, 50 and 51 (money order and remittance companies).

CT193. *Criterion 14.5* - In accordance with article 1, section 3 of the Rules of Procedure on Correspondent Banking, referred to in the previous criterion, the supervised entity is required to establish procedures to comply with and control the applicable regulations issued by the FIU in relation to money laundering, financing of terrorism and/or proliferation of weapons of mass destruction. The correspondent institution's responsibilities before the supervised entity regarding these matters should be established in the respective Agreement. Compliance with this criterion is reinforced by the most recent issue of Instruction 21/2023, article 20 (mobile payment service providers providers) and Instruction 24/2023, article 19 (money order and remittance companies), which also establishes the obligation to provide training to correspondent non-financial institutions and third parties hired or sales agents to operate or provide services.

#### *Weighting and conclusion*

CT194. Bolivia has a robust regulatory framework which requires that natural or legal persons that provide money or value transfer services should be licensed or registered by the ASFI. Additionally, the ASFI, under its supervisory power, is empowered to preventively or definitively suspend natural or legal persons performing this type of activity without authorization as well as to file a complaint to the criminal prosecutor for any financial-related crime, such as operating without a license or registration. Based on the above and the analysis of the applicable regulations, the assessment team considers that all the requirements set forth in this Recommendation are covered. **Recommendation 14 is rated compliant.**

#### *Recommendation 15 - New technologies*

CT195. Bolivia was rated PC for the then R.8 in its most recent MER, mainly due to the fact that: i) no measures for insurance and securitisation companies had been considered; ii) no CDD measures were implemented for transactions that are not face-to-face, and iii) money remitters and exchange offices were not considered reporting entities.

CT196. *Criterion 15.1* - The identification and assessment of ML/TF risks that may arise in relation to the development of new products and new business practices are governed by the regulations issued by the Bolivian FIU by means of different specific guidelines for the reporting entities.

#### **Reporting entities of financial intermediation**

Sections IV, of article 18, and II, of article 23 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by FIU Resolution RA UIF/042/2022 establish that reporting entities should identify and assess the ML/TF/PF risks arising from virtual asset activities and the activities or transactions related to VASPs. Likewise, reporting entities should carry out a risk-based analysis, approach or assessment, prior to its launch or use, to take appropriate measures to manage and mitigate related ML/TF/PF risks.

#### **Reporting entities of the insurance market**

Sections IV, of article 34, and III, of article 39, of the specific risk-based approach Instruction on AML/CFT/CFP, approved by FIU Resolution RA UIF/067/2022, impose the same obligations described in

the previous paragraph on reporting entities of financial intermediation regarding new products and new technologies.

### **Exchange offices**

Section II of article 23 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by FIU Resolution RA UIF/5/2023, establishes that reporting entities should identify and assess ML/TF/PF risks in accordance with this criterion.

### **Securities market, bonded warehouses and money remitters**

Regarding CDD measures to be implemented by reporting entities for indirect transactions which do not involve the physical presence of customers, effective identification procedures and ongoing monitoring standards should be established for indirect customers. Principles for prudent risk management are also being developed in accordance with this criterion (article 13.6 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by FIU Resolution RA UIF/004/2013 for the securities market; article 12.6 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by FIU Resolution RA UIF/008/2013 for bonded warehouses, and article 12.6 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by FIU Resolution RA UIF/012/2013 for money remitters).

#### *CT197. Criterion 15.2 -*

- (a) In accordance with the analysis of criterion 15.1, FIs are required to undertake the risk assessments prior to the launch or use of such products, practices and technologies. In this regard, according to article 5, paragraph f) of the risk-based approach Operating Procedures Manual for the Detection, Prevention, Control and Reporting of ML/TF or predicate offences with FIs, a risk analysis is performed as per this sub-criterion.

In the case of the securities sector, a ML/TF/PF risk-based analysis, approach or assessment should be performed prior to the launch or use of new products or business practices, and appropriate measures should be implemented to manage and mitigate such risks (article 37 of the Instructions for Intermediation in the Securities Market and activities related to RBA, established by Resolution RA20/23).

In turn, there are obligations for money remitters under this sub-criterion in accordance with section III of article 36 of the risk-based approach Instruction for this sector.

Finally, obligations are also imposed on mobile payment service providers under this sub-criterion in accordance with section IV of article 33 of the risk-based approach Instruction for this sector.

- (b) Regarding FIs' obligation to take appropriate measures to manage and mitigate risks, such obligation is expressly included in the specific risk-based approach Instruction on AML/CFT/CFP for each type of FI, according to the analysis of criterion 15.1.

#### *CT198. Criterion 15.3 -*

- (a) Within the framework of its powers and based on its technical and legal analysis, the BCB issued Board Resolutions 044/14 and 144/20 (currently in force), which prohibits the use of virtual assets

in the national payment system. It should be noted that this measure only implies a limitation for financial institutions and all those operating in the national payment system regarding virtual assets used and traded through properly established channels. Although the country does not recognize virtual assets as legal tender or as assets subject to trade, the general public is not prohibited from using virtual assets. In practice, transactions are made outside the national payment system by individuals using this type of asset, such as P2P transactions, which can be made to and from the Bolivian territory through natural or legal persons or platforms residing in or linked to the country, and which are not reached by the BCB's limitation. Additionally, based on public information, the SRA considered, at least, the existence of exchanges which conducted transactions in relation to the country, which shows that the VASPs' illegal activities were conducted in the country or in relation to it.

Bolivia has two instruments to identify and assess the ML/TF risks of virtual assets and VASPs:

As part of its NRA, Bolivia considered the ML/TF/PF risk analysis related to virtual assets/VASPs (section 10.2), highlighting the following:

1. Regarding identification and submission of STRs, the main vulnerabilities were the lack of identification of suspicious transactions involving virtual assets and VASPs, the lack of understanding about typologies and cases involving virtual assets or VASPs by the reporting entities, the lack of feedback to reporting entities on STRs involving virtual assets and VASPs, and the obstacles found by the supervisors of the financial sector with regard to the lack of feedback mechanisms for reporting entities in virtual assets/VASP matters. However, the NRA suggests mitigating measures, such as providing reporting entities with specific training in the matter and providing the FIU with technology to identify ML/TF cases related to virtual assets and VASPs.

2. Regarding other vulnerabilities related to VA, it was possible to observe a low level of understanding of virtual assets and VASPs, as well as failure to identify suspicious transactions and to conduct investigations by reporting entities, AML/CFT entities and the society in general. Additionally, it was possible to observe limited training, resources and coordination of competent investigative authorities (Attorney General's Office and the Police) and the FIU to analyse transactions with virtual assets and VASPs. In this regard, the NRA proposes mitigating measures, such as providing all relevant stakeholders with training to analyse transactions with virtual assets and VASPs in relation to ML/TF, as well as management to access or develop technological means for the identification of ML/TF cases related to virtual assets and VASPs for the FIU and competent investigative authorities.

In addition to the NRA, the country subsequently developed the SRA for the sector in 2022. The SRA determined that threats were rated as having "low" level of ML/TF risks according to the statistics of the transactions with virtual assets, cryptoassets and VASPs provided by the ASFI, the FIU and other six relevant institutions, which provided information upon request. In turn, vulnerabilities were rated as "medium-low", thus also representing a "low" risk in the matter. These ratings considered quantitative and qualitative variables to measure compliance with regulations and the level of risk in the national payment system, including information from external sources (web pages or exchanges) of unofficial virtual assets data. The following variables were used to determine risk: a) total value of transactions with virtual assets in the country in relation to the total amount processed in the national payment system, reaching 0.001% of the total processed in the payment

system; b) total value of transactions with virtual assets in relation to the nominal GDP (USD 40 billion in 2021 administration), only representing 0.007% of the GDP; c) 107 STRs related to virtual assets from 2018 to June 2022, 19 of which resulted in admissibility reports and only 1 case was sent to the Attorney General's Office through a financial intelligence report, which is currently under investigation; d) application of mitigating actions by FIs in accordance with Board Resolution 144/20 (CDD procedures, accounts closed or blocked, and rejected transactions), and e) other regulatory factors aligned with the implementation of the different provisions in the matter.

It is important to mention that although the risk in this area has been rated as low, the country recommends different mitigating measures in its risk assessments. These mitigating measures include: a) implementing a specific training plan regarding virtual assets, VASPs and their relation to ML/TF crimes for supervisors, (financial and non-financial) reporting entities, the FIU, as well as competent and investigative authorities; b) issuing regulations nationally to regulate the use, custody, trade and negotiation of cryptoassets for the non-financial sector, and c) raising awareness and disseminating the vulnerabilities of virtual assets and VASPs at the national level. Regarding VASPs, measures are also taken, for example, issuing regulations for VASPs (record, cases, supervisory agencies and sanctions) and in relation to the financial sector; issuing regulations to broaden ASFI's powers in terms of sanctions to its regulated companies in relation to virtual assets and VASPs.

- (b) The analysis carried out by Bolivia in its NRA and SRA on virtual assets and VASPs shows that the country largely understands the risks and vulnerabilities of this area. After some interviews during the on-site visit, it was possible to know that some authorities, mainly financial intelligence authorities, have more understanding in this matter; however, it is not the same for some supervisors and law enforcement authorities. Although virtual assets and VASPs were rated as low risk, Bolivia recognizes, as a deficiency, the little identification of suspicious transactions and investigation by reporting entities, entities combating AML/CFT and society in general. There is also a prohibition in force in the country to use these assets in the national payment system. In addition to the measures mentioned in the previous sub-criterion to prevent and mitigate ML/TF according to the risks identified, Bolivia has taken some actions in order to manage the risk of these assets and their suppliers. These actions include a) the ASFI quarterly monitors transactions related to virtual assets; b) the BCB quarterly requests competent authorities information on VASPs databases, and c) the FIU monitors STRs in the matter.<sup>31</sup>

Despite the above, the main deficiency is the limited scope of Board Resolution 177/2020 of the BCB, which does not include all the stakeholders operating with virtual assets outside the national payment system, and the limited knowledge of the relevant stakeholders of the private sector in relation to the matter, mainly related to dismissing the risk by arguing that Bolivian regulations prohibit the use of virtual assets. Although the ML/TF risk of these assets is low in the country, the measures implemented to prevent or mitigate such risk do not seem sufficient.

- (c) Given the limitation on the use of virtual assets in the national payment system, derived from Board Resolution 144/20, analysed in sub-criterion 15.3.a), the Bolivian regulatory framework does not

---

<sup>31</sup> Additionally, the country is creating a Committee made up of entities that will submit the results of their monitoring and relevant information on a quarterly basis.

impose obligations on VASPs to identify, assess, manage and mitigate ML/TF risks in accordance with the requirements of the sub-criterion.

CT199. *Criterion 15.4 -*

- (a) Not met.
  - i. There are no provisions applicable in the country regarding this sub-criterion.
  - ii. There are no provisions applicable in the country regarding this sub-criterion.
- (b) There are no provisions applicable in the country regarding this sub-criterion.

CT200. *Criterion 15.5 -* Reporting entities should issue STRs when transactions related to virtual assets and VASPs are identified (section II, paragraph g) of article 57 of the specific risk-based approach Instruction on ALA/CFT/CFP for intermediary financial institutions, section II, paragraph g) of article 60 of the specific Instruction for the securities market, section II, paragraph h) of article 67 of the specific risk-based approach Instruction on ALA/CFT/CFP for insurance companies; section II, paragraph f) of article 41 of the specific risk-based approach Instruction on ALA/CFT/CFP for exchange offices, section II of article 61 of the specific risk-based approach Instruction on ALA/CFT/CFP for money remitters, and section II of article 62 of the specific risk-based approach Instruction on ALA/CFT/CFP for mobile payment service providers). In the case of non-compliance with the obligations contained in these provisions, the sanction regime for each reporting entity is applicable in accordance with the analysis of R.35.

CT201. Additionally, the FIU and the BCB exchange information with the SEPREC and the SIN to monitor the potential creation of VASPs. In this regard, the SEPREC reported that 2 registered companies declared the trade of cryptoassets as part of their activities between 2018 and 2022, and the FELCC reported 2 cases of scams related to the use of cryptoassets. However, these reports do not correspond to complaints related to the use, trade and/or transfer of cryptocurrency or cryptoassets in Bolivia.

CT202. Based on the SEPREC's report, the FIU asked the SIN about the two cases identified. The SIN indicated that one of the companies submitted F-200 (VAT) Tax Returns, showing no operations from November 2021 to June 2022, and that its tax identification number (NIT) was valid from 16 November 2021 to 20 June 2022; thus, the company's status is "Inactive - Requested." Likewise, the SIN pointed out that the second company does not have a NIT in the National Taxpayer Registry. Consequently, as of the date of this document, these two companies would be inactive and without operations.

CT203. In this regard, Bolivia has a series of mechanisms to identify legal persons that conduct activities with VASPs with or without the necessary license. The country indicated that no illegal activity related to VASPs has been found as of the date of this report and, therefore, no measures have been applied. However, based on the information available in open sources and global trends, it is possible to determine that different exchanges, mainly P2P, are increasingly operating in the country. The operation of such VASPs has been addressed in the analysis of the relevant SRA, and to date, they represent a low materiality in relation to the AML/CFT system of the country.

CT204. *Criterion 15.6 -*

- (a) There are no provisions applicable in the country regarding this sub-criterion.
- (b) There are no provisions applicable in the country regarding this sub-criterion.

CT205. *Criterion 15.7* - There are no provisions applicable in the country regarding this sub-criterion.

CT206. *Criterion 15.8* -

- (a) There are no provisions applicable in the country regarding this sub-criterion.
- (b) There are no provisions applicable in the country regarding this sub-criterion.

CT207. *Criterion 15.9* -

- (a) There are no provisions applicable in the country regarding this sub-criterion.
- (b) There are no provisions applicable in the country regarding this sub-criterion.
  - i. There are no provisions applicable in the country regarding this sub-criterion.
  - ii. There are no provisions applicable in the country regarding this sub-criterion.
  - iii. There are no provisions applicable in the country regarding this sub-criterion.
  - iv. There are no provisions applicable in the country regarding this sub-criterion.

CT208. *Criterion 15.10* - There are no provisions applicable in the country regarding this sub-criterion.

CT209. *Criterion 15.11* - On the basis set out from R.37 to R.40, there is wide international cooperation in relation to different areas, including VASPs. Although virtual assets and VASPs are limited in the country and there is no specific authority with legal framework to exchange information about them, it should be noted that the Attorney General's Office, the FIU and the other supervisory authorities are empowered to provide international cooperation in the matter (paragraph 9 of article 12, paragraph 25 of article 30 of Law 260 for the Attorney General's Office, articles 5-7 and 10 of Supreme Decree 4904 of the FIU, and article 494 of Law 393 on financial services).

#### *Weighting and conclusion*

CT210. The country has carried out a regulatory monitoring related to new means of payment and new technologies. Regarding the identification of ML/TF risks of virtual assets and VASPs, Bolivia has made specific risk assessments in the matter, such as a ML/TF SRA on virtual assets and VASPs. In addition, this has been addressed in its NRA, and the risk was rated as low. These different assessments have considered some vulnerabilities and have proposed mitigating measures to overcome them. Board Resolution 144/2020 issued by the BCB, which prohibits the use of virtual assets in the national payment system, is only a limitation for entities operating in said system and does not include all the stakeholders that operate with virtual assets outside the national payment system. Although the number and content of the mitigating measures identified in the SRA on virtual assets and VASPs are considered appropriate, they seem to correspond to a higher level of risk. However, the assessment team agrees that the materiality of VASPs in the Bolivian context is relatively low. Thus, their impact on the national and regional AML/CFT system is limited.

CT211. In turn, the measures adopted by the competent authorities are considered insufficient to identify (natural or legal) persons operating illegally as VASPs in the country or in relation to it. Although virtual assets and VASPs are prohibited by applicable regulations, this prohibition means a limitation solely to the national payment system. Thus, other transactions with virtual assets and VASPs made by illegal or other means are not covered, increasing the risk of ML/TF.

CT212. Finally, Bolivia does not have provisions regulating licensing or registration in the sector, regulatory and supervisory measures, the obligation to provide guidance and feedback to the sector, the application of sanctions, the application of preventive measures or the application of TFS. Therefore, **Recommendation 15 is rated partially compliant.**

#### *Recommendation 16 - Wire transfers*

CT213. Bolivia was rated NC for SR.VII in its most recent MER, since financial institutions were not required to include messages containing the originator information when transfers of USD 1,000 were made. The requirement of keeping the originator information was not clear, and beneficiary financial institutions were not required to adopt risk-based procedures to identify and manage wire transfers without the originator information or submit a report to the FIU for such cases. In turn, money remitters were not included in the corresponding regulations, significantly limiting the scope of the system.

CT214. *Criterion 16.1 -*

- (a) In accordance with section I of article 46 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution UIF/042/2022 applicable to intermediary financial institutions, reporting entities are required to ensure that all cross-border wire transfers of USD 1,000 or more, or its equivalent in another currency are always accompanied by the following:
  - (i) names and surname of the originator and beneficiary (paragraph a) of article 46 of the Instruction);
  - (ii) originator's and beneficiary's account numbers; where an account is used to process the transaction or, in the absence of an account, a unique transaction reference number which permits traceability of the transaction (paragraph b) of article 46 of the Instruction), and
  - (iii) the originator's address, or national identity number, or customer identification number, or date and place of birth (paragraph c) of article 46 of the Instruction).
- (b) In accordance with section I of article 46 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution UIF/042/2022 applicable to intermediary financial institutions, reporting entities are required to ensure that all cross-border wire transfers of USD 1,000 or more, or its equivalent in another currency are always accompanied by the following:
  - (i) names and surname of the originator and beneficiary (paragraph a) of article 46 of the Instruction);
  - (ii) originator's and beneficiary's account numbers; where an account is used to process the transaction or, in the absence of an account, a unique transaction reference number

which permits traceability of the transaction (paragraph b) of article 46 of the Instruction), and

CT215. *Criterion 16.2* - In accordance with section II of article 46 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution UIF/042/2022 applicable to intermediary financial institutions, where several individual cross-border wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries, the batch file should contain full originator and beneficiary information. It is not necessary to contain the originator information mentioned in the preceding paragraph as long as the originator's account number or the transaction reference number are included. Transactions should be fully traceable.

CT216. *Criterion 16.3* -

- (a) In accordance with section III of article 46 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution UIF/042/2022 applicable to intermediary financial institutions, reporting entities are required to ensure that all domestic and cross-border wire transfers of USD 1,000 or more, or its equivalent in another currency are always accompanied by the following:
- (i) names and surname of the originator and beneficiary (paragraph a) of article 46 of the Instruction).
  - (ii) originator's and beneficiary's account numbers; where an account is used to process the transaction or, in the absence of an account, a unique transaction reference number which permits traceability of the transaction (paragraph b) of article 46 of the Instruction). Additionally, Bolivia requires the amount of the payment order (paragraph c) of article 46 of the Instruction).
- (b) In accordance with section III of article 46 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution UIF/042/2022 applicable to intermediary financial institutions, reporting entities are required to ensure that all domestic and cross-border wire transfers of USD 1,000 or more, or its equivalent in another currency are always accompanied by the following:
- (i) names and surname of the originator and beneficiary (paragraph a) of article 46 of the Instruction).
  - (iii) originator's and beneficiary's account numbers; where an account is used to process the transaction or, in the absence of an account, a unique transaction reference number which permits traceability of the transaction (paragraph b) of article 46 of the Instruction). Additionally, Bolivia requires the amount of the payment order (paragraph c) of article 46 of the Instruction).

CT217. *Criterion 16.4* - In accordance with the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution UIF/042/2022 applicable to intermediary financial institutions, and in relation to the previous Criterion, reporting entities should apply enhanced CDD measures where there is suspicion of ML/TF/PF, regardless of exceptions or thresholds established (last paragraph of c) of section I of article 51 of the Instruction). Additionally, according to section III of article 56 of the Instruction, reporting

entities are required to verify the information pertaining to its customer where there is a suspicion of ML/TF/PF.

CT218. *Criterion 16.5* - In accordance with section VII of article 46 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution UIF/042/2022 applicable to intermediary financial institutions, ordering reporting entities should provide the beneficiary reporting entity or competent authority with information within the framework of the provisions. Based on section III, regarding transfers lower than USD 1,000, domestic (and cross-border) wire transfers should be accompanied with the originator information according to the analysis of criterion 16.3.

CT219. *Criterion 16.6* - In the case of several individual cross-border wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries, the ordering financial institution should include the account number or a transaction reference number, provided that this number or identifier will permit the transaction to be traced back to the originator or the beneficiary (article 45 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution UIF/042/2022 applicable to intermediary financial institutions).

CT220. Although there is no similar provision for domestic wire transfers required in this criterion, section VII of article 46 of the Instruction sets forth that an ordering reporting entity should provide the beneficiary reporting entity or competent authority with information within the framework of the provisions.

CT221. Bolivian regulations do not set a period of time to make the information available to the beneficiary financial institution or competent authorities. However, according to section IX of article 46 of the Instruction, the information should be available to the ASFI or the FIU upon request. In accordance with section II of article 494 of Law 494, national or foreign bodies are required to meet the ASFI's information requirements within the framework of ML investigation and other financial crimes or offences in terms of supervision, regulation and control. In Bolivia, any person, institution or public or private agency should cooperate with the Attorney General's Office in the scope of their powers (article 17 of Law 260).

CT222. *Criterion 16.7* - In accordance with paragraph III of article 34 of Law 393, financial institutions should be required to keep all books and documents related to their transactions, whether microfilmed or recorded in any magnetic and electronic media, for no less than 10 years from the date of the last accounting entry. In addition, financial institutions should keep a backup copy of such information for the same period of time (article 470 of Law 393).

CT223. Likewise, reporting entities are required to record the data submitted to the FIU, according to its Instructions (article 18 of Supreme Decree 4904), and keep documents related to their transactions made and business correspondence for 10 years according to the provisions of Law 393.

CT224. In accordance with paragraphs t) and u) of article 9 of Supreme Decree 910, sanctions will be imposed on reporting entities that fail to comply with the obligations related to record keeping.

CT225. Electronic payment service providers are subject to the same requirements by virtue of paragraph a) of article 5 and paragraph k) of article 15 of the Rules of Procedure for the issuance and administration of electronic payment instruments, issued by ASFI Resolution 405/12 and updated by Resolution 1125/22.

CT226. *Criterion 16.8* - According to the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution UIF/042/2022 applicable to intermediary financial institutions, reporting entities should not continue a business relationship with persons who, on behalf of the originator, are making or are about to make a domestic or cross-border wire transfer without including the originator and beneficiary information (section VI of article 46 of the Instruction).

CT227. *Criterion 16.9* - Pursuant to section VIII of article 46 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution UIF/042/2022 applicable to intermediary financial institutions, reporting entities are required to take appropriate measures for cross-border wire transfers that do not include the originator or beneficiary information when such reporting entity is an intermediary of a payment chain. The intermediary financial institution should ensure that all originator and beneficiary information that accompanies a wire transfer is retained with it in accordance with article 46 of the Instruction mentioned above.

CT228. *Criterion 16.10* - Based on criterion 16.7 analysed, all the reporting entities should be required to keep all books and documents related to their transactions, whether microfilmed or recorded in any magnetic and electronic media, for no less than 10 years from the date of the last accounting entry. In addition, financial institutions should keep a backup copy of such information for the same period of time (paragraph III of article 34 of Law 393 and article 470 of Law 393). Regulations do not distinguish between whether this obligation overlaps with the reporting entity capacity as intermediary financial institution or whether technical limitations prevent the accompanying information from remaining with a wire transfer. In this regard, it is considered that these entities' obligation under the regulatory framework is applicable to this criterion.

CT229. *Criterion 16.11* - Pursuant to section VIII of article 46 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution RA UIF/042/2022 applicable to intermediary financial institutions, reporting entities are required to take reasonable measures for cross-border wire transfers that lack required originator information or required beneficiary information when such reporting entity is an intermediary of a payment chain. However, the only measure contained in the regulations establish that reporting entities should not continue a business relationship with persons who, on behalf of the originator, are making or are about to make a domestic or cross-border wire transfer without including the originator and beneficiary information (section VI of the Instruction). In this regard, it is possible to consider that such measure does not allow identifying the transfer in the terms of what is required by the Criterion, but it interrupts the business relationship with the counterpart.

CT230. In turn, electronic payment service providers, when operating as intermediary financial institutions, should apply know your customer and CDD procedures to all their services, as well as any other applicable provisions issued by the FIU in relation to ML/TF/PF prevention, detection and reporting (article 3 of the Rules of Procedure for the issuance and administration of electronic payment instruments, issued by ASFI

Resolution 405/12 and updated by Resolution 1125/22). In this sense, it is estimated that these entities can take reasonable measures to identify cross-border wire transfers in the case specified in this criterion.

CT231. *Criterion 16.12* - In accordance with sections IV and VI of article 44 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution RA UIF/042/2022 applicable to intermediary financial institutions, reporting entities are required to assess the AML/CFT/CFP controls of the respondent institution by considering risk factors, for example, types of transactions, market segments and any other risk inherent to the nature of the activity, geographical location. Additionally, reporting entities should have risk management measures in place and clearly understand their responsibilities in the fight against ML/TF/PF. Reporting entities maintaining a correspondent banking relationship, whether as respondent or correspondent, with other entities should monitor and maintain an adequate understanding of such entities, updating their information, at least, every year.

CT232. In turn, according to section VIII of article 46 of the Instruction, reporting entities take “the corresponding measures” for cross-border wire transfers that lack information on the recipient or originator, when acting in a payment chain as an intermediary. However, the regulations do not include specific policies and/or procedures on when a transfer should be executed, rejected or suspended in accordance with the criteria, nor the specific follow-up action appropriate for each case as required by the criteria.

CT233. *Criterion 16.13* - The provisions for wire transfers are applicable to reporting entities, regardless of whether they operate as originators or beneficiaries. In this regard, it is possible to refer to the analysis of criterion 16.11 regarding section VIII of article 46 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution UIF/042/2022 applicable to intermediary financial institutions, whereby the only measure set forth in the regulations is that reporting entities should not continue a business relationship if wire transfers lack the required information.

CT234. *Criterion 16.14* - In accordance with section I of article 44 of the specific risk-based approach Instruction on AML/CFT/CFP, approved by Resolution UIF/042/2022 applicable to intermediary financial institutions, reporting entities should receive from customers making cross-border wire transfers of USD 1,000 or more the following information: beneficiary’s (and originator’s) identity; account number and/or transaction reference number; address, identity card number and/or customer identification number, or date and place of birth. Likewise, reporting entities are required to maintain this information, at least, for 10 years in accordance with R.11, pursuant to article 66 of the Instructions.

CT235. *Criterion 16.15* - In accordance with article 17 of the specific RBA Instruction on AML/CFT/CFP, approved by Resolution RA UIF/042/2022 applicable to intermediary financial institutions, reporting entities should define the objective of their risk management and manage those risks, implementing a set of strategies, goals, policies, procedures and actions, which should be approved by the Board of Directors or equivalent body for risk management purposes, which enable them to identify, measure, monitor, control and disclose the ML/TF/PF risk to which they are exposed .

CT236. Risk factors analysed in criterion 16.12 are applicable to beneficiary financial institutions, since the regulations do not distinguish among originator, beneficiary or intermediary of the reporting entity.

However, the same deficiency found in criterion 16.12 regarding section VIII of article 46 of the Instruction applies here, since there are no specific policies and/or procedures for making, rejecting or suspending a wire transfer and there are no specific appropriate monitoring actions for each case as required by the criteria.

CT237. *Criterion 16.16* - The criteria of R.16 are applicable to money order and remittance companies in Bolivia according to the specific risk-based approach Instruction for this sector, approved by Resolution RA 24/23. Likewise, the criteria of this Recommendation are applicable to mobile payment service providers according to the specific risk-based approach Instruction for this sector, approved by Resolution RA 21/23.

### **Money order and remittance companies**

According to articles 46 and 47 of the Instruction, CDD should be performed to identify the financial customer or user of natural and legal persons. Pursuant to sections I to IV of such articles, the sector is required to receive from customers, users or sole proprietorships, whether domestic or foreign ordinary customers or beneficiaries, and record information for transactions higher than USD 1,000 or its equivalent in another currency. There are also requirements for transactions below this threshold. Additionally, the Instruction includes other CDD requirements in article 52, CDD measures for correspondent financial and non-financial institutions (articles 50 and 49) and foreign correspondent institutions (article 51).

It is worth mentioning that, in relation to the general CDD regime for natural and legal persons, articles 30 and 31 of the specific RBA Instruction for exchange offices, approved by Resolution RA 05/23, are applicable to exchange offices carrying out remittance transactions as agents or correspondents of a money remitter.

### **Mobile payment service providers**

Article 50 of the relevant Instruction contains the main CDD requirements for wire transfers and digital wallets. Sections I to IV set forth the information to be required by these companies in case of transactions equal to or above USD 1,000, accumulated in a period of 3 calendar days, as well as requirements for transactions below this threshold. In turn, article 46 of this Instruction addresses the KYC policy, agents, correspondents, users and BOs, while article 47 includes the CDD measures applicable to them. Additionally, the general CDD regime to identify natural person customers or sole proprietorship is in article 48 of the Instruction, the CDD regime to identify legal person customers is in article 49 of the Instruction, and the general CDD regime to identify correspondent financial and non-financial institutions is in articles 16 and 17 of the Instruction.

CT238. *Criterion 16.17* -

- (a) Pursuant to article 46 of the risk-based approach Instruction issued for the sector through Resolution RA 24/23, money order and remittance companies should implement all CDD measures with a RBA, including indirect transactions, customer and economic beneficiary identification, continuous monitoring of higher-risk transactions, and adoption of risk management policies, among others. Additionally, STRs should be filed in accordance with section IV of article 61 of such Instruction. In turn, according to sections I to III of article 50 of the specific risk-based approach Instruction for

the sector issued by FIU Resolution RA 24/23, mobile payment service providers are required to perform CDD measures for wire transfers and digital wallets. In addition to this, such providers should file STRs, pursuant to article 61 and section III of article 62 of such Instruction.

These obligations are also applicable to exchange offices carrying out remittance transactions as agents or correspondents, in accordance with chapter III of the specific risk-based approach Instruction for money remitters, approved by RA Resolution 05/23.

- (b) Pursuant to sections I and IV of article 61 of the specific Instruction for money order and remittance companies and sections I and III of article 62 of the specific Instruction for mobile payment service providers, reporting entities should submit ML/TF suspicious transactions and/or other related offences to the FIU within 24 hours after having determined the suspicious transaction.

CT239. *Criterion 16.18* - Pursuant to section IV of article 4 of the specific Instruction on a RBA to AML/CFT/CFP, approved by RA Resolution UIF/042/2022 applicable to intermediary financial institutions, reporting entities are required to comply with and take freezing and unfreezing actions according to the regulations in force and the UNSCRs related to terrorism and TF; in this way, developing their own procedures for these purposes.

CT240. Additionally, Bolivia has a specific Instruction on preventive freezing and unfreezing of money and other assets, approved by Resolution RA 023/13. This instruction establishes specific rules for reporting entities in the financial system and public registries to apply procedures relating to freezing and unfreezing of money and other assets of natural and legal persons linked to terrorism and TF; persons included in United Nations Public Register, and persons included in country requirements within the framework of international cooperation. These rules are also aimed at applying procedures for disposition of frozen funds and assets to settle ordinary and extraordinary expenses (article 2 of the Instruction).

CT241. Obligations in this matter imposed on money order and remittance companies are set forth in section V of articles 4 and 56 of such Instruction. Likewise, pursuant to this criterion, the obligations on mobile payment service providers are contained in section V of articles 4 and 58 of such Instruction.

#### *Weighting and conclusion*

CT242. Bolivia has a legal framework that largely allows cross-border wire transfers where FIs are involved as long as such transfers are accompanied by the originator and beneficiary information. However, there are deficiencies that prevent intermediary FIs from taking measures to identify cross-border wire transfers appropriately (criterion 16.11), lack of specific policies and/or procedures for intermediary and beneficiary FIs to identify when a transfer should be executed, rejected or suspended, and the appropriate specific follow-up action (criteria 16.12 and 16.15). Therefore, **Recommendation 16 is rated largely compliant.**

#### *Recommendation 17 - Reliance on third parties*

CT243. In its 3rd Round MER, Bolivia was rated PC for former R.9, since money remitters and exchange offices were not included as reporting entities, there was no regulation on insurance and securities companies,

and the identification of liability and CDD between the intermediary and the intermediary financial institution were not accurate.

CT244. *Criterion 17.1* - In accordance with paragraph III of article 32 of Instruction 42/22, reliance on third parties is prohibited for intermediary financial institutions since CDD measures should be applied by the reporting entity. Therefore, this Recommendation does not apply to such entities. The Instruction considers that there should not be reliance on third parties for exchange offices and mobile payment service providers.

CT245. The insurance, securities and money remitters sectors are permitted to rely on third parties (article 49 of Instruction 67/22; article 46, paragraph III of Instruction 20/23, and article 45, paragraph II of Instruction 24/23). In these cases, the third party, who is the reporting entity, performs CDD to identify and verify the customer and BO (when applicable) and to understand the nature of the business. In turn, it should be regulated and supervised in terms of AML/CFT preventive measures. The ultimate responsibility for CDD measures should remain with the reporting entity that will maintain the final business relationship.

- (a) The reporting entity is required to obtain the necessary information regarding CDD measures in accordance with the Instructions for each sector (insurance: article 49 of Instruction 67/22; securities: article 46 of Instruction 20/23, and money remitters: article 45 of Instruction 24/23 (the elements set out in R.10 are applied. See analysis).
- (b) According to the Instructions, third parties should comply with the requirement of submitting identification data and other relevant documentation related to the CDD requirements (insurance: article 49 of Instruction 67/22; securities: article 46 of Instruction 20/23, and money remitters: article 45 of Instruction 24/23).
- (c) Third parties should be reporting entities, and therefore they are regulated, and supervised or monitored for compliance with CDD and record-keeping requirements in line with R.10 and R.11. Monitoring should not be delegated to third parties (insurance: article 49 of Instruction 67/22; securities: article 46 of Instruction 20/23; and money remitters: article 45 of Instruction 24/23).

CT246. *Criterion 17.2* - In the case of insurance, securities and money remitters sectors, third parties should be located in domestic territory. According to the Instructions for these sectors, third parties should be reporting entities and be regulated and supervised at the national level (insurance: article 49 of Instruction 67/22; securities: article 46 of Instruction 20/23; and money remitters: article 45 of Instruction 24/23). Therefore, this criterion is not applicable to this sector.

CT247. *Criterion 17.3* -

- (a) Pursuant to article 378 of Law 393, members of a financial group may include different types of intermediary financial institutions, companies providing ancillary financial services, and companies from the stock, insurance and pension sector. Likewise, in accordance with Instruction 67/22 for the insurance sector (article 58) and Instruction 20/23 for the securities sector (article 52), the reporting entities may assume obligations as members of a financial group based on each instruction and the provisions of the specific Instruction for intermediary financial institutions. In this regard, according

to article 50 of Instruction 42/22 for intermediary financial institutions (as amended by Resolution 70/22), companies that are members of a financial group, their branches and subsidiaries, should apply CDD requirements based on the Instruction in line with R.10-12. The requirements set forth in R.18 are included.

- (b) Considering sub-criterion (a), the Financial System Supervisory Authority (ASFI) is responsible for supervising and regulating the financial group and its financial companies regarding the implementation of CDD and record keeping requirements and AML/CFT programmes (articles 377 and 387 of Law 393).
- (c) The parent company of a financial group is responsible for implementing a comprehensive risk management system at a consolidated level to identify and manage risks inherent to the operations as a group. Financial companies, which are members of this group, should adapt their organisation and operations manuals, risk control policies, practices and procedures, and any other internal regulations of similar nature to incorporate criteria related to their participation at the group level (article 410 of Law 393). Reporting entities should develop and implement approved policies, controls and procedures to manage and mitigate ML/TF/PF risks that have been identified at the national level based on the related Instruction. In general terms, the requirements and analysis of criteria 17.1 and 17.2 are applicable to companies that may rely on third parties and belong to the same group.

#### *Weighting and conclusion*

CT248. According to Bolivian legislation, intermediary financial institutions are prohibited from relying on third parties to apply CDD measures. However, this is permitted for companies in the insurance and securities sectors as well as for money remitters. The instructions for these institutions fully cover the criteria of this Recommendation. **Recommendation 17 is rated compliant.**

#### *Recommendation 18 - Internal controls and foreign branches and subsidiaries*

CT249. In its 3rd Round MER, Bolivia was rated PC for former R.15 and R.22, since current regulations are not applicable to exchange offices or money remitters. Therefore, they are not required to have AML/CFT procedures, policies and internal controls. The above only applies to intermediary financial institutions and subsidiary services within the framework of the fight against ML. However, TF is not criminalised in Bolivian legislation. Regulations do not include independent audits nor provide them with appropriate resources.

CT250. *Criterion 18.1* - In Bolivia, there are regulations aimed at adopting policies, procedures and internal controls for ML/TF risk management based on specific Instructions for FIs. These policies are referred to below:

- (a) article 5 of Instruction 42/22 appoints a responsible officer and ensures its independence and operational and functional autonomy. The responsible officer should also have economic, human, technological and infrastructure resources to perform the functions of the Compliance Committee. The responsible officer is required to hold a management position and comply with the requirements

set forth in the Instruction, which include preparing an Internal Manual on Risk Management based on the company's nature, complexity and volume of its transactions (articles 9, 10, 15 and 16). Similar obligations are imposed on the other FIs, for example, Instruction 67/22, articles 5, 6, 9, 31 and 32 for insurance companies; Instruction 05/23, articles 5, 6, 10 and 21 for exchange offices; Instruction 20/23, article 9, paragraph I for the securities market and related activities; Instruction 08/13, articles 6, 7 and 27 for bonded warehouses; Instruction 24/23, article 9, paragraph II for money remitters; article 9, paragraph II for mobile payment service providers, and Instruction 07/13, articles 6, 7 and 28 for financial leasing companies.

The same obligation for FIs in general is contained in article 41 of the Procedures Manual (RA 001/13). In accordance with paragraph a) of article 25 of Supreme Decree 4904 all the reporting entities are required to have a responsible officer appointed by the FIU.

In the case of subsidiary financial service providers, it is not clear if the responsible officer should hold a management position. Regarding exchange offices, the country reports that, given their type of business and small size (sole proprietorship), on many occasions, the owners themselves perform the functions of responsible officers. In the case of money remitters, given their size and type of business, the responsible officers may hold a management position.

- (b) According to article 25, paragraph o) of Supreme Decree 4904/23, the reporting entities should develop personnel control and monitoring programmes. If they fail to comply with this requirement, they will be subject to administrative sanctions. Likewise, the Operating Procedures Manual establishes that reporting entities are required to know their internal customers (employees), by applying CDD procedures.

According to the specific Instructions, a CDD procedure should be implemented when hiring employees. These measures should assess employees' personal, work, criminal and financial records. Thus, information on i) criminal records, ii) resume, and iii) annual financial statements is required (Instruction 42/22, article 40 for intermediary financial institutions; Instruction 67/22, article 15 for insurance companies; Instruction 05/23, article 11 for exchange offices; article 15 of Instruction 20/23 for the securities market and related activities; Instruction 24/23 for money remitters, and Instruction 21/23 for mobile payment service providers.) In turn, pursuant to article 15 of Instruction 08/13 for bonded warehouses, and Instruction 07/13 for financial leasing companies, the professional is required to have expertise in the area, submit the form of the criminal records certificate (REJAP) and should not be an official working in the company's Internal Audit team.

- (c) According to article 25, paragraph j) of Supreme Decree 4904/23, the FIU should develop AML/CFT/CFP training programmes for reporting entities. Based on the specific Instructions for FIs, the responsible officer, on behalf of the reporting unit, is required to prepare an Annual Training Programme, which should be included in the Annual Work Plan of the Compliance Unit. Such programme should include a specific schedule and, at least, training in regulations, obligations and sanctions for breaching AML/CFT requirements, ML/TF risks, typologies, and freezing and unfreezing procedures (Instruction 42/22, articles 59-61 for intermediary financial institutions; Instruction 67/22, articles 18-20 for insurance companies; Instruction 05/23, article 12 for exchange offices; Instruction 20/23, articles 18-20 for the securities market and related activities; Instruction

24/23, articles 18-20 for money remitters, and Instruction 21/23, articles 20-22 for mobile payment service providers).

In turn, according to article 29 of Instruction 08/13 (bonded warehouses) and Instruction 07/13 for financial leasing companies, periodic training programmes should be developed and implemented for employees to know and adopt measures to detect, prevent, control and report suspicious ML/TF/PF transactions, including responsibilities to be assumed in case of non-compliance with regulations in force.

- (d) In accordance with article 25, paragraph k) of Supreme Decree 4904, reporting entities should conduct internal audits and submit the reports thereof to the FIU in compliance with AML/CFT requirements. Likewise, regulations in force, issued by the FIU through specific instructions for FIs, set forth that the Internal Audit Unit or internal auditor should carry out audits to assess ML/TF/PF risk management. In turn, reporting entities are required to annually submit an external audit report containing information on compliance with their procedures (Instruction 42/22, articles 62-64 for intermediary financial institutions; Instruction 67/22, articles 21 and 27 for insurance companies; Instruction 05/23, articles 13 and 19 for exchange offices; Instruction 20/23, article 2 for the securities market and related activities; Instruction 24/23, article 21 for money remitters; Instruction 21/23, article 23 for mobile payment service providers; Instruction 08/13, article 25 for bonded warehouses, and Instruction 07/13 for financial leasing companies). In turn, article 54 of the Procedures Manual includes this obligation for reporting entities.

CT251. *Criterion 18.2* - In Bolivia, a financial group consists of national or foreign companies, which only perform financial activities and exercise direct and indirect control over each other. This means that a financial group may include intermediary financial institutions of different types, subsidiary financial service providers, companies from the securities and insurance companies (article 378 of Law 393). In compliance with the measures of criterion 18.1, it should be noted that the obligations and requirements for the members of a financial group are set forth in the respective Instructions and the Instructions for intermediary financial institutions. In this regard, the Compliance Unit of a financial group should comply with the obligations imposed on the FIs' responsible officer, who is required to ensure that entities comply with the requirements described in criterion 18.1.

- (a) In accordance with article 50, as amended by Resolution 70/22, of Instruction 42/22, members of a financial group, its branches and subsidiaries, should implement AML/CFT/CFP programmes at group-level. Such programmes should include policies and procedures to share information and perform CDD. Any member of a financial group, including subsidiaries and branches, may share and analyse Customers' information and transactions. Likewise, at group-level, branches and subsidiaries are required to comply with policies and procedures to fight against ML/TF/PF, including performing audits, providing sufficient information about the customer and implementing measures that ensure confidentiality and appropriate use of the information and/or documentation (section VI, as amended by Resolution 70/22).

The above applies to intermediary financial institutions, and the insurance and securities sectors in accordance with their specific Instructions (article 50, article 58 and article 52, respectively). It is not specified whether there are obligations regarding the remaining FIs, such as subsidiary financial service providers, in their Instruction.

- (b) As mentioned in sub-criterion (a), procedures should be at group-level, including performing audits and providing sufficient information regarding the customer. Additionally, it is necessary to include the analysis of transactions or activities which appear unusual at group-level and those rated as high risk based on regulations in force. The responsible officer should report suspicious transactions to the FIU (sections VI, paragraphs g and h, VII and VIII of article 50 of Instruction 42/22, as amended by Resolution 70/22).
- (c) As mentioned, any member of a financial group may share and analyse customer's information and transactions as long as confidentiality is safeguarded (article 50, section VI, paragraph e).

CT252. *Criterion 18.3* - Rules of Procedure for representation offices of foreign intermediary financial institutions contain requirements for opening and authorising branches abroad. In accordance with chapter X, article 3 of Rules of Procedure on financial service points abroad (PAFE), a FI opening financial service points abroad is required to comply with the legal provisions and regulatory standards of Bolivia and the host country. Additionally, they are subject to the supervision of the host country's supervisory authorities. The supervised entity is responsible for verifying that the legal provisions of the host country permit the submission of financial information to the ASFI and that such country is not being subject to international sanctions related to ML/TF/PF. According to section 2 of the abovementioned chapter, it is necessary to submit a request to the ASFI to open a branch or agency abroad. Additionally, the procedures to do are also detailed.

CT253. Instruction 42/22 sets forth the CDD regime related to ML/TF/PP risk management for financial service points abroad. Similar requirements are applicable to the insurance and securities sectors. Based on Bolivian regulations, AML/CFT measures of the home country are applicable. Pursuant to article 50 of Resolution 70/22, when a member of a financial group operates abroad, it should take the corresponding actions to mitigate the risks that may arise. According to section V, branches and subsidiaries operating abroad, where requirements and measures are less strict, should comply with the policies and procedures established in the Instruction for intermediary financial institutions.

CT254. Notwithstanding the above, similar requirements for subsidiary financial service providers or the exception of having branches abroad are not determined.

#### *Weighting and conclusion*

CT255. Bolivian FIs implement AML/CFT programmes related to ML/TF risks, which include policies, procedures, and internal controls in accordance with the provisions of R.18. Financial groups may be created by financial entities. Financial intermediation, insurance and securities companies address the provisions of criterion 18.2 at group-level. Regarding branches abroad, reporting entities implement AML/CFT measures based on their specific Instructions and Bolivian regulations. It is specified whether subsidiary financial service providers meet the requirements of financial groups or branches and affiliates abroad.

**Recommendation 18 is rated largely compliant.**

### *Recommendation 19 - Higher risk countries*

CT256. In its 3rd Round MER of 2011, Bolivia was rated NC for former R.21 since the regulations in force at that time were insufficient to comply with this requirement. Additionally, exchange offices and money remitters were not included as reporting entities, and it was possible to observe important limitations regarding their effective application.

CT257. *Criterion 19.1* - According to the specific risk-based approach instructions for intermediary financial institutions, insurance companies, exchange offices, money remitters, securities sector and other related activities, and mobile payment service providers, such financial institutions should be required to apply enhanced due diligence, proportionate to the risks, to business relationships and transactions with persons from countries for which this is called for by the FATF and other organisations, such as the OECD, the FIU, and other countries considered tax havens (Instruction 42/22, article 49 for intermediary financial institutions; Instruction 67/22, article 64 for insurance companies; Instruction 05/23, article 38 for exchange offices; Instruction 24/23, article 57 for money remitters; Instruction 20/23, article 57 for the securities sector, and Instruction 21/23, article 59 for mobile payment service providers).

CT258. Additionally, the 2013 Operating Procedures Manual for the Detection, Prevention, Control and Report of ML/TF on RBA sets forth that reporting entities should apply enhanced due diligence, proportionate to the risks, when creating business relationships with countries listed in international organisations (article 29).

CT259. Pursuant to Supreme Decree 4904/23, reporting entities should constantly and permanently monitor the UNSC lists and other international lists.

CT260. *Criterion 19.2* - According to the specific Instructions mentioned in criterion 19.1, financial institutions should be able to apply the countermeasures, included in the Annex of the Instruction, to the countries listed as higher risk countries by the FATF. There is no similar provision to apply countermeasures to subsidiary financial service providers, such as financial leasing companies and bonded warehouses. However, the assessment team considers the low ML/TF materiality of sectors in the country. Thus, this represents a minor deficiency to comply with the requirements of this criterion.

CT261. *Criterion 19.3* - As mentioned in the previous criteria, FIs are required to apply enhanced CDD and countermeasures, when applicable. In addition, FIs should constantly and permanently review and monitor the UNSC lists and other international lists. Bolivia reports that the websites of the ASFI, the APS and the FIU have links to the UNSC and the FATF lists, as well as the lists of other international organisations.

CT262. There are some companies that provide reporting entities with lists of persons from high-risk countries as part of their services, as well as providers abroad that provide them with lists of high-risk countries. They also have internal operative manuals that establish the review in the lists on a permanent basis. Regarding the FIU's activities with the reporting entities, the FIU has provided training sessions on the revision of lists, application of measures, and available accesses to verify the countries that are listed.

*Weighting and conclusion*

CT263. Bolivia has specific instructions that require FIs to apply enhanced CDD to natural and/or legal persons from countries listed by the FATF or another international organisation. In addition, according to such regulations, countermeasures proportionate to the risks should be applied. Financial leasing companies and bonded warehouses do not have this power; however, the low ML/TF materiality of these sectors represents a minor deficiency.

CT264. In turn, the country has taken measures to ensure that FIs know how to review the UNSC and the FATF lists of high-risk countries. Therefore, **Recommendation 19 is rated largely compliant.**

*Recommendation 20 - Reporting of suspicious transactions*

CT265. In its last MER, Bolivia was rated PC and NC for R.13 and SR.IV, respectively. Main deficiencies were: i) current regulations are not applicable to the financial institutions defined by the FATF; ii) regulations do not explicitly impose the obligation to issue STRs related to terrorism financing or attempts thereof; iii) it is possible to observe a low number of suspicious transaction reports from the non-banking sector, and iv) regulations do not include the obligation to issue STRs in the case there is suspect that funds are related to TF.

CT266. *Criterion 20.1* - Article 495 II of Law 393 sets forth that reporting entities of the Bolivian AML/CFT system should submit suspicious transaction reports. In addition, the FIU is authorised to issue regulations that will be mandatory for all the persons under reporting entities' regulations. Likewise, Law 170, which introduces amendments to terrorism and its financing in the Criminal Code, establishes that reporting entities should report to the FIU any information on transactions related to TF within the framework of the regulations issued by the FIU, according to article 4, paragraph II. This is reinforced by Supreme Decree 4904/2023, which abrogates Supreme Decree 24771/1997. In accordance with its article 20, reporting entities are required to promptly inform the FIU when there are reasonable grounds to suspect that the funds of a transaction are the proceeds of a criminal activity or are related to the financing of terrorism, regardless of its amount, including attempts to make such transactions. These terms are 24 hours after the operation has been determined as suspicious. However, in the case of financial leasing companies and bonded warehouses, the term is 48 hours. Instruction 42/2022, article 57 (financial intermediation); Instruction 67/2022, article 67 (insurance market); Instruction 05/2023, article 41 (exchange offices); Instruction 08/2013, article 21 (bonded warehouses) and Instruction 07/2013, article 22 (financial leasing companies); as well as recent Instruction 20/2023, article 60 (securities market, securitisation companies); Instruction 24/2023, articles 61 (money remitters); Instruction 21/2023, article 62 (mobile payment service providers).

CT267. *Criterion 20.2* - The regulations issued by the FIU through its Instructions clearly establish the requirement to submit STRs on any suspicious fact or transaction made or attempted, regardless of its amount. Instruction 42/2022, article 57 (financial intermediation); Instruction 67/2022, article 67 (insurance market); Instruction 05/2023, article 41 (exchange offices); Instruction 20/2023, article 60 (securities market and related activities); Instruction 24/2023, articles 61 (money remitters); Instruction 21/2023, article 62 (mobile payment service providers).

CT268. Although the remaining reporting entities (bonded warehouses and financial leasing companies) do not have specific regulations in relation to this criterion, Supreme Decree 4904/23, applicable to all reporting entities, sets forth that reporting entities should report all suspicious transactions, including attempted transactions, regardless of the amount of the transaction.

#### *Weighting and conclusion*

CT269. Bolivia has issued specific regulations and instructions for financial institutions, whereby STRs should be promptly submitted to the FIU. In the case of intermediary financial institutions, exchange offices, the insurance sector and related companies, money remitters and mobile payment service providers, reporting entities are required to submit STRs for all suspicious transactions, regardless of the amount, including if it is an attempted transaction. Although Supreme Decree 4904 applies to all reporting entities, it allows bonded warehouses and financial leasing companies to consider the specific requirement of submitting STRs for attempted transactions. Thus, the assessment team considers that such provision should be included in the Instructions for such sectors. **Recommendation 20 is rated largely compliant.**

#### *Recommendation 21 - Tipping-off and confidentiality*

CT270. In its 3rd Round MER, Bolivia was rated PC for R.14, since current regulations are not applicable to all the financial institutions defined by the FATF. Tipping off a suspicious transaction report or any other related additional information provided to the FIU is not prohibited by law.

CT271. *Criterion 21.1* - In Bolivia, directors, officers and employees are protected by law from both criminal and civil liability for breach of any restriction on disclosure of information imposed in accordance with article 185 ter of Law 1768 (Criminal Code). However, the aforementioned Law only refers to the exemption of institutions, directors, managers, administrators or officers in charge of reporting “possible ML cases to the FIU”, therefore it is not clear if officers would be protected in cases related to other crimes, for example, TF. In this regard, Bolivia recently issued Supreme Decree 4904, whereby exemption from liability for issuing STRs is extended to TF and any other predicate offences (articles 20 and 21 of Supreme Decree 4904, in relation to article 495 of Law 939).

CT272. In turn, the FIU Instructions for intermediary financial institutions, insurance companies, exchange offices, securities market and other related companies, money order and remittance companies and mobile payment service providers reinforce the protection mentioned in the initial paragraph and specifically include the issuance of STRs, regardless the matter thereof. Notwithstanding the above, the assessment team considers that this exception related to TF would provide legal certainty if included in the Law.

CT273. *Criterion 21.2* - As mentioned in the previous criterion, Bolivia issued Supreme Decree 4904, which article 20 specifically prohibits reporting entities to disclose that they are submitting to the FIU a suspicious transaction report (STR) or information related thereto, due to their confidential nature, covering what is required in this criterion regarding the prohibition for FIs, their directors, officials and employees. Article 185 ter of the Criminal Code, refers to the fact that failure to comply with the obligations established in the regulatory DS will be subject to administrative sanctions in accordance with the rules that regulate the

financial system. However, said legal provision establishes the administrative regime applicable only to ML, so it is not entirely clear that it applies to the prohibition of disclosure when the report is made for issues related to TF and, therefore, that the failure to comply with the prohibition entails a clear sanction.

#### *Weighting and conclusion*

CT274. In accordance with article 185 ter of Law 1768 and article 20 of Supreme Decree 49041, directors, officers and employees of financial institutions, are protected by law from both criminal and civil liability for breach of any restriction on disclosure of information to the FIU, regardless of whether illegal activity actually occurred. Such protection applies to information related to ML and TF, although without providing the same legal certainty for the latter.

CT275. In turn, Bolivia categorises information as confidential. Pursuant to the legislation, Supreme Decrees and Instructions, both reporting entities and the FIU officers are required to keep this confidentiality. Likewise, this prohibition covers what is required in criterion 21.2, by establishing, through the recently issued Supreme Decree, that FIs, directors, officials and employees should be prohibited from tipping off the fact that an STR or related information is being filed with the FIU. Therefore, this recommendation is considered to have moderate deficiencies. **Recommendation 21 is rated partially compliant.**

#### *Recommendation 22 - Designated non-financial businesses and professions (DNFBPs): Customer due diligence*

CT276. Former R.12 was rated NC in the 3rd Round MER of 2011 since DNFBPs are not reporting entities or supervised in AML/CFT matters.

CT277. *Criterion 22.1* - In accordance with Bolivian regulations, DNFBPs should comply with and update requirements and measures of CDD, user and/or BO. CDD measures include, at last, identifying and verifying the identity of the customer, user and/or BOs of legal persons, as well as legal arrangements such as trusts or other similar arrangements. Where applicable, DNFBPs are required to obtain information on the purpose and intended nature of the business relationship and conduct ongoing monitoring of the business relationship and transactions throughout said relationship. The above is in accordance with article 16 of the FIU Rules of Procedure (Supreme Decree 4904/23). The specific requirements for DNFBPs are as follows:

- (a) Casinos are designated as DNFBPs under FIU Administrative Resolution UIF/069/2017. For the specific case of casinos and games of gambling, the FIU issued Instruction 23/23, whereby CDD requirements should be performed according to articles 43-47. The reporting entity should adopt, establish and implement necessary measures to know its customer and winners based on reliable documentation to verify the customers' identity. Customers may not make transactions until said verification is achieved. Additionally, a form should be completed and submitted to the FIU for transactions equal to or above USD 3,000 (article 53). The following customer information should be available: a) first names and surnames; b) identity number, including code (if applicable); c) profession/occupation; d) private address, and d) nationality. Regarding foreign customers, both residents and non-residents, an identity document (identity card, effective passport, foreigner

identity card or special identification document) should be requested, additionally to the corresponding identity verification (article 44).

In the case of a winning customer, when the established threshold is exceeded, data regarding economic activity, residence, place of business and origin of the resources should be collected in addition to the information previously mentioned (article 45). When there are grounds to suspect unusual transactions, reporting entities should perform enhanced CDD and report it accordingly. It should be noted that gaming operators should not install ATMs from banks and financial institutions within their facilities or accept payments on credit or debit cards (article 15 of Law 060 for lottery and gambling).

- (b) In accordance with FIU Instruction 25/23, real estate agents are reporting entities in Bolivia. Based on said Instruction, real estate agencies should perform CDD to determine with whom business relationships will be created (articles 24-28). In this regard, the reporting entity should establish and use identification procedures at the beginning of the business or professional relationship and during said relationship. This is aimed at obtaining information to determine the identity of the customer, whether natural or legal persons or legal arrangements. In the case of legal persons or legal arrangements, BO information should also be collected (article 25).

The reporting entity should request the following information for natural persons: a) first names and surnames; b) date and place of birth; c) identity number, and code (if applicable); d) tax identification number (NIT) (when applicable); e) nationality (when applicable); f) country of residence; g) marital status; h) profession or occupation; i) telephone, address or email, and j) power of attorney (when applicable). In addition, the reporting entity should request a simple copy of the identity card or verify the personal data in the SEGIP. When applicable, a simple copy of the tax identification number document should be required. An identity card should be requested in the case of resident and non-resident foreigners. When acting on behalf of a customer, said person should be identified and the authorization to do so should be verified (article 26).

In the case of legal persons, the following information is required: a) name/corporate name; b) business type; c) main business activity or corporate purpose; d) identification of persons holding a senior management position or equivalent; e) main place of business and branches' addresses, if applicable; f) telephone numbers of the main place of business and, g) tax identification number. For legal arrangements, apart from the information requested for legal persons, the following data is required: first names and surnames of the natural person who is a BO; owner's identity card number, and code, if applicable; nationality, first names and surnames of the legal representative, when such person is different from the owner (when applicable), and legal representative's identity card number, and code, if applicable.

Reporting entities are able to apply simplified, regular or enhanced CDD based on the risk identified. Although Instruction 25/23 establishes that CDD should be performed, the reporting entities covered are large taxpayers only in accordance with article 4 of said Instruction, thus leaving out certain persons that should comply with the requirements under this recommendation and subsequent recommendations applicable to DNFBPs.

- (c) Dealers in precious metals and stones are not reporting entities in Bolivia. Therefore, they do not comply with the obligation to perform CDD and they are not subject to AML/CFT supervision.

- (d) Pursuant to Law 170/11, notaries are DNFBBs. In accordance with the Instruction on ML/TF/PF issued for notaries by the FIU in 2021 (Instruction 015/21), notaries are required to perform CDD on dependent personnel (employees) and BOs (articles 8, 11-19). This obligation is applicable to notarial services related to: a) buying and/or selling of real estate or movable property subject to registration, and b) creating, modifying or dissolving companies (Law 483/14, article 19). Notaries are required to identify the customers using their services, by collecting information and data to determine if they act on their own or on behalf of third parties. If there is any suspicion or certainty that customers are not acting on their own, notaries should request precise information to know the identity of the persons or who is the BO. The Instructions mentioned above provide the information to be requested in order to know the customer, whether a natural person or a national or foreign legal entity, and the BO.

Additionally, the Procedures Manual (RA 001/13) establishes that reporting entities should perform CDD when beginning and continuing a business relationship and determines the type of procedure to be followed according to the profile.

Regarding lawyers and accountants, refer to the analysis of sub-criterion (b) according to Instruction 25/23 and the definition of reporting entities which only covers large taxpayers.

- (e) In Bolivia, trusts are a limited figure and are only possible through an intermediary financial institution duly authorised and regulated by the ASFI. In that sense, if its operation is authorized, the trust will have the character of a financial institution, therefore, as a reporting entity, and will be supervised by the ASFI. This, in accordance with article 1409 of the Code of Commerce (Law 14379/77) and article 8 of the Guidance for managing trusts. The authorised entities may offer a product or service, but they are not incorporated as independent trust service providers. The creation of a civil trust by a different profession is expressly prohibited.

Therefore, the regulation related to trust service providers is the same regulation applicable to intermediary financial institutions. The reporting entities in the financial sector are required to perform CDD pursuant to articles 501 and 502 of Law 393 and the instructions issued by the FIU (Instruction 42/22). The reporting entities conducting trust operations should know the trustor, the trust beneficiary and any other natural or legal person that exercises effective and definitive control over the trust (article 38 of Instruction 42/22). Refer to the analysis conducted in R.10 and R.15.

Likewise, in Bolivia, company service providers can be lawyers or independent accountants, who oversee preparing the constitutive documents for the creation of legal entities such as the incorporation certificate and the opening balance sheet, both instruments in all cases are protocolized by a notary. In that sense, since notaries are designated as SO, they must comply with all AML/CFT obligations required by the DDC and the identification of the BF, having the obligation to inform the DIRNOPLU when required.

CT278. *Criterion 22.2* - In accordance with article 18 of Supreme Decree 4904/23, reporting entities should keep all records related to the information obtained from CDD, national or international transactions allowing the traceability of each transaction, account files and business correspondence, and the results of their analysis. These records should be kept for a period of not less than ten (10) years after the transaction or after the end of the business relationship. This information is required to be recorded in physical, electronic or digital means, so that it can be used to provide evidence in criminal investigations and be made available to competent authorities.

CT279. According to the specific Instruction, casinos, notaries, real estate agencies, lawyers and accountants should keep record of transactions, corresponding forms and STRs, as well as supporting documentation and information collected to be filed with the FIU, for a period of ten years (casinos: article 57 of Instruction 23/23; notaries: article 5, paragraphs b and c, and article 25 of Instruction 015/21; real estate agencies, lawyers and accountants: article 36 of Instruction 25/23). In turn, the Procedures Manual (RA 001/13) establishes that the reporting entities should organise, manage and keep record of customers' documentation and transactions made for a period of not less than 10 years (article 22).

CT280. Notwithstanding that real estate agencies, accountants and lawyers should comply with record-keeping, it should be noted that only large taxpayers are considered reporting entities, thus leaving out certain persons that should comply with the requirements under this Recommendation.

CT281. Additionally, dealers in precious metals and stones are not reporting entities, so they do not comply with the requirements set forth in this criterion.

CT282. Regarding fiduciary and corporate service providers, refer to criterion 22.1(e).

CT283. *Criterion 22.3* - Instruction 23/23, applicable to casinos (article 49); Instruction 015/21, applicable to notaries (article 17), and Instruction 25/23, applicable to real estate agencies, lawyers and accountants (article 31), establish the criteria to identify and review whether the customer or BO is a PEP according to the list issued by the FIU. If an activity is engaged with a customer or BO, who is a national or foreign PEP, the reporting entity is also required to perform enhanced CDD to collect and keep additional information on the source and purpose of funds. Casinos and notaries should submit an updated database of PEP customers to the FIU on a monthly and quarterly basis, respectively.

CT284. Based on the Procedures Manual (RA 001/13), transactions with customers, users, BO, PEPs and/or their relatives should be subject to enhanced CDD policies and procedures. Reporting entities should consider: i) collecting enough information from the customer to verify whether it falls into the PEP category; ii) taking reasonable measures to establish the source of wealth and funds; iii) obtaining the approval of a body or higher hierarchical level to establish a new relationship with this type of customer, and iv) continuously and permanently monitoring customers' information and documentation of its clients to identify when such customers fall into the PEP category (articles 66 and 67).

CT285. Notwithstanding that real estate agencies, accountants and lawyers should comply with PEP requirements, it should be noted that only large taxpayers are considered reporting entities, thus leaving out certain persons that should comply with the requirements under this Recommendation.

CT286. Additionally, dealers in precious metals and stones are not reporting entities, so they do not comply with the requirements set forth in this criterion.

CT287. Regarding fiduciary and corporate service providers, refer to criterion 22.1(e).

CT288. *Criterion 22.4* - Instruction 23/23, applicable to casinos (article 29, paragraph IV), and Instruction 25/23 for real estate agencies, lawyers and accountants (article 20, paragraph III) establish that, for new

products or business practices, new shipping mechanisms, new technologies or technologies under development for new products or existing products, reporting entities should identify and assess ML/TF/PF risks and take the necessary measures to manage and mitigate any risks that may arise, including risks arising from activities in the sector, related to cryptoassets or VASPs.

CT289. New technologies requirements are not applicable to notaries due to the nature of their powers.

CT290. In the case of real estate agencies, accountants and lawyers, only large taxpayers are considered reporting entities, thus leaving out certain persons that should comply with the requirements under this Recommendation.

CT291. Additionally, dealers in precious metals and stones are not reporting entities, so they do not comply with the requirements set forth in this criterion.

CT292. Since trust service providers are considered intermediary financial institutions, they have the same obligations as the reporting entities supervised by the ASFI.

CT293. *Criterion 22.5* - In Bolivia, reliance on third-parties is not applicable to DNFBPs designated in the country. It should be noted that dealers in precious metals and stones are not reporting entities.

#### *Weighting and conclusion*

CT294. Instructions issued by the FIU are applicable to DNFBPs defined as reporting entities based on Recommendation, except for dealers in precious metals and stones. Each Instruction provides for CDD requirements to identify the customer or BO, record-keeping requirements and the requirement to perform CDD when customers are identified as PEPs as well as CDD related to new technologies. New technologies requirements are not applicable to notaries due to the nature of their powers. Notwithstanding that real estate agencies, accountants and lawyers comply with the requirements mentioned above, it should be noted that only large taxpayers are considered reporting entities, thus leaving out certain persons that should comply with the requirements set forth in this Recommendation.

CT295. Since trust service providers can only operate through intermediary financial institutions, they are subject to laws and regulations on financial institutions. Corporate services are subject to AML/FT obligations in accordance with the notary provisions of the DIRNOPLU. Dealers in precious metals and stones are not reporting entities; thus, they do not comply with the requirements set forth in this Recommendation. These entities and their obligations represent deficiencies, considering the risk they have in the country. **Recommendation 22 is rated partially compliant.**

#### *Recommendation 23 - DNFBPs: Other measures*

CT296. In its 3rd Round MER, Bolivia was rated NC for former R.16, since DNFBPs are not reporting entities and are not subject to AML/CFT supervision. Additionally, information is only provided at the FIU's request and ex-officio report only in possible cases of corruption.

CT297. *Criterion 23.1* - Pursuant to article 20 of Supreme Decree 4904/23, reporting entities, who have reasonable grounds to suspect that proceeds from transactions come from any criminal activity or are related to TF, regardless of the amount thereof, including attempts to carry out such transactions, should promptly report suspicious transactions to the FIU. Additionally, reporting entities are prohibited to disclose the submission of a STR to the FIU, or any information related to it, in accordance with the confidentiality requirement.

CT298. The requirement to report suspicious transactions related to ML/TF crimes is also set forth in Law 393/13, article 495, paragraph II.

- (a) According to article 22 of Instruction 015/21, applicable to notaries, and article 34 of Instruction 23/25, applicable to lawyers and accountants, reporting entities should report to the FIU all suspicious transactions allegedly linked to ML/TF/PF, regardless of their amount, based on the analysis of an unusual unjustified transaction. The report is made through a STR Form, accompanied by the corresponding supporting documentation, within a period of no more than two working days for notaries and a term of 24 hours for other DNFBPs after the suspicious transaction has been detected, even if it was not specified or made based on their analysis. The information will only be made available to the official issuing the report. Likewise, it is possible to prepare a report when the customer refuses to submit additional information or when there are inconsistencies in the documentation.

In the case of lawyers and accountants, it should be noted that only taxpayers are considered reporting entities in the Instruction, thus leaving out other entities that should comply with the requirements set forth in this Recommendation.

- (b) Dealers in precious metals and stones are not reporting entities in Bolivia, so they are not required to comply with CDD requirements, and they are not subject to AML/CFT supervision.
- (c) As stated in R.22, trust services are only provided through intermediary financial institutions. In addition, trustees are governed by Law 393 and the ASFI's provisions (See R.20). For company service providers please refer to the provisions and analysis of 22.1 (e).

CT299. *Criterion 23.2* - According to Instruction 015/21, notaries should have a responsible officer, either through their own notary or by hiring a different person. Notaries may also hire personnel as deemed necessary to meet their requirements as reporting entities (article 6). Reporting entities are required to know their personnel, since the selection process and during the employment relationship. Additionally, personal and work history should be assessed and, at least, a criminal record certificate and CV are required, including information about their identity, address, marital status, among others (articles 12 and 16). Reporting entities and the responsible officer should compulsorily participate in training programmes provided by the FIU for prevention, detection and reporting purposes based on their AML/CFT requirements. They can also participate in other training programmes (article 26). Regarding internal control, reporting entities are required to perform bi-annual internal audits, whose conclusions should be submitted to the FIU to verify compliance with their requirements (article 25, paragraph k) of Supreme Decree 4904). Notwithstanding the above, regarding hiring a person responsible for compliance management, it is not possible to determine if the official holds a high or management position according to sub-criterion 18.1.(a).

CT300. According to Instruction 25/23, lawyers and accountants should also have a responsible officer with independence and autonomy to exercise the powers granted. The responsible officer should have unrestricted access to all the information required in compliance with this requirement. A company's employee or a different person hired for said purpose may be appointed as a responsible officer. To appoint said officer, a professional degree and a criminal records certificate should be made available (article 6). Likewise, an Annual ML/TF/PF Training Programme should be included in the Annual Work Plan for Risk Management, which should be approved by the company's owner, Board of Directors or equivalent body (article 11). In accordance with articles 14-16, internal audits should be performed and the conclusions of said audits should be reported to the supervisor every two years. If it is not possible to have an internal audit department due to economic capacity, reporting entities may hire a professional firm.

CT301. Notwithstanding the above, in the case of these DNFBPs, it should be noted that only large taxpayers are addressed as reporting entities in the Instruction; thus, other entities that should comply with the requirements set forth in this Recommendation are not covered.

CT302. Criteria 18.2 and 18.3 are not applicable due to the nature of the activities.

CT303. In turn, there are no similar requirements for dealers in precious metals and stones since they are not reporting entities; thus, they do not comply with the provisions of this criterion.

CT304. As stated in R.22, trust services are only provided through intermediary financial institutions. In addition, trustees are governed by Law 393 and the ASFI's provisions (see R.18).

CT305. *Criterion 23.3* - According to the Procedures Manual, reporting entities should apply enhanced CDD, proportionate to risks, when trying to establish business relations with countries which are included in the lists of international organisations. In addition, countermeasures may be applied to high-risk countries (article 29). There is no specific requirement in the case of notaries. However, they are governed by the Procedures Manual. Regarding lawyers, accountants and other legal professionals, according to article 33 of Instruction 25/23, reporting entities should verify, at the beginning of the business relationship and during said relationship, if their customers, BOs or vendors are from any country recorded in the FATF or FIU. If this is the case, enhanced CDD measures should be applied. Likewise, other countermeasures may be taken if deemed necessary. Reporting entities are required to review international lists once said lists have been updated.

CT306. According to the relevant Instruction, said reporting entities should review international lists to verify whether their customers or BOs are included in said lists. Additionally, they should verify whether their customers or BO are from high- risk countries based on the FATF, the OECD, the FIU and other international organisations. If any person is identified as coming from any of the high-risk countries included in the lists mentioned above, a STR should be submitted to the FIU and enhanced CDD measures should be applied to obtain additional information on the origin and purpose of funds.

CT307. Notwithstanding the above, it should be noted that only large taxpayers are addressed as reporting entities in the Instruction; thus, other entities that should comply with the requirements set forth in this Recommendation are not covered.

CT308. In turn, there are no similar requirements for dealers in precious metals and stones since they are not reporting entities; thus, they do not comply with the provisions of this criterion.

CT309. As stated in R.22, trust services are only provided through intermediary financial institutions. In addition, trustees are governed by Law 393 and the ASFI's provisions (see R.19). For company service providers please refer to the provisions and analysis of 22.1 (e).

CT310. *Criterion 23.4* - In accordance with article 21 of Supreme Decree 4904/23, reporting entities, their directors, managers, responsible officer, members of the Compliance Unit and/or any other employee, should be protected from criminal, administrative and civil liability for breach of any restriction on disclosure of information imposed if they report their suspicions in good faith to the FIU, regardless of the nature thereof, as long as the STR complies with technical criteria, terms and procedures established by the FIU. Pursuant to article 20, the filing of a STR with the FIU should not be disclosed (see criterion 23.1).

CT311. In addition, based on the Procedures Manual (RA 001/13), the reporting entities should not disclose the information obtained in the exercise of their duties, except that a reasoned court order is issued expressly by a competent authority in the framework of a formal proceeding. All the information provided by the FIU is confidential. Likewise, the information collected by the Compliance Unit submitted to the FIU should not be internally or externally disclosed to any reporting entity (article 71).

CT312. In accordance with article 24 of Instruction 015/21, the responsible officer should keep STRs confidential and may not inform the client or any person that STRs or other related information are sent to the FIU. The same requirement is applicable to lawyers and accountants under article 37 of Instruction 25/23. Notwithstanding the above, it should be noted that, in the case of these DNFBPs, only large taxpayers are addressed as reporting entities in the Instruction; thus, other entities that should comply with the requirements set forth in this Recommendation are not covered.

CT313. In turn, there are no similar requirements for dealers in precious metals and stones since they are not reporting entities; thus, they do not comply with the provisions of this criterion.

CT314. As stated in R.22, trust services are only provided through intermediary financial institutions. In addition, trustees are governed by Law 393 and the ASFI's provisions. For company service providers please refer to the provisions and analysis of 22.1 (e). The deficiency of R.21 is taken into account in this criterion.

#### *Weighting and conclusion*

CT315. Based on this Recommendation, in Bolivia, notaries, lawyers and accountants are subject to the requirement to report suspicious transactions in accordance with R.20, as well as to exert internal controls, take action regarding high-risk countries and non-disclosure and confidentiality of information. Law 393 and ASFI's provisions apply to trustees.

CT316. However, it should be noted that, in the case of lawyers and accountants, only large taxpayers are addressed as reporting entities in the Instruction; thus, other entities that should comply with the requirements set forth in this Recommendation are not covered.

CT317. Finally, based on this Recommendation, there are no requirements for dealers in precious metals and stones when they are not reporting entities. This represents deficiencies for the country regarding DNFBPs and their obligations, particularly considering the risk they have in the country. **Recommendation 23 is rated partially compliant.**

#### *Recommendation 24 - Transparency and beneficial ownership of legal persons*

CT318. Bolivia was rated PC for R.33 in its most recent MER. Main deficiencies include: i) difficulties in identifying the beneficial owners of bearer shares, and ii) the lack of queries to the Registry of Commerce, which does not allow for an adequate follow-up, at least at the registry level, thus affecting the policies of 139 CDD.

CT319. *Criterion 24.1* - In Bolivia, legal persons are incorporated as follows, regardless of their purpose: i) general partnership; ii) limited partnership; iii) limited liability company; iv) corporation; v) partnership limited by shares; vi) joint venture; vii) mixed company, and viii) state-owned company. Article 126 of Law 14379 (Code of Commerce).

CT320. The characteristics and procedures for the establishment of each of these business forms are clearly described in different articles of the Code of Commerce. The SEPREC is the competent authority with which commercial companies should register. The information on the procedures for the establishment of these business forms, as well as for obtaining and recording basic information, are published in the form of instructions and guidelines on the SEPREC website (<https://www.seprec.gob.bo/index.php/guia-de-tramites-2/>). Thus, the Guideline on Beneficial Ownership Declaration, approved through RA SEPREC 226/23 (<https://miempresa.seprec.gob.bo/#/portal>), was implemented to obtain and record BO information.

CT321. Commercial companies, regardless of their type of incorporation, are required to register with the SEPREC and the SIN, and they will receive the same identification number (articles 25, 127 and 133 of the Code of Commerce).

CT322. Likewise, Law 351 (articles 6 and 7), Supreme Decree 1597 and Law 1260 set forth the requirements for the creation and registration of social organisations, non-governmental organisations, foundations and non-profit organisations whose scope of competence is greater than a Department. Article 8 of the aforementioned Law establishes that the Ministry of the Presidency (Vice-Ministry of Autonomy) is the authority that grants legal status to this type of entity. The incorporation requirements for commercial companies, including basic and beneficial ownership information, are published in the website of the aforementioned agency (<https://va.presidencia.gob.bo/indexphp/institución/personalidades-jurídicas>). In addition, the SIREPEJU, administered by the Ministry of Autonomy, was created.

CT323. On the other hand, the Ministry of Foreign Affairs is in charge of registering and granting legal status to religious organisations (Law 1161 and Supreme Decree 4054), foreign foundations and foreign NGOs—the two latter should sign a Framework Agreement with Bolivia in order to conduct their activities in the country (article 58 of Law 1260, Law 465 article 4 numeral 26, Supreme Decree 4857/23 and Ministerial Resolution 244/17). Law 1161 and its Regulatory Decree 4054/19 establish incorporation and basic information requirements for this form of business. These requirements, as well as a list with the corporate name, headquarters' city, email and telephone number, are published at <https://cancilleria.gob.bo/webmre/node/2066>. In the incorporation process, BO identification procedures are applied.

CT324. In turn, the Ministry of Planning and Development (VIPFE) is responsible for the national registry of non-governmental organisations. It is a public registry and publishes the list of national and foreign NGOs on its website (<http://www.vipfe.go.bo/content/2368>).

CT325. The General Law of Cooperative Associations and its Regulatory Decree establish the requirements for the creation and registration of organisations in the cooperative sector. These entities are authorised and registered with the AFSCOOP. Incorporation requirements are public and include basic and BO information of their members ([www.afcoop.gob.bo/tramites/](http://www.afcoop.gob.bo/tramites/)).

CT326. For-profit civil organisations are regulated in articles 52 and 751 of the Civil Code and their purpose is the exercise of an activity governed by the civil laws. The information—which should be available—and their registration depend on the company's business purpose. Thus, in the case of law firms, the general information recorded in registries and the information specific to each member can be publicly accessed (<https://rpa.justicia.gob.bo/#/registro>). Pursuant to article 10 of Law 387, the Public Registry of Lawyers (RPA) is empowered to register and grant a license to the law firms, specifying their business name, the appointment of their President, the structure of their Board of Directors, the list of members and their legal domicile.

CT327. Moreover, there exist for-profit civil organisations related to productive, medical and teaching activities within the framework of articles 70 and 79 of Law 2492, which establishes the requirement for registration with the tax authority (SIN). For the registration process (article 18 RND 10-0009-11)—whose requirements are publicly available on the website of the SIN—, basic and BO information is requested, which is available to the competent authorities upon request, in writing or through prosecutor's requests (numeral 1, article 67 of the Tax Code, article 2 Supreme Decree 77).

CT328. Finally, there are the so-called "sole proprietorships", which is more like a tax arrangement or business unit rather than a corporate structure for natural persons (article 2 Supreme Decree 24051) engaged in commercial activities. The assets of sole proprietorships are registered under the name of their owner and their legal status is the same as that of the natural person. Sole proprietorships cannot have partners or shareholders and they have unlimited liability (articles 4 and 1335 of the Civil Code). These "enterprises" should register with the SEPREC and the SIN; however, due to their nature, the assessment team does not consider that this business form covers the legal persons of the international standard in the matter and its glossary.

CT329. *Criterion 24.2* - As indicated in Recommendation 1 herein, Bolivia carried out its NRA, which covers different aspects of the country's ML/TF risks, including legal persons. However, the approach was not enough to meet the requirements of this criterion.

CT330. In this regard, Bolivia has recently issued the sectoral risk assessment on legal persons, which was prepared jointly by the competent authorities of the AEMP, the SEPREC, the SIN and the FIU.

CT331. This assessment identified a medium level of ML risk for limited liability companies, corporations and partnerships limited by shares. Likewise, the assessment determined a low level of risk for general partnership, limited partnership and mixed private-state owned company. Regarding TF, the national risk for the corporate system is low.

CT332. In short, regarding the sectoral risk assessment on legal persons, it is considered that the country reasonably meets the requirements, taking into account the analysis conducted on commercial companies.

CT333. Notwithstanding this, the assessment team considers that the sectoral assessment on trusts should be broadened to meet the standard. Likewise, it is considered that corporations and partnerships limited by shares that issue bearer shares—although having a lower materiality—may represent a TF risk with respect to other legal persons, and therefore the country should make an effort to identify the risks associated with this type of company in the national context.

CT334. *Criterion 24.3* - According to the Code of Commerce, all companies should register with the Registry of Commerce. Likewise, commercial companies, as analysed in sub-criterion 24.1, should register with the SEPREC and record, among other information, the following: i) proof of incorporation; ii) any act modifying general or special administration powers; iii) establishment of a headquarters and branches, or any act affecting property; iv) additional approvals and statutory or regulatory amendments; and v) appointment of legal representatives, any change in the corporate purpose, among others. In this regard, the instrument of incorporation of all commercial companies should contain: i) general information about all the parties involved; ii) corporate name and address of registered office; iii) specific corporate purpose and amount of corporate capital; and iv) administration and organisation, among others. This information is published in the Electronic Gazette of Commerce, which is an effective and valid means for publication of the acts established in the Code of Commerce (articles 127 and 132 of the Code of Commerce).

CT335. For the rest of the legal persons analysed in sub-criterion 24.1, the special laws include the lists of natural persons that make them up in the incorporation instruments. Such information is available for the competent authorities upon express request (law firms governed by civil laws, paragraph d), article 3, Supreme Decree 1760, article 9 Supreme Decree 4690 in relation to articles 21 and 22 of Ministerial Resolution 27/22; civil organisations related to productive, medical and teaching activities, article 18 RND 10-00009-11, article 2 Supreme Decree 77; non-profit organisations, article 8 Law 351, articles 11 and 25 Supreme Decree 1597; NGOs Supreme Decree 22409, Supreme Decree 1597 Administrative Resolution RA 22/17, article 8 Law 351, article 11 and 25 Supreme Decree 1597; national foundations, article 8 Law 351, articles 11, 15 and 25 Supreme Decree 1597; social organisations, article 8 Law 351, articles 11 and 25 Supreme Decree 1597, foreign NGOs, article 5 of the Rules of Procedure for the signing of Framework

Agreements, Administrative Resolution RA 244/17, article 12, national religious and spiritual organisations or foreign branches, article 6 Supreme Decree 4054).

CT336. *Criterion 24.4* - In Bolivia, companies are required to maintain their books, documentation and other records related to their business during the term established by law (5 years from the date of their record). Although regulations are not clear on whether this information includes proof of incorporation and record of shareholders, except for limited liability companies and corporations, it is possible to interpret that this is based on “documentation and records related to their business”. It was not possible to find literal provisions establishing that the company should keep such information within the country at a location notified to the Registry of Commerce. However, companies are required to maintain their books, documentation and other records related to their business in the registered office or any other address determined by such company. If authorities need to verify the information or documentation, the exhibition should occur in the registered office (articles 25, 36, 52, 53 and 60 of the Code of Commerce).

CT337. Limited liability companies should maintain a Register Book of Partners, which is kept by the administrators and can be publicly accessed by those who have a legitimate interest. In turn, corporations should keep a Book of Shareholders (articles 202 and 250, Code of Commerce).

CT338. In turn, in the case of corporations and partnerships limited by shares, according to Supreme Decree 4907 and Resolution RA 110/23, such companies are required to submit the following information to the AEMP: holders of bearer shares, updates and the share value percentage proportionate to the total value of shares issued. Such information is confidential and constitutes an affidavit. Additionally, it should be kept under the custody of the controlling body and can only be disclosed upon the express request of the competent authority. A term for compliance and financial penalties are also established.

CT339. Regarding the other non-commercial legal persons analysed in sub-criterion 24.1, as reported by the country, the information is kept in the respective registries. No specific regulations were observed with respect to the maintenance of business books, except for the duty of large taxpayers to keep records and physical and digital information, established in article 70, numeral 8, of Law 2492 (Tax Code).

CT340. *Criterion 24.5* - Pursuant to the Code of Commerce, companies are required to inform the Registry of Commerce of any change related to their commercial activity, as well as the loss of their capacity as vendors, for filing the corresponding records in said Registry. The same requirement is applicable to branches, agencies, and commercial establishments, as well as acts and documents subject to registration.

CT341. In accordance with Supreme Decree 4596, the business license should be annually renewed, and any change should be updated before the SEPREC. Failure to renew the business license leads to disqualification from exercising any commercial activity. In this regard, Law 685, article 6, paragraph h), empowers the AEMP to apply sanctions when information is not updated in the SEPREC within the terms established.

CT342. Regarding updates on the information on companies, at the time of making any change, clarification and/or addition, every company is required to declare the beneficial owner. Said information is

updated automatically in the system, and failure to declare drives in the impossibility of recording such modification, clarification and/or addition. This implies that the act cannot have legal effects against third parties, as well as administrative sanctions. Similarly, at the time of renewal of the business license, users should mandatorily declare the beneficial owner.”.

CT343. In this respect, regardless of the annual renewal of the business license, traders and commercial companies are required to inform the Registry of any change related to their commercial activity and legal acts of commerce subject to registration (articles 16, 29, 30 and 76 of the Code of Commerce). In case of non-compliance with this requirement, the entity would be subject to financial penalties pursuant to article 11 of the Rules of Procedure on Commercial Violations and Sanctions (RA/AEMP/N°052/ 2011). Likewise, the SIN may impose administrative sanctions for failing to inform changes and/or subsequent updates to the information recorded in the initial filing with the Tax Administration (article 70 of the Bolivian Tax Code).

CT344. Regarding bearer shares, in accordance with Supreme Decree 4907 and Resolution RA 120, dated 13/04/23, information on the holder of bearer shares, subsequent changes and the percentage of share value should be informed to the AEMP and kept under its custody. Any competent authority may expressly require the disclosure of such information. Moreover, a term for compliance and financial penalties are set forth (see sub-criterion 24.1).

CT345. Lastly, law firms governed by the civil law should update basic and BO information in the registry, as established in Ministerial Resolution 27/22. For civil organisations that conduct productive, medical and teaching activities, article 70, numeral 2 of Law 2492 (Tax Code) and RND 10-0009-11, article 21 establishes the duty of taxpayers to immediately communicate any change to the data recorded in the SIN.

CT346. *Criterion 24.6* - According to that expressed by the Bolivian authorities, the country makes use of three mechanisms: a) through registration with the SEPREC according to Resolution RA 150/2022, which requires the inclusion of BO information; b) through the companies themselves that are required to record information and keep it updated, as analysed in the previous criteria; and c) through the existing information held by FIs and DNFBPs in compliance with Recommendations 10 and 22, respectively. This allows authorities to contrast, verify and confirm information, being it sufficient (article 30 of Decree-Law 14379; and article 6, paragraph b of Supreme Decree 4596, and various Instructions addressed to the reporting entities; Supreme Decree 4904, article 17; RA SEPREC 226/23). Likewise, the FIs regulated by the ASFI have an online registry of shareholders where they should inform the BO, keep updated and submit supporting documentation (articles 152, 153 and 483, Law 393). Lastly, cooperative associations should register with the AFSCOOP, authority which is in charge of registering cooperative associations nationwide. The registration process provides for BO identification: entities should submit the complete list of its members through a Membership Form (<https://www.afcoop.gob.bo/personalidad-juridica/>) (See explanation under sub-criterion 24.1).

CT347. In this regard, it is possible to obtain BO information through these mechanisms, as analysed in the relevant regulations and the different instructions addressed to the reporting entities.

CT348. *Criterion 24.7* - As mentioned in the previous criterion, the SEPREC should register, grant and renew the business licenses to the legal persons engaged in commercial activities on an annual basis (article 6 of RA 24/2022 and RA SEPREC 20/22). Likewise, notwithstanding the above, companies should inform to the SEPREC any change related to their activities (article 30 of the Code of Commerce and RA 226/23). Moreover, according to Resolution RA 150/2022, one of the requirements for corresponding registration proceedings is the declaration of the beneficial owner in the online form. Such information is cross-checked for interoperability purposes against the Personal Identification Service (SEGIP), in the event the corresponding information is not provided or is provided in an incomplete manner based on the criteria set forth in Supreme Decree 4904/2023 (articles 29- 9, 127, 165, 166, 175, 203, 327 and 359 of the code of Commerce (Law 14379).

CT349. Likewise, FIs and DNFBPs are required to keep CDD information with updated beneficial ownership information (see R.1.0 and R.22). However, in the case of DNFBPs (lawyers and accountants), this requirement is only applicable to those considered to be large taxpayers. In turn, the AEMP is empowered to require information to commercial companies about their business activity (article 6 of Law 685). The AFCOOP is empowered to require information about the legal representatives, the members of the Board of Directors and the beneficial owners of the cooperative associations registered with the State Registry of Cooperative Associations (article 108 paragraph 14 of Law 356).

CT350. Reporting entities are required to know their customer's BO. Based on the FIU Instructions, all the reporting entities should obtain and keep up-to-date information related to the beneficial owner.

CT351. *Criterion 24.8* -

- (a) In Bolivia, administrators and representatives of companies under the Code of Commerce (articles 804 and 805 of the Civil Code and articles 62 and 165 of the Code of Commerce) are responsible for providing BO information to the competent authorities. Likewise, pursuant to article 17 of the Organic Law of the Attorney General's Office (Law 260), the Attorney General's Office is empowered to require any person, institution or agency, whether public or private, to provide information, submit the documentation required and/or follow procedures related to any investigation requested by the Attorney General's Office immediately, directly and free of charge, under the responsibility granted by the Criminal Code. In accordance with article 10, paragraph d) of Supreme Decree 4904/2023, the FIU is empowered to collect public or confidential information from any public registry, which should collaborate within the term established in a preferential, urgent, immediate and active way.
- (b) The different entities regulated by the AML/CFT system are required to identify their customer's BO according to R.10 and R.22, with the aforementioned limitations in the case of some DNFBPs. Additionally, they should provide the FIU and the Attorney General's Office with all the information and documentation required, within the terms and under conditions established by such authorities.<sup>32</sup>

<sup>32</sup> Article 16, paragraph II of Supreme Decree 4904; Instruction UIF/042/2022, article 39; Instruction UIF/067/2022, article 55; Instruction UIF/05/2023, article 32; Instruction UIF/020/2023, article 49; Instruction UIF/24/2023, article 48; Instructions UIF/07/2013 and UIF/08/2013, articles 8 and 10; Resolution RA 001/2013, articles 18 and 19; Instruction UIF/21/2023, articles 46, 47 and 53; Instruction UIF/25/2023, articles 24, 25 and 28, and Instruction UIF/015/2021, articles 11, 12 and 15.

(c) There is no provision related to paragraph (c).

CT352. *Criterion 24.9* - As analysed in the previous criteria, in accordance with the Code of Commerce, companies are required to maintain books and records for five years after the date on which the company is incorporated or dissolved (articles 51, 52 and 53).

CT353. Regulated FIs and DNFBPs should keep their customers' records for at least five years (see sub-criterion 11.2 and sub-criterion 22.2). However, in the case of lawyers and accountants, this requirement is only applicable when they are considered "large taxpayers".

CT354. *Criterion 24.10* - The competent authorities, such as the AEMP, the ASFI, the Police through the Attorney General's Office, the AGO itself and the Judiciary, have all the powers necessary to directly require information from companies. In this regard, according to the analysis of the previous criteria, they are empowered to timely access information, whether basic and beneficial ownership information, through the consultation of the public registry (SEPREC) or through a direct request to the company (Law 685, article 6; Supreme Decree 4596, articles 6 and 11; Law 939, article 29; Law 260, article 11; Law 1970, articles 136 and 218).

CT355. *Criterion 24.11* -

- (a) Not applicable. In Bolivia, issuing bearer shares is allowed on the day of the on-site visit (article 254 of the Code of Commerce).
- (b) In order to make the information transparent and to identify the holders of bearer shares, Bolivia issued Supreme Decree 4907/2023. According to its articles 2, 3 and 4, companies with bearer shares are required to submit information on the bearer's identity to the AEMP. Likewise, in accordance with its Transitional Provision, the companies with bearer shares which convert or have converted them into nominee shares (the bearer is identified and recorded in the Company's Book of Shares) are exempt from this requirement. The aim of this is to reduce the number of companies with bearer shares, since the companies with bearer shares are subject to different requirements under the provisions of the aforementioned Decree and the AEMP Rules of Procedure (RA/AEMP/110/2023). Failure to comply with said requirements, they will be punished with sanctions.
- (c) Not applicable. Bolivia does not have a mechanism to freeze bearer shares.
- (d) The AEMP Rules of Procedures approved through Resolution RA/110/2022 establishes the duty to provide to the AEMP information under sworn statement identifying the holder of bearer shares, changes in the ownership of shares, data of new shareholders. Sanctions may be applied in case of failure to submit this information within the established term and in case the sworn statement contains incorrect data. Fines are calculated in accordance with the gross income declared in the last exercise by the reporting entity, applying for that purpose a percentage based on previously defined intervals and margins in relation to the financial statements of the reporting entity. These sanctions are proportionate to the different offences detected and are potentially dissuasive, taking into account that they are related to the commercial activity of the reporting entities.

CT356. *Criterion 24.12* - In Bolivia there are no nominee shares or nominee directors.

- (a) See first paragraph of this criterion.
- (b) See first paragraph of this criterion.
- (c) See first paragraph of this criterion.

CT357. *Criterion 24.13* - In Bolivia, in accordance with article 6, paragraph h) of Law 685/2015, the AEMP is empowered to apply sanctions for non-compliance with the Code of Commerce. Likewise, the sanctions and penalties to be applied based on the severity of the offence are established.

CT358. The responsibility for punishing or applying sanctions to a company for the specific requirements under this Recommendation, such as the failure to register or update basic information, is included in Resolution RA 24/22, which requires the annual renewal of the business license and the update of basic information. Likewise, RA 226/23 implemented the Guideline on Beneficial Ownership Declaration, which requires legal persons to identify the beneficial owner during the incorporation process.

CT359. In this regard, the companies which fail to renew their business licenses within the terms established are included in lists which are elaborated by the SEPREC and sent to the AEMP, which is the authority empowered to initiate the relevant administrative sanctioning proceedings.

CT360. The sanctions imposed for non-compliance with this requirement are fixed fines and are established in article 15 of the Rules of Procedure on Commercial Violations and Sanctions, approved by Administrative Resolution RAI/AEMP/52/2011. These penalties are calculated in *Unidades de Fomento de Vivienda - UFV* (a national monetary unit adjusted to inflation) and described by type of company. Sole proprietorships: 1,600; limited liability companies: 2,800; general and limited partnerships: 2,800; corporations, partnerships limited by shares, mixed corporations and companies incorporated abroad: 3,600.

CT361. In turn, in accordance with article 30 of the Code of Commerce, companies are required to inform the Registry of Commerce of any changes related to their commercial activity. This means that any time a change related to the commercial activity arises, updates should be informed. If companies fail to comply with this requirement, the companies' supervisory authority should apply administrative sanctioning proceedings and apply sanctions which are calculated pursuant to article 11 of the Rules of Procedure on Commercial Violations and Sanctions, approved by Administrative Resolution RAI/AEMP/N°52/2011.

CT362. Additionally, article 29, paragraph 4 and article 76 of the Code of Commerce sets forth the requirement to record any power of attorney granted to legal representatives in the Registry of Commerce. Failure to record said powers of attorney constitutes a commercial offence subject to sanction pursuant to article 11, related to article 16, of the Rules of Procedure mentioned in the previous paragraph.

CT363. In turn, the ASFI is empowered to penalise financial reporting entities that do not comply with their duty to identify the BO or do not provide the information requested by competent authority as referred to in R.35.

CT364. *Criterion 24.14* -

- (a) Companies' basic information held by the Registry is public, since it is published in the Electronic Gazette. It is possible to make specific queries, have access to both national and international authorities, notwithstanding that information can be provided upon request through international cooperation.

In the case of paragraphs (b) and (c), Bolivia has various powers and instruments to provide international cooperation. Regarding this criterion, foreign competent authorities can have access to information to the extent that said basic information is available in the public Registry of Commerce. Likewise, measures, which are within the powers of the Attorney General's Office, may be implemented to provide basic or beneficial owner information as part of an investigation in the context of international cooperation subject to AML, as per R.37 and R.40. Although this assessment does not specifically mention BO information, it is possible to understand that this matter is included. In turn, as part of other forms of cooperation, the FIU may share information with its foreign counterparts, which may require access to the SEPREC registry or other public databases that could be helpful to obtain said information upon express request to reporting entities (article 17 of the Organic Law of the Attorney General's Office and article 10 of Supreme Decree 4904).

CT365. *Criterion 24.15* - Bolivia and its relevant authorities have international cooperation powers and, apparently, some authorities have monitoring mechanisms based on feedback on the quality of the information they receive from their foreign counterparts related to the information and location of the BO. In this regard, Supreme Decree 4904/2023, article 10, paragraph g) includes feedback as a monitoring mechanism on the quality of information that the FIU receives from its foreign counterparts. In turn, the ASFI Resolution RA ASFI/139/2021 provides for feedback on the quality and usefulness of information received. Likewise, feedback is provided by the parties on the information received is included in MOUs signed with their counterparts. However, there are not clear regulations or mechanisms in this regard for some relevant authorities, such as the Attorney General's Office and the Police. This could reduce their ability to provide feedback to their foreign counterparts on the quality of the BO information received from them.

#### *Weighting and conclusion*

CT366. In Bolivia, there are laws, rules and rules of procedure which describe different types, forms and characteristics of legal persons, their incorporation and registration processes regarding basic information appropriate to international standards. Likewise, various entities participate in this process, depending on the type of legal person under consideration, mainly the AEMP, the SEPREC, the AFSCOOP, the Vice-Ministry of Autonomy, the Ministry of Foreign Affairs, the VIPFE and the SIN.

CT367. Basic and BO information on legal persons is available to the competent authorities, whether promptly through the SEPREC's registry of companies or through a request made within the terms established by the competent authorities, such as the FIU and the Attorney General's Office, which have regulatory powers to determine such terms and to request information to other competent authorities, reporting entities or the legal persons themselves.

CT368. The assessment team considers that, without prejudice to the efforts made by the country to understand the risks associated with legal persons, a deeper analysis of the TF risks with respect to corporations and partnerships limited by shares which are authorised to issue bearer shares is required, as well as the inclusion of trusts in the SRA.

CT369. The information available from FIs and DNFBPs may not be fully complete, and the legal and accounting sectors have regulatory limitations, although it may be useful to cross-check information against other sources.

CT370. The issuance of bearer shares is allowed, and although regulations aimed at BO identification have been recently issued, it is deemed necessary to strengthen the efforts to ensure that legal persons are not misused for ML/TF.

CT371. In Bolivia, the competent authorities have sufficient powers to require basic and BO information from regulatory bodies or legal entities. Different entities regulated by the AML/CFT system are required to identify their customers' BO in accordance with Recommendation 10. Additionally, they should provide the FIU and the Attorney General's Office with the information and documentation required within the terms and under the conditions established by said authorities, which, consequently, have access to it.

CT372. In sum, the country has mechanisms and regulatory powers to ensure BO information is, to a certain extent, accurate, adequate and timely, and available to the competent authorities. **Recommendation 24 is rated partially compliant.**

#### *Recommendation 25 - Transparency and beneficial ownership of legal arrangements*

CT373. Bolivia was rated PC for R.34 in its most recent MER. Main deficiencies include: i) lack of identification of beneficial owners of trusts that can be established in accordance with the Code of Commerce; ii) lack of queries made to the Registry of Commerce, which prevents adequate follow-up, at least, at the registry level and which seriously affect CDD policies, and iii) although information may be accessed digitally, entities do not consult said sources, making the system less effective.

CT374. *Criterion 25.1* - As indicated in R.1, the only legal structure that can be established under the Bolivian legal framework is the trust. The settlor transfers property rights to a trust service provider, which administers, or transfers said rights to fulfil a specific purpose for its benefit or a third party called beneficiary, if said beneficiary is designated (article 1409 of Code of Commerce). Banking entities, which are supervised by the ASFI, are authorised by law to act as trustees.

- (a) Since only banking entities can be trustees, the CDD measures set out in R.10 equally apply to the parties of the trust structure.
- (b) Since Bolivian banking entities are subject to cautious and AML/CFT supervision, when such entities act as trustees, they should obtain basic information about all the parties involved in their business relationship.

- (c) In accordance with the definition of trust established in article 1409 of the Code of Commerce (Law 14379 and related articles 226, 1422), only FIs can be trustees, and therefore, record keeping measures set out in R.11 are also applicable to trust structures.

There are also public trusts, which parties and purposes are of public interest and well defined. In these trusts, the trustee is always the National Fund of Regional, created by Law 926/1989. Pursuant to article 4, the settlor is a central or autonomous public entity, which transfers certain assets and/or rights that are solely public for the administration and fulfilment of a lawful, specific and of public interest purpose (article 3 of Supreme Decree 3855/2019).

CT375. *Criterion 25.2* - Information related to trusts is kept by banking entities acting as trustees. Accordingly, the requirements of criterion 10.7 are applicable. In addition, article 470 of the Financial Services Law, regarding keeping the information related to trusts, are also applicable to these entities.

CT376. *Criterion 25.3* - Bolivian trust service providers (banks) should introduce themselves as such before their counterparts in compliance with the trusts entrusted to them. FIs, establishing a business relationship, should determine whether their customers are acting on behalf of another person, verify their status and request the BO of the trust service providers (banks) as required in R.10.

CT377. *Criterion 25.4* - There are no legal provisions in Bolivia which prevent trustees from disclosing information related to the trust (articles 472 and 473 of the Financial Services Law). Likewise, since banks are AML/CFT reporting entities, they are not prevented from financial secrecy (see criterion 9.1).

CT378. *Criterion 25.5* - Competent authorities should have all the powers necessary to be able to obtain access to information held by FIs (including when they act as trustees) regarding their clients as per the requirements set forth in R.10. See R.30 and R.31.

CT379. *Criterion 25.6* - Competent authorities may (a) facilitate access to information related to the BO of trusts by foreign competent authorities, cooperating in making queries through other types of cooperation. They may also (b) exchange available information, and (c) use the measures provided in criminal proceedings to obtain beneficial ownership information in the context of MLA (see R.37 and R.40).

CT380. *Criterion 25.7* - Banking entities, even when acting as trustees, will be legally liable for any failure to comply with AML/CFT requirements, including those related to CDD measures. Therefore, the sanctions provided for in Law 393 (Financial Services Law) to be imposed by the ASFI would be applicable. The sanctions set forth in articles 40 and 41 of the Financial Services Law are proportionate, since they are appropriate to the instances of non-compliance and are applicable to the natural and legal persons involved, as well as directors, members of administration and supervisory bodies, receivers, supervisory inspectors, internal comptrollers, internal auditors, administrators, managers, general attorneys-in-fact and employees without exception. Likewise, they may be considered dissuasive, since they cover from minor sanctions, such as a warning in writing, to the most severe, such as the revocation of the operating license. In addition, the criminal sanctions provided for in articles 345 and 346 of the Criminal Code are also applied (see R.35 herein).

CT381. *Criterion 25.8* - There is a range of both administrative (imposed by the ASFI; see R.35) and criminal sanctions for failing to grant to competent authorities' timely access to information on trusts. Regarding criminal matters, the procedural framework is clear and responsibility of the prosecutor, judge or court, who are empowered to request reports from any person or public or private entity on data contained in their records. The reports will be requested by any means, indicating the proceeding in which they are required, the term for their filing and the consequences in case of non-compliance (article 17 of the Organic Law of the Attorney General's Office). In this regard, criminal sanctions for non-compliance with this requirement are also provided for, establishing penalties of imprisonment (articles 154, 159 and 160 of the Criminal Code). Likewise, administrative sanctions are also provided for, as detailed in sub-criterion 25.7. The assessment team considers that the sanctions are proportionate and may also be dissuasive.

#### *Weighting and conclusion*

CT382. The regulatory framework governing trusts in Bolivia, the information and transparency are subject to the AML/CFT requirements for trust service providers. Additionally, there are specific regulations covering all the criteria of this Recommendation. **Recommendation 25 is rated compliant.**

#### *Recommendation 26 - Regulation and supervision of financial institutions*

CT383. Bolivia was rated PC for former R.23 in its 3rd Round MER. It was possible to observe that the banking, insurance and securities sectors are supervised within a regulatory and operational framework by the ASFI. However, the entity that has supervisory ML powers does not actually exercise such powers. Additionally, exchange offices and money remitters are outside the regulatory and supervisory scope.

CT384. *Criterion 26.1* - The ASFI and the APS are the designated authorities to supervise financial institutions' compliance with the AML/CFT requirements. The ASFI is responsible for supervising financial institutions, the securities market, intermediaries and subsidiary entities<sup>33</sup>. In turn, the APS supervises the insurance market (paragraph III, article 495 of Law 393). Additionally, articles 16 and 23, paragraph q, and paragraph II for the securities sector of Law 393 include the ASFI's supervisory powers. Article 43 of Law 1883, as amended by Law 365, includes the APS' supervisory powers.

CT385. *Criterion 26.2* - Financial intermediation activities, financial services and any other activity related to the management, use and investment of savings are of public interest and can only be provided with the state's prior authorization. Pursuant to Law 393, only entities authorised by the ASFI may operate in Bolivia, which are required to be licensed for that purpose (articles 19 and 150). For money remitters, according to article 6 of the Rules of Procedure on Money Remittances to Family Members, the ASFI will determine the requirements for initiating and obtaining operating licenses. Additionally, the Rules of Procedure for Money Order and Remittance Companies contains the requirements, terms and procedures for applying, assessing and granting operating licenses for said companies (Section 2. Articles. 1 to 18).

---

<sup>33</sup> Among intermediary financial institutions under the ASFI's supervision, it is possible to mention banks, savings and credit cooperative associations, development financial companies, housing financial companies, exchange offices. Among subsidiary financial service providers, it is possible to name exchange offices, money remitters, financial leasing companies, bonded warehouses, information bureau, clearing agencies, money or value transportation service providers, electronic card providers and mobile payment service providers.

CT386. Regarding the securities market, paragraph II of article 23 of Law 393 establishes that the ASFI regulates this activity, its creation, operation and settlement of intermediaries and subsidiary companies. The ASFI will exercise its powers in accordance with the powers granted for the regulatory and supervisory body for this sector in Law 1834. Article 15 of the aforementioned Law governs the granting of licenses. Likewise, pursuant to Law 393, performing activities which are not authorised by ASFI is prohibited. If said activities are carried out, they will be null and void, and may be subject to civil and criminal liability as deemed necessary. Regarding the APS, Law 1883 establishes the requirements for registration and incorporation. In addition, it prohibits the operation thereof and establishes sanctions to be imposed if said authorisation is not granted. The above applies to both national and foreign entities (articles 2 and 43).

CT387. Likewise, FIs under the supervision of the ASFI and the APS have their own rules of procedure which regulate the guidelines to obtain operating licenses and authorization.

CT388. In turn, according to article 30 of Instruction 42/22 for intermediary financial institutions supervised by the ASFI, business relationships with shell banks should not be established. The country informs that they do not have branches or subsidiaries abroad. If any branch or subsidiary is open in the future, the ASFI will have supervisory powers in accordance with Law 393.

CT389. *Criterion 26.3* - Pursuant to Law 393, only the persons that can prove solvency and suitability, the legitimacy of the resources contributing to the company's capital stock may be the founding shareholders, partners or associates of a financial institution. Additionally, it describes the cases in which it will not be possible to have holding in a financial institution, for example, if said persons are being prosecuted or were convicted, were found guilty of economic crimes, if they are representatives of any government agency, etc. (articles 152 and 153). These aspects should also be considered when capital increases or shares are transferred. The ASFI is required to keep a record of current and former directors, executives and officials suspended or disqualified for the performance of financial activities to be reviewed by the FI (article 483). Regarding the securities market, it is established that shareholders, representatives, directors, trustees or officials may exercise this business in accordance with the Code of Commerce (article 29 of Law 1834). Also, it sets forth the fact that for being able to participate in the securities market, said persons must have not been subject to a judicial decision.

CT390. Based on the above, the ASFI issued the Rules of Procedure on the Registration of Shareholders and Partners, as well as the Rules of Procedure on capital increase and decrease of and the transfer of shares or capital quotas, which provide for the registrations to be made and the information to be sent by the companies supervised in the ASFI's "Shareholders Registration System." The Rules of Procedure on the registration of directors, trustees, internal auditors, surveillance inspectors, executive and other officials set forth the requirements for recording any recruitment, dismissal, change, temporary suspension and disqualification of directors, trustees, internal auditors, surveillance inspectors, executives and other officials.

CT391. Regarding the APS, similar provisions are established regarding the limitations on corporate participation in article 9 of Law 1883. Additionally, according to articles 3 and 4 of the Rules of Procedure for insurance and reinsurance brokers, and article 3 of the Rules of Procedure on the authorisation of creation

and operation of insurance and reinsurance service providers, adequate, accurate and updated information on the BO may be collected.

CT392. Both supervisors and natural persons are able to collect the necessary information to prevent criminals or associates from having or being BOs from holding a significant or controlling interest, or holding a management function, in a financial institution. This was supported by the interviews made within the framework of the on-site visit.

CT393. *Criterion 26.4* - In Bolivia, FIs are subject to:

- (a) Regulation and supervision with an RBA. The FIU oversees the regulation of the reporting entities and must monitor compliance with its regulations of those reporting entities that do not have a designated supervisor. The ASFI is responsible for the AML/CFT supervision of intermediary financial institutions, subsidiary financial service providers and the securities market. This is regulated by Law 393, Law 1834, the Rules of Procedure on the supervision of general AML/CFT/CFP requirements and the specific Instructions for the sectors. Said regulations have been structured considering the essential internationally recognized principles such as the Principles of the Basel Committee on Banking Supervision, Principles of the International Organization of Securities Commissions and the Responsibilities established by the International Organization of Securities Commissions. In accordance with the powers of the ASFI, consolidated group supervision can be carried out (Art. 23, subsection h and Art. 30 of Law 393).

In turn, the APS is responsible for the AML/CFT supervision of the insurance sector according to Law 1883 and the specific Instruction for the sector. Additionally, it should be noted that the APS, regarding regulation and supervision of insurance brokers, adopts the Core Principles established in the International Association of Insurance Supervisors (IAIS), since it is an active member of the Latin American Association of Insurance Supervisors.

- (b) As mentioned previously, the ASFI is empowered to supervise the FIs designated as reporting entities by Bolivia, except for the insurance market. Thus, FIs should implement policies and procedures to prevent ML/TF. There are ML/TF Risk Supervision Manuals which establish guidelines to be followed to ensure compliance with the established AML/CFT requirements for FIs.

CT394. *Criterion 26.5* - Regarding the frequency and intensity of supervision, Bolivia reports as follows:

- (a) on-site and off-site AML/CFT supervision is exercised, which provides feedback to consolidate an integrated supervisory procedure and determines: i) quantitative and qualitative observations, which impact on the exposure of the ML/TF risk, and ii) the adequacy of risk management through the internal control systems of the supervised financial institution. The above is carried out based on ML/TF Risk Supervision Manuals, as well as the specific Instructions issued for each sector, which establish specific guidelines to implement ML/TF/PF risk management (Instruction 42/22 for intermediary financial institutions; Instruction 05/23 for exchange offices; Instruction 24/13 for money remitters; Instruction 07/13 for financial leasing companies; Instruction 08/13 for bonded warehouses; Instruction 20/23 for the securities market; Instruction 21/23 for mobile payment service providers, and Instruction 67/22 for the insurance market). Likewise, Bolivia has the

Procedures Manual (RA 001/13) applicable to all reporting entities. According to this Manual, reporting entities should have an internal procedures manual for procedures with ML/TF RBA as well as a risk matrix and a plan of action. Additionally, risk factors should be identified (customer, products and services, delivery channels and geographical area), which will be helpful to know the level of risk they may be exposed to, establish supervisory procedures and define the type and frequency of monitoring.

Regarding financial groups, as mentioned in R.18, they are made up of companies, national or foreign, that only carry out activities of a financial nature and that among their members may be complementary financial services providers, entities included in the laws on the securities and insurance markets. In accordance with articles 377 and 387 of Law 393, the control of activities of financial groups and their financial companies will be exercised through the ASFI's consolidated supervision. Thus, supervision is exercised based on the ASFI's powers and the information mentioned above. Additionally, the Rules of Procedure for financial groups of the RNSF is considered, which establish guidelines for the supervision and functioning of the groups and of the financial companies that comprise it.

- (b) Bolivia issued Instructions for the preparation of ML/TF Risk Matrices for intermediary financial institutions, subsidiary financial service providers<sup>34</sup> and the securities market. This is used to define the risk profile, by considering the inherent risk factors of each type of company that is mentioned in sub-criterion (a). Likewise, supervision is determined based on the risks identified in the NRA. In the case of subsidiary financial service providers, clearing agencies, money or value transportation service providers and information bureau are not addressed. Notwithstanding the above, the little materiality they represent in the country is considered.

Regarding the APS, the Supervision Manual for personal insurance and general insurance and bonds, to determine the ML/TF/PF risk profile (APS Resolution 94/21) provides for some aspects that should be considered in addition to those mentioned in sub-criterion (a), such as corporate governance, risk management system, and the level of risk of the insurance sector, which includes the risk level based on the NRA.

- (c) In the case of ASFI, based on the risk profile assessment, the supervisor defines the proportionality and/or degree of off-site supervision to be developed. For intermediary financial institutions with high-risk profiles, it is necessary to select more demanding, deeper and more frequent monitoring systems. In turn, the above will be less frequent for intermediary financial institutions with low-risk profiles. According to this type of supervision, it will be possible to determine priorities, strategies, types of inspection and scope of tests to be performed during on-site supervision. This is how the intensity of on-site supervision is established based on the results of the risk profiles determined during off-site supervision.

For the APS, a supervision cycle is determined considering the ML/TF/PF risk to which insurance companies are exposed based on on-site and off-site supervision. Any variation in the level of risk determined during the supervisory procedures may lead to modifying the cycle established. However, it is not clear whether the characteristics of the financial institutions, in particular the diversity and their number to exercise RBA supervision, were considered. If an insurance company

---

<sup>34</sup> Regarding these companies, exchange offices are the only ones that have a specific manual to prepare the risk matrix.

is identified to have branches and subsidiaries in Bolivia, the risk profile will automatically be rated as high; thus, enhanced supervision should be required.

CT395. *Criterion 26.6* - Based on Risk Supervision Manuals, the ASFI establishes that a ML/TF risk assessment of supervised entities should be made to determine their risk profile. The risk profile determined should include in a concise and organised way the inherent risk categories identified, as well as the sufficiency of the risk management processes established by the entities. This determination is made every six months as provided in the Instructions for the preparation of the Risk Matrix, which include information from the supervisions conducted and provided by the entities, in addition to including the inherent risk based on the significant activities of each entity. These instructions establish that the qualification of the mitigants, used to determine their ML/TF risk profile, is based on the information collected during the inspection visits, in which significant events related to ML/TF are identified, as well as improvements and deficiencies in corporate governance or the execution of operations that may impact the management of this risk.

CT396. Within the framework of its functions and powers, the APS periodically determines and assesses the ML/TF risk profile of each insurance broker according to the Supervision Manual. As mentioned in sub-criterion (c), this Manual defines a supervision cycle based on the risk identified. Additionally, information resulting from the ML/TF/PF Control Environment Survey is considered. Supervised entities should complete this survey periodically, so that it can be subsequently analysed and assessed based on the risk perception of said activities.

CT397. For both supervisors, any variation in the level of ML/TF risk arising from off-site or on-site supervision is taken into account, which may lead to modification of the supervision cycle or in the case of the ASFI, to conduct a special inspection. Additionally, the supervisor must consider, among others, the results of Internal Audits, External Audits and the own supervisory judgment.

#### *Weighting and conclusion*

CT398. Bolivia has appointed the ASFI to supervise the AML/CFT measures of intermediary financial institutions, subsidiary financial service providers and securities companies. Additionally, Bolivia has appointed the APS to supervise the insurance sector. Rules governing the functioning of said institutions provide for licensing requirements and control that criminals do not hold a management function, including when criminals or associates are BO.

CT399. Supervision manuals and the Instructions to develop risk matrices include the analysis of the entity's risk factors. The frequency and intensity of RBA supervision considers the level of risk to which FIs are exposed and the risks of the country, which result from the NRA. However, the characteristics of the FI, their diversity and quantity are not considered.

CT400. Both the ASFI and the APS review the assessment of the ML/TF risk profile periodically and adapt the supervision plan based on said assessment and any variables that arise from the supervision processes.

**Recommendation 26 is rated largely compliant.**

### *Recommendation 27 - Powers of supervisors*

CT401. Bolivia was rated PC for former R.29 in its 3rd Round MER. It was possible to observe that the division of AML/CFT supervision responsibilities at the regulatory level is not clear. In addition, exchange offices, money remitters and DNFBPs were outside the regulatory and supervisory scope. The lack of sanctions applied in AML/CFT matters weakens the supervision system as a whole.

CT402. *Criterion 27.1* - Bolivia has two supervisors for the financial system: the ASFI and the APS. The Financial Services Law 393/13, as amended by the Tenth Additional Provision of Law 856/16, provides that supervisors should have powers to supervise and ensure compliance by reporting entities with AML/CFT requirements (article 495).

CT403. Likewise, the ASFI has regulations which supplement its supervisory and regulatory powers in accordance with paragraphs I and II of article 8, article 16, article 23, article 30 of the LSF, paragraphs 2 and 17 of article 15 of the Securities Market Law (LMV). In turn, the APS is responsible for the supervision, regulation and control of the reporting entities under its supervision in accordance with article 43 of Law 1883/98, as amended by Law 365/13. It should be noted that offences committed by the reporting entities should be sanctioned by the respective supervisory body.

CT404. *Criterion 27.2* - The ASFI (paragraphs I and II of article 8, article 16, paragraphs c and h, articles 28-31 of the LSF, article 15, paragraphs 2 and 17 of the LMV) and the APS (article 43 of Law 1883/98), in their capacity as supervisors, are empowered to supervise and conduct inspections over reporting entities. In addition, there are Rules of Procedure on the Supervision of General AML/CFT Requirements which provide for said supervision requirement.

CT405. *Criterion 27.3* - The ASFI (paragraph I of article 23, articles 29 and 31 of the LSF) and the APS (article 12) are empowered to request information, documentation, reports, among others, for supervisory purposes.

CT406. Likewise, according to the Standards for financial services and the securities market, the Inspection Commission may require accounting, legal, economic, financial and administrative information and documentation, which are relevant to the effective exercise of its powers (section 2, articles 3 and 8). Regarding insurance, similar powers are established in the Rules of Procedure on assessments for the insurance market (fourth provision of Administrative Resolution APS/DJ/DS/464-2014). In accordance with the Instructions for both supervisors, reporting entities should provide all the information required by the supervisor to exercise their powers.

CT407. *Criterion 27.4* - In the case of non-compliance or breach by reporting entities, the respective supervisory body should impose sanctions (article 495 of Law 393). The ASFI is empowered to impose administrative sanctions on reporting entities in accordance with article 23, paragraph j and articles 40-43 of Law 393.

CT408. It should be noted that Supreme Decree 4904/23 regulates the regime of offences and the procedures to determine and apply administrative sanctions regarding ML/TF by the FIU, the ASFI and the APS.

CT409. In the case of the ASFI, sanctions include (i) warnings; (ii) fines up to 3% of the minimum capital; (iii) personal fines to directors, Board members, managers, employees and responsible officers of the financial institution; (iv) temporary suspension to carry out certain transactions; (v) suspension, temporary or permanent disqualification of high-ranking officials, and (vi) withdrawal of operating licenses. For companies in the securities market, sanctions include: (i) warnings; (ii) fines; (iii) restrictions, and (iv) disqualification and suspension (article 12 of Supreme Decree 26156/01).

CT410. Regarding the APS, sanctions include: (i) warnings; (ii) fines; (iii) temporary suspension to perform certain activities and transactions, and (iv) withdrawal of operating or business licenses.

CT411. It is possible to observe that, in general, there is a range of proportionate and dissuasive sanctions for financial institutions.

#### *Weighting and conclusion*

CT412. Bolivian regulations fully cover the requirements of this Recommendation related to supervisors' powers. **Recommendation 27 is rated compliant.**

#### *Recommendation 28 - Regulation and supervision of DNFBPs*

CT413. Bolivia was rated NC for former R.24 in its 3rd Round MER of 2011, since DNFBPs are not reporting entities and are not subject to AML/CFT supervision.

CT414. *Criterion 28.1* - Regarding casinos subject to AML/CFT regulation and supervision, it should be noted that:

- (a) In accordance with paragraphs a)-e) of article 26 of Law 060/10 for casinos and games of chance, the Gaming Supervisory Authority (AJ) is empowered to supervise, inspect and control gaming operations. Thus, casinos and games of chance are required to obtain a license for up to ten renewable years, prior evaluation, in order to perform their activities. The license requirement is set forth in articles 14 and 27 of said Law and article 5 of the Rules of Procedure of title III of Law 060/10 (Supreme Decree 781/11). Article 11 of the Rules of Procedure on the granting of licenses (Regulatory Resolution 01--00003-21) sets forth the requirements to obtain licenses.
- (b) Pursuant to Decree 781/11, natural persons who have been convicted and whose enforcement is pending in criminal matters, or who owe debts to the state, whose payment is pending, should not be partners, shareholders, members of the Board of Directors or administrators of the operating company. According to article 11, numeral 13 of the Rules of Procedure on the granting of licenses, as proof of criminal involvement, national or foreign partners or shareholders, legal representatives, administrators, managers and directors are required to submit a criminal record certificate.

Pursuant to article 13 of said Rules of Procedure, when the license application is submitted, the AJ should review the background of the applicant company, its partners or shareholders, members of its Board of Directors and administrators. The AJ should also request information

from the FIU on the source of the financial resources of the partners or shareholders of the company requesting the license, as well as of the persons responsible for its management and administration. This should also be applicable when changes are made in the capital structure, the company' capital stock or when a new partner or shareholder is incorporated.

- (c) In accordance with paragraph III of article 495 of Law 393/13 on financial services, the AJ is designated as the supervisor of casinos and games of chance. Thus, the AJ is required to supervise compliance by the reporting entities under its control with the AML/CFT regulations issued by the FIU. It should be noted that offences committed by the reporting entities should be sanctioned by the AJ. For such purposes, the AJ's Procedures Manual for Compliance with the Instruction for casinos and games of chance establishes guidelines to carry out supervisory procedures and prepare an annual supervision schedule, which should be approved by the senior management.

CT415. *Criterion 28.2* - In accordance with paragraph III of article 495 of Law 393/13 on financial services, the DIRNOPLU is designated as the supervisor of notaries. Thus, this Directorate is required to supervise compliance by the reporting entities under its control with the AML/CFT regulations issued by the FIU. Pursuant to Supreme Decree 4904/23, the AEMP is responsible for AML/CFT supervision in the case of real estate agencies, lawyers and accountants. The SENARECOM carries out prudential supervision of dealers in precious metals and stones but does not have AML/CFT supervisory powers. Furthermore, this sector is not yet designated as reporting entity. This deficiency is considered for the rest of the criteria of this R.

CT416. As for trust/fiduciary service providers, they apply the corresponding provisions for the ASFI and FI and the company service providers apply provisions of DIRNOPLU in accordance with the provisions of R.22.

CT417. *Criterion 28.3* - Notaries, lawyers, accountants and real estate agencies are subject to systems for monitoring compliance with AML/CFT requirements. For notaries, the DINORPLU issued the Rules of Procedure to supervise notaries' compliance with AML/CFT/CFP requirements, as well as a Guidance on risk assessment and mitigation for the supervision of notaries. Regarding other DNFBPs, the AEMP issued a Supervision Manual which sets forth that supervision and monitoring will be based on the risk identified. There is also a Guidance on risk assessment and mitigation for the supervision of its reporting entities, which includes the methodology for such monitoring. However, it should be noted that the deficiency, which has already been mentioned, lies in the fact that only large taxpayers are subject to this monitoring.

CT418. *Criterion 28.4* -

- (a) As mentioned in criterion 28.2, the DIRNOPLU is the supervisory body for notaries and is empowered to control and monitor their reporting entities in AML/CFT matters. In accordance with Law 483/14, this Directorate acts as a decentralised body responsible for organising the work of notaries under the supervision of the Ministry of Justice and Institutional Transparency. In this regard the DINORPLU issued the Rules of Procedure to supervise notaries' compliance with the AML/CFT/CFP regulations, as well as a Guidance on risk assessment and mitigation for the supervision of notaries. Pursuant to Supreme Decree 4904/23, the AEMP has recently been

designated as supervisor of real estate agencies, lawyers and accountants. To exercise its powers, the AEMP has a Supervision Manual and, like the DINORPLU, a Guidance on risk assessment and mitigation for the supervision of reporting entities. However, it should be noted that the deficiency, which has already been mentioned, lies in the fact that only large taxpayers are subject to AML/CFT requirements.

- (b) Pursuant to article 22 of Law 483, prior selection and approval procedures should be established to act as a notary. Thus, in order to be appointed as notary, the person should have exercised as a lawyer honestly and ethically for, at least, six years and should not have been penalised on serious misconduct in the exercise of public, law or notarial services (article 12).

Additionally, the DINORPLU has a Rules of Procedure on the selection of notaries to be admitted into the Notarial Career (DINORPLU Resolution 080/22) which defines the guidelines for selection. Article 27 establishes requirements and sources of verification, such as the requirement to submit a criminal records certificate, among others. Considering the above and the powers exercised by notaries, measures to prevent criminals from participating in the institution are adopted by the country assessed.

According to the Code of Commerce, the following persons should not be able to perform the activities of real estate agencies, lawyers and accountants: 1) persons prevented by legal provisions or as a consequence of court decisions; 2) persons under bankruptcy, without rehabilitation; 3) directors, administrators, managers or legal representatives, or trustees of companies declared guilty or fraudulent bankruptcy during conviction, and 4) officers or public employees of official or semi-official agencies based on their powers.

However, it should be noted that the deficiency, which has already been mentioned, lies in the fact that only large taxpayers are subject to AML/CFT requirements.

- (c) Bolivian regulations provide for a range of administrative sanctions in AML/CFT matters, which can be applied by the supervisory authorities. The FIU designates the institutions which are under the jurisdiction of said supervisory entities (article 23 of Supreme Decree 4904/23). Pursuant to Supreme Decree 4904/23, failure to comply with the requirements imposed by the FIU under article 25 will generate liability for reporting entities, their directors, managers, administrators, responsible officers, members of the compliance unit, and/or employees, who will be penalised as per sectoral legal regulations.

Under the rules of procedure to supervise notaries' compliance with regulations, if notaries fail to comply with ML/TF/PF regulations, corrective actions or sanctions will be applied prior processing thereof, as applicable. In the event such actions or sanctions are applied, there will be an impact on the biannual assessment of notaries (articles 7 and 25).

Sanctions are applied based on Law 483/14 of the Directorate of the Plurinational Notary's Office, whereby non-compliance with provisions, circulars and instructions issued by the DINORPLU is considered a serious offence. In that case, the DINORPLU is empowered to grant a temporary suspension of up to eighteen months or impose a fine accounting for two to ten minimum national wages. Failure to comply with the Instructions for notaries, corrective actions are applied as part of the supervision cycle.

In the case of lawyers, accountants, and real estate agencies, applicable sanctions include: a) warnings; b) fines; c) temporary suspension of operations, and d) suspension of business licenses

(articles 10 to 13 of Resolution 052/11) (see R.35). However, it should be noted that the deficiency, which has already been mentioned, lies in the fact that only large taxpayers are subject to AML/CFT requirements.

CT419. *Criterion 28.5* - In Bolivia, supervision of DNFBPs should be performed as follows:

- (a) According to the Procedures Manual, the AJ should perform a risk assessment of the sector in order to determine the frequency and (simplified/enhanced) intensity of supervision. There should be an annual supervision plan including the frequency and intensity of supervisions, which should be approved taking into consideration the number and diversity of reporting entities, volume, complexity and nature of operations, and the results of risk assessment. Based on this plan, an off-site supervision should be performed, as well as an on-site supervision within a period of no more than 72 hours to verify compliance with the specific Instruction of the sector. The Manual includes information to be requested from reporting entities (section 7.3), forms to be used in simplified or enhanced supervision, and the risk matrix model to determine the risk profile of this sector (section 9).

Regarding notaries, the rules of procedure to supervise notaries' compliance with regulations provide for off-site and on-site supervision, considering the number of notaries offices to be supervised in each department. This is according to the terms established by the DINORPLU's Directorate for Notaries' Career and Assessment, which should be approved by the highest ranked authority through an Administrative Resolution (article 8). Risk-based supervision should be performed to ensure that the measures to prevent or mitigate ML/TF/PF are proportionate to the risks identified in the provision of services of this sector. The information obtained from supervision should be systematised and used to prepare the risk matrix, which should also be updated to identify possible risk factors, considering customers, services, geographical locations and distribution or delivery channels of the product or service as parameters (articles 14 and 18).

Regarding lawyers, accountants and real estate agencies, the AEMP developed a Supervision Manual, which establishes the risk assessment of the sectors supervised to measure the frequency and intensity of the supervision to be performed. The Manual provides for off-site and on-site supervision, as well as follow-up on the implementation of corrective actions. According to section 4.2, supervision will be determined based on the results of the risk analysis. In this sense, in a high risk, the on-site inspection will be carried out in a two-year cycle, while with a medium and low risk they will be carried out in longer periods, initially arriving at off-site supervision for two consecutive times and then being subject to an on-site inspection. If reporting entities fail to comply with corrective actions, when they are rated as having medium and low risk, the supervisor should conduct an on-site inspection. Likewise, in order to define the days of on-site inspection, the size, features and volume of transactions made with customers should be considered. Before performing the supervision, a RBA should be adopted based on risk management and reporting entities' risk understanding. However, it should be noted that the deficiency, which has already been mentioned, lies in the fact that only large taxpayers are subject to AML/CFT requirements.

- (b) Based on the Procedures Manual for compliance with the Instruction on casinos, the AJ should develop and maintain updated a risk matrix to have an overall ML/TF/PF risk assessment (article 9). According to the result derived from the matrix, the entity's overall risk is determined in order to define whether it represents a very low, low, medium, high or severe risk, and thus the supervisor defines the type of supervision to be performed in the sector. The AJ's risk matrix is based on the assessment of risk factors and their variables.

In accordance with the Rules of Procedure to supervise notaries' compliance with regulations, risk-based supervision should be performed to these reporting entities. In this regard, the country reported that, in 2023, an off-site supervision was performed in the sector to define the risk level. Thus, it was possible to prepare a risk matrix with the data obtained to define the type of supervision to be performed. However, it should be noted that risk-based supervision is very recent in the sector.

According to the Supervision Manual for real estate agencies, lawyers and accountants, risk factors should be identified to determine the inherent risks of reporting entities, considering their specific features, specialisations, legal framework and, mainly, its exposure to ML/TF risk. Thus, the supervisor is required to use the Risk-Based Supervision Guidance as a supporting tool, which includes the risk matrix prepared in order to define the risk level of each reporting entity to define the supervision programme to be followed. Based on the results obtained from the risk profile, the proportionality and/or degree of supervision should be defined. In the case of high-risk profiles, it is necessary to select more demanding, deeper and more frequent monitoring systems (on-site). For the remaining profiles, an off-site supervision should be performed, unless the supervisor considers an on-site supervision should be necessary. Notwithstanding the above, these requirements are only applicable to large taxpayers, not including all the entities of these sectors.

#### *Weighting and conclusion*

CT420. In Bolivia, casinos are subject to AML/CFT regulation and supervision by the AJ and should have a license to operate in the country. Regarding notaries, the DINORPLU is the sector's supervisory body and is empowered to perform AML/CFT supervision and monitoring. The AEMP is responsible for performing AML/CFT supervision and monitoring of real estate agencies, lawyers and accountants considered to be large taxpayers.

CT421. Measures are taken for these DNFBPs to prevent criminals and their associates from holding a significant or controlling interest. Supervisors may apply sanctions to their reporting entities if they fail to comply with AML/CFT requirements. Supervision takes into consideration the risk level of the sectors. Based on said risk level, a supervision programme is prepared, defining the supervision frequency and intensity. Notwithstanding this, it should be noted that risk-based supervision is very recent in the sector. Furthermore, in the case of real estate agencies, accountants and lawyers, it should be noted that the requirements under this Recommendation are only applicable to large taxpayers, thus leaving out certain persons that should comply with the AML/CFT requirements.

CT422. Moreover, dealers in precious metals and stones are not considered to be reporting entities; therefore, there is no supervisor for this sector and the requirements set forth in this Recommendation are not addressed. **Recommendation 28 is rated partially complaint.**

*Recommendation 29 - Financial Intelligence Units (FIU)*

CT423. In its 3rd Round MER, Bolivia was rated PC for former R.26, since: i) the FIU did not have enough operational independence and autonomy; ii) the FIU did not have real administrative autonomy; iii) the FIU was not authorised to receive, request suspicious transactions reports or submit reports to the competent authorities in cases related to TF; iv) exchange offices, money remitters and money or value transportation service providers were not required to report and comply with all AML regulations, and v) DNFBPs were not reporting entities, but were limited to any FIU's request for any investigation or ex-officio in cases related to corruption.

CT424. *Criterion 29.1* - The Bolivian FIU is a decentralised body under the supervision of the Ministry of Economy and Public Finance. It has administrative, financial, legal and technical management autonomy, and is the authority responsible for regulating the AML/CFT system, together with other competent authorities. It is also empowered to analyse, handle and disseminate information to prevent and detect the crimes mentioned above (paragraph 1, article 495 of Law 393/13).

CT425. Pursuant to Supreme Decree 4904/23 on the FIU's rules of procedure, the FIU is empowered to request information and disclose the results of the intelligence analysis, when there is sufficient suspicion of ML/TF or predicate offences. Likewise, said Decree sets forth that reporting entities should submit STRs to the FIU, when applicable.

CT426. Furthermore, the FIU should spontaneously or by request submit to the Attorney General's Office and other competent authorities the financial and asset intelligence report, when there are sufficient suspicion of ML/TF or predicate offences, which are confidential, have no evidence value and are not part of any investigation or legal file (article 12 of Supreme Decree 4904).

CT427. However, the FIU is limited to receive the reports referred to in this criterion by reporting entities, such as lawyers, accountants and real estate agencies that are not considered "large taxpayers", according to the analysis of R.28. Although dealers in precious metals and stones are not reporting entities, the FIU may request information from them (article 21, paragraph b) of Law 004/2010). Dealers in precious metals and stones are only required to *ex-officio* report to the FIU any activities related to acts or crimes of corruption.

CT428. In spite of this, by virtue of the materiality of these sectors in the Bolivian context and the fact that the scope of article 3 of Supreme Decree 4904/23 allows the country to legally associate, to a certain extent, different relevant stakeholders with the FIU's functions, these deficiencies are considered to be minor.

CT429. *Criterion 29.2* - Regarding the disclosures to be received by the FIU, it is possible to inform that:

- (a) As indicated in the previous criterion, the FIU receives STRs from reporting entities in accordance with the provisions of article 20 of Supreme Decree 4904/23. In this regard, in accordance with the

specific regulations issued by the FIU, (financial and non-financial) reporting entities are responsible for complying with the measures for ML/TF/PF risk prevention and mitigation.

In turn, the STRs should cover ML and TF, in line with article 4, paragraph 2 of Law 170/11. This requirement is also applicable to STRs issued by DNFBNs, such as notaries (article 22 of the Instructions for public notaries offices and notaries in ML/TF/PF prevention) and casinos and games of chance (article 53 of the Specific Instruction on compliance with the prevention and management of risks of ML/TF or predicate offences).

(b) The following supplementary regulations are also in force for other types of reports:

1. According to article 52 of the specific risk-based approach Instruction on money laundering, the financing of terrorism and proliferation of weapons of mass destruction”, reports should be submitted for transactions: a) equal to or exceeding USD 10,000, or its equivalent in a different currency; b) multiple cash transactions accounting for an amount equal to or exceeding USD 10,000, or its equivalent in a different currency, in periods of ten calendar days; c) currency exchange transactions in cash equal to or exceeding USD 5,000, or its equivalent in a different currency, in short periods from one to five calendar days; d) domestic wire transfers equal to or greater than USD 2,000, or its equivalent in a different currency, in short periods from one to five calendar days, e) multiple cash deposits to digital wallets and multiple transactions from digital wallets equal to or exceeding USD 1,000, or its equivalent in a different currency, in short periods from one to five calendar days, and f) money remittances equal to or exceeding USD 1,000. Additionally, reporting entities are required to submit different forms, reporting transactions with different thresholds related to payments and/or refunds of premiums, claims and collaterals (article 65 of Law 393).

2. According to the “specific risk-based approach Instruction for intermediation activities in the securities market”, different transactions with different thresholds for securitisation companies should be reported. These reports include transactions equal to or exceeding USD 10,000, or its equivalent in a different currency, as well as multiple transactions equal to or exceeding USD 10,000, or its equivalent in a different currency, accumulated in periods of ten calendar days (article 58 of the Instruction issued by Resolution RA 20/23).

3. According to the “specific risk-based approach Instruction for financial leasing companies”, transactions should be reported for initial instalments equal to or exceeding USD 10,000, or its equivalent in a different currency (article 15 of the Instruction issued by Resolution RA 007/13).

4. According to the “specific risk-based approach Instruction for exchange offices,” different transactions with different thresholds are addressed, for example, the purchase and sale of foreign currency, continuous or discontinuous exchanges of travellers’ cheques or exchanges of cheques abroad, equal to or exceeding USD 5,000, or its equivalent in a different currency, in periods of five calendar days (article 39 of the Instruction issued by Resolution RA 05/23).

5. According to the “specific risk-based approach Instruction for money order and remittance companies,” different transactions with different thresholds should be reported. This includes reporting transactions of natural or legal persons regarding: a) one or more continuous or discontinuous wire transfers equal to or exceeding USD 2,000, or its equivalent in a different currency, in periods of five (5) calendar days; b) one or more continuous or discontinuous remittance transactions equal to or exceeding USD 1,000, or its equivalent in a different currency, in periods of five 5 calendar days, and c) the purchase and sale of foreign currency equal to or exceeding USD

5,000, or its equivalent in a different currency, in periods of five (5) calendar days (article 58 of the Instructions issued by Resolution RA 24/2023).

6. According to the “specific risk-based approach Instruction for mobile payment service providers, different transactions with different thresholds should be reported. This includes one or multiple transactions equal to or exceeding USD 1,000, or its equivalent in domestic legal tender, in periods from 1 to 3 calendar days, except for payments of utilities, taxes, bonds and social security returns granted by the state. Until the 15th of each month, reporting entities should submit the corresponding forms to the FIU, which were generated the previous month.

7. In the case of notaries public, although there is a requirement to report information on PEPs (article 17 of the Instruction for notaries offices and notaries on the prevention of ML, TF and PF, issued through Resolution RA 015/2021), this information only includes the quarterly database of PEPs identified based on enhanced CDD applied to them. There is no requirement to submit information related to PEP transactions or transactions related to a certain threshold as required by this sub-criterion.

It should be noted that the FIU included real estate agencies, accountants and lawyers as reporting entities. In this sense, RBA regulations, approved through Resolution RA 25/2023 by said authority, are applicable to them. However, as previously indicated, these AML/CFT/CFP requirements are applicable to those that are considered “large taxpayers” in the country’s regulations. Since dealers in precious metals and stones are not considered AML/CFT reporting entities, they are not required to submit STRs to the FIU and they may only proactively submit information when it is related to corruption.

CT430. *Criterion 29.3 -*

- (a) The Bolivian FIU is able to collect information from both public and private institutions as needed to perform its analysis regarding suspicion of ML/TF transactions, predicate offences. It can also disclose such information with the corresponding investigative authorities. The FIU has access to the following databases (paragraphs b), k), q) and r) of article 10 of Supreme Decree 4904/23). (Paragraphs b), k), q) and r) of article 10 of Supreme Decree 4904/23).
- a. **FIU’s databases:** STRs, PCC reports, PEPs (direct access)
  - b. **Request for information to reporting entities** (indirect access)
  - c. **SIN:** Information on taxpayers and taxes (direct access)
  - d. **Civil Registry Service:** Registry for natural persons (direct access)
  - e. **SEGIP:** Information on identity card, profession, address, date of birth, marital status (direct access)
  - f. **SEPREC:** Information on legal status, capital structure, directors, managers, supervisory auditors (direct access)
  - g. **ANB:** Information on imports and exports (direct access)
  - h. **ASFI:** Credit history (direct access)
  - i. **Single Registry for Tax Administration:** Taxes paid to municipalities at the national level, as well as ownership of assets registered (direct access)
  - j. **Real estate law:** Ownership of real estate properties (direct access)

- k. **Attorney General's Office:** Follow-up of the requests sent to identify the status of financial intelligence reports (direct access).
- l. Other public or private institutions related to: Purchase and sale of firearms, vehicles, metals, works of art, postage stamps and archaeological objects; trade of jewellery, precious stones and coins; games of chance, casinos, lotteries and bingos; hotel, tourism and travel agency activities; activities related to the productive chain of strategic natural resources; activities related to the construction of roads and/or road infrastructure; customs brokers, and import and export companies; non-governmental organisations, foundations and civil society organisations; real estate activities, and purchase and sale of real estate; investment services; political parties, citizen associations and indigenous peoples; activities engaging cash, which can be used for money laundering and other financial, economic, and business purposes established in the Code of Commerce (indirect access).

Notwithstanding the above, under articles 19 and 21 of Law 004, the FIU may request information from a wide range of DNFBPs included on the Standard, excluding lawyers, accountants and real estate agencies that are not considered “large taxpayers”. According to article 5 of Law 170, it should be noted that this information may only be requested for reporting purposes in investigations related to corruption or ML/TF predicate offences. For this reason, the FIU has a minor limitation related to the collection and use of additional information for the sectors described above as per the requirements of this sub-criterion.

- (b) In accordance with paragraphs b), k), q), r) and h) of article 10 of Supreme Decree 4904/23, the FIU is empowered to request information and disclose the results of the intelligence analysis, when there are sufficient suspicion of ML/TF or predicate offences. Additionally, this authority has signed 24 information exchange instruments with different authorities as detailed in IO.6. Notwithstanding the above, deficiencies related to lawyers, accountants and real estate agencies that are not considered “large taxpayers” and dealers in precious metals and stones, who are not considered reporting entities, limit the access to information as required by this sub-criterion.

CT431. *Criterion 29.4* - Based on the regulatory information submitted by Bolivia:

- (a) In accordance with article 7 of Supreme Decree 1969, the Bolivian FIU has a Financial and Legal Analysis Division responsible for administering and managing all activities related to financial and asset analysis (operational analysis) received from reporting entities (such as STRs, among others), competent authorities and other entities including international cooperation in AML/CFT matters (section 7.2 of the FIU Organisation and Operations Manual, approved by Resolution RA UIF/014/22). In addition, this Department has rules of procedure to manage investigation cases, approved by Resolution RAUIF/030/21. These rules of procedure establish procedures to manage STRs and other investigation requests, and to control, treat and issue intelligence reports as per current regulations.
- (b) Similar to the previous sub-criterion, the FIU also has the Directorate for the National and International Strategic Analysis, Supervision and Coordination (DAES), which is responsible for managing the approval and implementation of regulations, policies, plans, strategies and actions for the effective prevention, control and fight against ML/TF and other crimes of institutional

competence. Additionally, according to article 2 of Supreme Decree 3838/19, it takes actions to develop NRAs (section 7.3 of the FIU's Organisation and Operations Manual, approved by Resolution RA FIU/014/22).

The Unit for Strategic Analysis, National and International Coordination and Standards is one of the dependent units of this Division, which is responsible for the direction and development of strategic analysis, coordination of activities with national and international bodies, and the preparation and amendments of regulations for the fight against ML/TF/PF and other crimes of institutional competence. It should be noted that the DAES has issued, together with other entities, assessments on STRs, cryptoassets, legal persons, DNFBPs and NPOs, among others.

CT432. *Criterion 29.5* - The Bolivian FIU is empowered to disclose the results of the intelligence analysis, when there are sufficient suspicion of ML/TF, using dedicated, secure and protected channels for the dissemination in accordance with paragraph h) of article 10 of Supreme Decree 4904/23.

CT433. Pursuant to article 12 of said Decree, the FIU should be able to disseminate, spontaneously and upon request, the financial intelligence and asset reports to the Attorney General's Office and other competent authorities, when there are sufficient suspicion of ML/TF and predicate offences, by using secure channels. This is described in IO.6.

CT434. *Criterion 29.6* - Regarding the protection of information:

- (a) The FIU follows the national information security policies governing the country by means of the "Institutional Information Security Plan", approved by Resolution RA FIU/066/18. This plan is aimed at determining policies and measures to regulate FIU's information security, as well as to clearly and coherently include the elements of the security policies that managers, officials, contractors and third parties should comply with.

In turn, articles 8 and 9 of Supreme Decree 4904/23 set forth the secrecy and confidentiality requirements, respectively. In this regard, FIU agents should not disclose the information obtained in exercise of their duties, except that a reasoned court order is issued expressly by a competent authority in the framework of a formal proceeding. It should be noted that the secrecy requirement is not applicable to spontaneous or required information in the context of mutual cooperation under international treaties ratified by the country. In addition, it does not apply to the reciprocal exchange of information with international organisations and/or entities similar to the FIU, which are subject to the same secrecy requirement. Likewise, all the information received by the FIU is confidential and its processing is not mandatory. Thus, the FIU may require an investigation based on the analysis carried out in compliance with the internal procedure.

In turn, the FIU has the Data Processing Technologies and Systems Unit to preserve the confidentiality, availability and integrity of the information held by the FIU. This area is responsible for protecting the information against external threats and minimising the impacts thereof. For this purpose, it implements "Information Security Policies" (approved by Resolution RA UIF/045/15).

- (b) The FIU's "Information Security Policies" include procedures and different levels of access, by browsing the web with specific content related to personnel's functions, using institutional mail controlling external emails sent and received, and controlling roles to access to computer systems

according to the profile of the personnel's functions (paragraph 3 of the document approved by Resolution RA UIF/145/2015). Additionally, training in information security policies is implemented in accordance with the "Procedure for induction or integration of personnel to the FIU", approved by Resolution RA UIF/18/2023. For each of these services, the Technology Unit has implemented forms to authorise the users of systems, mail, Internet access, and telephone use.

- (c) In order to ensure limited access to its facilities and information, the FIU has procedures and controls for the entrance and exit of people (FIU personnel, visitors, suppliers and others), as well as for documents and technological equipment in its facilities. The above is regulated by Resolution RA UIF/050/22 "Rules of procedure on the internal control of access to facilities."

CT435. *Criterion 29.7* - Regarding FIU's operational autonomy and independence, the following information has been provided:

- (a) The FIU is a decentralised entity, with administrative, financial, legal and technical management autonomy (article 495 of Law 393/13). In order to exercise its powers, in line with article 497, the FIU has an operative budget which will be covered by the National General Treasury. Pursuant to article 2 of Supreme Decree 1969/14, the FIU becomes a decentralised public entity from the ASFI, with legal status according to public law, and administrative, financial, legal and technical management autonomy, under the Ministry of Economy and Public Finance.
- (b) The FIU is empowered to sign local inter-agency agreements and international agreements to exercise the powers granted to said authority (paragraph b) of article 6 of Supreme Decree 4904/23). The FIU is also empowered to coordinate, promote, and execute the exchange of best practices, technical assistance, internships, and feedback on AML/CFT matters in line with previously signed agreements or other instruments, based on the principle of reciprocity and broad cooperation. It should also promote and sign inter-agency agreements or interact independently with other national competent authorities or foreign counterparts to exchange relevant information on the matter (paragraphs g) and n) of article 10 of Supreme Decree 4904/23).  
The FIU has an internal rules of procedure to manage international cooperation cases, approved by Resolution RA FIU/DAFL/001/18, which establishes internal procedures to request and receive information.
- (c) As indicated in sub-criterion (a), the FIU is decentralised from the ASFI and is under the supervision of the Ministry of Economy and Public Finance. However, it has administrative, financial, legal and technical management autonomy, and the functions it performs are essentially different. Within the framework of this autonomy, the FIU is empowered to hire personnel, use the budget allocated based on its institutional needs, acquire assets and services and perform activities according to its powers.
- (d) The FIU has a defined structure established in the "Operational Organisation Manual", and a budget allocated by the National General Treasury (article 497 of Law 393). It autonomously manages the resources assigned to it.

In accordance with Law 777 of the National Comprehensive Planning System, Supreme Decree 3246 and the Basic Rules of the Operational Programming System (RE-SPO) applicable to all public entities, the FIU prepares its Annual Operational Plan (POA) on the guidelines of its Institutional Strategic Plan, approved by Ministerial Resolution 198/22. This determines the strategic actions for the period from 2021 to 2025.

When preparing the POA, said strategic actions and recurring tasks are established based on a monthly schedule, by identifying the requirements for each. The consolidation of the POA - BUDGET of each tax management is prepared based on the needs of the FIU's organisational units in order to meet institutional challenges in the short, medium and long term.

CT436. *Criterion 29.8* - Since 19 July 2013, the Bolivian FIU has been an active member of the Egmont Group, and permanently participates in different sessions and working groups in accordance with the principles of information exchange.

#### *Weighting and conclusion*

CT437. The Bolivian regulatory framework covers the requirements of this criterion. It is possible to observe some deficiencies in criteria 29.1 and 29.3 mainly due to the FIU's limitation to receive reports from reporting entities, such as lawyers, accountants and real estate agencies that are not considered "large taxpayers" according to the analysis of R.28. However, these deficiencies are minor. In this regard, it should be noted that the intelligence work of said authority is not completely limited by excluding these reporting entities since their materiality does not represent a high impact in the Bolivian AML/CFT system. Likewise, the intelligence work carried out by the FIU and, in general, its technical operation is not affected by the fact that dealers in precious metals and stones are not considered reporting entities. This is due to the medium materiality of the sector in the country's context, the legal capacity of the FIU to request information from any public or private entity beyond its status as reporting entity and the role that the SENARECOM plays for this sector according to the R.28 analysis. The above is mitigated, since article 3 of Supreme Decree 4904/23 allows the country to legally link, to a large extent, different relevant stakeholders that are not reporting entities to the FIU's function. **Therefore, Recommendation 29 is rated compliant.**

#### *Recommendation 30 - Responsibilities of law enforcement and investigative authorities*

CT438. In its 3rd Round MER, Bolivia was rated PC for this Recommendation, because law enforcement authorities did not have adequate human and material resources to fully and effectively perform their functions. Likewise, it was possible to observe that law enforcement authorities' training in AML/CFT was insufficient and there was a shortage of FIU personnel to cover supervisory functions.

CT439. *Criterion 30.1* - Pursuant to article 225 of the Bolivian Constitution, the provisions of the Code of Criminal Procedure (articles 54, 70, 278, among others), the Organic Law of the Attorney General's Office 260 (articles 3, 4, 8, 12 and 40), the Attorney General's Office is empowered to defend the legality and general interests of society as well as to exercise public criminal action. The Attorney General's Office has implemented the Specialised Prosecutor's Office model, establishing two National Directorates for the investigation of ML: a) the Prosecutor's Office Specialised in ML that handles ML cases involving drug trafficking and TF predicate offences, and b) the Prosecutor's Office Specialised in ML that hears in cases involving corruption predicate offences and other predicate offences established in article 185 bis of the Criminal Code (except for drug trafficking and TF). Additionally, there are specialised anti-corruption prosecutors (article 12 of Law 004).

CT440. Additionally, there are other subsidiary agencies with investigative powers, for example, the Police (through its different forces such as the FELCN and the FELCC according to article 69 of the Code of Criminal Procedure, as amended by article 4 of Law 1173, article 74 of the Code of Criminal Procedure and article 7 of Law 734/85), forensic investigative agencies (article 75 of the Code of Criminal Procedure), criminal investigation judges (article 54 of the Code of Criminal Procedure), the FIU (article 10, paragraph h) of Supreme Decree 4904/23), the Vice-Ministry of Institutional Transparency (VTILCC), and transparency units (article 15, sections 1 and 6 of Law 974), and specialised investigation and intelligence units (article 39 of Supreme Decree 3434).

CT441. It should be noted that there is a wide range of manuals, rules of procedure and other supplementary regulations on ML, TF and predicate offences investigations based on different administrative resolutions.

CT442. *Criterion 30.2* - The Attorney General's Office and the specialised investigation units (FELCN-GIAEF and FELCC-DNLGIFT) of the Police are responsible for conducting parallel financial investigations related to ML/TF and predicate offences. According to different instructions, the Attorney General's Office regulates parallel financial investigations. For example, article 3 of Instruction FGE/JLP 089/20, whereby ML investigation is performed autonomously and separately from the predicate offence investigation; Instruction FGE/JLP 007/20 addresses the reorganisation of the TF/ML Specialised Public Prosecutor's Offices, the assignment of new cases and reassignment of old cases for these crimes; and Instruction FGE/JLP 083/22 on measures to make criminal prosecution effective in TF/ML proceedings.

CT443. Other authorities, such as the Police, have issued instruments to carry out this type of investigation. In turn, there is a Financial Investigation Protocol for money laundering, parallel to the predicate offences of controlled substances and associated offences, approved by Resolution RA 271/21. There is also a Manual for the investigation on money laundering and associated offences, approved by Resolution RA 278/21. Both the FELCN and the FELCC have also issued memoranda on the matter (Circular Fax Memorandum 0325/22 and Circular Memorandum 06/22).

CT444. *Criterion 30.3* - In accordance with articles 252 and 253 of the Code of Criminal Procedure, the Attorney General's Office, through the prosecutors assigned to ML cases and predicate offences, are empowered to request the investigation judge the application of *in rem* provisional measures, including the seizure of property, the means and the instrumentalities for the commission or financing of the crime, which are owned by the accused or possible instigators and accomplices. In turn, the prosecutor may request the investigation judge the withholding of funds in bank accounts and/or national and foreign financial entities that belong to the accused, possible instigators and accomplices (article 90 of the Criminal Code). The prosecutor may also request a report on banking and financial performance that they may have made in the last twelve months.

CT445. In turn, Bolivia has different supplementary regulations, whereby competent authorities are empowered to apply different criminal investigative techniques and, in particular, ML investigative techniques and criminal investigative instruments in the area of ML and extinction ownership (article 6, paragraph m) of the Organisation and Functions Manual of the DF-FELCN, approved by Resolution RA 0149/20, on the specific functions of the head of the national department -DN GIAEF-; paragraph c) on the

application of ML investigative techniques and criminal investigative instruments by the head of the ML Department).

CT446. The Attorney General's Office is assisted by other authorities such as the Police. Resolution RA 243/21 created the Centre for Investigation and Technical Economic Financial and Specialised Intelligence (CIITEFE), which is aimed at performing ML investigation and intelligence activities, extinction ownership and related drug trafficking crimes. As part of the Police, other specialised areas, such as the FELCC or the anti-corruption public prosecutor's office, have organisation manuals and functions in the matter.

CT447. There are different general rules which empower competent authorities to additionally trace and locate assets. For example, according to article 55 of the Organic Law of the Attorney General's Office on criminal action, prosecutors should perform all necessary procedural acts in a timely manner, complying with procedural terms and in a reasonable time. The above includes identifying, tracing, freezing and seizing assets in accordance with this criterion.

CT448. Bolivia has some instruments such as the "Basic Guidance on the investigation of money laundering," approved by Resolution FGE/JLP/DAJ 135/21, the specialised prosecutor is able to issue requirements to establish the economic and financial profile of persons under investigation. Some of the goals are to identify the proceeds of crime, which allows tracking assets and applying provisional seizure measures, such as freezing, seizure, and confiscation.

CT449. Likewise, according to the "Guidance on the Seizure and Confiscation of Assets Seized in Cases of Drug Trafficking and Subject to Extinction of Ownership", approved by Resolution FGE/JLP/DAJ 136/21, the Attorney General's Office is empowered to request the collaborating entities (the DIRCABI, the Vice-Ministry of Social Defence and Controlled Substances) the necessary actions to obtain the documentation to identify and pinpoint the asset subject to the provisional measure, as well as to request for the investigation and identification of the assets involved in the case.

CT450. In turn, pursuant to article 392 of Law 393, when there is knowledge of an alleged financial crime, the ASFI may, as a preventive measure, work in coordination with the prosecutor assigned to search, seize and confiscate evidence and instruments, as well as instruct the freezing of accounts of persons involved.

CT451. Finally, in order to assist in the application of *in rem* provisional measures, the FIU should send the financial and asset intelligence report to the Attorney General's Office and other competent authorities where there is sufficient suspicion of ML/TF (section I, article 12 of Supreme Decree 4904/23).

CT452. *Criterion 30.4* - Beyond the financial investigations of the specialised agencies of the Police or the FIU as indicated in previous criteria, there are no authorities other than law enforcement authorities to carry out financial investigations of predicate offences in Bolivia. Thus, this criterion does not apply to the country.

CT453. *Criterion 30.5* - The Attorney General's Office, through the Specialised Prosecutor for corruption and other predicate offences established in article 185 bis of the Criminal Code (except for drug trafficking), and the Police, through the FELCC, are the law enforcement authorities in criminal matters. Thus, they are

empowered to investigate the ML arising from corruption crimes. These authorities are also empowered to identify assets or funds subject to freezing and confiscation according to the regulatory framework set out in the criteria 30.1, 30.2 and 30.3.

CT454. In accordance with article 13 of Law 004, the Police has specialised anti-corruption investigators, within an Anti-Corruption Unit in each Department, who will perform their functions under the prosecutors' direction. Based on the investigation conducted and the identification of assets through suitable acts, used to trace assets, the jurisdictional authority is made aware of the application of measures to protect assets, through preventive annotations, and the application of *in rem* provisional measures.

CT455. In accordance with the FELCC Organisation and Functions Manual, the Intelligence Analysis Division's general function is to collect, centralise and classify criminal information. This data is available in a timely manner so that the Police can exercise their functions in the National Department of TF investigation, achieving greater effectiveness in the provision of services and fulfilment of their functions. Based on this manual, Circular Memorandum 080/2022 was issued, whereby all investigations should include the identification of assets or proceeds of crime. When applicable, confiscation should be increased.

CT456. Additionally, in accordance with articles 11-13 of Law 004, Bolivian legislation has provided for the creation of Anti-Corruption Courts and Tribunals, the appointment of Specialised Anti-Corruption Prosecutors and Specialised Anti-Corruption Investigators of the Police.

#### *Weighting and conclusion*

CT457. The country's legislation related to law enforcement and investigative authorities' responsibilities encompasses the elements required by the Recommendation. **Recommendation 30 is rated compliant.**

#### *Recommendation 31 - Powers of law enforcement and investigative authorities*

CT458. In its 3rd Round MER, Bolivia was rated PC for R.28, since the country was not empowered to investigate TF and there were differences in criteria regarding the application of different rules.

CT459. *Criterion 31.1* - The Attorney General's Office has access to documentation and information necessary for investigations and criminal proceedings in accordance with article 225 of the Bolivian Constitution, the applicable regulations of the Code of Criminal Procedure and Law 260, as analysed in R.30.

- (a) Article 17 of Law 260 establishes the requirement to cooperate with the Attorney General's Office, whereby any person, institution or public or private agency is required to provide information or documentation or follow any procedure requested by said authority during its investigations. Likewise, article 78 of Law 913 establishes the requirements to cooperate and submit information. The special forces of the Police (FELCN and FELCC) carry out investigative work under the Attorney General's Office's direction based on the Code of Criminal Procedure and the internal regulatory instruments such as guides and manuals for criminal investigations (Resolution RA 0149/20 and Ministerial Resolution 232/20 on the DG-FELCN Organisation and Functions Manual,

Resolution RA186/20 on the DG-FELCC Organisation and Functions Manual and AML/CFT Investigation Manual).

Bank secrecy is not applicable to legal proceedings involving the investigation of financial crime or wealth, among others (article 333 of Bolivian Constitution).

- (b) The Attorney General's Office in Bolivia, through prosecutors, is empowered to search for persons, premises and records as part of its investigations (paragraph 10 of article 129 of the Code of Criminal Procedure). Search of persons (article 175 of the Code of Criminal Procedure), vehicle requisition (article 176 of the Code of Criminal Procedure) and search of premises (article 180 of the Code of Criminal Procedure) are also included. In the tasks of investigation and investigation of criminal acts, the Police have the function of identifying and apprehending the possible perpetrators of these acts (article 77 of Law 260).

Additionally, in accordance with article 492 of Law 393, when there is knowledge of an alleged financial crime, the ASFI may work in coordination with the prosecutor assigned to perform searches, seizures and confiscation to persons involved.

- (c) The Attorney General's Office and jurisdictional control authorities are the country's competent authorities to summon defendants so that they can give their statement, as well as to summon the corresponding witnesses and experts (paragraph 1) of article 129 of the Code of Criminal Procedure). This requirement to testify is also included in article 193 of the Code of Criminal Procedure, as well as some cases of abstentions are contained in articles 196 and 197 of the Code of Criminal Procedure. In accordance with article 1 of Resolution RA 185/22, the DD-FELCC approved the "Protocol for taking informative statements of the National Department of ML/FT investigation". This is a technical tool used by investigators in ML/TF cases.

- (d) Pursuant to article 253 of the Code of Criminal Procedure, the Attorney General's Office, in ML cases, is empowered to request the investigation judge the application of *in rem* provisional measures, including seizing of property that is, or may become, subject to confiscation, or is suspected of being proceeds of crime, belonging to the accused or possible instigators and accomplices. article 90 of the Criminal Code also provides for the use of concepts such as legal mortgage, seizures (article 186 of the Code of Criminal Procedure) and confiscation of assets, if applicable. Additionally, there are other concepts such as the preventive annotation (article 252 of the Code of Criminal Procedure), withholding of funds in bank accounts (article 253 of the Code of Criminal Procedure), freezing of accounts (article 492 of Law 393) and seizures (article 252 of the Code of Criminal Procedure).

Regarding obtaining evidence, article 184 of the Code of Criminal Procedure sets forth that the Attorney General's Office may collect objects, instruments and other information from investigations with the cooperation of other competent authorities. Under article 40, paragraph 15 of Law 260, the Attorney General's Office is empowered to intervene in the inventory, control and allocation of assets seized, confiscated or confiscated. This will ensure the necessary means of evidence for the investigation and trial. Likewise, the prosecutor, judge or court may order the seizure of correspondence, documents and papers useful for the investigation.

In accordance with article 492 of Law 393, the ASFI may, as a preventive measure, work in coordination with the prosecutor assigned to seize and confiscate evidence and instruments, as well as instruct the freezing of accounts of persons involved.

CT460. *Criterion 31.2* - The Attorney General's Office is empowered to request the court to use the following investigative techniques:<sup>35</sup>

- (a) The concept of undercover agent in investigations is provided for in article 282 of the Code of Criminal Procedure, as amended by article 40 of Law 263. However, it is only applicable to ML/TF cases related to the illegal trafficking of controlled substances or human trafficking, or to the lack of sufficient evidence.
- (b) Intercepting communications is provided for in Bolivian legislation for cases related to human trafficking (article 41 of Law 263) illegal trafficking of controlled substances (article 11 of Law 913 and articles 21 to 32 of Supreme Decree 3434/17). Notwithstanding the above, the regulatory framework does not provide for this investigative technique for specific ML and TF crimes. Additionally, according to article 41 of Law 263, intercepting recording of telephone calls is only viable when there is serious suspicion of a person's participation in criminal organisations, which limits its use. It should be that there are practical guides to intercept communications and apply other investigative techniques for the Police's DG-FELCN.

In accordance with article 24-e of Supreme Decree 3434, the information obtained should be kept and recorded for a period of five (5) years as per the regulations in force.

- (c) Pursuant to article 21 of Supreme Decree 3434/17, competent authorities are able to intercept any telecommunication service, regardless of the origin, service and technology used. Likewise, according to paragraph a) of article 24 of said Decree, operators or providers of telecommunications, and information and communication technologies should provide access to Police's investigators, dependent on the DG-FELCN, to ensure the ongoing and permanent interception of telecommunications. However, as in the previous sub-criteria, this investigative technique may only be used in cases related to drug trafficking, and not particularly to ML/TF.
- (d) Competent authorities may conduct controlled deliveries in investigations related to illegal trafficking of controlled substances (article 238 of the Code of Criminal Procedure). However, this is not applicable to the investigation of other crimes such as ML/TF.

CT461. *Criterion 31.3* -

- (a) Bolivia has mechanisms to identify natural and legal persons' bank accounts, according to regulations which define the functions and attributions of investigative authorities, such as the Attorney General's Office or the FIU. Article 136 of the Code of Criminal Procedure provides a direct cooperation mechanism, whereby judges and prosecutors may resort directly to another authority to execute an act or procedure, as well as request information when it is related to the proceeding. Additionally, prosecutors or courts may request reports from any person or public or private entity regarding information contained in their records (article 218 of the Code of Criminal Procedure). In this regard, financial entities may not invoke bank secrecy when this information is requested by the FIU (article 185 ter of the Criminal Code and article 473 of Law 393). Likewise, according to section I of article 12 of Supreme Decree 4904/23, the FIU should submit the

---

<sup>35</sup> In addition to the special investigative techniques required by the Recommendation, Bolivia has the concept of "effective collaboration" (article 9 of Law 913 and article 5 of Law 1390) and "financial risk compensation" (article 9 of Law 913).

corresponding financial and asset intelligence report to the Attorney General's Office, when related to ML/TF cases.

- (b) Based on the criminal procedural legislation, the person under investigation should not be notified in order to identify assets. The Attorney General's Office, through its ancillary authorities, is empowered to request information to identify natural or legal persons' accounts, for example through the Police's investigative powers (article 77 of Law 260) or the FIU's powers contained in Supreme Decree 4904/23. In accordance with article 333 of the Bolivian Constitution, the Attorney General's Office and the Police are empowered to conduct investigations without judicial authorization. Thus, these authorities can identify assets without notifying the party affected.

CT462. *Criterion 31.4* - When conducting investigations for any crime, including ML/TF, the Attorney General's Office may request information from any judicial or administrative authority (article 136 of the Code of Criminal Procedure) and may obtain information from said authority for ML/TF investigations. In addition, the requirement to cooperate with the Attorney General's Office is regulated in article 17 of Law 260. The FIU should disclose said information to competent authorities, including the Attorney General's Office in accordance with article 18 of Law 004, article 18 of Supreme Decree 4904/23 and paragraph 8 of article 19 of such Law.

#### *Weighting and conclusion*

CT463. Bolivia's regulatory framework largely allows law enforcement and investigative authorities to conduct ML/TF investigations and to obtain relevant documentation and information. Although authorities can use a reasonable range of investigative techniques within the framework of their investigations, these are not applicable for ML/TF cases in which illegal drug or human trafficking is not the predicate offence. In this sense, the ML/TF investigation and prosecution system is limited. **Recommendation 31 is rated partially compliant.**

#### *Recommendation 32 - Cash couriers*

CT464. In its 3rd Round MER, Bolivia was rated PC for SR.IX, because the requirement to declare bearer negotiable instruments is not provided for in the regulations. Likewise, specific references to the requirement to implement a declaration system in the field of combating terrorism financing are not included. Additionally, significant deficiencies are detected in the effective application of regulations due to a lack of resources.

CT465. *Criterion 32.1* - Pursuant to Supreme Decree 29681 issued in 2008, public, private or mixed, national or foreign natural or legal persons are required to declare the physically incoming and outgoing currency from the domestic territory. This is done through a form, which will be provided by Bolivian Customs and will have the nature of an affidavit (article 2). The General Customs Law 1990/99 establishes the procedure for physically incoming and outgoing currency through a declaration made by travellers by air, land, river, tourist vehicles or by foot. In accordance with article 3 of Supreme Decree 29681, as amended by Supreme Decree 4492/21, a form should be filed, for the BCB purposes, for incoming and outgoing foreign currency, which amounts between USD 10,000 and USD 20,000, or its equivalent in domestic legal

tender. When such amount exceeds USD 20,000, incoming and outgoing transportation should be carried out through intermediary financial institutions, regulated by the ASFI.

CT466. Likewise, the Bolivian Customs requires and receives a declaration of foreign currency, by applying the procedure established in the Rules of Procedure on Travellers and Foreign Exchange Control Regime, approved by Board Resolution 01-060-22, dated 12 December 2022.

CT467. Regarding the declaration required for all physical cross-border transportation, whether by mail or cargo, all incoming or outgoing goods should be subject to control by the customs authority. Declarants should prepare the Import Goods Declaration (DIM) and include each transported item based on the supporting documentation required for customs clearance and current legal regulations. Then, the information contained in the DIM should be verified to ensure it is complete, correct and precise (Rules of Procedure on Postal Traffic and Import Regime for Consumption, articles 35 and 91). To control incoming and outgoing currency transported by cargo, the Bolivian Customs uses two DIM forms based on restrictions on amounts: (i) the simplified DIM is for goods transported by express (courier) or mail service providers for an amount of up to USD 1,000 in accordance with the 2021 Rules of Procedure on Special Customs Destination Via Courier Services and the 2022 Rules of Procedure on Postal Traffic; and (ii) consumption DIM for goods exceeding USD 2,000, which should be made through a customs agency in accordance with the Rules of Procedure on the Import Regime for Consumption.

CT468. In this regard, in the case of undeclared goods identified in a customs office, a proceeding for smuggling is initiated. This involves the circumstantial relationship of facts and acts, identification of the alleged perpetrators, description of goods and instruments forfeited. The above is based on article 7 of the Rules of Procedure mentioned above for the Import Regime for Consumption. For said undeclared goods, if the value of the taxes omitted does not exceed 200,000 tax units (equivalent to approximately USD 58,000), definitive forfeiture should be applied. If the value exceeds 200,000 tax units, it should be deemed as a smuggling crime, which will be subject to investigation, prosecution and criminal sanction under article 181 of the Tax Code.

CT469. Although paragraph d) of the Rules of Procedure on the Traveller and Foreign Exchange Control Regime provides for a follow-up protocol between Customs and the Police in the event of undeclared currency violations, there is no declaration or disclosure system regarding bearer negotiable instruments (BNIs).

CT470. *Criterion 32.2 -*

(a) and (b) Bolivia has legal provisions to implement a written declaration system for people involved in the physical cross-border transportation of currency through the Bolivian Customs and the Central Bank of Bolivia (Supreme Decree 4492/21). Incoming and outgoing foreign currency amounting between USD 10,000 and USD 20,000, or its equivalent in a different currency, should be declared by filing a form which includes, among others, data on the origin and destination of the funds (article 3 of Supreme Decree 4492/21). For such purposes, the Bolivian Customs established filing the form in the Affidavit 250, in accordance with the Rules of Procedure on the Traveller Regime. According to this Rule of Procedure, before entering or

leaving the domestic territory by air, land, river, tourist vehicles or by foot, all international travellers over eighteen (18) years of age are required to file the proper declaration in Form 250 “Declaration of luggage, and incoming and outgoing foreign currency” (article 9). This form may be filled manually, through the Bolivian Customs computer system or through a mobile application.

There is no declaration or disclosure system regarding BNIs.

CT471. *Criterion 32.3* - Bolivia does not have a disclosure system, since a declaration system is implemented.

CT472. *Criterion 32.4* - In accordance with the Rule of Procedure on Traveller and Foreign Exchange Control Regime, if travellers/crew members do not comply with the provisions thereof in relation to physical incoming and outgoing currency, the person responsible for control will enter the Record of Offence in the Bolivian Customs’ information system and will withhold 30% of the currency verified (articles 34 and 35). Pursuant to the Record of Offence, the authority may require and obtain more information regarding the origin, destination, and concealment method of the currency.

CT473. If undeclared goods and/or items are identified in the luggage during the customs control within the border control area, the Customs should apply a sanction as long as the traveller takes responsibility for the criminal act and expresses willingness to rectify the declaration (article 30).

CT474. Although the Manual of Procedure on the Traveller and Foreign Exchange Control Regime describes the procedure of communication between the Customs and the Police in case of violations in the declaration, the scope is not clear for BNIs, since there is no requirement or obligation to declare them.

CT475. *Criterion 32.5* - Regarding administrative sanctions, Bolivia imposes a fine of up to 30% of the difference between the amount declared and the excess to persons who make false declarations, notwithstanding initiating criminal proceedings when there is a ML/TF crime (article 6 of Supreme Decree 29681/08). The same provision is established in the Rules of Procedure on Traveller and Foreign Exchange Control Regime. Additionally, when the foreign currency declaration has not been made, either for the amount of USD 10,000 or USD 20,000, 30% of the total amount verified will be withheld. When a declaration has been made for an amount exceeding USD 20,000, or its equivalent in a different currency, by virtue of the principle of good faith, the amount of USD 20,000 should be considered declared and the sanction will be applied in accordance with the above (article 35).

CT476. There are no regulations regarding BNIs; therefore, no sanctions are applicable in the case of a false declaration.

CT477. It should be noted that in the case of undeclared goods identified in the customs office, a proceeding for smuggling is initiated in accordance with article 181 of the Bolivian Tax Code.

CT478. *Criterion 32.6* - The Bolivian Customs should monthly send the FIU the affidavit forms involving amounts equal to or exceeding USD 10,000, as well as the authorizations and infringement reports. If there



is no information to be sent, this situation should be informed as well (article 5 of Supreme Decree 29681/08 and article 37 of the Rules of Procedure on Traveller and Foreign Exchange Control Regime).

CT479. Notwithstanding the above, there are no regulations regarding BNIs; thus, this information is not made available to the FIU.

CT480. *Criterion 32.7* - The Bolivian Customs performs its operations in coordination with entities involved in border control through inter-agency agreements. This leads to adequate coordination and exchange of information in relation to declarations made by travellers. There is an Inter-agency Cooperation Agreement between the Police and the Bolivian Customs aimed at promoting cooperation to control physical incoming and outgoing foreign currency from the domestic territory, as well as coordinating and integrating activities with the use of dogs trained in currency detection to promote the fight against smuggling and related offences.

CT481. There is also an Inter-agency Cooperation Agreement between the Registry of Personal Identification (SEGIP) and the Bolivian Customs to have access mechanisms to the Single Identification Registry System so that Customs can verify and validate citizens' data. The goals are to meet the institutional objectives of registering Foreign Trade Operators, supervise the transportation of goods through the country's borders, ports and airports, and investigate and control the proper payment of customs taxes.

CT482. In turn, Bolivia conducts cross-border transportation enhanced monitoring exercises within the framework of GAFILAT activities, which involves the participation of the National Customs, the General Directorate of Migration (DIGEMIG), the Financial Economic Analysis Research Group (GIAEF-FELCN) of the Police, the Vice-Ministry of the Fight Against Smuggling (VLCC) and the FIU. Said entities periodically hold coordination meetings among themselves and with other counterparts of Argentina, Chile and Peru to conduct cross-border currency control.

CT483. Additionally, the country has an Inter-agency Cooperation and Information Exchange Agreement between the Police, the DIGEMIG, and the Customs, which establishes parties' requirements to have necessary means for computer development, connectivity mechanisms, and relevant tests for interconnection tools and/or services, coordinate cross-border control of people, and timely coordinate and adopt technical, operational or administrative action measures. Finally, the Inter-agency Cooperation Agreement between the Customs and the FIU pursues implementing coordination mechanisms to ensure access, and exchange of information and cooperation. This Agreement provides that Customs should immediately notify the Police the reports issued on any infringement and physical transportation of foreign currency for amounts exceeding the threshold permitted under current regulations, as well as when incoming currency is not declared under any special customs regime or destination in the case of relevant investigations and complaints.

CT484. *Criterion 32.8* -

- (a) Bolivian authorities, within the exercise of their powers and performance of their duties, are required to report crimes requiring public prosecution, including ML/TF crimes. If any violation in cross-border control is identified, the Customs office will initiate the corresponding legal actions in

coordination with border control entities. In accordance with article 229 of the Code of Criminal Procedure, when the person is apprehended, the objects and instruments that have been used to commit the violation will be gathered and delivered to the corresponding authority.

The requirement to file form 250 involves that Customs authority may print it and review it when it is required to support administrative actions, such as retention of items subject to import clearance or forfeiture, and retention of foreign currency and issuance of a Record of Offence (article 9, paragraph VII of the Rules of Procedure on Traveller and Foreign Exchange Control Regime). Pursuant to Supreme Decree 29681/08, any natural or legal person who fails to comply with the requirement to submit the affidavit, or files the affidavit inaccurately, or does not comply with the due authorization, will be subject to a fine of 30% of the difference between the amount established in the physical inspection of the luggage and the amount declared, notwithstanding the corresponding legal action. The resources arising from said fines will be credited to an account of the National General Treasury, which will be opened for this purpose. The same requirement is established in article 35 of the Rules of Procedure on Traveller and Foreign Exchange Control Regime.

In accordance with paragraph d of the Manual of Procedure on the Traveller and Foreign Exchange Control Regime (RA-PE 02-035-23), the Police should be informed about the transportation of currency and BNIs which have been identified as a result of inspecting travellers and their luggage, as well as the result of inspecting incoming or outgoing goods under some special customs regime or destination (import, export, courier or others) or goods abandoned, confiscated, forfeited, whether they have been declared or not. For said purposes, a Communication Certificate (PB) is recorded, delivering a copy to the Police personnel so that they can take the corresponding actions. Currency and BNIs identified should be reported to the Central Bank within 48 hours. In addition, the Police have the “Protocol to identify and seize of money and/or foreign currency in cash as a result of border controls,” which establishes the procedure to be conducted in cross-border controls. When the transportation of foreign currency in cash is identified and the lawful origin of the resources cannot be demonstrated, the Police should arrest or apprehend the persons involved and withhold the currency to subsequently notify the Attorney General’s Office for investigation purposes. Withholding foreign currency will occur at the moment of the arrest or apprehension of the persons involved. The return thereof should be effective once the documentation evidences the lawful origin of economic resources. The above is considered reasonable time in order to find ML/TF evidence.

- (b) When there is a false declaration, the authority can impose a fine of 30% of the difference between the amount established during the inspection and the amount declared, notwithstanding the corresponding legal action (article 6 of Supreme Decree 29681/08). In accordance with the Rules of Procedure for the Traveller and Foreign Exchange Control Regime, if the traveller makes an inaccurate declaration of the currency transported, a Record of Offence will be drafted. Additionally, the currency should be withheld, accounting for a 30% fine, which will be deposited in a financial entity’s account authorised by the Bolivian Customs (numeral 5.4 of the Record of Offence).

BNIs are retained if they have been identified during the Customs’ inspection. Consequently, the Police should be informed if deemed necessary for corresponding investigations. Fines or violations do not seem applicable to BNIs as in the case of false declaration of currency.

CT485. *Criterion 32.9* - Pursuant to Supreme Decree 4492/21, all information related to the incoming and outgoing of foreign currency declared by any person should be disclosed within the framework of the international cooperation and international agreements related to the investigation of criminal acts to which Bolivia is a party, taking the necessary security measures and keeping the information confidential. Thus, to share information when a declaration exceeds the threshold established or when a false declaration is made in accordance with the previous criteria of this Recommendation.

CT486. In addition, the FIU is empowered to coordinate, promote and execute cooperation programmes with its counterparts to exchange information under the agreements previously executed (article 10, paragraphs f and g of Supreme Decree 4904/23). (See analysis of criteria 40.9 to 40.11).

CT487. The FIU and the Attorney General's Office have international cooperation mechanisms to exchange information, such as the Egmont Group (FIU) and the RRAG (the FIU and the Attorney General's Office). Likewise, the Customs has signed agreements with its foreign counterparts to exchange information. In February 2018, it also signed the Memorandum of Understanding to implement the airport communications project (AIRCOP), financed by the European Union, which is aimed at connecting the international police databases and communication systems of Interpol and the World Customs Organization (WCO). In this regard, it can provide international cooperation.

CT488. Although the Customs has access to the GAFILAT Network-TTD and SICORE to upload data regarding foreign currency and BNIs, which may eventually be used to exchange information, this can only be done when they are identified during inspections or when a sanction is applied. Thus, it is not part of a declaration since there is no declaration system for BNIs. There are no provisions for BNIs similar to the ones for foreign currency. This could impact on the full compliance with this criterion for international cooperation and assistance purposes.

CT489. *Criterion 32.10* - As mentioned in criterion 32.9, security measures and safeguards of information should be ensured for all the information shared within the framework of international cooperation and international agreements to which Bolivia is a party. There are no legal or operational provisions restricting trade payments between countries for goods and services or the freedom of capital movements.

CT490. Notwithstanding the above, since there are no provisions regarding BNIs, it is not possible to fully comply with this criterion.

CT491. *Criterion 32.11* - In Bolivia, the persons engaged in a physical cross-border transportation of currency related to ML/TF or predicate offences should be subject to criminal proceedings. According to the criminal proceeding, the competent authority is empowered to order *in rem* provisional measures on assets subject to forfeiture. The Criminal Code provides for the forfeiture of the instruments used for the criminal act and the criminal proceeds. In ML cases, resources and assets directly or indirectly arising from the crime will be forfeited (articles 70 and 71 bis). According to the Code of Criminal Procedure, the instruments used for the participation or financing of the crime by the accused persons or possible instigators and accomplices will be seized (article 253).

CT492. Similar measures are not applied to BNIs.

#### *Weighting and conclusion*

CT493. Bolivia implements a written declaration system for all travellers transporting cash. Amounts should be declared when ranging between USD 10,000 and USD 20,000, or its equivalent in a different currency. When a false declaration is made, authorities can request additional information regarding the origin of the currency. The information obtained is made available to the FIU. In addition, there is an inter-agency agreement for national coordination, and there is international cooperation with international authorities based on agreements executed and other cooperation mechanisms under this Recommendation. Authorities should file a complaint for ML/TF crimes and, thanks to the Police action protocol, it will be possible to stop or restrain currency for a reasonable period of time. Finally, there are not appropriate provisions governing BNIs to cover all the requirements of this Recommendation. This impacts on the proper compliance with this Recommendation and its sub-criteria. **Recommendation 32 is rated largely compliant.**

#### *Recommendation 33 - Statistics*

CT494. In its 3rd Round MER, Bolivia was rated PC for former R.32, because it was possible to observe that the Special Anti-narcotics Task Force and the Special Anti-Crime Task Force, as well as the different Ministries called upon to fight against ML, did not provide the statistics requested to assess effectiveness. Additionally, no statistics on international cooperation were provided.

CT495. *Criterion 33.1 -*

- (a) The FIU is the authority responsible for creating and updating a database with all the information obtained from various activities in accordance with article 10 of Supreme Decree 4904/23. In this regard, it statistics on STRs according to this sub-criterion and in line with the analysis of IO.6.
- (b) Pursuant to article 31 of Law 260/12, the Attorney General's Office has information powers. Additionally, under article 41, paragraph III of such law, prosecutors in the matter are required to record their actions in the systems established for this purpose and provide any statistical information as required. This authority has a computer system called "*Justicia Libre 1*", which aims at modernising criminal management, by implementing performance indicators and statistics which reflect the situation of procedural burden and criminality. This system includes information on investigations, prosecution and convictions of ML, predicate offences and TF. In addition, it has the module "Statistics for Prosecutors and Macrostatistics", which grants access to statistics corresponding to the tax burden, stages of the proceeding, convictions, etc.  
There are also internal instruments for filling out and using the computer system "*Justicia Libre 1*:"  
- FGE/JLP Instruction 101/2020, whereby case records are restructured in the Attorney General's Office's database.  
- FGE/JLP Instruction 291/2020 of 12/11/2020, whereby all procedural actions, without any exception, conducted in criminal proceedings under its functional direction should be registered and uploaded to the computer system

- Additionally, regarding statistics administration and storage, based on the Manual of Posts and Operations of the Attorney General's Office, approved by Resolution FGE/JLP/DAJ 171/19, there are personnel in charge of reviewing and systematising the information obtained to issue statistics.
- (c) Pursuant to paragraph l) of article 46 of Law 913/17, the DIRCABI is required to establish an updated database of the assets seized, forfeited and confiscated under its administration. Additionally, in accordance with article 184 of the Code of Criminal Procedure, the Bolivian Police is the authority holding relevant statistical information at the national level, when implementing seizures as a provisional measure. In turn, the Attorney General's Office, as the entity conducting seizures and confiscations resulting from convictions, is the entity that has the statistics on these issues based on the powers described in the previous sub-criterion.
  - (d) Bolivia has statistics in international cooperation and legal assistance matters. Pursuant to articles 26, and 10, paragraphs f) and g) of Supreme Decree 4904/23, the FIU coordinates, promotes and executes cooperation programmes in this area. Under Resolution RA FIU/DAFL/001/2018, the FIU has internal procedures to request information and receive information through EGMONT and RRAG, for the corresponding control and registration of statistics (paragraph 5 of article 32 and article 34 of the Resolution mentioned above). In turn, as per article 494 of Law 393, the ASFI is empowered to respond to requests for information from foreign counterparts.

#### *Weighting and conclusion*

CT496. The regulatory framework covers the elements required by the Recommendation in statistics matter. **Recommendation 33 is rated compliant.**

#### *Recommendation 34 - Guidance and feedback*

CT497. In its 3rd Round MER, Bolivia was rated PC for former R.25. In that opportunity, it was concluded that there were differences in the feedback on STR submission across the sectors. In addition, no guidelines are included to fight against the financing of terrorism and there is no feedback, since submitting STRs is not a requirement for TF. The DNFBPs are not reporting entities; thus, they cannot be provided with guidance on the application of AML/CFT regulations.

CT498. *Criterion 34.1* - In accordance with article 10, paragraph j, of the FIU Rules of Procedure (Supreme Decree 4904), the FIU should organise AML/CFT/CFP training programmes for reporting entities' officials, which should be conducted on a regular and scheduled basis. In addition, it should provide feedback to the personnel of public and private AML/CFT/CFP entities. Under article 26 of Supreme Decree 4904, supervisory authorities are empowered to provide guidance, feedback and training to their supervised persons on their AML/CFT requirements.

CT499. The FIU has also carried out studies which are shared with reporting entities, namely: (i) the socioeconomic profile of persons with suspicious transactions, which is an instrument to fight against ML/TF; (ii) the harmful influence of ML/TF on sectors of the countries' economy, through an analysis of regional typologies, and (iii) ML typologies. Additionally, the FIU has held feedback sessions on STRs and their quality so that reporting entities can improve them.

CT500. The ASFI, within the framework of inspection visits, can hold meetings to share the results (article 10, Section 2 of the RNSF Rules of Procedure on inspection visits and article 9, section 2 of the RNMV Rules of Procedure on inspection visits). It has also a regulatory consultation system, whereby reporting entities can send their doubts regarding the regulations issued by ASFI. Thus, the ASFI provides answers to their queries through the same system and by email (Chapter II, Section 3 of the RNSF Rules of Procedures on notification and disclosure of regulations and management of regulatory consultations). The ASFI responds to queries through letters on AML/CFT risk management, conducts training sessions for its reporting entities and sends them material with information regarding ML/TF risk.

CT501. Regarding the APS, its on-site inspection report should include the observations and recommendations in a clear, objective and sufficient way to offer feedback, which will help reporting entities to improve AML/CFT procedures. Likewise, it has made a communication spot on the subject of “Fighting against the money laundering and financing of terrorism” for insurance companies. Finally, it has also held training and feedback sessions with their respective reporting entities.

CT502. In turn, according to the Procedures Manual for the Prevention and Management of ML/TF Risks and the Rules of Procedure on notaries, the AJ and the DIRNOPLU should provide training and feedback to help their reporting entities to apply AML/CFT measures. As a result of the supervision carried out by the DIRNOPLU, the specific operational recommendations report on AML/CFT/CFP for notaries public was issued, which specifies the main observations on compliance with the requirements. In addition, training sessions and feedback to the notarial sector on their obligations as reporting entities were provided. On the AJ’s institutional website, AML/CFT information has been made available by the supervisory body, which includes obligations for reporting entities, the specific Instruction applicable to the sector, frequently asked questions, and any other information for reporting entities and the public in general.

CT503. Although the AEMP, as the new supervisor for real estate agencies, accountants and lawyers, is empowered to provide feedback, there are no guidelines for this supervisor to help reporting entities comply with their AML/CFT requirements. Additionally, it should be noted that only large taxpayers are addressed in the case of these DNFBPs.

CT504. It should be noted that dealers in precious metals and stones are not considered reporting entities; thus, AML/CFT feedback is not provided.

#### *Weighting and conclusion*

CT505. The country provided information and regulations regarding training and feedback from different authorities (the ASFI, the FIU, the APS, the AJ, the DIRNOPLU, and the Business Oversight Authority). Supervisors, except the Corporate Supervisory Authority, have provided feedback and have useful documentation for reporting entities regarding their AML/CFT requirements. It should be considered that dealers in precious metals and stones are not considered reporting entities; thus, AML/CFT feedback is not provided. **Recommendation 34 is rated largely compliant.**

### *Recommendation 35 - Sanctions*

CT506. In its 3rd Round MER, Bolivia was rated NC for former R.17, since no sanctions were applied for ML/TF offences. Likewise, the lack of specification in relation to a broad range of sanctions proportional to the severity of the breach of the AML/CFT system weakened the preventive and dissuasive system.

CT507. *Criterion 35.1* - Bolivian regulations provide for a range of administrative sanctions for different AML/CFT offences (article 25 of Supreme Decree 4904/23). These sanctions can be applied by different authorities such as the FIU, the ASFI, the APS, the AJ, the AEMP, the DIRNOPLU and the entities designated as reporting entities by the FIU under the jurisdiction of said entities (paragraphs II and III of article 495 of Law 856/16, as amended by the Tenth Additional Provision of Law 856 and Tenth Additional Provision of Law 856 of the Bolivian Budget). In turn, the executive body should be responsible for the regime of administrative offences and procedures to impose such sanctions in accordance with article 496 of Law 393/13. According to article 24, section I of Supreme Decree 4904/23, it should be noted that the sanctions regime, the establishment and enforcement of sanctions, as well as the filing of administrative appeals and the statute of limitation in AML/CFT/CFP matters is applicable to all supervisors, both from the financial and non-financial sector.

CT508. Supreme Decree 4904/23, which establishes the FIU Rules of Procedure, is also applicable to any natural or legal person considered a reporting entity regulated by the FIU, as well as to public and private institutions related to the fulfilment of its mission and powers (article 3 of Supreme Decree 4904/23). Likewise, reporting entities' regime of administrative offences is applicable to directors, managers, administrators, responsible officers, members of the reporting entity's Compliance Unit and/or any employee as per the sectoral regulations for each supervisory authority. (Section I of article 23 of Supreme Decree 4904/23.)

#### **FIs**

CT509. For reporting entities supervised by the ASFI, the range of sanctions includes: a) written warnings; b) pecuniary fines (in the most severe cases, it may account for 5% of the financial institution's capital, 5 times of the monthly remuneration of the middle management offender and up to 10 times for persons holding a management position or with surveillance or equivalent functions); c) temporary suspension of authorization to open new offices, branches, agencies or other points of attention to the public; d) temporary suspension or prohibition to conduct certain activities; e) temporary or permanent suspension and disqualification of directors, trustees, managers, administrators and legal representatives, and f) revocation of the operating license (articles 41 and 43 of Law 393 and article 31 of Supreme Decree 4755/22, which regulates the Administrative Sanctions Regime of Law 393).

CT510. In accordance with article 108 of Law 1834/98 and article 12 of Supreme Decree 26156/01, different sanctions are applicable to the companies from the securities market, such as: a) warnings; b) fines; c) intervention; d) cancellation of registration, and e) disqualification (articles 109 to 113 of Law 1834/98).

CT511. Regarding the insurance sector (insurance companies, intermediaries and insurance agents), article 52 of Law 1883/98 provides for the applicable sanctions according to the type of offence, which may be classified as minor, serious and criminal. In this sense, the following sanctions may be applied: a) warnings; b) fines, and c) temporary suspension to conduct certain activities. Additionally, the APS can also revoke the license and transfer the sanctioned party's portfolio in accordance with article 49 of Law 1883/98.

CT512. Based on the above, it is possible to observe that, in general, there is a good range of proportionate and dissuasive sanctions for financial reporting entities.

### **DNFBPs**

CT513. Regarding gambling offences, in accordance with article 28 of Law 060/10, the AJ can apply: a) fines depending on the severity of the offence; b) revocation of license or authorization, and c) final confiscation of the machine and/or game of chance. Likewise, Regulatory Resolution 01--00001--23 provides for the revocation of the operating lice effects of the reporting entity, revoking it in cases of formal accusation against the partners, shareholders, legal representatives and personnel of the reporting entity for ML cases (paragraph e) of article 21 of said Resolution).

CT514. In the case of notaries, under articles 107 and 18, paragraph b) of Law 483/14, non-compliance with the provisions, circulars and instructions of the Directorate of the Plurinational Notary's Office or the Departmental Directorate in Administrative Matters and Control of Notaries will be considered a serious offence. For this type of offences, the following sanctions are applicable: a) temporary suspension from 1 to 18 months, or b) a fine accounting for 2 to 10 national minimum wages. It should be noted that article 106 of the Regulations of such entities provides for the recidivism of a serious offence (incurred by the same management) as a very serious offence. In this case, dismissal and definitive disqualification to exercise as notary can be applied. However, said sanction is not considered completely proportionate or dissuasive since it is necessarily linked to recidivism. Additionally, pursuant to the Rules of Procedure on performance assessment of the sector, the DIRNOPLU may impose disciplinary sanctions based on a rating system, whereby a negative qualification may even lead to the cessation of notaries' functions.

CT515. In accordance with section II, article 24 of Supreme Decree 4904/23, the AEMP establishes the sanctioning regime for real estate agencies, accountants and lawyers in AML/CFT/CFP matters. Applicable sanctions include: a) warnings; b) fines; c) temporary suspension of functions, and d) suspension of business license (articles 10 to 13 of Resolution RA 052/11). However, it should be noted that these sanctions will only be applicable to those considered "large taxpayers", according to the analysis conducted in R.22, R.23 and R.28. Similarly, the regime of offences and sanctions for dealers in precious metals and stones is not clear, since they are not reporting entities, notwithstanding the general scope of article 3 of Supreme Decree 4904/23. The above could not be verified, because no information was obtained regarding sanctions imposed on this sector. In addition, the sector did not participate in the on-site visit.

CT516. Regarding applicable sanctions for failure to comply with TF TFS requirements, under article 25, paragraph c) of the Supreme Decree 4904/23, non-compliance in this matter constitutes an administrative offence.

CT517. In turn, based on the analysis of R.8, there is not any adequate range of sanctions for NPOs. In this regard, sanctions are neither effective nor proportionate since the regulatory framework applicable to the sector only provides for revocation of legal status and/or cancellation of the Framework Agreement for Basic Cooperation (. article 19 of Supreme Decree 1597 and article 9 of Ministerial Resolution 244 for foreign NGOs and foundations, and article 10 of Supreme Decree 4054 for religious and spiritual organisations).

CT518. *Criterion 35.2* - The regime of administrative offences for reporting entities is applicable to directors, managers, administrators, responsible officers, members of the reporting entity's Compliance Unit and/or any employee, based on the sectoral regulations for each supervisory authority. However, the limited scope of regulations regarding the status of "large taxpayers" applicable to lawyers, accountants and real estate agencies restricts the application of this criterion to these reporting entities. According to the analysis of criterion 35.1 on dealers in precious metals and stones, this sector does not meet the requirements of this criterion.

#### *Weighting and conclusion*

CT519. The sanctions regime for AML/CFT breaches in Bolivia has a criminal and administrative nature and, to some extent, is consistent with what is required by the Recommendation. The main deficiency identified is the lack of legal authority to sanction the entire regime for lawyers, real estate agencies and accountants according to the analysis of criterion 35.1. In the same way, since dealers in precious metals and stones are not reporting entities, the sanctions regime imposed by the FIU is not applicable in accordance with Supreme Decree 4904/23. Additionally, there are some deficiencies related to the gradual nature of sanctions for AML/CFT breaches in the NPOs and insurance sectors in accordance with criterion 35.1. Thus, **Recommendation 35 is rated partially compliant.**

#### *Recommendation 36 - International instruments*

CT520. In its 3rd Round MER, Bolivia was rated PC for former R.35 and NC for SR.I, due to an inadequate criminalisation of the money laundering offence and a partial implementation of the measures required by article 7 of the Palermo Convention. In addition, the terrorist financing offence was not criminalised.

CT521. *Criterion 36.1* - Bolivia ratified the Vienna Convention in May 1990, approved by Law 1159/90; the Palermo Convention, approved and ratified on 2 August 2005 by Law 3107/05; the Merida Convention, approved and ratified in June 2005 by Law 3068/05; and the Convention for the Suppression of the Financing of Terrorism, approved and ratified in November 2001 by Law 2279/01.

CT522. *Criterion 36.2* - Bolivia implements the Vienna Convention, the Palermo Convention, the Merida Convention and the Convention for the Suppression of the Financing of Terrorism in accordance with domestic legal and operational measures. Notwithstanding the above, the minor deficiencies identified in the criminalisation of TF (criterion 5.1) could limit the full implementation of international conventions.

### *Weighting and conclusion*

CT523. Bolivia has ratified and implements the Vienna Convention, the Palermo Convention, the Merida Convention and the Convention for the Suppression of the Financing of Terrorism in accordance with domestic legal and operational measures. Notwithstanding the above, the minor deficiencies identified in the criminalisation of TF (criterion 5.1) could limit the full implementation of international conventions. **Recommendation 36 is rated largely compliant.**

### *Recommendation 37 - Mutual legal assistance*

CT524. In its 3rd Round MER, Bolivia was rated PC for former R.36 and NC for SR.V, due to the lack of criminalisation of the terrorist financing offence, which precludes international cooperation in this area; the lack of expeditious procedures in the Ministry of Foreign Affairs; legal assistance is not provided in a timely manner; and the lack of capacity of the Attorney General's Office and the law enforcement agencies to apply special investigative techniques.

CT525. *Criterion 37.1* - Bolivia has a legal basis that allows its competent authorities to provide mutual legal assistance (MLA) in the field of investigations, prosecutions and procedures that are linked to ML/TF and predicate offences. The request for cooperation should be submitted to the Ministry of Foreign Affairs (MRE), which will inform the competent authority (article 138 of the Code of Criminal Procedure). The Code of Criminal Procedure regulates the provision of MLA in articles 138-148 bis. In turn, Law 025/10 of the Judiciary establishes that the Plenary of the Supreme Court of Justice should accept or reject the letters rogatory issued by foreign authorities (article 38) and that judges have jurisdiction to decide on MLA requests (article 74).

CT526. For the provision of MLA, Bolivia applies the ratified Conventions and it has signed bilateral treaties, agreements and MOUs on the matter, since they become part of the domestic legal system at the time of their ratification by national law. All this allows Bolivia to provide the widest possible mutual legal cooperation in criminal matters in general. Moreover, in 2019 the Attorney General's Office issued Instruction FGE/JLP 94/19 that provides for the elaboration of requests for international cooperation in criminal matters within the framework of the treaties in force that were signed in that respect. Notwithstanding the above, the minor deficiencies identified in the criminalisation of TF (criterion 5.1) could limit full compliance with this Recommendation.

CT527. *Criterion 37.2* - The MRE is the central authority that understands in terms of international cooperation in legal, judicial, tax and administrative matters, and that informs of the requests for cooperation and mutual legal assistance from other countries and vice versa to the competent authority for the respective enforcement of the request made by the requesting country (article 17 of Supreme Decree 298947/09, article 4.9 of Law 465/13 and article 138 of the Code of Criminal Procedure). International communication with the central authorities of other States is conducted through the MRE, the General Directorate of Legal Affairs and the International Affairs Unit of the State Attorney General's Office. The MRE developed an information booklet in order to establish the processes for the prioritisation and processing of requests, and for the competent authorities to comply in a timely manner with the international instruments ratified by the Bolivian

State<sup>36</sup>. It is worth mentioning that the country is testing a correspondence system for monitoring requests, which will have specific data on the crime, applicable international instruments and follow-up alerts. As this system is at a testing stage, the assessment team cannot conclude that this system is being used to manage cases and monitor the progress of requests. Notwithstanding the above, the information booklet is taken into account when processing requests. Likewise, the Ministry has an internal Rules of Procedure for the staff of the Ministry of Foreign Affairs, which establishes that they should perform their duties with probity and on a timely, prompt, efficient and effective manner, and in accordance with the organic documents of the entity that regulate the exercise of their functions (article 9, paragraph b). This is understood to be applicable to the processing of extradition requests.

CT528. Additionally, the MRE has the User Manual for the Correspondence System of the Ministry of Foreign Affairs and the User Manual of the Diplomatic Pouch System to assign specific tasks to officials, follow up MLA requests and send such requests to the relevant authority. Said manual also permits recording the sender, the recipient, the name of the lawyer in charge, the degree of priority and names of the parties involved, the requesting and requested country, the applicable international instrument and the processing status.

CT529. In turn, the State Attorney General's Office has the TITAN Registration System, created to control the entry and exit of a request for international cooperation at the Attorney General's Office; it also allows data to be filtered by offence, country, processing status, and type of request. This system is a complete database adjusted to the work carried out by the International Affairs Unit within the Attorney General's Office. Likewise, by means of Resolution FGE/JLP/DAJ 019/21, the Attorney General's Office approved the Guidance on How to Submit Requests for International Cooperation in Criminal Matters of the Plurinational State of Bolivia, which establishes the methods, conditions and steps to be followed for the elaboration, handling and processing of international cooperation requests in criminal matters.

CT530. Furthermore, the Supreme Court of Justice signed an agreement entered into between all the entities of the Judiciary, some agencies of the Executive Branch and the Electronic Government and Information and Communication Technologies Agency (AGETIC), in order to develop and implement a multi-subject case management system and to have updated statistical information on extradition, cooperation, case monitoring, etc. This system is currently under development.

CT531. *Criterion 37.3* - Bolivia does not impose undue or unreasonable conditions to provide MLA to countries that request for international cooperation. As previously mentioned, the country has signed treaties that allow it to provide the widest range of MLA. Article 140 of the Code of Criminal Procedure establishes that denying international legal cooperation is only possible if it threatens to violate constitutional rights and guarantees or international treaties or may interfere with the course of an investigation or legal proceeding in Bolivia.

CT532. *Criterion 37.4* -

---

<sup>36</sup> Available at <https://cancilleria.gob.bo/webmre/node/3432>

- (a) Bolivia's legislation does not provide for refusal of MLA to requesting countries when fiscal matters are involved. In addition, according to the Criminal Code, the tax offence is considered a ML predicate offence.
- (b) Bolivian regulations do not provide for the refusal of MLA on the grounds of confidentiality of financial institutions or other securities, insurance or professional secrecy. The competent authorities have sufficient legal powers to obtain information from financial system institutions and DNFBPs, as well as any information from public or private entities. The secrecy or confidentiality of financial transactions or bank secrecy does not govern when there are ongoing investigations or prosecutions. This information may be shared with law enforcement agencies and national, foreign or international judicial authorities, subject to the formalities of international treaties and agreements (article 473 and 494 of the Financial Services Law and article 19 of Law 004).

CT533. *Criterion 37.5* - If it is essential for the effectiveness of the investigation, the judge may, at the request of the prosecutor, order that the proceedings be kept confidential, even for the parties, only on one occasion and for a maximum of ten days. In the case of offences related to criminal organisations, this confidentiality may be authorised up to two times for the same period (article 281 of the Code of Criminal Procedure). In turn, the Attorney General's Office should ensure that the information to be provided does not violate the rights of the parties, nor endanger the investigations carried out, or violate the confidentiality established on them. It is prohibited to provide information about ongoing investigations to third parties that are not involved in the investigation (article 9 of the Organic Law of the Attorney General's Office). Additionally, Bolivia complies with international standards regarding confidentiality and the use of information referred to in MLA requests based on International Conventions and treaties or agreements signed.

CT534. In addition, in accordance with the MRE's Procedures Manual of the Unit for Receiving and Sending Correspondence and the User Manual of the Diplomatic Pouch System, the information received should only be visible by the sender and the recipient, therefore it is kept confidential for the exclusive use of the competent authorities.

CT535. *Criterion 37.6* - Bolivia does not require dual criminality for rendering assistance, regardless of whether or not dual criminality exists. Likewise, considering that Bolivia provides MLA in accordance with the international treaties or agreements to which it is a party, the country will provide cooperation even if the fact of its origin is not punishable under the legislation of the requested country. In accordance with the Inter-American Convention on Mutual Assistance in Criminal Matters, when the assistance request refers to the following measures: a) asset seizure and forfeiture; and b) searches and interdiction operations, including house searches and raids, the requested country may not provide assistance if the fact that originates the request is not punishable under its law (article 5).

CT536. *Criterion 37.7* - See criterion 37.6.

CT537. *Criterion 37.8* - The powers and investigative techniques required under R.31 are available to the competent authorities to address MLA requests in accordance with the following:

- (a) The competent authorities may search for and obtain financial information and economic records of natural or legal persons, as well as take witness statements, search of persons, seize and obtain evidence (see criterion 31.1), which may be processed at the request of other countries, provided that mutual legal assistance requests comply with the provisions of the Code of Criminal Procedure, national laws and international treaties in force (article 145 of the Code of Criminal Procedure). Furthermore, the Code of Criminal Procedure stipulates that in cases where the witness is abroad, the judicial authority will request the authorization of the State in which the witness is located so that the witness may be questioned by the consular representative, by the prosecutor, or by the judge of the country of residence. The opinion of foreign experts in the country or abroad and judicial cooperation for the control of technical operations that should be carried out abroad may also be requested. When the criminal organisation that operates in the country has international links, the Public Prosecutor's Office may coordinate the investigation with other countries or international organisations (articles 146-148 of the Code of Criminal Procedure).
- (b) In accordance with Bolivian regulations, the authorities have the power to exchange information available at the national level with foreign counterparts and may use the techniques described in R.31, such as undercover operations, interception of communications, access to computer systems and controlled deliveries. Notwithstanding the above, these special investigative techniques are used for cases related to drug trafficking and/or human trafficking and not for ML/TF (see criterion 31.2). The above limits the authorities' capacities with regard to this criterion.

#### *Weighting and conclusion*

CT538. Bolivia has a legal basis that allows its competent authorities to provide MLA within the framework of investigations, prosecutions and procedures that are linked to ML/TF, and predicate offences without undue or unreasonable conditions, and does not require dual criminality for the provision of assistance. The country's cooperation is governed by international conventions, agreements and treaties signed by the country.

CT539. The competent authorities have sufficient legal powers to obtain information from institutions from the financial system and DNFBPs that are designated as reporting entities.

CT540. Bolivia has a central authority for dealing with requests, as well as clear processes for prioritising requests, while maintaining the confidentiality of the information contained therein. In addition, the competent authorities can use special investigative techniques, but these are not used in specific ML and TF cases, which limits the capacity of the competent authorities to investigate and provide MLA. Additionally, the minor deficiencies identified in the criminalisation of TF (criterion 5.1) could limit full compliance with this Recommendation. **Recommendation 37 is rated largely compliant.**

#### *Recommendation 38 - Mutual legal assistance: freezing and confiscation*

CT541. In its 3rd Round MER of 2011, Bolivia was rated PC for R.38, due to the lack of resources in the police forces, in the Attorney General's Office, and in the Judiciary. In addition to the non-possibility of seizing property of corresponding value, nor of exchanging confiscated assets.

CT542. *Criterion 38.1* - In accordance with the provisions of R.37, Bolivia has a legal basis that allows its competent authorities to provide the widest international legal cooperation in the field of investigations, prosecutions and procedures linked to ML/TF and predicate offences, which includes actions to identify, freeze, seize or confiscate the proceeds of crime. The MRE acts as the Central Authority and should forward the requests to the competent authorities. Likewise, in accordance with article 138 of the Code of Criminal Procedure, international legal cooperation is applied within the framework of what is agreed in the international conventions or treaties in force and signed by Bolivia. It should be taken into account that the minor deficiencies identified in the criminalisation of TF (criterion 5.1) could limit full compliance with this Recommendation.

CT543. The Criminal Code regulates the legal instrument of asset forfeiture involved in ML/TF and predicate offences in accordance with article 185 bis of the Criminal Code (article 71 and 71 bis). In this sense, Bolivia may forfeit:

- (a) resources and property that are directly or indirectly proceeds of crime, as well as resources and property, including the income and other benefits derived from such proceeds (article 71 bis).
- (b) resources and property proceed of crime, including income and other benefits derived from such proceeds (article 71 bis of the Criminal Code).
- (c) instrumentalities used to commit the crime (article 71 of the Criminal Code).
- (d) Article 68 of Law 913/17 provides for extinction of ownership of property that has been used in the preparation of offences linked to drug trafficking. Likewise, it refers to criterion 4.1 (b) in relation to articles 71 and 71 bis of the Criminal Code that, since these are not restrictive, provisional measures such as confiscation can be applied for the attempt. Moreover, article 8 of the Criminal Code provides for the attempt, which, in relation to article 252 of the Code of Criminal Procedure, determines that the preventive annotation of property linked to the investigation of ML or other crimes should be provided. In addition, article 253 sets forth that seizure may be applied to assets, means and instrumentalities that may belong to possible instigators and accomplices (refer to criterion 4.1b).
- (e) Article 71 bis establishes that if the confiscated property cannot be presented, its value may be confiscated.

CT544. *Criterion 38.2* - In Bolivia, the extinction of ownership is set forth in Law 913/17, which consists of the extinction of ownership and possession of property of illicit origin, because they derive from or are linked to illicit trafficking of controlled substances. In order to initiate a proceeding for the extinction of ownership over a property in favour of the State, it is not necessary that the owner of the right, possessor or holder of the property has participated in the illegal activity that compromises the property, since it is independent of the existence of a criminal proceeding.

CT545. Likewise, the death of the owner, possessor or of the person who has benefited or gained any profits from assets of illicit origin or linked to activities of illegal trafficking of controlled substances does not discontinue the proceedings for the extinction of ownership (article 70). Articles 77-79 and 89 establish the duty to provide mutual legal assistance, as well as the recovery of assets abroad by the competent authorities.

CT546. Although the aforementioned Law only covers drug trafficking, the authorities could apply the legal concept of extinction of ownership in cooperation requests based on procedures related to ML/TF in accordance with the agreements, conventions or treaties signed. Likewise, the Attorney General's Office can use the Guidance on Cooperation in Extinction of Ownership, Forfeiture and Asset Recovery Matters of the Ibero-American Association of Public Prosecutors (AIAMP) to provide assistance in accordance with this criterion.

CT547. *Criterion 38.3* - The MRE, the Attorney General's Office and the Judicial Council have the power to sign international cooperation agreements with other countries (article 12, paragraph 3 of Law 401/13; article 30 of Law 260/12 of the Attorney General's Office; and article 183 of Law 025/10 of the Judiciary, respectively).

CT548. Bolivia is party to the Inter-American Convention on Mutual Assistance in Criminal Matters, the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, United Nations Convention against Transnational Organised Crime. Bolivia has signed the Agreement with the Republic of Peru on Judicial Assistance in Criminal Matters, is a party to the Cooperation Treaty with the Government of the United Mexican States on Legal Assistance in Criminal Matters, and has signed the Treaty with the Government of Italy on Judicial Assistance in Criminal Matters, and the Agreement with the Kingdom of Spain on Mutual Legal Assistance in Criminal Matters, as well as other Conventions on Trafficking in Controlled Substances, which regulate mutual legal assistance for expedited international cooperation on ML/TF offences, in relation to the confiscation and seizure of property.

CT549. Furthermore, the Attorney General's Office has signed Inter-agency Cooperation Agreements with the Public Prosecutors' Office of Chile, Argentina, Colombia, Peru and Cuba, in order to collaborate and provide useful information for criminal investigations that these institutions carry out in their countries. In addition, Bolivia has a Framework Agreement of the Inter-agency Working Group for the Recovery of Assets Abroad of the StAR Initiative to establish inter-agency cooperation mechanisms for the recovery of assets linked to corruption.

CT550. In relation to the mechanisms to manage assets, Bolivia has the DIRCABI, which is responsible for the registration and inventory of seized assets. In addition, among the actions that the DIRCABI can carry out in the administration of the assets, it can directly or by auction conduct the sale of the assets, designate the depositories, taking care of and protecting the assets that were not involved in the sale. The DIRCABI has mechanisms to administer, control and monetize assets seized, forfeited and confiscated in criminal proceedings linked to crimes of illicit trafficking in controlled substances and ML, as well as for the administration, control and monetization of assets subject to the extinction of ownership in favour of the State.

CT551. In addition, as mentioned in criterion 38.2, the Attorney General's Office can use the Cooperation in Extinction of Ownership, Forfeiture and Asset Recovery Matters of the Ibero-American Association of Public Prosecutor's Offices (AIAMP) which provides for the administration of seized or confiscated property within the framework of international cooperation.

CT552. *Criterion 38.4* - In order to share the confiscated property, Bolivia should enter into a treaty, agreement, or similar arrangement with the other country that specifically establishes procedural coordination mechanisms for this purpose. On this basis, the country signed the International Conventions that establish the power to share confiscated property with other countries. Likewise, Bolivia has signed cooperation treaties for the disposal of confiscated property with Italy, Mexico and Spain.

*Weighting and conclusion*

CT553. Bolivia has the power to take action in response to requests to identify, freeze, seize, or confiscate property laundered, the proceeds or product of the crime or property that was intended to use or used for ML/TF. Bolivia can apply the legal concept of extinction of ownership and provides international cooperation in this regard. Although the applicable regulations only cover the crime of drug trafficking, the country can make use of international conventions or instruments for procedures related to ML/TF. The country has signed agreements to coordinate seizures and confiscations, and has mechanisms, such as the DIRCABI for the administration of property and, where necessary, for the disposal of frozen, seized, or confiscated property.

CT554. Without prejudice to the above, the minor deficiencies identified in the criminalisation of TF (criterion 5.1) could limit full compliance with this Recommendation. **Recommendation 38 is rated largely compliant.**

*Recommendation 39 - Extradition*

CT555. In its 3rd Round MER, Bolivia was rated C for R.39

CT556. *Criterion 39.1* - In Bolivia, extradition is governed by international conventions and agreements with other countries or on the basis of reciprocity. The above is established in article 3 of the Criminal Code. Bolivia has signed 13 international treaties for extradition. In addition, extradition is regulated in articles 149 to 159 of the Code of Criminal Procedure.

- (a) In Bolivia, the ML/TF offences are criminalised in articles 185 bis and 133 bis of the Criminal Code. According to the Code of Criminal Procedure, extradition will be granted for offences punishable under the laws of both States with a minimum penalty of two years' imprisonment or, in the case of a national, with more than two years' imprisonment. In addition, as mentioned above, the country proceeds with the extradition in accordance with the international treaties or the principle of reciprocity (article 149 of the Code of Criminal Procedure). Notwithstanding this, it should be taken into account that the minor deficiencies identified in the criminalisation of TF (criterion 5.1) could limit full compliance with this Recommendation.
- (b) The MRE, as the central authority of Bolivia, developed and approved a correspondence system for the processing of cases which will include specific data on the offence, the applicable international instrument, follow-up alerts, prioritisation of cases, etc., and will also be used by the Attorney General's Office and the Supreme Court of Justice. Based on the information provided during the

on-site visit, the system is still in a testing phase, so the assessment team cannot conclude that the authorities are already using it to manage cases.

Notwithstanding this, the MRE issued an information booklet on extradition addressed to judges, prosecutors and the public in general, which sets out the procedures for dealing with requests. Likewise, the Ministry has an Internal Rules of Procedure for its personnel, which establishes that officials should carry out their duties with punctuality, speed, efficiency, effectiveness, timeliness, probity and in accordance with the organic documents of the entity that regulates the exercise of their functions (article 9, paragraph b), the above is understood to apply to the processing of extradition requests.

The Supreme Court of Justice has the Manual for the Processing of Extradition Requests in the Judiciary, which establishes the procedures for processing extradition requests. In addition to the fact that it has the principles of priority for requests related to ML and other predicate offences, and TF. In addition, it is taken into account that Bolivia can carry out cooperation in accordance with the conventions, treaties and agreements signed, therefore it can do so in relation to ML/TF.

In turn, the State Attorney General's Office has the TITAN Registration System, which was created to control the entry and exit of an international cooperation procedure at the Attorney General's Office, and which also allows data to be filtered by offence, country, processing status, and type of procedure. The system is a database developed by the International Affairs Unit within the Attorney General's Office.

- (c) Bolivia does not impose unreasonable or unduly restrictive conditions on the execution of extradition requests. The only cases in which a request could be denied are set forth in article 151 of the Code of Criminal Procedure that deals with the respect and guarantee of people's human and constitutional rights.

*CT557. Criterion 39.2 -*

- (a) Article 150 of the Code of Criminal Procedure provides for the extradition of nationals for crimes punishable in both countries, with the prerogative that the minimum penalty is more than two years' imprisonment and that at least one year of penalty remains to be served, in relation with the requesting State.
- (b) Not applicable.

*CT558. Criterion 39.3 -* In Bolivia, extradition requests will proceed as long as the criminal acts are criminalised, regardless of the terminology. Extradition should not proceed if the act for which extradition is requested is not an offence under the laws of both countries (article 3 of the Criminal Code).

*CT559. Criterion 39.4 -* Through the international treaties signed, Bolivia establishes simplified extradition mechanisms, and, on this basis, there are no obstacles for pre-trial detention.

*Weighting and conclusion*

*CT560.* Bolivia's legal system provides for extradition for offences punishable by the legislation of both States with a legal minimum of two or more years' imprisonment and a legal minimum of more than two

years' imprisonment in the case of nationals, in addition to being governed by international conventions and treaties signed with other countries or based on the principle of reciprocity. The country does not impose unreasonable or unduly restrictive conditions on the execution of extradition requests and extradition requests will proceed as long as the criminal acts are criminalised, regardless of the terminology and by means of the international treaties signed. The processes are clear for the processing of requests and principles of priority are applied for requests related to ML, predicate offences, and TF.

CT561. Without prejudice to the above, it should be taken into account that the minor deficiencies identified in the criminalisation of TF (criterion 5.1) could limit full compliance with this Recommendation. **Recommendation 39 is rated largely compliant.**

#### *Recommendation 40 - Other forms of international co-operation*

CT562. In its 3rd Round MER of 2011, Bolivia was rated PC for R.40, because i) although the FIU provides cooperation to its counterparts, such cooperation is neither of quality nor effective in terms of response times; ii) there are no regulations allowing the regulator and supervisor in the insurance and securities sectors to cooperate with their counterparts at the international level, iii) law enforcement agencies do not have the necessary human and material resources, and iv) there are no statistics to assess the overall effectiveness of the system.

CT563. *Criterion 40.1* - The competent Bolivian authorities have powers to provide international cooperation to foreign counterparts in this matter, as indicated in subsequent criteria. The authorities that can provide these forms of international cooperation are the Attorney General's Office, the Police through its specialised investigation units (FELCN, FELCC, INTERPOL), the tax authorities (Internal Revenue Service and National Customs), the FIU and the ASFI.

CT564. These authorities maintain communication channels between the respective agencies in order to facilitate the rapid and secure exchange of information, both spontaneously and upon request. In this sense, these authorities are part of international spaces and mechanisms such as the Ibero-American Association of Public Prosecutors (AIAMP), the Ibero-American Network of Anti-Drug Prosecutors (RFAI), the STAR GIRA Group, the GAFILAT Asset Recovery Network (RRAG), the World Customs Organization (WCO), and the Egmont Group.

CT565. Additionally, Bolivia is subject to international conventions on international cooperation in accordance with R.36 and its authorities can sign international agreements for international cooperation.

CT566. Notwithstanding the above, the minor deficiencies identified in the criminalisation of TF (criterion 5.1) could limit full compliance with this Recommendation.

CT567. *Criterion 40.2* -

- (a) In Bolivia, entities may enter into an international cooperation agreement in coordination with the MRE (Law 465/13). According to Supreme Decree 2476 which regulates the Law of Agreements, the signing of agreements requires the authorisation of the MRE (article 7.III). According to article

138 of the Code of Criminal Procedure, the country should provide the widest possible range of assistance to requests from foreign authorities, provided that they request it in accordance with the Political Constitution of the State, international Conventions and Treaties in force. In addition, the competent authorities have a legal basis to provide international cooperation in accordance with their respective legal framework. The Attorney General's Office provides international cooperation in accordance with articles 12 and 30 of Law 260/12, the Police in accordance with article 107 of Law 734/85 and articles 58-62 of Law 3434/17, although only reference is made to drug trafficking and not to other offences. The National Customs provides international cooperation in accordance with article 13 and article 37 paragraph n) of Law 1990/99, the FIU in accordance with article 10, paragraphs f) and g) of Supreme Decree 4904/23, and the ASFI according to article 8 of the Rules of Procedure for the Processing and Formulation of International Cooperation Requests (ASFI Resolution 139/21).

The international instruments that Bolivia may sign to provide international cooperation should be regulated by law.

- (b) The competent authorities under criterion 40.1 may use efficient means to cooperate, such as the international cooperation groups and networks of which they are part. It should be mentioned that the Attorney General's Office is member of the AIAMP and other groups, such as RedTRAM/Ibero-American Network of Prosecutors against Trafficking in Persons and Smuggling of Migrants, CIBERED/Ibero-American Network of Attorney General's Offices in Cybercrime, RFAI/Ibero-American Network of Anti-Drug Prosecutors, Ibero-American Network of Prosecutors against Corruption, REDCOOP/AIAMP Criminal Cooperation Network, Environmental Protection Network, among others. In turn, the FIU is a member of the Egmont Group, and both authorities have a contact point at the RRAG for the exchange of information. In addition, they have MOUs, agreements on MLA matters, and other agreements for the provision of international cooperation.
- (c) As mentioned in the previous sub-criterion, some of the competent authorities have access to platforms for the transmission and execution of requests. The FIU exchanges information with foreign counterparts through the Egmont Secure Web and the RRAG, which are secure channels to provide international cooperation. The Attorney General's Office can use the AIAMP channel, the RRAG, and has also a Rules of Procedure for International Criminal Cooperation Requests that establishes the forms, conditions and steps that should be followed for the elaboration, handling and processing of international criminal cooperation requests where the channels for processing orders are indicated. The National Police within its Protocol on Procedures and Exchange and Handling of International Cooperation Information has the principle of security so that information may only be exchanged through secure channels. In addition, it can use the Interpol Information System. In turn, the SIN is a member of the Inter-American Center of Tax Administrations, which promotes international cooperation and the exchange of experiences and information and provides technical assistance, studies and training services. The Bolivian Customs is a member of the WCO and uses the CenComm Platform for the exchange of information between member countries of the Container Control Programmes (CCP) and Airport Communications Programme (AIRCOP). The ASFI, within its Rules of Procedure for the Processing and Formulation of International Cooperation Requests, stipulates that requests will be submitted through the Central Office, counter, e-mail or any other authorised means. In addition, it is an Associate Member of the Association of

Supervisors of Banks of the Americas (ASBA), whose purpose is to promote and maintain close communication in order to facilitate cooperation among members, and to promote the improvement of their respective capacities. In this sense, ASBA provides its members with a high-level forum for the exchange of information. It is also an ordinary member of the International Organization of Securities Commissions (IOSCO) with the commitment to exchange information.

- (d) The Attorney General's Office and the Police have procedures for executing requests based on their Rules of Procedure for International Criminal Cooperation Requests and the Protocol on Procedures and Exchange and Handling of International Cooperation Information, respectively. The Attorney General's Office has the TITAN Registration System, created to control the requests for international cooperation sent and received.

The Police, through the INTERPOL National Central Bureau (NCB), carries out and applies mechanisms to prioritise requests based on Interpol's Rules of Procedure on the Processing of Data that refers to the principles to ensure international cooperation among criminal police authorities through INTERPOL channels. Requests are sent and received through the I-24/7 International Communications System. Likewise, it has the International Cooperation Protocol for the National ML/TF Crime Investigation Department, approved by Resolution 24/23, in whose chapter IV it prioritises requests for international cooperation. Likewise, through the platforms to which it has access, it has processes for the execution of the requests, which are handled by the designated focal points.

In turn, the FIU has processes in place for the prioritisation and processing of requests for international cooperation in a timely manner, as defined in articles 14-25 and 28 of the 2018 Rules of Procedure for the Processing of International Cooperation Cases. Regarding prioritisation, the DGE and the DAFL may, in exceptional cases, prioritise cases and set deadlines as appropriate. The Customs, under the 2023 Rules of Procedure for the Exchange of Information at the International Level, defines the procedures for the timely processing of requests for international cooperation in customs and foreign trade matters in accordance with the agreements, conventions, and MOUs signed. In this sense, article 20 establishes that requests should be processed within a maximum period of 15 working days and a record should be kept if the exchange was successful and if feedback was provided.

Articles 10-13 of the ASFI establish the procedures for dealing with requests and the areas to which they should be submitted. In addition, deadlines and prioritisation criteria should be established and, in this case, ASFI's Executive Director General may define the prioritisation of exceptional cases according to their nature, complexity, and importance of the request for international cooperation for their processing within 48 working hours after the request. In these cases, the designated person in charge will immediately request the necessary information from the corresponding areas of the ASFI or from the supervised entities and should take the necessary precautions to comply with the aforementioned term.

- (e) Law 260/12 establishes that the Attorney General's Office should ensure that the information to be provided does not violate the rights of the parties, nor endanger the investigations carried out, or violate the confidentiality established on them. It is prohibited to provide information about ongoing investigations to third parties not involved in the investigation (article 9). The DGFELCN of the Police should receive and execute requests for exchange of information in accordance with the

procedures established in its protocols, ensuring the confidentiality and security of the information (article 62 of Supreme Decree 3434/17), and it also has confidentiality principles in the Protocol on Procedures and Exchange and Handling of International Cooperation Information.

The FIU applies safeguard measures in the response to requests for international cooperation under Supreme Decree 4904/23, which states that the confidentiality of the information should be maintained. Article 5 of its Rules of Procedure for the Processing of International Cooperation Cases establishes the same measures. In accordance with article 10 of the Procedures for the Exchange of Information at the International Level, the Customs Office should maintain the confidentiality and safeguard of the information exchanged.

Regarding the ASFI, article 19 of the Rules of Procedure for the Processing and Formulation of International Cooperation Requests provides for the safeguarding of information received and that all measures should be taken to ensure that it is not disclosed or accessed by third parties.

CT568. *Criterion 40.3* - The competent authorities of Bolivia may sign conventions, agreements or other international instruments in order to ensure international cooperation between the parties and the exchange of information. Namely: Article 30 of Law 260/12 for the Attorney General's Office; article 37, paragraph n) of Law 1990/99 for Customs; article 6, paragraph b) of Supreme Decree 4904/23 for the FIU; and article 23, paragraph m) of Law 393/13 for ASFI.

CT569. In this sense, the Attorney General's Office signed 6 conventions and treaties, Customs has 8 conventions and agreements with Customs from other countries, the FIU has 24 MOUs signed with its foreign counterparts, ASFI signed a Memorandum of Cooperation and/or Understanding with the Superintendency of Banking and Insurance of the Republic of Peru. In terms of MLA, 7 agreements and 27 treaties have been signed with regard to the fight against drug trafficking. In the case of the Police, although there is information stating that the Police should only comply with agreements but is not empowered to sign them when required (article 7, paragraph u) of Law 734/85), this authority has 27 agreements signed. Likewise, it is worth mentioning what is stated in criterion 40.2, which indicates that Supreme Decree 2476 authorises the authorities to sign agreements in coordination with the MRE.

CT570. *Criterion 40.4* - The Police, the FIU, the Customs and the ASFI, in accordance with their protocols and rules of procedure elaborated in international cooperation matters, should provide feedback to the authorities on the use and usefulness of the information.

CT571. There are no similar provisions for the Attorney General's Office

CT572. *Criterion 40.5* - The Bolivian authorities may provide international cooperation based on their regulations, conventions, agreements, treaties and other international instruments, and based on the principle of reciprocity in the absence of these. In this sense, there are no restrictive, unreasonable or undue conditions to prohibit or deny the provision of international cooperation on any of the grounds listed in this criterion.

CT573. *Criterion 40.6* - The Attorney General's Office applies article 121.15 of Law 260/12 in order to ensure that the information exchanged by competent authorities is used only for the purposes for which it was requested, and by the authorities for which the information was provided. In addition, it applies

information security guidelines when using the platforms and channels of which it is a member, such as the RRAG.

CT574. In turn, in accordance with their protocols and rules of procedure elaborated in the field of international cooperation, the Police, the FIU, the Customs and the ASFI provide for the protection of the information exchanged and establish that it should only be used for the requested purposes, unless prior authorisation has been given (article 8; article 11; article 9-11; and articles 6 and 19, respectively)

CT575. In addition, the competent authorities should maintain the protection of the information exchanged on the basis of the conventions and agreements signed.

CT576. *Criterion 40.7* - In addition to the above criterion, the DGFELCN of the Police should maintain the due confidentiality and standard coding for requests for cooperation and information exchanged and cannot disclose information obtained in the exercise of their duties. In addition, it should select its personnel carefully in order to ensure the confidentiality and secrecy of the information (article 8 of the International Cooperation Protocol). In accordance with article 9 of Supreme Decree 4904/23, the FIU should ensure that all information provided to the unit is treated as confidential. In addition, it may refuse to provide information if it considers that the counterpart cannot protect it, this is in accordance with the Principles for Information Exchange.

CT577. In turn, the Customs and the ASFI are required to maintain the confidentiality of the information received in relation to documents, reports or operations (Supreme Decree 77/09 and Law 393). Reference is also made to the Rules of Procedure mentioned in the previous criterion on the confidentiality and use of information. In this sense, it is appreciated that the confidentiality and protection of information is sought in the same way as it is protected when obtained from national sources.

CT578. Except in the case of the FIU, the refusal to provide information is not established when the requesting foreign authority is unable to protect it in the same way.

CT579. *Criterion 40.8* - The Code of Criminal Procedure states that maximum assistance should be provided to requests from foreign authorities, provided that they request it in accordance with the international conventions and treaties (article 138). Based on its Protocol on Procedures and Exchange and Handling of International Cooperation Information, the Police can conduct preliminary investigations on behalf of a foreign counterpart and exchange all the information they could obtain, if such preliminary investigations were conducted internally. This information should be disseminated through direct coordination channels between the police forces that are party to an international cooperation agreement and in accordance with the legal formalities (also refer to the analysis of R.40.18). In the case of the Attorney General's Office, in accordance with article 148 of the Code of Criminal Procedure, it can coordinate the investigation with other countries or international organisations, for which it may form joint investigation teams. Any investigation carried out in the country will be in charge of a national prosecutor and subject to the control of the judges of the Republic.

CT580. The FIU may exchange information with its counterparts through the groups of which it is part and is authorised to provide the information it can obtain at the national level.

CT581. *Criterion 40.9* - The FIU has a legal basis to provide cooperation on ML/TF with other FIUs or competent authorities of other countries in accordance with previously signed agreements or other instruments or under the principle of reciprocity (articles 6 and 10 of Supreme Decree 4904/23). In this sense, the FIU has 24 MOUs for the exchange of information with its counterparts.

CT582. Likewise, the FIU can carry out this cooperation through the aforementioned channels.

CT583. *Criterion 40.10* - Based on the Rules of Procedure for the Processing of International Cooperation Cases, the FIU has the power and duty to provide feedback to its foreign counterparts without the need for a prior request from its counterpart regarding the use of information. It applies to both exchanges via the RRAG and the Egmont Group. Within the Egmont Group framework, formats established by the organisation are used. In addition, the signed MoUs establish that upon request and whenever possible, feedback should be provided to their counterparts.

CT584. *Criterion 40.11* -

- (a) The FIU may exchange all information that it may obtain either directly or indirectly pursuant to its powers. In this sense, there are no impediments for the FIU to exchange information at the request of other countries.
- (b) The FIU has the power to exchange all the information it may obtain, directly or indirectly, at the domestic level, subject to the principle of reciprocity. Likewise, the FIU, based on national regulations, may request all the information it deems pertinent to the reporting entities and the competent authorities within the framework of its powers. It should always consider the free exchange of information for purposes of analysis at the FIU level, not disseminate or use the information for any other purpose than for intelligence purposes and protect the confidentiality of the information (article 11 of the Rules of Procedure for the Processing of International Cooperation Cases).

CT585. *Criterion 40.12* - The ASFI has a legal basis for providing cooperation with its foreign counterparts based on the provisions of Law 393/13 and its Rules of Procedure for Processing and Formulation of International Cooperation Requests (article 23). In addition, it is established that the ASFI, by itself or through the FIU, may exchange information related to AML/CFT prosecution with its counterparts, as well as with national, foreign or international LEAs. The above will be done in accordance with international treaties and conventions and should not violate the right to secrecy and confidentiality of the information. Likewise, article 26 of Supreme Decree 4904 authorises the supervisory authorities to promote and sign Inter-agency Agreements at the national and international level with their foreign counterparts,

CT586. Although the specific regulations of the APS do not establish the power to provide international cooperation to their counterparts, the aforementioned Supreme Decree 4904 and Supreme Decree 2476 are cited, which authorises the authorities to sign international agreements within the scope of their competence

in Coordination with the MRE. In addition, the APS has a Rules of Procedure for cooperation and exchange of information for the supervision of AML/CFT/CFP matters where it is indicated that it may exchange information with other counterpart agencies, international organisations and others within the framework of the rules, memorandums and regulations governing for this purpose, promoting broad cooperation and information exchange, based on the principle of reciprocity or mutual agreement (article 9).

CT587. Likewise, the APS is a member of the Association of Insurance Supervisors of Latin America - ASSAL, which allows it to exchange information on insurance and reinsurance legislation, control methods, statistics, market characteristics and operating systems, and any other subject related to the insurance activity.

CT588. *Criterion 40.13* - As stated in the previous criterion, the ASFI and the APS can exchange information with their counterparts in accordance with the treaties and agreements signed. In the specific case of the information requested by the ASFI from national or foreign institutions, for the investigation of illegal financial activities, ML/TF or violations of supervisory, regulatory and control rules committed in the national territory, they will not require any judicial or administrative formal procedure for submission to the judicial authorities. In addition, there will be no limitations on the secrecy and confidentiality of the information (article 473 of Law 393/13). In turn, the Rules of Procedure for the Processing and Formulation of International Cooperation Requests lists the type of information that may be exchanged, which is obtained at the national level. The ASFI has a Memorandum of Cooperation with Peru.

CT589. Although the APS is a member of the ASSAL as mentioned in the c. 40.12, the type of information that they may exchange appears to be limited and there is no information available from its reporting entities that could be used for investigations by foreign counterparts, as in the case of the ASFI. Likewise, reference is made to the fact that, to date, the APS has not signed international cooperation agreements or treaties.

CT590. *Criterion 40.14* - The Rules of Procedure for the Processing and Formulation of International Cooperation Requests lists the type of information that the ASFI may exchange (article 22). Namely:

- (a) Legal and regulatory information, and general information on the financial sector.
- (b) Prudential information on financial institution's business activities, BO, management and suitability.
- (c) Information related to internal AML/CFT/FP procedures and policies of financial institutions, and information on CDD, customer files, sample of accounts and information on transactions, including BO information.

CT591. Information regarding the APS is not provided as requested in this criterion.

CT592. *Criterion 40.15* - Article 22.IV of the Rule of Procedures for the Processing and Formulation of International Cooperation Requests indicates that the ASFI, through the designated person, may conduct inquiries on behalf of the foreign counterpart or other competent authority, and the facts or acts to be investigated should be clearly and precisely defined. Likewise, the ASFI may authorise or facilitate that foreign counterparts conduct inquiries themselves in the country in order to facilitate the expeditious processing of the request.

CT593. Information regarding the APS is not provided as requested in this criterion.

CT594. *Criterion 40.16* - The Rules of Procedure for the Processing and Formulation of International Cooperation Requests establish that the information should only be used for supervisory purposes of the financial system in ML/TF/PF matters, unless prior authorisation has been given by the entity providing the information (article 8). To this end, it sets out a number of requirements to be taken into account in requests, including the reason and purpose of the request, the intended use of the information requested and, where appropriate, the request for authorisation to disclose the information (article 10). In accordance with the Memorandum signed by ASFI, all information exchanged related to AML/CFT systems will be treated as confidential and will only be used for the purposes for which the information is required, and such information should not be disclosed except as necessary to carry out its legal supervisory responsibilities.

CT595. Information regarding the APS is not provided as requested in this criterion.

CT596. *Criterion 40.17* - In accordance with the regulations, protocols and rules of procedure for international cooperation, the LEAs (Attorney General's Office and the Police) are empowered to exchange information with their foreign counterparts for intelligence or investigative purposes related to ML, predicate offences and TF. In this regard, the Code of Criminal Procedure stipulates that the widest possible assistance should be provided to requests from foreign authorities. Similarly, Law 260/12 establishes that the Attorney General's Office should provide international judicial, administrative or investigative cooperation provided for in laws, International Conventions and Treaties in force, it should also have all the information relating to the investigation available to public or private institutions or agencies (articles 12-17).

CT597. In addition, the Attorney General's Office uses the "Practical Guidance on the Use of the AIAMP Inter-agency Cooperation Agreement" for direct exchange of information between prosecutors, and the "Inter-Agency Cooperation Agreement between Attorney General's Office, General Public Prosecutor's Offices and General Prosecutor's Offices which are members of the REMPM" for the exchange of information in accordance with their powers and responsibilities. Likewise, the aforementioned LEAs are part of international spaces and mechanisms, such as the AIAMP, the Ibero-American Network of Anti-Drug Prosecutors (RFAI), the STAR GIRA Group, and the RRAG to facilitate international cooperation.

CT598. Regarding the Police, in accordance with Supreme Decree 3434/17, the DG-FELCN, through its Specialized Unit, should receive and make requests for cooperation in intelligence and investigation for international criminal prosecution (article 58). Likewise, the Protocol on Procedures and Exchange and Handling of International Cooperation Information indicates that the above mentioned General Directorate has the capacity to exchange the information available at the national level in accordance with this criterion, including the identification and tracking of assets, instrumentalities and proceeds of crime, in accordance with legal regulations in force provided for in the national legal system.

CT599. *Criterion 40.18* - As previously mentioned, the Code of Criminal Procedure stipulates that the widest possible assistance should be provided to requests from foreign authorities. In this sense, the LEAs can carry out investigations and inquiries on behalf of foreign counterparts and exchange with them all the information that could be obtained at the national level.

CT600. Regarding the Attorney General's Office, it is worth mentioning that the Institute of Forensic Investigations, as an auxiliary body, should collaborate inside and outside Bolivia with governments, institutions, authorities and individuals, in relation to criminal investigation in coordination with the Attorney General's Office (Law 260/12). Likewise, cooperation in legal proceedings and international criminal prosecution in activities of illicit trafficking in controlled substances should be arranged by the Attorney General's Office, the Judiciary or their foreign counterparts, through the relevant central authority and in compliance with the legal procedures of the intervening countries (Supreme Decree 3434).

CT601. In accordance with its Protocol on Procedures and Exchange and Handling of International Cooperation Information, the Police, through the DGFELCN, may use its powers, including the investigative techniques available to it in accordance with its laws and internal regulations, to make inquiries and obtain information on behalf of foreign counterparts in relation to ML. For the dissemination and confidentiality of information, the Police refers to the Interpol's Rule of Procedure for the Processing of Data. In addition, the Police has the Enhanced Police Cooperation Agreement against Organised Crime, signed by the member countries of AMERIPOL in order to cooperate in the field of crime prevention, and the fight against crime, especially in its organised forms, in accordance with the international conventions and the national legislation of each country.

CT602. Notwithstanding the above, the competent authorities may use special investigative techniques as referred to in R.31, but not in specific cases of ML and TF.

CT603. *Criterion 40.19* - Bolivia provides in its legal framework, through the Code of Criminal Procedure, for the creation of joint investigation teams with the purpose of cooperating in investigations requested by competent authorities of one or more countries within the framework of bilateral or multilateral agreements signed. Likewise, the DGFELCN may propose the signing of agreements with international organisations in order to strengthen mechanisms, carry out joint and coordinated operations, and exchange information and best practices. Moreover, based on their Protocol on Procedures and Exchange and Handling of International Cooperation Information, the Police can create joint investigation teams to carry out investigations within the framework of international cooperation.

CT604. Bolivia recently established a joint investigation team with the Republic of Chile within the framework of a Human Trafficking and Criminal Organisation "*Tren de Aragua Case*".

CT605. *Criterion 40.20* - The FIU and the Attorney General's Office are empowered to exchange information indirectly with non-counterparts when the request is made through the RRAG contact points. Information requests should be duly founded, indicating the purpose and on whose behalf the request is made.

CT606. Likewise, the ASFI, based on Law 393, may exchange information with similar international institutions or bodies, as well as with national or foreign LEAs. It is not established that the purposes of the request should be made clear.

*Weighting and conclusion*

CT607. In general, Bolivia has a legal regime and appropriate mechanisms that allow it to provide spontaneous and upon request international cooperation to foreign counterparts. Competent authorities have international agreements that allow them to provide the widest possible international cooperation, have procedures for processing and prioritising requests, and they also make sure that the information exchanged is protected. However, it is observed that only the FIU can refuse to provide information if the requesting party cannot protect the information effectively.

CT608. The FIU can exchange the information available to them, but it should be noted that some DNFBPs have been recently designated as reporting entities and only cover large taxpayers. In addition, dealers in precious metals and stones are not yet reporting entities and therefore do not comply with their obligations under international standards.

CT609. Regarding international cooperation between supervisors, the APS does not have extensive powers to provide cooperation under the provisions of this Recommendation.

CT610. Likewise, without prejudice to the above, the minor deficiencies identified in the criminalisation of TF (criterion 5.1) could limit full compliance with this Recommendation. **Recommendation 40 is rated largely compliant.**

*Summary of Technical Compliance - Major Deficiencies*

<b>Compliance with the FATF Recommendations</b>		
<b>Recommendation</b>	<b>Rating</b>	<b>Underlying rating factor(s)</b>
1. <i>Assessing risks &amp; applying a risk-based approach</i>	LC	<ul style="list-style-type: none"> <li>• It is necessary to strengthen the specific section on TF risk in order to deepen the analysis, as well as to better identify and raise awareness among the competent authorities and the private sector about the potential risk.</li> <li>• Lack of a deeper understanding about the risk posed by certain sectors, including the sector of dealers in precious metals and stones.</li> <li>• Dealers in precious metals and stones are not reporting entities.</li> <li>• The DINORPLU and the AJ are competent to supervise the actions of notaries and casinos, respectively, but it is not clear that they have supervisory procedures to verify the implementation and functioning of the RBA in said sectors.</li> <li>• There is no risk assessment or update of it in the notaries sector.</li> <li>• The criteria pertaining to lawyers, accountants and real estate agencies are not covered, since there are no AML/CFT obligations for non-large taxpayers.</li> <li>• The application of simplified measures in case of suspicion of ML/TF to DNFBPs that are reporting entities in the country, except for notaries, is not prohibited.</li> </ul>
2. <i>National cooperation and coordination</i>	C	
3. <i>Money laundering offence</i>	LC	<ul style="list-style-type: none"> <li>• The criminal offence does not provide for the illicit trafficking of stolen goods and other property as a predicate offence.</li> <li>• Sanctions for ML are not dissuasive or proportionate.</li> </ul>
4. <i>Confiscation and provisional measures</i>	C	
5. <i>Terrorist financing offence</i>	LC	<ul style="list-style-type: none"> <li>• The criminal offence does not provide for the financing of the travel of foreign terrorist fighters.</li> </ul>

Compliance with the FATF Recommendations		
Recommendation	Rating	Underlying rating factor(s)
		<ul style="list-style-type: none"> <li>The regulations do not provide for the criminal liability of legal persons in cases of TF.</li> </ul>
6. Targeted financial sanctions related to terrorism and terrorist financing	PC	<ul style="list-style-type: none"> <li>Bolivia has no specific legislation or regulation that governs the mechanism for identification and designation, in accordance with UNSCR 1373 and its successors.</li> <li>Bolivia has no relevant regulations or mechanisms in place for the identification and designation of persons and entities that could meet the designation criteria under the relevant UNSCRs.</li> <li>The requirement to impose TFS is not applicable to dealers in precious metals and stones, and the limitations referred to in Recommendations 15 and 22 on VASPs and lawyers, accountants and real estate agencies, respectively, should be taken into consideration.</li> <li>Limitations for certain reporting entities to freeze, without delay and without prior notice, the funds or assets of designated persons and entities.</li> <li>It is not clear that the prohibition to provide funds or other assets, economic or financial resources or other related services extends to citizens or to any person or entity in the country.</li> <li>The regulations are not clear as to the obligation of FIs and DNFBPs to inform the competent authorities in the event of an attempted transaction. Moreover, this obligation is not applicable to dealers in precious metals and stones, and the limitations referred to in Recommendations 15 and 22 on VASPs and lawyers, accountants and real estate agencies, respectively, should be taken into consideration.</li> <li>Bolivian regulations do not specifically or publicly set forth procedures to file de-listing requests to the corresponding Committee in the</li> </ul>

Compliance with the FATF Recommendations		
<i>Recommendation</i>	<b>Rating</b>	<b>Underlying rating factor(s)</b>
		<p>cases where the country considers that a person does not meet or no longer meets the designation criteria.</p> <ul style="list-style-type: none"> <li>• The regulations of this country do not explicitly set forth procedures or mechanisms to de-lists persons or entities that have been designated by the country itself after having verified that they no longer meet the designation criteria under UNSCR 1373, nor the manner or the means by which a designated person may appeal against the listing.</li> <li>• It is not clear what the procedure to review the designation decision would be and how it would be implemented if the designation has been made domestically and not by a third country.</li> </ul>
7. <i>Targeted financial sanctions related to proliferation</i>	PC	<ul style="list-style-type: none"> <li>• TFS are not implemented in compliance with the UNSCR on the proliferation of weapons of mass destruction.</li> <li>• However, the requirements under this Recommendation are not applicable to dealers in precious metals and stones, and the limitations referred to in Recommendations 15 and 22 on VASPs and lawyers, accountants and real estate agencies, respectively, should be taken into consideration.</li> <li>• The prohibition to provide funds or other assets to any designated person or entity, or to benefit any designated person or entity unless they have licenses or authorisations or the like notified in accordance with the relevant UNSCRs do not extend to citizens or to any person or entity in the country.</li> <li>• There are no specific procedures for submitting de-listing requests to the UNSC. There are no procedures that allow designated persons and entities to file de-listing requests.</li> <li>• The country's provisions are not clear to cover all types of obligations related to contracts, agreements or obligations arising prior to the</li> </ul>

Compliance with the FATF Recommendations		
<i>Recommendation</i>	<b>Rating</b>	<b>Underlying rating factor(s)</b>
		date on which the accounts became subject to TFS.
8. <i>Non-profit organisations</i>	PC	<ul style="list-style-type: none"> <li>• Lack of outreach to the donor community, in spite of the fact that such community is limited by the context of the country.</li> <li>• Incipient outreach to the sector by the competent authorities.</li> <li>• Lack of specific actions to encourage NPOs to operate through regulated financial channels.</li> <li>• Monitoring of the sector is eminently prudential and with limited RBA.</li> <li>• There is no sanctions gradation for religious and spiritual organisations, and therefore the sanctions applied to them are not proportionate.</li> </ul>
9. <i>Financial institution secrecy law</i>	C	
10. <i>Customer due diligence</i>	LC	<ul style="list-style-type: none"> <li>• There is no regulation for financial leasing companies and financial factoring that, in exceptional cases, allows them not to complete the CDD when realising that by doing so they would be alerting the customer, and report said situation to the FIU.</li> </ul>
11. <i>Record keeping</i>	C	
12. <i>Politically exposed persons</i>	C	
13. <i>Correspondent banking</i>	PC	<ul style="list-style-type: none"> <li>• It is not clear how each institution is required to clearly understand its respective AML/CFT responsibilities.</li> <li>• It is not clear how all financial institutions should comply with CDD requirements on customers who have direct access to correspondent bank accounts, and whether they are able to provide important CDD information to the correspondent bank when requested.</li> <li>• The obligation to prohibit financial institutions from starting or continuing a correspondent banking relationship with shell banks does not seem to be applicable to other FIs that may be involved in correspondent banking abroad.</li> </ul>

<b>Compliance with the FATF Recommendations</b>		
<b>Recommendation</b>	<b>Rating</b>	<b>Underlying rating factor(s)</b>
<i>14. Money or value transfer services (MVTs)</i>	C	
<i>15. New technologies</i>	PC	<ul style="list-style-type: none"> <li>● Inadequate identification of suspicious transactions linked to virtual assets and VASPs due to reporting entities' limited knowledge on new technologies.</li> <li>● Lack of knowledge of the reporting entities about typologies involving virtual assets and VASPs.</li> <li>● Supervisors do not have supervision or feedback mechanisms related to the matter.</li> <li>● LEAs' limited capacity and knowledge on investigative aspects related to new technologies.</li> <li>● Insufficient measures implemented by the competent authorities to identify those VASPs that operate illegally.</li> <li>● Lack of regulatory provisions for the sector on licensing or registration, and regulatory and supervisory measures.</li> <li>● Lack of requirements on guidance and feedback to the sector.</li> <li>● Lack of a sanctions regime and preventive measures applicable to the sector.</li> </ul>
<i>16. Wire transfers</i>	LC	<ul style="list-style-type: none"> <li>● The regulations applicable to intermediary FIs do not allow the identification of cross-border wire transfers that lack originator or beneficiary information.</li> <li>● Lack of regulations for intermediary and beneficiary FIs on when to execute, reject or suspend a cross-border wire transfer, which does not have the originator or beneficiary information or the corresponding monitoring.</li> </ul>
<i>17. Reliance on third parties</i>	C	
<i>18. Internal controls and foreign branches and subsidiaries</i>	LC	<ul style="list-style-type: none"> <li>● Regarding internal controls, it is not clear whether ancillary financial service providers designate a responsible officer holding management functions.</li> </ul>

<b>Compliance with the FATF Recommendations</b>		
<b>Recommendation</b>	<b>Rating</b>	<b>Underlying rating factor(s)</b>
		<ul style="list-style-type: none"> <li>At the group level regarding internal procedures, no requirements are specified for ancillary financial service providers based on their Instruction.</li> <li>It is not specified whether ancillary financial service providers meet the requirements of financial groups or branches and affiliates abroad.</li> </ul>
<i>19.Higher risk countries</i>	LC	<ul style="list-style-type: none"> <li>In the case of financial leasing companies and bonded warehouses, there are no regulations to apply countermeasures.</li> </ul>
<i>20.Reporting of suspicious transactions</i>	LC	<ul style="list-style-type: none"> <li>There are no regulations for bonded warehouses and financial leasing companies regarding the sending of STRs for attempted transactions..</li> </ul>
<i>21.Tipping-off and confidentiality</i>	PC	<ul style="list-style-type: none"> <li>The protection granted by Law 1768 and the DS 4904 to directors, officers, and employees of FIs in terms of criminal and civil liability for revealing information from the FIU does not provide the same legal certainty when it is related to FT.</li> </ul>
<i>22.DNFBPs: Customer due diligence</i>	PC	<ul style="list-style-type: none"> <li>Without prejudice to the fact that real estate agencies, lawyers and accountants apply the CDD requirements, it should be noted that only large taxpayers are considered to be reporting entities, thus leaving out other persons that should comply with the requirements under this R.</li> <li>In addition, dealers in precious metals and stones are not reporting entities, and therefore they do not comply with the obligations set forth in this criterion. This represents deficiencies regarding these entities and their obligations considering the risk they pose in the country.</li> </ul>
<i>23.DNFBPs: Other measures</i>	PC	<ul style="list-style-type: none"> <li>Without prejudice to the fact that real estate agencies, lawyers and accountants apply the requirements under this Recommendation, it should be noted that only large taxpayers are</li> </ul>

Compliance with the FATF Recommendations		
Recommendation	Rating	Underlying rating factor(s)
		<p>considered to be reporting entities, thus leaving out other persons that should comply with the requirements under this R.</p> <ul style="list-style-type: none"> <li>• In addition, dealers in precious metals and stones are not reporting entities, and therefore they do not comply with AML/CFT obligations. This represents deficiencies regarding these entities and their obligations considering the risk they pose in the country.</li> </ul>
24. <i>Transparency and beneficial ownership of legal persons</i>		<ul style="list-style-type: none"> <li>• Although the records of the country are public and contain basic information that is updated through publications, these mechanisms do not clearly include the way to obtain beneficial ownership information.</li> <li>• The ML/TF risk assessment is not as thorough based on what is described in R.1, therefore it impacts the risks associated with all types of legal persons created in the country.</li> <li>• The mechanisms that ensure whether the information is accurate and updated in a timely manner are not clear.</li> <li>• Reference is made to the deficiencies identified in R. 22 regarding DNFBPs that are not reporting entities or that do not cover others that are not large taxpayers.</li> <li>• It is not clear the binding nature of the Resolution for the AEMP and the actions that would be taken for failure to link the page number to a certain name and to verify the identity of the person behind the bearer share.</li> <li>• The AEMP does not have supervision and sanction powers regarding the identification of the BO.</li> <li>• The Attorney General’s Office and the Police do not have clear to provide feedback to their foreign counterparts on the quality of the BO information received from them.</li> </ul>
25. <i>Transparency and beneficial ownership of legal arrangements</i>	C	

Compliance with the FATF Recommendations		
<i>Recommendation</i>	<b>Rating</b>	<b>Underlying rating factor(s)</b>
<i>26.Regulation and supervision of financial institutions</i>	LC	<ul style="list-style-type: none"> <li>Regarding the supervision of the insurance sector by the APS, the frequency and intensity with a RBA considers the level of risk to which FIs are exposed and the risks present in the country resulting from the NRA. However, this does not provide for the fact that is carried out considering the FIs' features, diversity and quantity.</li> <li>There are no instructions for the elaboration of ML/TF Risk Matrices for the clearing houses, cash courier and information bureau. Notwithstanding the above, the little materiality represented by them in the country is considered.</li> </ul>
<i>27.Powers of supervisors</i>	C	
<i>28.Regulation and supervision of DNFBPS</i>	PC	<ul style="list-style-type: none"> <li>The application of RBA supervision in the DNFBPs under this Recommendation is very recent in the sector. In the case of real estate agencies, accountants and lawyers, it should be noted that requirements of this Recommendation only apply to large taxpayers, thus leaving out certain entities that should comply with the AML/CFT requirements set forth in this Recommendation.</li> <li>Dealers in precious metals and stones are not considered reporting entities, therefore there is no supervisor for this sector and the requirements of this Recommendation are not applicable.</li> </ul>
<i>29.Financial intelligence units (FIU)</i>	C	
<i>30.Responsibilities of law enforcement and investigative authorities</i>	C	
<i>31.Powers of law enforcement and investigative authorities</i>	PC	<ul style="list-style-type: none"> <li>Special investigative techniques are not applicable to ML/TF cases, except when the predicate offence is drug or human trafficking.</li> </ul>

<b>Compliance with the FATF Recommendations</b>		
<b>Recommendation</b>	<b>Rating</b>	<b>Underlying rating factor(s)</b>
32. <i>Cash couriers</i>	LC	<ul style="list-style-type: none"> <li>There are not appropriate provisions on BNIs to cover all the requirements of this Recommendation.</li> </ul>
33. <i>Statistics</i>	C	
34. <i>Guidance and feedback</i>	LC	<ul style="list-style-type: none"> <li>As a supervisor, the AEMP does not have instructions or guides that help reporting entities to comply with their AML/CFT requirements. Additionally, it should be noted that only large taxpayers are addressed in the case of the DNFBBs under its supervision.</li> </ul>
35. <i>Sanctions</i>	PC	<ul style="list-style-type: none"> <li>Lack of a sanctions regime for lawyers, real estate agencies and accountants that are not considered to be “large taxpayers,” as well as for dealers in precious metals and stones, which are not considered to be reporting entities.</li> <li>Deficiencies in the gradualness of the sanctions for the insurance market and religious and spiritual organisations impact on their proportionality.</li> </ul>
36. <i>International instruments</i>	LC	<ul style="list-style-type: none"> <li>The deficiencies identified in the criminalisation of ML/TF according to R.3 and R.5 limit the full implementation of the conventions mentioned in this Resolution.</li> </ul>
37. <i>Mutual legal assistance</i>	LC	<ul style="list-style-type: none"> <li>The use of special investigative techniques is limited to cases related to drug trafficking and/or human trafficking, but not to ML/FT cases</li> </ul>
38. <i>Mutual legal assistance: freezing and confiscation</i>	LC	<ul style="list-style-type: none"> <li>The deficiencies identified in the criminalisation of TF could limit the international cooperation provided by the country.</li> </ul>
39. <i>Extradition</i>	LC	<ul style="list-style-type: none"> <li>The deficiencies identified in the criminalisation of TF could limit the international cooperation provided by the country.</li> </ul>
40.	LC	<ul style="list-style-type: none"> <li>The deficiencies identified in the criminalisation of TF could limit the international cooperation provided by the country.</li> <li>The MP is not empowered to provide feedback</li> </ul>



Compliance with the FATF Recommendations		
<i>Recommendation</i>	<b>Rating</b>	<b>Underlying rating factor(s)</b>
		<p>to its counterparts.</p> <ul style="list-style-type: none"><li>• Except for the FIU, the rest of the LEAs are not empowered to refuse to provide information if the requesting competent authority cannot protect it effectively.</li><li>• The powers of the APS to exchange information within the framework of this R. are limited.</li><li>• The special investigative techniques are not applicable to ML/TF unless they are related to the crimes of drug trafficking or human trafficking.</li></ul>

*Acronyms and abbreviations*

<b>AEMP</b>	Business Supervision Authority
<b>AFCOOP</b>	Cooperative Supervision Authority
<b>AGETIC</b>	Electronic Government and Information and Communication Technologies Agency
<b>AIAMP</b>	Ibero-American Association of Public Prosecutors
<b>AJ</b>	Gaming Control Authority
<b>ALA/CFT</b>	Anti-Money Laundering and Counter Financing of Terrorism
<b>ALM</b>	Mutual Legal Assistance
<b>AMCB</b>	Framework Agreement for Basic Cooperation
<b>LEA</b>	Law Enforcement Agency
<b>DNFBP</b>	Designated non-financial businesses and professions
<b>APS</b>	Supervision and Control Authority for Pensions and Insurance
<b>ASBA</b>	Association of Supervisors of Banks of the Americas
<b>ASFI</b>	Financial System Supervision Authority
<b>ASSAL</b>	Association of Insurance Supervisors of Latin America
<b>VA</b>	Virtual Assets
<b>BCB</b>	Central Bank of Bolivia
<b>BO</b>	Beneficial Ownership
<b>CCP</b>	Container Control Program
<b>CIITEFE</b>	Centre for Investigation and Technical Economic Financial and Specialised Intelligence
<b>CONAL</b>	National Council Against Money Laundering and Terrorist Financing
<b>CP</b>	Criminal Code
<b>CPP</b>	Code of Criminal Procedure
<b>UNSC</b>	United Nations Security Council
<b>DAES</b>	Directorate of Strategic Analysis, Supervision and National and International Coordination
<b>DAFL</b>	Financial and Legal Analysis Division
<b>CDD</b>	Customer due diligence
<b>DIGEMIG</b>	General Directorate of Migration
<b>DIM</b>	Import Goods Declaration
<b>DIRNOPLU</b>	Directorate of the Plurinational Notary's Office
<b>DIRCABI</b>	Directorate for the Registration, Control and Administration of Seized Assets
<b>RBA</b>	Risk Based Approach
<b>NRA</b>	National Risk Assessment
<b>SRA</b>	Sectorial Risk Assessment
<b>FELCC</b>	Special Police Anti-Crime Force

<b>FELCN</b>	Special Anti-Narcotics Task Force
<b>PF</b>	Proliferation Financing
<b>TF</b>	Terrorist Financing
<b>FATF</b>	Financial Action Task Force
<b>GAFILAT</b>	Latin American Financial Action Group
<b>GIAEF</b>	Financial-Economic Analysis and Research
<b>FI</b>	Financial Institutions
<b>ML</b>	Money Laundering
<b>LMV</b>	Securities Market Law
<b>LSF</b>	Financial Services Law
<b>MRE</b>	Ministry of Foreign Affairs
<b>NIT</b>	Tax identification document
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>WCO</b>	World Customs Organization
<b>NPO</b>	Non-profit Organization
<b>P2P</b>	Peer to peer
<b>PEP</b>	Politically exposed person
<b>GDP</b>	Gross domestic product
<b>POA</b>	Annual Operating Plan
<b>VASP</b>	Virtual Asset Service Providers
<b>RA</b>	Administrative Resolution
<b>UNSCR</b>	United Nations Security Council Resolution
<b>REMPM</b>	Specialized Meeting of Public Prosecutors of Mercosur
<b>RFAI</b>	Ibero-American Network of Anti-Drug Prosecutors
<b>IO</b>	Immediate Outcome
<b>RNSF</b>	Regulations for Financial Services
<b>STR</b>	Suspicious Transaction Report
<b>RRAG</b>	Asset Recovery Network of GAFILAT
<b>SEGIP</b>	Registry of Personal Identification
<b>SENARECOM</b>	National Service for the Registration and Control of the Marketing of Minerals and Metals
<b>SEPREC</b>	Trade Registry Service
<b>TFS</b>	Targeted Financial Sanctions
<b>SIN</b>	Internal Revenue Service
<b>SIREPEJU</b>	Legal Personality Registration System
<b>SPCID</b>	Challenge Procedure and Disposal of Goods
<b>FIU</b>	Financial Intelligence Unit
<b>UONGC</b>	Non-Governmental Organisations and Consultancy Services Companies
<b>VIPFE</b>	Vice-Ministry of Public Investment and External Financing
<b>VLCC</b>	Vice Ministry for the Fight Against Smuggling
<b>VTILCC</b>	Vice-Ministry of Institutional Transparency