



Technical Analysis of
FATF
Recommendations –
Re rating of Cuba



OCTOBER 2017

FOURTH ROUND OF GAFILAT MUTUAL EVALUATIONS RE-RATING REPORT

I. INTRODUCTION

1. Cuba requested re-rating of the Technical Compliance (TC) with Recommendation 14, by means of communication and supporting information submitted June 5th.
2. In compliance with the procedures of the Fourth Round, countries may request re-rating of the TC, for which they should have made significant improvements in order to overcome the deficiencies mentioned in the Mutual Evaluation Report (MER) (par. 64-66).
3. Therefore, the actions informed by Cuba, in order to determine whether re-rating is appropriate, are analysed below.

II. ANALYSIS

Recommendation 14

4. Recommendation 14 was rated as LC. The MER considered there was a technical deficiency, even though all the norms that apply to the financial sector are in line with the criteria in this recommendation, it was evident that they do not reach the Cuba Post Office Business Group (GECC, its acronym in Spanish) that is now carrying out money transfer activities by means of money orders.
5. Cuba informed that, by means of the CCB (BCC, its acronym in Spanish) Resolution No. 152, dated 17/12/2014, the GECC was granted a licence, as well as the 18 post office companies that make up this group, to provide services of payment, and national and international money orders, according to the company purpose approved by the Ministry of Economy and Planning.
6. This Resolution declares GECC as an obliged subject (OS) to the norms set forth in Decree Law No.317/2013 - on prevention and detection of operations to combat ML/TF/FPDAM and movement of illicit capitals and complementary norms. Likewise, it sets forth the obligation to report STRs to the DGIOF (*Dirección General de Investigación de Operaciones Financieras*), to provide the information requested, and to apply the due diligence to the clients.
7. Besides, a certification dated 5/3/2015 was issued, for the inscription of the GECC in the Registration of Banks and no-Banking Financial Institutions (Vol. 75, pp. 162 & 163).
8. In its turn, and by means of Resolution 52, dated 13/02/2015, of the GECC president, a Coordination Sub Committee was created for Prevention and Fighting, as an ad hoc consulting organism to the Committee for the Prevention and Control of the Business Group, whose functions are to identify and to evaluate the possible risks of using money orders for ML/TF/FPDAM activities, as well as monitoring operations. Besides, by Resolution 122, dated 20/09/2016, the president of the Business Group appointed a compliance officer.

9. Finally, Cuba reported that working meetings were held with the GECC, in connection to AML/CFT related matters, and specific training was provided in this regard.

10. *Conclusion:* Taking into consideration the fact that the actions and measures implemented by Cuba were in line with the actions recommended in the MER, and that the deficiencies referred were approached, it is estimated that re-rating request is appropriate, and rating must change from Largely Compliant to **Compliant**.

III. CONCLUSION AND PROPOSAL

11. In view of the above, the GTEM (Mutual Evaluation Working Group) is suggested to propose at the Plenary of Representatives the re-rating for Recommendation 14, from Largely Compliant to Compliant.



The Financial Action Task Force of Latin America (GAFILAT) is a regionally based inter governmental organization that gathers 16 countries from South America, Central America and North America in order to combat money laundering and terrorist financing by means of a commitment for continuous improvement of the national policies against both scourges, and the enhancement of different cooperation mechanisms among its member countries.

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