

**Union of the Comoros: Detailed Assessment Report on Anti-Money Laundering and
Combating the Financing of Terrorism**

This Detailed Assessment Report on Anti-Money Laundering and Combating the Financing of Terrorism for Union of the Comoros was prepared by the Fund staff. The views expressed in this document are those of the Fund staff and do not necessarily reflect the views of the Government of Comoros or the Executive Board of the IMF.

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UNION OF COMOROS

DETAILED ASSESSMENT
REPORT ON ANTI-MONEY
LAUNDERING AND
COMBATING THE FINANCING
OF TERRORISM

MARCH 2010

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Acronyms

AFD	French Development Agency
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
BDC	Development Bank of the Comoros
BCC	Central Bank of the Comoros
BIC	Bank for Industry and Commerce
CC	Criminal Code
CCP	Code of Criminal Procedure
Decree 03-25	Decree No. 03-25/PR on the financial intelligence unit
DNDPE	National Directorate for Government Documentation and Protection
DNFPB	Designated Non-Financial Businesses and Professions
DNST	National Directorate of Territorial Surveillance
FATF	Financial Action Task Force
CF	Comorian Franc
FIU	Financial Intelligence Unit
FSRB	FATF Style Regional Body
FT	Financing of Terrorism
GDP	Gross Domestic Product
IBC	International Business Corporation
IFDs	Decentralization Financial Institutions
IMF	International Monetary Fund
INTERPOL	International Criminal Police Organization
LEG	IMF Legal Department
MFI	Microfinance Institution
MIREX	Ministry of Foreign Affairs and Cooperation
ML	Money Laundering
MVT	Money/Value Transfer Services
NGO	Non-governmental Organization
NPO	Non-profit Organization
OPJ	Judicial Police Officer
Ord. of 2003	Ordinance No. 3-002/PR of January 29, 2003 on Laundering, Confiscation, and International Cooperation in Relation to the Proceeds of Crime
Ord. of 2009	Ordinance No. 09-002/PR on Laundering, Financing of Terrorism, Confiscation, and International Cooperation in Relation to the Proceeds of Crime
PC	Penal Code
PEPs	Politically Exposed Persons
PR	Prosecutor of the Republic
ROSC	Report on the Observance of Standards and Codes
SC	Security Council

SNPSF	National Financial and Postal Services Company
STR	Suspicious Transaction Report
TCSPs	Trust and Company Service Providers
TPI	Court of First Instance
UC	Union of the Comoros
UN	United Nations
UNODC	United Nations Office on Drugs and Crime

Preface

1. The assessment of the anti-money laundering and combating the financing of terrorism (AML/CFT) system of the Union of the Comoros was based on the 2003 Forty Recommendations and the 2001 Nine Special Recommendations developed by the FATF (Financial Action Task Force). It was prepared according to the 2004 AML/CFT Methodology, as updated in October 2008. The assessment was based on laws, regulations, and other documents provided by the Union of the Comoros, as well as information gathered by the assessment team during its on-site visit of May 6-20, 2009 and following the mission. During the course of its visit, the assessment team met with leaders and representatives from competent governmental agencies and the private sector.
2. The assessment was performed by a team made up of International Monetary Fund (IMF) staff, an expert acting under the supervision of the IMF, and an expert acting under the supervision of the World Bank. The participants in this assessment were Emmanuel Mathias (LEG, mission chief), Chady El Khoury (LEG), Habib Hitti (expert under the supervision of the LEG), and André Cuisset (expert under the supervision of the World Bank). The experts analyzed the institutional framework, laws, regulations, guidelines, and obligations with respect to AML/CFT, as well as the regulatory system or other systems in effect to combat money laundering and terrorist financing within financial institutions and DNFPBs. The adequacy, implementation, and effectiveness of all these mechanisms were also evaluated.
3. This report provides a summary of the AML/CFT measures in effect in the Union of the Comoros on the date of or shortly after the on-site visit. It describes and analyzes these measures, indicates the level of the Union of the Comoros' compliance with the 40 + 9 FATF Recommendations (See Table 1), and makes recommendations on measures to be taken to strengthen certain aspects of the system (See Table 2).

Executive Summary

4. The 2003 Presidential ordinance that criminalizes money laundering has not been widely implemented. The implementation of an AML/CFT policy began in 2008 with the appointment of the members of the Financial Intelligence Unit (FIU), awareness-raising efforts with entities concerned in the public and private sectors, and the enactment of an ordinance in March 2009 that expanded the scope of the preventive measures and covered the financing of terrorism. However, there have been no investigations or convictions for money laundering or terrorist financing.

5. The limited capacity to absorb the proceeds of foreign offenses and the fact that the financial system is relatively underdeveloped minimize the risk of some money laundering activities. However, there are still specific vulnerabilities in the Comoros due to the limitations of the procedures for identifying legal and natural persons.¹ In addition to significant weaknesses in the administration of civil and commercial registries, the registration of offshore companies in Anjouan and the recent enactment of a law on economic citizenship might be attractive to criminals. The Anjouan authorities state that they have abandoned the development of the offshore sector since the summer of 2008. The creation of offshore banks in Anjouan was illegal as it was in violation of the provisions of the organic law which set out the respective competencies of the central government and the islands. However, the law creating offshore companies was legally adopted by the Parliament of Anjouan and, since it has not been repealed, continues to present a risk. As for economic citizenship, the authorities have indicated that they have implemented strict control measures² that are intended to prevent abuses, but concerns regarding the possible misuse of this arrangement for criminal purposes do remain.

LEGAL ARRANGEMENTS AND RELATED INSTITUTIONAL MEASURES

6. Money laundering is a criminal offense under Comorian law in accordance with the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna Convention) and the 2000 United Nations Convention against Transnational Organized Crime (Palermo Convention). All proceeds of crimes or offenses may constitute predicate offenses of money laundering and, consequently, Comorian legislation does not specify a threshold for offenses. However, some offenses included in FATF's designated category of offenses are not listed in the Criminal Code (CC) or special

¹ Deployment of a biometric system for the identification of natural persons has been under way since June 2008.

² The authorities indicate that they consult Interpol, UNODC, and the intelligence services of the country of origin of the applicant.