

# **Anti-money laundering and counter-terrorist financing measures**

## **Islamic Republic of Mauritania**

### **Mutual Evaluation Report**

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Mauritania is a member of the Middle East and North Africa Financial Action Task Force for combating Money Laundering and Terrorist Financing (MENAFATF). This evaluation was conducted by MENAFATF and the Mutual Evaluation Report was discussed and adopted by the Plenary of the MENAFATF on 2<sup>nd</sup> May 2018. This report presents a summary of the anti-money laundering (AML) / counter-terrorist financing (CFT) measures in place in Mauritania as at the date of the on-site visit (19-30 December 2016). The report analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Mauritania's AML/CFT system, and provides recommendations on how the system could be strengthened

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## Executive Summary

1. This report provides a summary of the measures applied to fight money laundering and terrorist financing (AML/CFT) in Mauritania, based on the information provided by Mauritanian authorities and the information obtained by the assessment team during the on-site visit made between 19 and 30 December 2016. This report which was prepared according to the 2013 Methodology analyses the compliance with the 40 Recommendations of the Financial Action Task Force (FATF) and the effectiveness of the AML/CFT regime. It also provides recommendations on how the system could be strengthened.

### **A. Key findings:**

- ML or TF risks are not understood, and the general policies are not coordinated among all the entities so as to be appropriately consistent. Mauritania has no central authority in charge of combating ML/TF in terms of policies, which adversely affected the effectiveness of the combating measures at many levels, including the understanding of risks by all the entities.
- The effectiveness of implementing the targeted financial sanctions (TFS), according to the Security Council resolutions is considered deficient at the level of all the entities, due to substantial deficiencies in the technical compliance, which significantly affects the implementation of the resolutions by the concerned entities, and due to the failure of Mauritania to designate terrorist persons according to the requirements imposed on it by virtue of the SC resolutions. The same applies to the implementation of SC resolutions related to combating the financing of proliferation where many substantial deficiencies affected the compliance of Mauritania with such resolutions.
- Mauritania has ineffective international cooperation measures and has no procedures that would enhance the effectiveness of responding to international cooperation requests promptly and appropriately; in addition, no requests for international cooperation were made, particularly in view of several crimes which are considered by nature as transnational crimes.
- The Financial Information Analysis Commission (CANIF) is not performing its main functions and nor is it submitting any analysis that would help investigation authorities carry out their task; in particular, the CANIF lacks the electronic analytical tools that could assist it in carrying out its task, and it has no qualified human resources to conduct its work appropriately whether through operational or strategic analysis. In addition, it is unable to perform the operation of identifying complex money laundering offenses and to provide other entities with information on risks.
- Mauritania is unable to identify ML crimes related to predicate offenses or stand-alone ML offenses, given that authorities are not sufficiently experienced to trace illicit funds for confiscation. Before 2016, Mauritania was facing technical deficiencies regarding the criminalization of TF but the legal amendments set out in law No. (15/2006) have addressed those deficiencies; however, it is still early to judge the ability of the competent authorities to prosecute TF crimes.
- DNFBPs sector remains unorganized and does not meet the AML/CFT requirements. Furthermore, there is a great number of non-financial businesses and professions operating without authority specific supervision by Mauritanian authorities.
- Mauritania does not have a transparent system to determine the ownership of legal persons and arrangements and those controlling such persons, while there is some information on the legal owner of the legal persons, this does not equate to beneficial owners in all instances.

## **B. Risks and General Situation:**

2. Due to the non-completion of the national risk assessment process in Mauritania, the risks mentioned in the report are mostly tentative and deduced during interviews made by the assessment team and from quality information it has found. They are however relevant to understand Mauritania's context.
3. Mauritania is situated in western North Africa and overlooks the Atlantic Ocean. It is bordered by Algeria to the eastern north, Western Sahara to the western north, Senegal to the western south, and Mali to the east and southeast. Being a meeting point between the North and the South of Africa, terrorism represents a challenge and a real threat to Mauritania due to its geographical position and the risks resulting from the location.
4. Considering the relative economic size of Mauritania and its contribution to the world economy, the country has introduced several developments to the financial system with the assistance of international -, - and - has been reviewing the financial system laws and the law of the Central Bank of Mauritania in order to enhance the financial sector incubator. The banking and non-banking financial sector is witnessing a tangible growth over the last few years, as a result of the reforms introduced by the Central Bank - This can be noticed in the increase of the rate of FIs working in the sector, in addition to several foreign banks which opened branches in Mauritania, and the increase in the rate of electronic transactions over the past years.
5. Even though Mauritania does not keep a large record of crimes nor does it keep accurate statistics on crimes actually committed (refer to TC Criterion 33-1), statistics submitted to the assessment team indicate a low rate of crimes discovered by law enforcement authorities. On this note, deception and fraud crimes constitute the highest rate of crimes solved by Mauritania in the period between 2013 and 2016. On the other hand, the rate of cases handled with regard to other existing crimes which represent significant risks is not known, as declared by the authorities, such as smuggling at the borders, drug trafficking and corruption, even though such crimes pose major threats to Mauritania since they are predicate offenses that generate large proceeds.
6. Mauritania has an informal financial market where informal exchange and transfer operations are widespread and while the size of such activities is not known, they are still quite evident. The assessment team assumes that such channels may be used for ML purposes. The consequences of these crimes are considerable for Mauritania, given that the crime proceeds have a high impact on Mauritanian economy since the country's banking sector is also affected as a result of the large profits generated by such activities, in addition to the difficulty of tracing funds and suspicious activities in Mauritania because they are outside the official scope. It should be noted that the broad urban scope of Mauritania and the failure to provide financial services to a large portion of the population are, also, one of the weaknesses faced by the country.
7. Regarding TF risks in Mauritania, they represent high risks in the country because Al-Qaeda in Maghreb is one of the most dangerous organizations that pose high risks to Mauritania, in addition to the presence of Boko Haram in the countries close to Mauritania. In this context, Mauritania concurred with the assessment team that ML risks in Mauritania are high. As previously mentioned, one of the major weaknesses terrorist financing can capitalize on is the informal financial activity.

## **C. Overall Level of Effectiveness and Technical Compliance:**

8. Following the first round of the evaluation process Mauritania was subjected to in 2006, the Mauritanian authorities implemented several measures which strengthened the legal framework of the AML/CFT system, thus leading to a- noticeable progress. One of the most important measures taken was the issuance of several laws and their amendments, particularly the amendments made to the AML/CFT law No. 2005/048, in addition to the amendments made to the anti-terrorism regime in

2010, and - in the middle of 2016, which resulted in addressing many deficiencies related to the criminalization of TF and the implementation of the SC resolutions regarding the combating of terrorist financing.

9. Mauritania introduced many institutional reforms to a number of sectors concerned with combating ML/TF, by promoting the role of CANIF and the role of the authorities in supervising FIs and strengthening the law enforcement agencies sectors; however, there are still many deficiencies relating to technical compliance and the level of effectiveness of Mauritanian regime is still low, mainly due to the failure to conduct the national ML/TF risk assessment. Some other reasons include the fact that legal amendments were only made - recently -, and the lack of a mechanism for the enhancement of cooperation and coordination between the entities concerned with the combating process, which negatively affects the measures implemented by the country.

**Assessment of Risks, Cooperation, Coordination and Policy Setting (Chapter 2 – IO.1; R.1, R.2, R.33):**

10. There are several risks related to ML, which are internal, such as corruption crimes, and external, such as illicit trafficking of narcotic drugs and psychotropic substances, smuggling and falsification of substances and products, kidnapping, illegal restraint and hostage-taking, trafficking in human beings and smuggling of migrants, and tax crimes. These crimes were identified by the – scoping note without mentioning whether these crimes were committed in Mauritania or abroad; nonetheless, assessors consider that many threats might be associated with ML offenses and the information LEAs have might serve Mauritania in understanding its risks and should be included in the NRA process Mauritania will conduct, for instance: Banking and financial activities conducted outside the scope of the formal sector.
  11. Terrorism represents a challenge and a real threat to Mauritania due to its geographical position and the risks resulting from the location, such as the long stretch of land frontiers and the sea coast, the large area of the country and the desert climate, thus constituting a major vulnerability which terrorists can take advantage of to move, transport funds and hide. This geography is one of the factors that incite terrorists and terrorist organizations to liaise with smuggling and organized crime groups, in addition to the presence of many organizations in the neighboring countries near Mauritania, such as Al-Qaeda in Maghreb, and Daesh in Libya which pose high risks to Mauritania. Kidnapping with the aim of getting a ransom for the illegal taking of hostages held by terrorist organizations represents one of the most important TF resources used by such organizations for financing their various terrorist activities, obtaining arms and food supply and providing cash solvency to meet all those needs.
  12. The major difficulties Mauritania faces in establishing AML/CFT policies are reflected in the absence of a central entity that sets or establishes such policies. The inter-ministerial committee which was recently established in Mauritania under the chairmanship of the Prime Minister and which is mandated to follow-up and organize the assessment missions of the National System for Combating ML and TF and to assess the risks at the national level, constitutes the starting point for the competent authorities in Mauritania to establish and execute policies and to follow-up the implementation by the competent authorities of the working procedures in conformity with the national AML/CFT policy.
- Financial Intelligence Unit, Money Laundering and Confiscation (Chapter 3 - IOs 6-8; R.3, R.4, R.29-32):**
13. CANIF is not carrying out the tasks entrusted to FIUs, such as the receipt, analysis and dissemination of information to competent authorities, and it is not conducting the operational and strategic analysis either. It does not have a sufficient number of analysts, it lacks the technical tools which would assist it in such operations and it does not cooperate at the local and international levels. CANIF is not able

to identify cases of ML/TF. This matter negatively affected the effectiveness of the AML/CFT system, particularly on the part of law enforcement entities, whereas the relationship of CANIF with them is weak and not activated, in addition to the weak cooperation with the persons subjected to the law and the private sector.

14. Mauritania assigned a competent authority to investigate ML crimes, but the effectiveness of this authority is facing substantial deficiencies that Mauritania should address, - the competent authorities whether investigative or law enforcement entities have no clear strategy to identify ML crimes in order to investigate such crimes in an appropriate manner. This issue is one of the most important strategic - deficiencies faced by Mauritania and it reflects on the small number of ML crimes which were investigated and only three cases brought to courts over the last four years. The competent authorities do not seriously consider the process of tracing illicit funds through parallel financial investigation into predicate offenses they initiate, but they only investigate the predicate offense, in a way that the investigative authorities do not set the appropriate circumstances to initiate the parallel investigation into the ML crime.
15. Mauritania is developing its own risk profile, which can help competent authorities to strengthen ML investigation in a manner relatively consistent with the risks related to such crimes. In addition, many predicate offenses were investigated and prosecuted but the extent ML crimes were also committed, was not considered; in addition, there are several international crimes which were investigated such as trafficking in human beings, customs smuggling, trading in stolen items; nevertheless, many other types of cases related to money laundering are not prosecuted.
16. Considering the lack of convictions concerning the ML crime and the small number of investigations conducted by investigative authorities in the country, the sanctions imposed against natural or legal persons are not proportionate, dissuasive or effective. And considering the existence of acts which can be classified as ML activities, no prosecution is brought against such criminal activities. Nonetheless, authorities do not infer that the absence of criminal prosecution of ML crime in such activities is compensated by other measures they implement in this regard.

#### **Financing of Terrorism and Proliferation (Chapter 4 - IOs 9-11; R.5-8)**

17. The Mauritanian law requires local authorities to cooperate with authorities in other countries in the AML/CFT field. Although the Minister of Finance issued a freezing decision related to Resolution 1267, Mauritania has no mechanism for proposing persons or entities to the Security Council in application of Resolution 1267. There is no competent authority or legal or administrative mechanism for implementing SC Resolution 1373. There is no competent authority or mechanism for implementing the SC resolutions related to the prevention, suppression and discontinuance of proliferation and its financing.
18. Despite indicators showing some efficiency in identifying TF crimes, by designating an entity specialized in examining such crimes and through the understanding such entity has of the risks related to TF offense, there are still many deficiencies faced by Mauritania at this level, particularly in relation to the identification of TF crimes, namely the financial investigation process when conducting investigations into terrorist crimes, where terrorist financing and its activities are taken into consideration. Despite cooperation among law enforcement entities in the exchange of information related to such crimes at the domestic level, there are many deficiencies related to international cooperation in this regard.
19. Mauritania did not provide sufficient statistics in terms of investigation and prosecution of TF crimes, which shows the difficulties in conducting the investigation of TF crimes in Mauritania, given that it does not determine the specific role played by terrorism financiers. Although the team has not been



provided with any information indicating that foreign terrorist fighters are coming from Mauritania, there are many risks associated with their funding, whereas there are several terrorist organizations which are becoming active in countries near Mauritania. Therefore, Mauritania is not applying a clear approach to deal with such threats.

20. Mauritania is also facing several technical deficiencies in the implementation of the SC resolutions, whether related to the financing of terrorism or weapons proliferation. Several entities are not implementing SC resolutions, and the criterion by virtue of which persons can be designated domestically, according to the SC resolutions is not determined. These unclear mechanisms for implementation, particularly as regards the SC resolution 1373, adversely affected the requests received by Mauritania, due to the absence of an approved mechanism that would help foreign counterpart entities submit such requests and to know the evidentiary standard of proof used by Mauritania in this regard. It is worth noting also that the mechanism for the implementation of the SC Resolutions concerning the financing of weapon proliferation was recently approved by virtue of the latest legal amendment made to law No. 15/2016. Its effectiveness cannot be determined because the issuance of the executive tools intended for the implementation of such amendments is pending.
21. Mauritania took some steps to prevent the misuse of non-profit organizations in TF; however, many significant aspects are absent; such as identification of the organizations which are most exposed to TF risks, through a risk assessment subject to which such organizations are identified, and the establishment of measures that prevent the misuse of such organizations, especially considering the large number of non-profit organizations.
22. Implementation of targeted financial sanctions (TFS) related to UNSCRs on financing of proliferation is absent. FIs and DNFBPs have no understanding of their obligations regarding the implementation of such sanctions, as well as their supervisory authorities do not have effective monitoring on their compliance with the requirements of the Resolution. Moreover, there is no national cooperation and coordination between Mauritanian authorities, in addition to the absence of national policies regarding the implementation of targeted financial sanctions related to the financing of proliferation.

#### **Preventive Measures (Chapter 5 - IO.4; R.9-23)**

23. Financial and banking products and services in Mauritania are modest due to the nature of the society which draws upon cash and upon the informal sector to conduct its financial and commercial transactions. Since the ML/TF risks were not identified at the national level and at the level of FIs and the DNFBPs, such FIs and DNFBPs showed a lack of awareness in terms of ML/TF risks and even - if better at banks, their awareness - about risks is still limited.
24. Despite the preventive measures taken by banks to combat ML and TF, they are still considered modest and insufficient to mitigate ML/TF risks. On one hand, there are no similar measures taken by the remaining FIs and there are no sufficient and appropriate human and technical resources provided, in addition to the weak training in the AML/CFT field at such institutions.
25. DNFBPs which are subjected to the AML law are not designated and they are not sufficiently informed of the AML/CFT requirements.
26. FIs are filing very few STRs with a limited quality, despite the risks faced by Mauritania. In addition, CANIF did not receive any STR from the DNFBPs sector, due, mainly, to the absence of supervisors for such sectors and a lack of awareness in terms of ML/TF risks.

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

27. Financial transactions in Mauritania are mainly in cash and the informal sector dominates the majority of such transactions, particularly in the currency exchange and money transfer sectors, which negatively affected monitoring and supervision of FIs and DNFBPs, given that such category is not

subjected to the AML/CFT requirements.

28. Licensing and registration procedures and other controls applied by the supervisory entities or other authorities to prevent criminals and their associates from acquiring large or controlling shares in DNFBPs, from being the beneficial owners of such shares or from holding an administrative position are modest and not sufficient at all.
29. Even though the Central Bank of Mauritania issued supervisory instructions in the AML/CFT field to the institutions which are subjected to its supervision and similar instructions in participation with ministries supervising a number of FIs and DNFBPs, it is found that such instructions are not sufficient. On the other hand, supervisory authorities in Mauritania did not examine or identify the ML/TF risks in the financial sector and other sectors.
30. It is found that there is no off-site or on-site monitoring to verify the compliance of FIs and DNFBPs in the AML/CFT field, except for banks, for which an on-site monitoring program is applied - as part of a non-periodical comprehensive inspection.

#### **Transparency of Legal Persons and Arrangements (Chapter 7 - IO5; R.24-25)**

31. Mauritania keeps basic information on legal persons established in the country and such information is made publicly available through the competent entity where access to this information is possible. However, the competent authorities did not conduct an assessment for the legal persons sector to identify and understand the weaknesses of such sectors and to determine the extent to which such sectors are used for money laundering and terrorist financing. Consequently, Mauritania is not taking any steps or measures to prevent the misuse of legal persons for criminal purposes. In addition, the system used to keep such basic information does not sufficiently help reflect the transparency of such legal entities, and in particular, the beneficial ownership of such persons is not determined and beneficial ownership information is not sufficient and updated. Also, it is not provided to the competent authorities in a timely manner.
32. While the law imposes requirements to update the basic information, and to record it at the competent entity, Mauritania did not impose sanctions on those who breach the requirements imposed on them by virtue of the laws concerning the update of information.

#### **International Cooperation (Chapter 8 - IO2; R.36-40)**

33. Mauritanian authorities are bound to cooperate with authorities in other countries for the purposes of exchanging information, inquiry and procedures aimed at taking precautionary measures and confiscating means and proceeds related to money laundering and terrorist financing and for the purposes of extradition.
34. There are no clear arrangements to coordinate the seizure operations and confiscation procedures between Mauritania and other countries.
35. There are no mechanisms to manage frozen, seized or confiscated property or to dispose of them when necessary.
36. Although the law provides for possible extradition, in addition to the existence of a simplified mechanism for the same, Mauritania lacks the mechanism for prioritizing the execution of extradition requests.

#### **D. Priority Actions**

The priority actions for Mauritania, based on these findings, are:

37. Mauritania should complete the national ML/TF risk assessment process by verifying that all the entities working in the AML/CFT field have a consolidated understanding of the risks they face, channeling their resources into the mitigation of the risks related to such sectors and that all the sectors are working along such lines. Therefore, it is important for Mauritania to finalize the measures

previously taken. In this context, it has started to form a high-level committee to examine the coordination of the NRA. The results of this assessment should be shared with all the concerned entities, including the private sector, and a work plan accompanying this assessment should be also developed in order to mitigate the risks faced by the high-risk sectors or which are incurring a substantial shortage in the combating process. Mauritania should take this action immediately, - in order to engage DNFBPs operating in the country, in addition to the law enforcement entities -, in order to ensure that the risk assessment process covered the broadest scope of the obliged entities. The results of the assessment should be also shared with the private sector to ensure the understanding of risks related to such sectors, which would help them enhance the reporting of suspicious transactions.

38. Mauritania should address deficiencies identified in the technical compliance with the FATF Recommendations, so as to ensure that the measures implemented by Mauritania are in conformity with the international standards determined in this regard. It is highly important for Mauritania to continue the issuance of a number of measures, mostly the urgent measures related to the implementation of the SC resolutions concerning terrorist financing, in addition to several measures for addressing the regulatory deficiency within the AML/CFT framework.
39. Mauritania should - increase the effectiveness and enhance the role of CANIF, to strengthen the ongoing relationship with all the reporting entities and the governmental entities, to enhance AML/CFT supervision, especially in high risk sectors, and to give effect to the role of the steering committee and to expedite the process of joining the Egmont Group, in order to improve national and international cooperation in the AML/CFT field. Furthermore, there should be awareness sessions and workshops - for all the sectors, and human resources and technical tools should be provided to CANIF to enhance the operational and strategic analysis and the exchange of information.
40. In addition, CANIF should provide the competent authorities, mainly the investigation entities, with the analysis reports, such that they can use them in their investigations.
41. Mauritania should enhance the investigation and prosecution of ML crimes, freezing and - confiscation associated with the major sources of illicit funds and determine the major aspects or methods of money laundering used in Mauritania: So as - prevent their -use in Mauritanian economy. This is to be done, by improving the judicial instruments Mauritanian authorities have, whether through entities specialized in law enforcement or in investigation into ML crimes, such that the financial aspects are brought into focus while examining the predicate offenses of the ML crime.
42. In this regard, Mauritania should intensify its efforts with regards to the persons who conduct informal exchange operations and informal financial transfers, by monitoring the funds to know their sources in order to protect the Mauritanian economy against the -use of illicit proceeds. The NRA will help Mauritania focus its efforts on crimes generating illicit proceeds and on the major instruments through which money laundering is conducted. On the other hand, the national risk assessment should help policymakers in Mauritania, reporting entities and investigation agencies focus their attention and resources on -identified methods of ML and high-risks areas, thereby preventing criminals from utilizing the proceeds they earn. It is highly important for Mauritania that law enforcement and investigation entities start examining ML crimes associated with the predicate offense, in order to understand the major methods through which money is laundered.
43. Mauritania should provide more human and financial resources and increase training and awareness for the AML/CFT competent authorities and the private sector as these entities would have the sufficient experience to enhance the effectiveness of the measures taken by the concerned competent authorities. Particularly that several concerned entities do not have a sufficient experience, nor do

they have the human resources that help them perform their tasks appropriately. It is highly important for the Mauritanian authorities to start exercising the powers granted to them under the law, as many of them are not well informed about them to carry out AML/CFT operations and they do not exercise the powers granted to them by the law.

44. Mauritania should promote the financial inclusion operations conducted by the Mauritanian authorities and integration of persons who do not have access to financial services in Mauritania, so as to integrate those persons who constitute a large proportion of the population in Mauritania in the formal sector, to combat the informal operations conducted behind the formal sector and to minimize the reliance on such channels in financial operations which are not registered or monitored by the competent authorities. It is highly important that the enhancement of the financial inclusion in Mauritania does not negatively affect the AML/CFT regulations, but it should be rather conducted in conformity with the general policies such regulations aim for, in order to verify that ML/TF risks are contained in this context.

**Assessment of the Level of Effectiveness and Technical Compliance Ratings:**

• **Effectiveness Level**

IO.1	IO.2	IO.3	IO.4	IO.5	IO.6
Low	Low	Low	Low	Low	Low
IO.7	IO.8	IO.9	IO.10	IO.11	
Low	Low	Low	Low	Low	

• **Technical Compliance Ratings**

(C-compliant, LC – Largely Compliant, PC- Partially compliant, NC-Non compliant)

R.1	R.2	R.3	R.4	R.5	R.6
NC	NC	LC	PC	PC	PC
R.7	R.8	R.9	R.10	R.11	R.12
NC	NC	LC	NC	PC	PC
R.13	R.14	R.15	R.16	R.17	R.18
PC	PC	NC	PC	NC	NC
R.19	R.20	R.21	R.22	R.23	R.24
NC	PC	PC	PC	PC	NC
R.25	R.26	R.27	R.28	R.29	R.30
NC	PC	PC	NC	LC	PC
R.31	R.32	R.33	R.34	R.35	R.36
PC	PC	PC	PC	PC	LC
R.37	R.38	R.39	R.40		
LC	NC	PC	PC		

<b>Mutual Evaluation Report for the Islamic Republic of Mauritania</b>
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**Preface:**

45. This report provides a summary of the AML/CFT measures in place in Mauritania as at the date of the on-site visit. It also analyses Mauritania's level of compliance with the FATF 40 Recommendations and provides recommendations on how the system could be strengthened.
46. This evaluation was based on the 2012 AML/CFT Recommendations and it was prepared using the 2013 Methodology. It was also based on the information submitted by Mauritania and the information obtained by the assessment team during its on-site visit to Mauritania from 19 to 30 December 2016.
47. The evaluation was conducted by an assessment team consisting of:
- Mr Juma ALI KHALIFA AL-RAHOOMI (law enforcement expert and head of an investigation team/Dubai Police Force).
  - Mr. Khaled ABDUL WAHAB SABEK (financial expert and assistant director general, AML/CFT unit in the Republic of Egypt).
  - Mr. Suleiman BEN ALI AL-ZEBN (legal expert and director of the AML/CFT department at the Saudi Arabian Monetary Authority).
  - Mr Moussa KARNIB (law enforcement expert and staff officer at the Directorate General of Internal Security Forces in the Republic of Lebanon).
  - Mr. Wael LAFI (legal expert and director of the Financial Follow-Up Unit in Palestine).
  - Mr. Yasser LHRACH (financial expert and head of the AML Central Body at the Central Bank of Morocco).
  - Mr. Rachid KASIMI (Executive officer - Mutual Evaluation at the MENAFATF Secretariat).
  - Mr. Fahad Al-DAWISH (Officer - Mutual Evaluation at the MENAFATF Secretariat).
48. The report was reviewed by Mr. Francesco Positano (policy expert analyst at the FATF), Mr. Badr Al-BANNA (AML/CFT regional advisor, International Monetary Fund), and Mr. Al-Sadek OTHMAN ABDUL MAJED (deputy director of the FIU in the Republic of Sudan).
49. In the first round, Mauritania was subjected to a mutual evaluation conducted by the MENAFATF in 2006 based on the 2004 FATF methodology. The report was adopted by the forth plenary meeting in November 2006 which is available on [<http://www.menafatf.org/information-center/menafatf-publications/mutual-evaluation-report-mauritania-french>]. In brief, regarding the topics where no essential change was made in Mauritania's situation or in the FATF Recommendations, this evaluation does not reiterate the analysis conducted in the previous one, but it comprises a cross reference of the detailed analysis in the previous report.
50. The mutual evaluation of Mauritania for 2006 concluded that the country is compliant with R4 and 18, largely compliant with R28, 35, 36, 37, 38, 39 and SR V, partially compliant with R1, 2, 3, 6, 7, 10, 11, 13, 14, 15, 20, 23, 26, 27, 29, 31, 33, SR II, III, IV, VI, VII, VIII and IX, no-compliant with R5, 8, 9, 12, 16, 17, 19, 21, 22, 24, 25, 30, 32, 40 and SR I and it does not apply R34.
51. Mauritania submitted 12 follow-up reports to the Plenary in the first round, whereas it was partially compliant with R1, 10, 13, SR II and IV (and other Recommendations) and non-compliant with R5 (and other Recommendations). As a result, Mauritania was placed under the regular follow-up process. It also implemented a number of corrective measures to address the deficiencies identified in the Mutual Evaluation Report for its non-compliance or partial compliance with the Recommendations. Considering the insufficient progress in addressing the deficiencies, the enhanced follow-up measures were implemented since the eighteenth Plenary Meeting (November 2013), where an official letter, at that time, was addressed to the authorities in the country, a second letter

was also sent by a decision of the nineteenth Plenary Meeting (April 2014) and a third letter by a decision of the twenty-first Plenary Meeting (April 2015). Since the expected progress was not achieved by Mauritania during the enhanced follow-up process, the twenty-second plenary meeting (Bahrain, November 2015) decided to make a high-standard official visit to Mauritania during the period from 1 to 2 March 2016 for the purpose of reviewing the challenges faced by the authorities in complying with the international standards and urging them to take the necessary corrective actions the soonest possible, in addition to expressing the concerns and apprehension of MENAFATF in this regard. As the procedures of placing Mauritania under the evaluation process in the second round have started, the Plenary Meeting agreed to cease the enhanced follow-up for the first round; and in case the results of the evaluation showed that the previous deficiencies still exist, the application of the enhanced follow-up measures will be resumed.

52. The major deficiencies are that the terrorist financing act does not include the criminalization of the financing of a terrorist person/act, and there is no information on the effective implementation of the new law, in addition to the lack of implementation of SC resolutions.

## Chapter 1. ML/TF Risks and Context

53. Mauritania is situated in western North Africa and overlooks the Atlantic Ocean. It is bordered by Algeria to the eastern north, and Western Sahara to the western north, Senegal to the western south, and Mali to the east and southeast. Being a meeting point between the North and the South of Africa, it has been for thousands of years a hub for different ethnicities and cultures varying between Arabic and African. The Senegal River separates it from Senegal and it is delimited by over 700 kilometers of Atlantic coast. It covers an area of approximately (1,030,700) Km. Mauritania has a population of approximately (3,6) million in 2016, 80% of it are Arabs and 20% are Africans. Arabic is the official language according to the Mauritania Constitution, even though French is mostly used at the governmental departments.
54. The capital of Mauritania is Nouakchott which is located in the State of Nouakchott. Mauritania is composed of 13 States and Nouakchott is deemed one of the States that has the highest population density. Nouadhibou is one of the major economic cities in Mauritania.
55. Mauritania has a presidential republican system, where the President of the Republic is the Head of State. He is elected for a period of five years and may be re-elected as President of the Republic only once.
56. Mauritania has three types of powers, being the legislative power represented by the Parliament which has two assemblies: The National Assembly and the Senate. The second power is the executive power vested in the President of the Republic who also presides the Council of Ministers. The third power is the judiciary power vested in the Supreme Council of Justice.
57. Mauritania joined the United Nations and is a member of the Arab League, the African Union, the International Organization of La Francophonie and other international and regional organizations.

### **ML/TF Risks and Scoping of Higher Risk Issues:**

#### **Overview of ML/TF Risks:**

58. Mauritania is politically stable, given that the political system in Mauritania is multi-democratic where the President is elected for 5 years by direct universal ballot. The President of the Republic is vested with the executive power and presides the Council of Ministers, while the legislative power has two representative assemblies: The National Assembly and the Senate, and the deputies of the National Assembly are elected by direct ballot for a period of 5 years. The judiciary system is totally independent from the executive power.
59. The financial sector is deemed recent and basically relies on a number of newly established private banks (15 banks), the Deposit and Development Fund related to the public sector and micro-finance institutions (20), insurance companies from the private sector (20), a number of post offices (32), and a number of accredited exchange offices (30) with an ownership rate not more than 20% for the bank and assets totaling MRO 756 billion, in a socio-cultural environment that does not prompt financial inclusion and which gave rise to an equivalent financial activity which is quite dynamic in Mauritanian financial market. As concluded by the assessment team in the context of international cooperation requests, the banking sector is inflated considering the presence of around 15 institutions for around 400,000 account holders only.
60. The banking and financial sector provides services and products that rely on non-complex operations, while there is no stock exchange in the securities market and no products and services in this field; regarding insurance, it is a recent service sector that provides services related to the insurance of some basic risks such as car insurance.
61. The urban scope and the failure to supply a large portion of the population with financial services, in

addition to the weak banking diffusion and financial inclusion and the significant circulation of cash, are among the weaknesses faced by Mauritania.

### **Country's risk assessment**

62. Mauritania did not assess ML/TF risks and the information mentioned in this section represents the results of the assessment team analysis of the information submitted by the authorities and the results of the discussions held with the authorities during the on-site visit of the assessment team, in addition to the information the said team drew upon from open sources.
63. It does not appear that the Mauritanian authorities have a consolidated understanding of ML risks, since some authorities believe that such risks are represented in corruption, smuggling and falsification of substances and products, and others think that the risks of trafficking in human beings and migrant smuggling are high, while others also consider that illicit trafficking of narcotic drugs and psychotropic substances also represent high risks.

### **Scoping of Higher Risk Issues**

64. In deciding what issues to prioritize, the assessment team reviewed material provided by Mauritania on national ML/TF risks, and information from reliable third-party sources. The issues listed present not only the areas of higher / reduced ML/TF risks but also contain issues that were of significant concern to the assessment team based on material provided before the on-site visit.

### **ML/TF Threats**

- **Corruption and bribery crimes**, corruption is deemed a high-risk crime in Mauritania and one of the major crimes which can generate large proceeds used for money laundering. Bribery is also one of these major crimes, in addition to the crimes of influence, peddling and abuse of authority, despite the efforts made in Mauritania at the national level, the most important of which is the acceptance of the United Nations Convention Against Corruption (UNCAC) and the African Union Convention on Preventing and Combating Corruption which were ratified by Mauritania in 2006, as an undertaking by the international and African community to prevent and combat corruption, by issuing a set of objective and procedural texts binding upon the countries and by putting in place mechanisms to facilitate and support international cooperation and technical assistance, including the assets recovery. Regarding prevention and monitoring measures imposed by FIs, the procedures of effectiveness related to the extent of application of the due diligence measures, particularly toward PEPs are still insufficient, as well as the extent of punitive measures taken and imposed by virtue of the law, which would ensure a general prevention. This also covers the extent of appropriateness of local laws, such as the measures for the identification of the beneficial owner in the company law or the commercial code, whereas Mauritania faces a deficiency in the implementation of due diligence measures by FIs in general, due to the number of deficiencies at the legal level which is binding upon such institutions, in addition to the weakness of the effectiveness applied by FIs.
- **Illicit trafficking of narcotic drugs and psychotropic substances**, the geographical location of Mauritania exposes it to the risk of drug trafficking considering its land frontiers with neighboring countries which stretch over more than three thousand kilometers, since it is a meeting point between West and North Africa from the western side leading to Europe; therefore, drug trafficking is deemed one of the most dangerous predicate offenses considering the illicit funds it yields, which negatively affects the national economy, security, peace and the nation's constancies. These illicit funds may allow the funding of organized crime and terrorist organizations and ensure the continuity and increase of their criminal activities, in addition to the length of the sea coast of Mauritania which stretches over seven hundred kilometers, which makes the implementation of supervision and inspection measures at ports and on the shores more difficult.



- **Smuggling and falsification of substances and products**, the smuggling crime represents a real danger to the Mauritanian economy, whereas it causes a sizable loss of the State revenues one fourth of which is contributed to by the customs revenues. It also allows the introduction of products that compete with the national production and for which rights and customs dues were not paid, which threatens the scarce and recent local production units and prevents merchandise from honoring the rights and dues. One of the other disadvantages of smuggling is its negative effects which are not less dangerous than the foregoing, given that it allows the introduction of prohibited goods and products which violate the health, environmental and security controls, as well as false goods which jeopardize the life of citizens (drugs, alcohols, weapons, false medicines...etc.). The factor that aggravates smuggling is the openness of Mauritania to neighboring countries through its land frontiers (more than three thousand kilometers) and sea frontiers (seven hundred kilometers), which complicates inspection, monitoring and combating of smuggling activities.
- **Tax crimes (related to direct and indirect taxes)**, combating tax evasion is an essential challenge for sovereignty and for adjusting public accounts. It is also an essential condition for the observance of equality before the taxes authorities; consequently, tax evasion prejudices national solidarity on one hand, whereas the individuals who fulfill their tax obligations are solely assuming the tax burden and the legal competition among companies on the other hand. At the international level, Mauritania signed and approved eight tax agreements with partner companies and established a unit for the international exchange of information, in promotion of the international cooperation instruments, with a number of partners in order to combat tax evasion and it joined the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes in 2011. On this note, Mauritania passed two tests at the meeting of the review team held by counterparts for the preparation of reports of the first and second stages organized at the headquarters of the Organization for Economic Co-operation and Development in Paris. Since March 2016, Mauritania took initiatives at the world forum to sign a multi-lateral agreement which allows to widen the circle of countries which can exchange information.
- **Trafficking in human beings and migrant smuggling**, considering Mauritania's strategic location on the Atlantic Ocean facing the European coast and its broad frontiers, and considering the short distance between the shore of Nouadhibou and the shore of the Spanish Las Palmas island, this city has become a transit channel for large waves of clandestine migrants from African countries who are eager to reach Spain, which consequently gave rise to the migrant smuggling bands activity in this city despite the efforts of the country. To this effect, Mauritania took many measures which consisted of launching a comprehensive national strategy for migration in 2010, where the points of passage were determined. It also passed dissuasive laws to deal with the clandestine migration phenomenon. It put in place a severe regulation for the grant of visas, thereby creating a biometric system for civilians and the registration of foreigners. Furthermore, it enhanced security control at the borders. These measures helped in remarkably reducing such phenomenon. On the international cooperation with partners aimed at combating this phenomenon, Mauritania and Spain signed a memorandum of cooperation for fighting illegal migration and organized crime, which is regarded as an international convention between both countries
- **Kidnapping, illegal restraint and hostage-taking**, kidnapping with the aim of getting a ransom for the illegal taking of hostages held by terrorist organizations represents one of the most important TF resources used by such organizations for financing their various terrorist activities, obtaining arms and food supply and providing cash solvency to meet all those needs. Therefore, Mauritania takes

into account the attempts of such terrorist organizations to launder money in this region and the negative effects the same has on economy and security. Declarations made by authorities in more than one regional and international occasion obviously indicate Mauritania's stance which disapproves the principle of paying a ransom for kidnappers.

- **Terrorism and terrorist financing crimes**, terrorism represents a challenge and a real threat to Mauritania due to its geographical position and the risks resulting from the location which extends along the land frontiers and the sea coast, and from the large area of the country as well as the desert climate, which constitutes a major weakness terrorists can take advantage of to move, transport funds and hide. This geography is one of the factors that incite terrorists and terrorist organizations to liaise with smuggling and organized crime groups, in addition to the presence of many organizations in the region, such as Al-Qaeda in Maghreb, (Boko Haram), and Daesh in Libya which pose high risks to Mauritania. During the on-site visit, some authorities showed a clear understanding of the TF operations conducted; however, this understanding is not shared with other authorities which may be exposed to such operations. As previously mentioned, one of the major weaknesses terrorist financing can capitalize on is the informal financial activity and the scarcity of banks in a considerable part of the Mauritanian territories, which entails a low percentage of using the banking system. On the international cooperation, terrorism is considered one of the threats facing the region, according to countries.

#### **ML/TF vulnerabilities**

- Giving effect and implementation of the provisions of the AML/CFT system by subjected persons.
- Targeted financial sanctions related to terrorism and TF and the mechanisms adopted by Mauritania for the implementation of the SC resolutions 1373/1267.
- **Parallel financial activities and informal market**: With relation to cash and to wire money transfers and despite the efforts made by Mauritania toward financial inclusion, the percentage of using the banking system does not exceed 20%, whereas there is a prevailing culture that does not prompt financial inclusion. Regarding the equivalent exchange market (known as the black market in some countries) and despite the efforts made by the Central Bank of Mauritania to establish a framework for the exchange and currency market, speculations in foreign currency rates outside the scope of banking institutions are among the practices which may increase the risks of smuggling bands, ML/TF.
- **Law enforcement entities and deficient national coordination**: One of the points which constitute a weakness that could entail ML/TF risks is the weak capacities of law enforcement entities in terms of understanding ML patterns and combating mechanisms, as well as the deficient national coordination among various authorities.
- **DNFBPs**: Weak control or lack of supervising entities in charge of monitoring most of the sectors, such as gold and precious stone dealers, and car dealers, apart from companies of all types. All the foregoing negatively affects the AML/CFT system in Mauritania.
- **The informal sector** and its effect on the economic activity, the declining percentage of using the banking system, the increase of cash dealing, the low percentage of using payment instruments, the widespread use of remittance, money transfer and the currency market in the unrated sector.
  - Seizure and confiscation measures in the ML/TF field.
  - Real estate sector and traditional legalization system.

- **Areas of lower risk and attention**

- In the absence of the NRA process, it is difficult for assessors to confirm areas of lower risk and attention. However, the team assessed some areas to be considered of possible lower ML/TF risk. Also, the discussions with the authorities pointed out that some sectors present lower risk of ML as described below. On this note, the assessment team devoted less attention to these areas :
- **Legal arrangements:** They are considered as lower risk since trusts and other legal arrangements having a similar nature may not be established according to the Mauritanian law, and also taking into consideration the size of the Mauritanian economy.
- **Illicit trafficking in weapons:** Mauritania is not a major country for arms manufacturing, nor is it a large market for the trade or production of dual use goods.

**Materiality**

65. The size of informal economy is large and unknown where informal money-exchanges and transfers are widespread in a way that they cause capital outflow, which adversely affects the national currency and the Mauritanian economy in general. On this note, significant efforts are still exerted to enhance the economy, to procure manpower and to secure transactions and transfers in the formal sector. The economy is still largely based on cash in a large informal sector and/or the shadow economy, despite the increasing trends toward formalizing and making the economy transparent, including money transfers, licensing of Islamic banks, reforming and modernization of the micro-finance sector. A large portion of the population in Mauritania does not have bank accounts whereas the percentage of using banking services does not exceed 20%. Moreover, the assessment team does not seem to have a clear vision on the process of shifting from a cash-based economy to an economic system based on formal transactions. The assessment team assumes that such channels may be used for ML purposes due to the large amount of informal money exchange and transfer transactions, as well as the limited number of users of banking services.
66. The consequences of these crimes are considerable for Mauritania, given that the crime proceeds have a high impact on the Mauritanian economy since the country's banking sector is also affected because of the valuable profits of such activities, in addition to the difficulty of tracing funds and suspicious activities in Mauritania because they are outside the official scope.

**Structural elements**

67. The on-site visit showed that the Mauritanian authorities sincerely desire to comply with the international standards as expressed during the high-level visit made by MENAFATF on 1 and 2 March 2016, in order to review the challenges faced by the authorities in complying with the international standards and encouraging them to take the necessary corrective actions to this effect.
68. Mauritania is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF) since 2005 and it took many legislative steps to combat ML/TF. It has recently started the coordination of the NRA process which has not been effectively initiated and it has also started putting in place a work plan based on the identified risks.
69. After the approval of the UNCAC and its ratification of 25 October 2006) and the adoption of a national strategy to fight bribery in 2010, as well as the issuance of the guiding law on the fight against bribery in 2015, the authorities sealed their efforts against corruption in all its forms by issuing law No.2016/014 on the combating of corruption which provided for the establishment of specialized judicial entities with national expertise, which are operational, comprising a court of first degree, and two teams for public prosecution and investigation. In 2012, the authorities prepared an executive plan for implementing the 2010 national strategy in terms of the governance of the public and private sectors, enhancement of the powers and effectiveness of the supervisory and judicial bodies and

optimization of the use of such resources. It seems early to judge whether the national strategy would succeed because the authorities would set their steps and measures by relying on the anti-corruption law which was recently adopted in 2016.

70. The AML/CFT regime in Mauritania is deemed quite old, whereas the first AML/CFT law was issued in 2005 and several amendments of the law were issued, the latest being in 2016.
71. Regarding legal texts, it is worth noting the adequacy of many local laws, the difficult implementation and execution of the punitive measures taken and imposed by virtue of the law, which would ensure a general prevention, in addition to the weak abilities of the law enforcement entities in terms of understanding the money laundering patterns and the combating mechanism, as well as the weak national coordination among various entities. Statistics obtained by the assessment team during the on-site visit indicate a significant weakness as to criminal convictions in the ML/TF field. The international cooperation requests also show a slow implementation, with many gaps in the enforcement of the applicable laws and in the work progress of the courts for structural reasons (training of judges) and for governance reasons (autonomy and integrity), as well as the importance of following up the obligations undertaken regarding the acceptance of international conventions and the efficiency of reflecting them in the positive law and the implementation of the judicial measures.
72. The informal financial sector in Mauritania represents a significant concern for authorities that pay a considerable attention to regulate the access to the formal market and to attract citizens to it since a large portion of the citizens has no bank accounts and does not consider the formal bank sector as a safe channel to conduct financial operations. Therefore, Mauritanian authorities are seeking to open a number of banks that would operate according to the Islamic banking system in order to attract those persons and to reform and modernize the micro-finance sector.
73. The on-site visit did not show that FIs and DNFBPs understand money laundering and terrorist financing risks, due to the nature of the society which is based on cash, where crimes are limited and the informal sector is widespread and that most of the customers of the formal sector are State employees, retired persons or State institutions.
74. CANIF was not considered a member of the Egmont Group until the date of the report, which limits its efficiency in terms of exchanging information with counterpart units.

### **Other Contextual Factors**

#### **AML/CFT Strategy**

75. Mauritania has not established a national AML/CFT policy and strategy, which impedes the comprehensive understanding of risks.

#### **Legal and Institutional Framework**

76. Entities and agencies in charge of the AML/CFT operation in Mauritania are as follows:
  - CANIF which is the main authority responsible for combating money laundering and terrorist financing.
  - Central Bank of Mauritania as a supervision authority for financial sector.
  - Ministry of Justice.
  - Ministry of Finance.
  - Ministry of Foreign Affairs.
  - Ministry of Interior represented by the State Security Department,
  - Soil control directorate,
  - Judicial police directorate,
  - Central department for the combating of economic and financial crimes,
  - Customs Administration,

- Mauritanian national guards,
- Single window department for company registration.

### **Financial Sector and DNFBPs**

77. The financial sector is deemed recent and basically relies on a number of newly established private banks (15 banks), the Deposit and Development Fund related to the public sector and small funding institutions (20), insurance companies from the private sector (16), a number of post offices (32), and a number of accredited exchange offices (30) with an ownership rate not more than 20% for the bank and assets totaling MRO 756 billion, in a socio- cultural environment that does not prompt financial inclusion and which gave rise to a parallel financial activity which is quite dynamic in the Mauritanian financial market. As concluded by the assessment team in the context of international cooperation requests, the banking sector is inflated considering the presence of around 15 institutions for around 400,000 account holders only.
78. The banking and financial sector provides services and products that rely on non-complex operations, while there is no stock exchange in the securities market and no products and services in this field; regarding insurance, it is a recent service sector that provides services related to the insurance of some basic risks such as car insurance.
79. The DNFBPs sector has no clear structure that ensures the activation of monitoring and supervision of the role of many in AML/CFT field, (lawyers, notaries, accounting experts,...etc.). DNFBPs do not comply with the AML/CFT requirements including reporting suspicious transactions to CANIF. The on-site visit showed that some sectors do not have any understanding or awareness of the ML/TF risks, in addition to their weak or inexistent communication with CANIF and to their lack of acquaintance of their tasks and role in the AML/CFT field.
80. Although the Mauritanian AML/CFT regime is quite old, the slow implementation and the non-understanding of risks through national assessment remain a significant obstacle and have a negative effect on the efficiency and context of various sectors due to the failure to identify the risks. It also entails the inability to apply a risk-based approach, which prevents FIs and DNFBPs from distinguishing between high and low risks and which deters the national combating efforts.
81. During the on-site visit, the interviews conducted by the assessment team with the officers and the statistics it obtained showed that CANIF is facing major difficulties and challenges in the receipt, analysis and dissemination of information to competent authorities. They also showed a weak national coordination and cooperation despite the existence of the Orientation and Cooperation Council which is the entity in charge of domestic coordination, in addition to the operations unit which represents all the sectors concerned with combating ML/TF (Ministry of Justice, Ministry of Defense, Ministry of Interior, Ministry of Finance, Ministry of Foreign Affairs and the Central Bank). In addition to the weak level of international cooperation with the counterpart units and the failure to join the Egmont Group.
82. Law enforcement authorities do not have sufficient human, material and technical capacities, and the lack of expertise is a primary obstacle that affects the general context of the sectors in the field of combating ML and TF crimes.
83. Despite the efforts made by the country, the cash-based culture is predominant in Mauritania due to restrictions on the financial inclusion and integration and the percentage of using the banking system does not exceed 20%, not to mention that there are only around four hundred thousand owners of accounts.

### **Key Findings and Recommended actions:**

#### **Key Findings:**

- The Mauritanian authorities have no understanding of the risks posed by the ML and the TF offenses among all the governmental and private sectors.
- Mauritania has not identified or assessed the ML/TF risks at the national level.
- Mauritania does not apply a risk-based approach to allocating resources and implementing measures to prevent or mitigate ML/TF.
- ML/TF policies have not been adopted based on risks.
- There are no appropriate mechanisms and structures between authorities which are in charge of combating ML/TF at single or several levels.
- Weakness of the detailed statistical data on ML/TF operations and failure to update it in order to review the effectiveness of the system or to provide feedback between the authorities, in addition to the absence of IT tools which enable the centralization and tracking of data.
- Despite the country's efforts to promote financial inclusion, financial transactions in Mauritania are mainly cash-based and the informal sector dominates the economy.

#### **Recommended actions:**

- The Mauritanian authorities should expedite the completion of the NRA process, and share the outcomes with stakeholders (governmental and non-governmental), also establish national action plans to address the identified risks,
- The AML/CFT policies and activities should be based upon the NRA outcomes.
- Mauritania should establish a work plan and mechanisms aiming at coordinating efforts at the national level, to execute the national strategy which results from the NRA process, and to designate an authority to assume this responsibility.
- The authorities should take into consideration that the establishment of governmental policies should not affect the financial inclusion process conducted by the government. Also, Mauritania should promote the financial inclusion processes and integration of persons who do not have access to financial services in the country.
- Mauritania should evaluate the need of all the stakeholders, in terms of powers and resources required for the execution of the national strategy following its issuance and to provide such resources and powers, including for the FIU which should exercise its functions in terms of providing cooperation at the national level.
- Mauritania should engage all the actors involved in the AML/CFT field in the NRA process, including the financial and the DNFBP sectors.
- The scope of ML/TF risks at the unlicensed sectors which operate in the informal sector should be determined, such as informal exchange transactions and informal transfers, and specific measures should be taken to reduce the risks inherent to such activities.
- The NRA process should cover DNFBPs and their supervisors, such as the sectors supervising gold dealers, lawyers, and other sectors, as well as non-profit organizations, and supervisory authorities should be designated for sectors which are not subjected to specific supervisory authorities.
- The Mauritanian authorities should establish national mechanisms to update and facilitate access to the ML/TF data and statistics by all stakeholders.
- The Mauritanian authorities should grant the representatives of stakeholders at CANIF (ministry of interior, ministry of finance, etc.), powers to reflect the policies applied by such authorities they represent at CANIF, and vice-versa, without affecting the autonomy of the CANIF, thereby promoting national cooperation.
- The Mauritanian authorities should establish a mechanism that would promote cooperation

between law enforcement agencies and supervisory authorities of financial institutions and DNFBPs.

- The Mauritanian authorities should give effect to the work of the committee which was formed to conduct the NRA process in order to establish the national AML/CFT policies; and to verify that all the governmental authorities and the supervisory sectors of FIs and DNFBPs are playing a role that is consistent with the general policy objectives.

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

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

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

85. The Mauritanian authorities and the private sector had no real understanding of the risks, even though the country had acknowledged the existence of significant threats and vulnerabilities (corruption and bribery offenses, illicit trafficking in narcotic drugs and psychotropic substances, smuggling and counterfeiting of materials and products, tax crimes, trafficking in human beings and migrant smuggling, kidnapping, restraint and hostage-taking, terrorism and its financing Etc.). Furthermore, the NRA process in Mauritania has not even gone beyond the initial administrative phase relating to the formation and designation of the authorities.
86. The Mauritanian authorities do not rely on the risks identified in the combating process, namely the above-mentioned risks acknowledged by the country (including terrorist financing), whereas it appears that there are several risks and threats which constitute economic crimes and generate proceeds. In return, the authorities' understanding of the nature of such threats and vulnerabilities exploited to commit ML crimes does not appear to be commensurate with the level of risk in the country. In the same way, even though terrorism and its financing pose a real challenge to Mauritania considering the risks arising from the geographical location, Mauritania did not demonstrate understanding of TF risk.
87. The on-site visit revealed that each competent authority has its own understanding that is not related to a consolidated national AML/CFT policy. As a result, the banking supervisory authority's understanding is reflected in the impossibility of misusing the banking sector for ML/TF purposes, while in return, authorities consider that there is an activity for an informal or illegal parallel financial sector that could be misused for ML. In addition to the existence of some parties engaged in some financial professions, such as money transfer and exchange transactions which are conducted directly, and according to operations regulated outside the scope of the formal sector. Cash-based operations are also widespread due to the low rate of access to the banking system, which could increase ML/TF risks. It was also found that the authorities take the social aspect into high consideration, especially in the money exchange field, which would negatively affect the level of effectiveness in the sector.
88. LEAs acknowledge that there are many economic crimes that could generate sizable illegal financial proceeds such as drug trafficking, theft and trafficking in human beings; and the ML risks in such crimes and/or their link to ML operations are not examined.
89. The country has no understanding of risks including TF risk, and this may be due, among other factors, to the failure to conduct the NRA process, and/or to make sectorial studies to understand risks associated with ML/TF operations in Mauritania, and no risk-based approach is applied to allocating resources and implementing measures to prevent or mitigate ML/TF.

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

90. The Mauritanian authorities do not have a national strategy to combat ML/TF due, among other factors, to the failure to conduct the NRA process or strategic or sectorial studies in this field. In addition, the objectives and activities of the competent authorities in Mauritania are not consistent with the risks and vulnerabilities which are identified and acknowledged by the country or based upon the understanding of risks Mauritania is exposed to. It appears that the Mauritanian authorities do not have clear AML/CFT objectives.
91. The Mauritanian authorities have formed an inter-ministerial committee presided by the Prime Minister to follow up the risk assessment process and the mutual evaluation of the national AML/CFT system. The Orientation and Coordination Council at CANIF technically assists this committee. Nevertheless, the authorities do not have a clear national coordination mechanism in the AML/CFT field including financing of proliferation
92. Although CANIF is formed of many entities represented by liaison officers between authorities, the role of those officers is only restricted to the facilitation of communication with other entities, and not to reflect the policies which were adopted by these entities in terms of risks the country may be exposed to.
93. The absence of a consolidated national AML/CFT policy is one of the major reasons which decrease the effectiveness of AML/CFT operations conducted by the entities, whereas many of them have different policies.
94. Several entities do not play a significantly efficient role despite the importance of the role and functions entrusted to them in Mauritania. For instance: The Central Bank grants licenses to FIs which are engaged in transfer and formal exchange operations. However, it is largely noticed that there are informal exchange operations and international money transfers conducted without official supervision. This makes it very difficult to control AML/CFT operations and facilitate finding channels to conduct suspicious transactions without supervision.
95. Mauritania had adopted the national anti-corruption strategy in 2010 but in practice, nothing indicates that the strategy was given effect, which is consequently reflected in the AML/ CFT policies. For instance, CANIF has not analyzed any STR relating to corruption, which shows a lack of coordination between CANIF and the authorities mandated to fight corruption, in particular the Follow-up Committee to the National Anti-Corruption Strategy established by the President of the Republic.
96. There is no real coordination and feedback between the Central Directorate of State Security in charge of combating terrorist financing (which showed modest capacities in this area) and CANIF in order to enhance the reporting process conducted by the private sector, and to set specific indicators.
97. It does not appear that the AML/CFT policies were adopted based upon the risks and vulnerabilities identified in the country, including the above-mentioned risks and vulnerabilities acknowledged by the country.

### **Exemptions, Enhanced and Simplified Measures**

98. Mauritania has not conducted the NRA process or any sectorial studies as regards ML/TF. Therefore, Mauritania has not exempted or simplified or enhanced the measures against certain sectors as a result of a sectorial risk assessment or as a result of a strategic analysis conducted by CANIF or other supervisors.

### **Objectives and Activities of Competent Authorities**

99. It does not appear that CANIF, the supervisory and monitoring authorities in Mauritania have been working according to the risks identified and acknowledged by the country and considered as a priority matter by the authorities.



100. Although stakeholders in Mauritania have AML/CFT polices in place, there is no specific national policy, and the competent authorities do not prioritize their objectives and activities based upon the country's risks, especially those identified in the Scoping Note, or based on the understanding of risks which Mauritania is exposed to.
101. The measures which should be implemented to mitigate the risks were not determined and no clear AML/CFT objectives were set in Mauritania.
102. Although CANIF has the powers to conduct strategic analysis and to provide feedback, the assessment team was not provided with any studies or guidance that could assist the authorities and the private sector in combating ML/TF, in consistency with the risks identified and acknowledged by the country. The same was noticed at the other supervisory authorities and LEAs.

### **National Coordination and Cooperation**

103. Mauritania has not designated an authority nor set up a cooperation mechanism responsible for the national AML/CFT policies. But the matter was only limited to the powers granted to the CANIF under article 29 of the AML/CFT Law, which requires CANIF to express its views on implementing the country's AML/CFT policy at the national level, and to propose any action that would ensure the effectiveness of AML/CFT. It did not mention the responsibility of CANIF for the national AML/CFT policies.
104. It appeared that the Operations Unit and Orientation and Cooperation Council at CANIF facilitate communication between CANIF and other entities. Besides, they do not seem to have any other role related to the promotion of cooperation among such entities. This is negatively reflected on CANIF's work, given that the statistics show a poor or rather inexistent cooperation and coordination with the concerned entities.
105. CANIF falls under the jurisdiction of the Central Bank of Mauritania and even if it has access to information, especially financial intelligence, there are some deficiencies and weakness in outreach and in requesting information with the reporting entities, in both FIs and DNFBBs.
106. There is also a weakness in outreach, feedback, exchange of analytical and financial data between CANIF and the law enforcement agencies mandated to combat terrorist financing. In addition to the absence of a mechanism for the analysis and processing of suspicious TF cases, which would ensure speed and contribution of all the competent authorities (see IO.6).
107. When visiting CANIF headquarters, it did not appear that it has an advanced information system that can facilitate the exchange of information at the national level and the centralization of statistics on the exchange of information with all the governmental and private entities. The same applies to the Customs, where the assessment team did not obtain any information indicating that there was a statistical system that assisted the cooperation between stakeholders, especially in the field of cross-border foreign currencies.
108. Regarding the freezing of funds or assets of persons designated on the UNSC sanctions list relating to proliferation, even though the Ministry of Finance was assigned to issue decisions in this regard, a total lack of national cooperation between the concerned entities (governmental or private) was noticed. This may be due, among other factors, to the lack of understanding of the freezing mechanism by most entities, and the failure to clarify the responsibilities of each competent authority in view to give effect to the principle of cooperation. (See IO.11).

### **Private Sector's Awareness of Risks**

109. Based on the conclusions reached by the team during the on-site visit, and on the failure to conduct the NRA process, it did not appear that the private sector, both FIs and DNFBPs, in Mauritania, has an understanding of the ML/TF risks, including the risks which were identified and acknowledged by the country and considered as a priority matter.
110. Mauritania has no coordination of national policies between all sectors in general, and between the supervisory authorities and the reporting entities in particular.
111. Up until the end of the on-site visit, the assessment team had not noticed any interest by the country in engaging the private sector in the NRA process.

### **Overall conclusion on IO.1:**

112. **For the above-mentioned reasons, the level of effectiveness achieved by Mauritania in IO.1 is low.**

### **Key Findings and Recommendations:**

#### **Key Findings:**

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

- CANIF is not exercising its main functions which include receiving and analyzing STRs, exchanging information with the concerned parties, disseminating reports to the Republic attorney general, providing feedback, conducting operational and strategic analysis and providing cooperation at the domestic or international level.
- The Orientation and Coordination Council and the Operations Unit are not performing the functions assigned to them within CANIF, which negatively affects its effectiveness.
- CANIF has only received a small number of STRs, all from banks only while there is no cooperation with the remaining FIs and DNFBPs and CANIF only receives one type of reports, consisting of STRs.
- CANIF has no access to the basic information of the BO of legal persons due to the poor cooperation with the private sector, single window and other stakeholders.
- Poor awareness of CANIF functions among LEAs and other competent authorities.
- CANIF lacks the human and technical resources required to perform its functions in an optimum manner.
- The sectors concerned with investigation of ML crimes associated predicate offences and TF crimes do not receive any financial intelligence or other relevant information enabling them to conduct investigations, develop evidence, and trace criminal proceeds related to ML, associated predicate offences and TF.

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

- Mauritania has a legal framework to conduct ML investigations, but the competent authorities in the country do not investigate all ML offenses and activities, since the investigation is rather limited to underlying predicate offenses, and money launderers are not successfully prosecuted.
- LEAs do not have specific ways or special methods to initiate a ML investigation, nor do they pursue parallel financial investigations in the predicate offenses they examine.
- Absence of cooperation and coordination in the investigation of predicate offenses between LEAs, in order to consider conducting an investigation in a case involving the potential laundering of criminal proceeds related to the predicate offenses which were examined.
- The number of ML investigations in Mauritania is very low and not consistent with the country's threats and risk profile or with the number of investigations of underlying predicate offenses which pose a major threat or generate criminal proceeds.
- The Mauritanian authorities do not have a clear understanding of the different types of ML cases, such as foreign predicate offense, third-party money laundering, stand-alone money laundering offense and others.
- Absence of sanctions applied to natural or legal persons convicted of a ML offense, which makes it difficult to determine whether the sanctions applied were effective, proportionate and dissuasive in the ML convictions rendered.
- LEAs in Mauritania suffer from a lack of expertise in the AML field and in financial investigations and from a lack of human and financial resources, in addition to the absence of cooperation and coordination mechanisms used to collect and exchange information related to money laundering between competent authorities.

##### **Immediate Outcome 8:**

- Mauritania has a legal framework for confiscation in place, but effective implementation is lacking.
- The Mauritanian authorities do not implement any measures to recover criminal proceeds, and have not taken actions in practice, like establishing, for example, a specialized bureau for the recovery of funds.

- The competent authorities do not show any efficiency or commitment to pursue ML cases by tracing and freezing funds.
- The Mauritanian authorities do not have clear and accurate statistics on assets and funds seized at the outset of investigations by the authorities in charge of combating the ML offense, and CANIF has no statistics on the number and value of funds and assets seized based on suspicion.
- There are no statistics on the proceeds and instrumentalities of crime, and property of equivalent value (including repatriation, sharing and restitution) involving domestic and foreign predicate offenses and proceeds which have been moved to other countries.
- Investigators do not have sufficient experience regarding financial investigation techniques and investigation approaches through which crimes associated with ML can be identified and the ways used to trace illicit funds and prosecute the accused persons.
- The cross-border disclosure system is weak and ineffective and there are no statistics on the funds seized and confiscated or on the criminal or administrative sanctions imposed for the violation of the disclosure requirements.

**Recommended actions:**

**Immediate Outcome 6:**

- Mauritania should restructure CANIF to enable it to exchange information with stakeholders, disseminate reports to the Republic attorney general, provide feedback, access records and other relevant information rapidly and directly so that CANIF can conduct operational and strategic analysis and cooperate at the national and international levels.
- CANIF should be provided with the sufficient number of qualified and experienced employees in the field of both operational and strategic analysis, in addition to the technological and technical resources required to perform its functions effectively (receiving, analyzing and disseminating information through an advanced information system).
- Mauritania should prepare a work plan, in collaboration with the supervisory authorities, to raise awareness among reporting entities including the FIs and DNFBPs, to enhance risk-based inspections and to provide guidance, based on the risks acknowledged by the country and the outcomes of the NRA, with a view to increasing the number of STRs and financial information requests sent from CANIF to reporting entities to support operational analysis. (See IOs 3 and 4).
- Cooperation between CANIF and all the parties involved in the AML/CFT system in Mauritania should be promoted, in particular, the Ministry of Justice, the Customs Administration, the police, supervisory authorities, the single window, and other competent authorities. This should be done through the preparation of financial intelligence reports, exchange of information and provision of feedback. This cooperation will take place through the signature of clear MOUs between CANIF and such authorities, which clarify the framework of cooperation and responsibilities of each authority.
- CANIF should increase the number of requests for financial intelligence for the purposes of operational analysis and dissemination, from FIs and DNFBPs.
- Cooperation of CANIF with the single window and the private sector as regards the identification of information related to legal persons and beneficial ownership should be pursued.
- CANIF should develop written procedures to organize its internal works, including the functions of receiving, analyzing and disseminating information.
- Mauritania should prepare and implement a training plan for all parties of the AML/CFT system, in cooperation with the supervisory authorities and other stakeholders.
- Mauritania should expedite the procedures of joining the Egmont Group which would greatly contribute to CANIF's awareness of its role at the international level. Furthermore,

it might grant it technical support from the sponsoring countries and the group itself which would result in developing CANIF performance at the national level.

- Authorities mandated to investigate ML, associated predicate offenses and terrorist financing should use financial intelligence or other relevant information to conduct investigation, develop evidence, and trace criminal proceeds related to ML, associated predicate offences and TF.

#### **Immediate Outcome 7**

- Mauritania should identify proceeds-generating predicate offenses, where LEAs should prioritize ML investigation in underlying predicate offenses.
- Mauritania should instruct investigative authorities about the necessity of linking the proceeds-generating predicate offenses to the ML offense by pursuing parallel financial investigations in order to improve the level of prosecuting criminals and to increase the number of ML investigations.
- Mauritania should provide investigative authorities with adequate technical resources to enhance their capacity in ML investigation and to increase their competence by providing training on the mechanisms used in ML investigations in general and in financial investigation in particular.
- Mauritania should establish a clear specific strategy for LEAs at the national level, in order to develop a consolidated understanding for these authorities. It should also establish a clear policy for ML investigations and investigative techniques and build the capacities of the staff working at these authorities.
- Investigative and prosecutorial authorities and CANIF should promote national cooperation and coordination for the collection and exchange of intelligence information related to ML cases.
- LEAs and courts should take into consideration all the ML aspects when investigating and prosecuting ML offenses, including ML professionals and facilitators, in order to increase ML investigations in Mauritania.
- Competent authorities at the police department and the public prosecution should put in place and employ criminal justice measures for convictions relating to predicate offenses in cases investigated for ML where it is not possible to secure a TF conviction.

#### **Immediate Outcome 8**

- Powers should be granted to LEAs to freeze criminal proceeds at the outset of investigations into ML offenses that are expected to be confiscated to deprive criminals of such proceeds.
- Mauritania should establish a mechanism (to establish a specialized bureau or provide the existing authorities with the necessary powers) to trace funds and identify criminal proceeds at the national and international levels and to grant it freezing, confiscation and recovery powers.
- All stakeholders should collect and maintain comprehensive and accurate statistics on freezing and seizure measures and convictions and make them available to competent authorities, and to establish an information system for case management.
- Mauritania should foster the capacities of those working in the field of combating ML crimes and all proceeds generating crimes, through the provision of training on mechanisms used to trace, freeze and recover assets and funds and to set up a clear policy along with a preparation of a handbook.
- The Mauritanian authorities should give effect to the cross-border declaration system for the transportation of incoming and outgoing currencies and negotiable instruments whether by travelers or through mail and cargo and to keep accurate statistics, as well as to exchange such data with competent authorities.

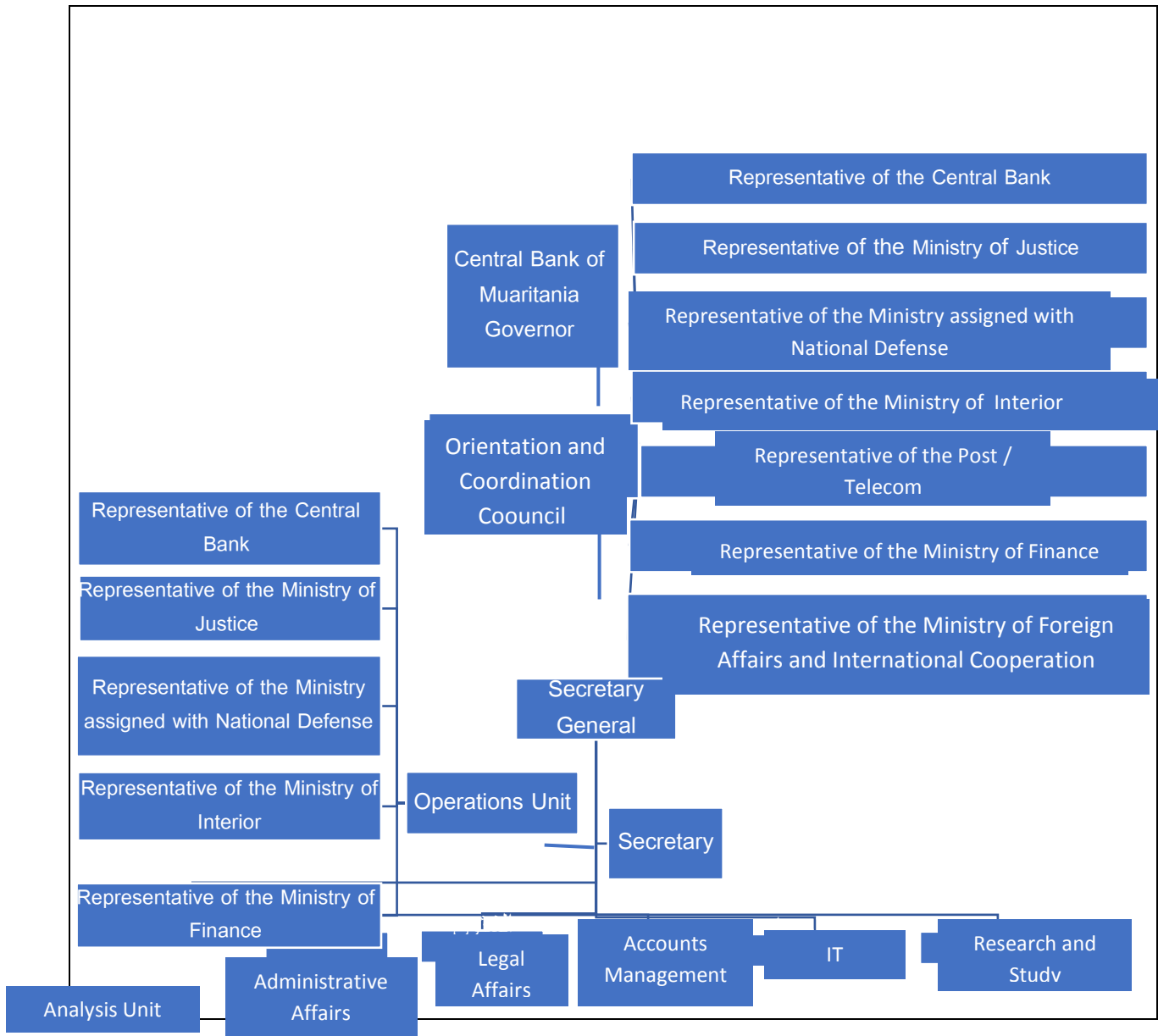
- Mauritania should strengthen the cooperation and exchange of information through technical means, among various competent authorities, including the Customs Administration and FIU.
- The Customs Administration should promote the capacities of the employees by providing training, raising awareness and preparing a handbook, in addition to granting administrative seizure and confiscation powers and providing the technical and human resources required.

113. 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.3, R.4 & R.29- 32.

#### **Immediate Outcome 6 (Financial Information)**

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

114. CANIF is the administrative FIU in Mauritania, authorized to perform the routine tasks of FIUs at the national level. However, its function, within the AML/CFT framework in the country is not sufficiently understood by other competent authorities, given that such authorities do not use the outcomes of the operational and strategic analysis due to the weak capacities of CANIF in general. During the on-site visit, CANIF did not provide any practical cases to showcase its effectiveness in terms of analysis and preparation of financial reports for the benefit of other authorities in Mauritania. Furthermore, sectors concerned with investigations of money laundering, associated predicate offences and TF do not receive any financial intelligence information or any other relevant information enabling them to conduct investigation, develop evidence, and trace criminal proceeds related to ML, associated predicate offences and TF
115. The Orientation and Coordination Council at CANIF represents its Board of Directors, and reports to the Governor of the Central Bank of Mauritania. The Secretary General manages the daily executive work of CANIF. He is further in charge of the Operations Unit, where several authorities are represented. CANIF's organizational structure is as follows:



116. Since CANIF's operation in 2005 until the on-site visit, CANIF received paper based STRs from banks and registered them in its database. Since January 2015, the banks' reporting method changed to a electronic form sent through a network connecting banks with CANIF. This new method is limited to receiving STRs; afterwards, the Secretary General prints and sends the STR to the financial analysts and the Operations Unit. The Assessment Team found that CANIF relies on a simple IT system to conduct the analysis, where suspicious transactions cannot be linked to each other and to natural and legal persons and their property. The system does not facilitate the analysis and tracking of operations and the preparation of appropriate reports.

117. It is worth noting that since 2005, CANIF has just received STRs from banks only. Whereas the remaining reporting entities of the financial sector and DNFBPs did not provide CANIF with any STRs or additional information. Furthermore, CANIF do not receive any other information, including administrative and law enforcement information, from the remaining competent authorities and entities, in particular, the Customs Administration concerning the disclosure of transportation of incoming and outgoing currencies and bearer negotiable instruments, and also from the single window for the basic information related to legal persons and beneficial ownership. Additionally, the

international cooperation within CANIF is almost absent. Hence, CANIF’s database is nearly empty, given that CANIF lacks the main pillars for the conduct of analysis.

118. Nevertheless, CANIF has the authority of indirect access to the records and other information kept by different authorities through their representatives in CANIF’s Operations Unit which is formed of a representative of the Central Bank of Mauritania, an inspector from the Ministry of Interior, a representative of the Ministry of Justice, a representative of the Customs, and a representative of the Gendarmerie. Each representative of each of the said authorities has access to the following records and databases:

Authority	Access to
Judge representing the Ministry of Justice	<ul style="list-style-type: none"> <li>▪ Prosecution</li> <li>▪ Investigation court</li> <li>▪ Courts</li> </ul>
Representative of police, Ministry of Interior	<ul style="list-style-type: none"> <li>▪ State Security Directorate</li> <li>- Documents of the special archive</li> <li>▪ Directorate of the Judicial Police and Public Security</li> <li>- Documents of the general archive</li> <li>- Documents of the judicial identities</li> <li>- Interpol documents</li> </ul>
Colonel representing the Gendarmerie Nationale	<ul style="list-style-type: none"> <li>• Documents of the Gendarmerie Nationale</li> <li>- Documents of persons under investigation</li> <li>- Documents of persons born outside Mauritania</li> <li>- Documents of suspicious persons</li> <li>- Civil status documents</li> </ul>
Colonel representing the Customs	<ul style="list-style-type: none"> <li>▪ Customs database (Cydonia)</li> <li>▪ Documents archive at the level of the Directorate General of Customs</li> <li>▪ Documents archive at the level of territorial and regional departments.</li> </ul>
Senior inspector representing the Central Bank of Mauritania	<ul style="list-style-type: none"> <li>▪ Central Bank</li> <li>▪</li> <li>- The General Directorate of Banking Supervision Exchange Department</li> <li>- Repayment Department</li> <li>- Risk Department.</li> <li>▪ Banks and various financial institutions</li> <li>- CANIF correspondents at the operating banks</li> <li>- Officers of Compliance Department</li> <li>- Officers of the IT Department</li> <li>- The General Manager or Director of the bank</li> </ul>

119. However most of the officials in the above-mentioned authorities stated, during the on-site visit, that their databases are not sufficient nor updated continuously. Additionally, some of those



officials confirmed that representatives of their authorities at the Operations Unit do not refer to their original authorities or access such records or databases. Therefore, CANIF is not able to access information on a regular and timely basis, and in a manner that enables the provision of intelligence information.

120. Hence STRs received from the reporting entities are the only source of information that CANIF depends on. The number of such STRs is limited and they are received from few banks operating inside Mauritania. On the other hand, LEAs did not benefit from the information provided in such STRs, which may be attributed to the weak role of CANIF, where the analysis it has conducted resulted in keeping more than 90% of the received STRs without passing any relevant information to the LEAs.

121. In principle, CANIF referred 5 reports to the courts as follows:

File No.	Date	Reporting Entity	Result
2/2009	11/11/2009	Bank	-
3/2009	15/03/2009	Bank	archived
6/2013	4/12/2013	Bank	-
1/2014	09/02/2014	Bank	-
2/2014	26/03/2014	Bank	-

122. However, the assessment team received mixed information as to the number and flow of these reports, leading the assessment team to conclude that there is a lack of clear procedures in the CANIF, as well as other authorities, including the Ministry of Justice, that allow the processing, analysis and preparation of reports, and the use by the competent authorities of financial intelligence, in addition to the lack of clear mechanisms to ensure cooperation between such competent authorities in a timely manner.

123. In general, LEAs and investigation authorities focus on investigating predicate offences due to the weak role of CANIF, the lack of awareness in relation to ML/TF and the relevant risks and the significant weakness of training on AML/CFT procedures and investigation as well as the associated offences.

124. Although the Mauritanian authorities have conducted investigations and issued judgments in terrorism related cases, such cases are few in comparison with the size of risks related to terrorism in general and to the terrorism offense in Mauritania in particular. Furthermore, the authorities still focus on the terrorism offense, and it does not appear that they are conducting parallel financial investigations related to TF when investigating terrorism offenses, which may reduce the sources of terrorism and combat terrorism itself. No information was provided to the team regarding TF cases.

125. The LEA's officials stated, during the on-site visit, that they can obtain financial information directly from the financial institutions where the information is used, in general, while investigating predicate offenses, although this has not occurred yet.

#### **STRs received and requested by competent authorities**

126. The STRs include information that may be appropriate and useful, including:

- Particulars of the declarant (natural or legal person subject to investigation and eligible representative when required).
- Particulars of the customer (name, address, ID, activity, legal form, registration information, names and addresses of partners, name and address of employer in case the customer receives a salary, name of spouse, date of commencement of the business relationship, the beneficial owner).
- Particulars of the transaction (nature of transactions, dates, amounts, concerned entities)

- Analyzing the suspicious transaction, the indicators which required reporting and if there are any on-going procedures within the framework of the administrative, customs or taxes related investigation.
  - Indicating whether the transaction or any part of it was executed before issuing the STR to CANIF and stating the relevant reasons, transaction entitlements and the degree of its urgency.
127. CANIF has received, since the effective date of the law until the on-site visit, 64 STRs approximately; all of which were received from banks operating in Mauritania. This is a small number in comparison with the length of the period (11 years approximately), the country risks, the number of operating banks and the number and nature of the customers' activities. It did not appear that any reporting entities (other than banks) have fulfilled the reporting obligation.
128. The reduced number of STRs received by CANIF may be attributed to several reasons, namely:
- Weak procedures to apply the AML/CFT Law.
  - The national ML and TF Risk assessment is not actually initiated.
  - Absence of awareness on ML and TF Risks and combating procedures.
  - Inappropriate training for all AML/ CFT parties, in particular, the reporting entities.
  - The weak role of the supervisory authorities over the FIs in the AML/CFT field as well as their absence on some occasions, as is the case for insurance companies, or DNFBPs .
  - Poor cooperation and coordination at the domestic level in relation to AML/CFT.
  - Major reliance on the informal market with the widespread of cash transactions.
129. STRs received by the CANIF are not classified to identify if such STRs are related to ML, predicate offenses or TF, given that there is no advanced information system to assist in such classification.
130. Until the end of the on-site visit, CANIF was not provided with any information on cash transactions or any disclosure of the cross-border transportation of cash, which is considered as a major possible source of intelligence information and information required for initiating or enhancing ML investigations. This is basically due to the requirements of disclosure and/or declaration which are not implemented at the ports of entry and exit as required.
131. The officials of the Customs declared that the disclosure of the transportation of incoming and outgoing currencies and negotiable instruments by travelers is done orally. Such disclosure is related to small amounts and CANIF is not notified of the disclosure or relevant violations, whereas the non-disclosure violations are sent to the Republic attorney general, knowing that the said violations are due to haste or ignorance. In parallel, CANIF does not provide any information to the Customs. It is worth noting that the Ministry of Finance has a representative in the Orientation and Coordination Council and the Customs has a representative in the Operations Unit at CANIF; which indicates that neither CANIF nor the Orientation and Coordination Council are aware of their respective role.

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

132. No analytical or technical tools are provided to assist CANIF in analyzing suspicious transactions and other information efficiently as well as assisting it in establishing the relevant links. The available mean is CANIF's database which is very small and limited to receiving STRs to be printed and provided to analysts. This has an adverse and direct effect on CANIF's ability to carry out the operational and strategic analysis which is reflected in CANIF's role as clarified above.
133. The number of analysts in the CANIF is two which is insufficient compared to the country's risk. Their role is limited to determining the quality of the received STRs. One of the analysts has stated that his work is mainly limited to requesting information from the reporting entities if required.

134. CANIF's analysts have a limited capacity to carry out the appropriate analysis especially with their reduced number and minimal training (quantitatively and qualitatively) in relation to the analysis. Within a period of 10 years approximately, CANIF analysts were trained in 3 training programs related to analysis in the AML/CFT field. -
135. The assessment team found that in case of absence of the Secretary General of CANIF, there would be no deputy/alternative director to handle received reports. They would be kept, as received, until the Secretary General returns on duty, which causes a delay in executing the main role of CANIF especially when it comes to the financing of terrorism cases or UN resolutions.
136. CANIF does not provide any feedback to any party of the AML/CFT System. Furthermore, and during the on-site visit it was found that, with the exception of banks, no coordination or cooperation exists between CANIF and the FIs and DNFBPs; which was negatively reflected on the number, quality and the relevant analysis of the STRs received by CANIF.
137. CANIF does not support the operational needs of different competent authorities, as indicated above. Neither CANIF nor the Operations unit or even the Orientation and Coordination Council perform their assigned role in relation to the operational and strategic analysis; which was negatively reflected on the number of STRs referred to the LEAs, investigation authorities or the judiciary since the effective date of the AML/CFT Law.

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

138. At the domestic cooperation level, the on-site visit did not reveal any requests for information submitted to CANIF by local LEAs, supervisory authorities or other competent authorities. Furthermore, the assessment team was not provided with any evidence on any information exchange, cooperation or coordination between CANIF and other competent authorities whether directly or through the members of the Operations Unit.
139. In the context of protecting the information security and confidentiality, CANIF maintains a database within its headquarter. The access to the CANIF's database is only permitted to a limited number of CANIF's employees. CANIF does not use secured channels to transfer STRs and financial intelligence reports. The STRs are received electronically from the CANIF's technical support Official, who, in turn, provides the CANIF Secretary General with such STRs. The latter prints and forwards them to the analysts and the Operations Unit. The assessment team has noticed the absence of any procedures which ensure the transmission of information in a secure manner.
140. Until January 2015, the STRs were received by CANIF in a closed envelope delivered by hand. Since January 2015, the STRs were received from banks only through a connection line with CANIF. It did not appear that the remaining reporting entities, such as insurance companies, exchange companies and DNFBPs, have a similar system
141. CANIF contracted with a private security company to secure its headquarters, where 24 hours of guard duty are provided throughout the week. They are periodically replaced. The team found, during the on-site visit, that the security of the headquarters of the CANIF is ensured by a reasonable number of security personnel and sufficient surveillance cameras (10 cameras) to prevent unauthorized access to the CANIF's offices, and these monitor screens are available to the Secretary-General and the Chief Administrative Officer. However, documentation is kept in inadequately secured lockers or semi-open offices, including analysis Unit offices, the Operations Unit and the Office of the Secretary-General.
142. **Overall Conclusion on IO.6: For the above-mentioned reasons, Mauritania has achieved a low level of effectiveness for IO 6.**

### **Immediate Outcome 7 (ML Investigation and Prosecution)**

143. The Directorate General for National Security (DGNS) at the Ministry of Interior and Decentralization is the competent authority responsible for investigating all the crimes, particularly ML offenses, which occur on the Mauritanian territory. The said Directorate established an office for combating financial and economic criminality related to the Directorate of Judicial Police and Public Security at the DGNS, being the agency, which pursues ML investigations and which refers cases to the public prosecution to initiate a prosecution before the competent court.

#### **ML Identification and Investigation**

144. Mauritania has a legal framework to conduct ML investigations, thereby providing it with an appropriate framework to investigate and prosecute ML offenses.

145. The investigation conducted by the office for combating economic criminality relies on provisions relating to investigations and which are set out in the AML/CFT law and the criminal procedures law; however, the said office and the Mauritanian investigative authorities in general do not have clear policies or measures to identify and prosecute potential ML offenses or any guidance on the methods employed for investigation and prosecution of ML offenses, and these authorities rather prioritize investigation in predicate offenses only. This is reflected in the number of ML investigations conducted over the past years which number during the period from 2013 to 2017 did not exceed three investigations, knowing that the number of predicate offense cases investigated by the office during the same period reached (160), but without linking the proceeds of predicate offenses to ML through parallel financial investigations (see both tables below).

146. This is obvious from the statement made by the office for combating financial and economic criminality that it relies on information it receives from other competent authorities in the conduct of ML investigations. For instance, the office relies on the results of the financial analysis made by CANIF or on cases referred by other authorities at the DGNS in conducting an investigation and it does not initiate an investigation of a ML offense based on the predicate offenses it examines by virtue of its jurisdiction. In addition, other predicate offense cases examined by other authorities were not referred to the office for combating financial and economic criminality in order to study the investigation process of potential ML operations involved in these offenses.

#### **ML offenses investigated by the office for combating financial and economic criminality**

<b>Case type</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Total</b>
Money laundering	0	3	0	0	3
<b>Total</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>

#### **Predicate offenses investigated by the office for combating financial and economic criminality**

<b>Case type</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Total</b>
Embezzlement of public funds	08	07	15	06	36
Fraud and breach of trust	13	19	36	19	87
Bribery	00	00	01	01	2
Voluntary bankruptcy	02	00	01	00	3
Counterfeiting of currencies	03	06	02	10	21
Forgery of trademarks and illicit competition	05	02	01	00	8
<b>Total</b>	<b>31</b>	<b>34</b>	<b>56</b>	<b>36</b>	<b>157</b>

147. The foregoing tables indicate that during 4 years, the office for combating financial and economic criminality investigated 160 economic crimes, 3 of which were related to ML. On the other

hand, the sources of most of those crimes are letters rogatory or complaints from (natural or legal) persons inside Mauritania or (domestic or international) press. Furthermore, no parallel financial investigations related to ML have been conducted while investigating financial crimes, in addition to the total absence of CANIF and its failure to perform any role.

The assessment team has received the summary of 3 cases investigated by the Anti-Economic and Financial Crimes Directorate as follows:

- An investigation was opened in the first case based on press information stating that a British court has rendered a judgment condemning a British company after offering bribes to Mauritanian officials. The accused and his assistants were referred to the Public Prosecution after confirming that a bribe was paid, and a part thereof was deposited in bank accounts opened with a European bank in the names of the family of the accused.
- According to a letter rogatory regarding a suspicious money laundering transaction, an investigation was conducted with a foreigner residing in Mauritania after receiving transfers to establish companies with Mauritanian partners and executing transfers between the accounts of such companies.
- Investigating in trademarks counterfeiting and illicit competition upon the request of the Public Prosecution in relation to cheques submitted by a Mauritanian businessman owning the counterfeited trademark.

148. It is worth noting that the assessment team did not obtain any statistics on investigations in crimes relating to trafficking of narcotic drugs and psychotropic substances, trafficking in human beings and migrant smuggling and other predicate offenses investigated by law enforcement authorities and which were not mentioned in the table above, although Mauritania considers them among the most important risks it faces.

149. Although it is found that ML investigations conducted over the past period were based on referrals made by other Mauritanian authorities, such as the public prosecution, the general inspectorate in the country or other agencies, no ML investigation has been conducted based on a STR submitted by CANIF; and the Mauritanian authorities did not provide statistics on the referrals they made, as regards STRs they received from reporting entities.

#### **Case study: large embezzlement operation**

During 2014, a delegation from the general inspectorate in Mauritania detected a large embezzlement operation at the embassy of Mauritania in the United Arab Emirates, which amounted to MRO (122.292.601,82) (equivalent to USD 350,000 approximately). The Mauritanian authorities claimed this amount from the general inspectorate in the country on October 14, 2014, but the accused did not respond to the request of the inspectorate; as a result, the Ministry of Finance filed a complaint against him and the Republic attorney general also ordered a preliminary investigation against him, which resulted in charging him of embezzlement and hiding of public funds. The Republic attorney general asked the investigation judge to handle the case, but the Mauritanian authorities did not inform the assessment team about the related developments, whether the person was sanctioned for money laundering and what was the sentence rendered against him.

150. It appears that many proceeds-generating offenses are committed in Mauritania, without any cooperation between the judicial police and the office for combating financial and economic criminality to verify the potential conduct of ML operations, where the total number of investigations conducted by the police reached (5796) cases, being all related to the predicate offense with the

exclusion of ML. This may be attributed to the absence of a consolidated national strategy relating to ML investigations for all the investigative authorities, and to the absence of effective outreach between LEAs and the office for combating financial and economic criminality, when investigating predicate offenses. For instance, the judicial police at the Ministry of Interior and Decentralization submitted statistics on the number of predicate offenses it has examined over the past period, which was significantly higher than the number of offenses examined by the office for combating financial and economic criminality; however, these cases were not examined for the purpose of identifying ML.

**Statistics on offenses investigated by the judicial police**

Offense	2013	2014	2015	2016
Murder	6	10	6	20
Theft	1242	1321	1035	124
Theft in aggravated circumstances	110	165	179	20
Theft with breaking	180	132	120	80
Simple theft				169
Car theft	21	14	13	132
Raping	43	41	37	81
Deception and fraud	61	8	87	162
Issuance of bad cheques	123	26	7	7
<b>Total</b>	<b>1786</b>	<b>1717</b>	<b>1484</b>	<b>795</b>

151. During the on-site visit, the assessment team met some investigators working in the field of combating economic crimes, where it was found, in general, that the investigators’ expertise in ML operations, financial investigation techniques employed to investigate predicate offenses and technical tools is very weak; since they do not have any exhaustive experience in financial investigation techniques, investigation approaches through which crimes associated with ML can be identified and ways used to trace illicit funds and prosecute the accused persons. On the other hand, the office for combating economic criminality at the Directorate General for National Security has limited human and financial resources.

152. LEAs, as well as the investigative and prosecution authorities in Mauritania suffer from a lack in adequate expertise, and in resources and tools which enable them to identify and investigate ML offenses and activities, in addition to the absence of cooperation and coordination between the various LEAs in Mauritania with regard to different predicate offense cases which could intersect.

**Consistency of ML Investigation and Prosecution with Threats and Risk Profile, and National AML Policies**

153. Considering the absence of a comprehensive ML risk assessment process, the assessment team found that there is no consolidated understanding of the risks and threats faced by Mauritania and of the predicate offenses which threaten the country the most and which proceeds can be considered as being derived from a ML offense (for more information, refer to IO.1). Even though the Mauritanian authorities and officers who were met during the on-site visit agree that there are predicate offenses that pose significant threats to Mauritanian, such as: crimes of corruption, drug trafficking, smuggling, falsification of substances and products and trafficking in human beings and migrant smuggling, these crimes are not actually investigated in practice, for the purpose of linking them to the ML activity.

154. Furthermore, the absence of statistical databases on the value of proceeds from predicate offenses, whether committed inside or outside Mauritania, and which estimates are considered sizable in comparison with what was mentioned in the abovesaid case study, gives the investigative

authorities an incomplete picture on how to channel capacities toward the conduct of investigations that would be consistent with the relevant ML threats and risk profile in Mauritania

155. It is also worth noting that despite the efforts made by the country to combat corruption, investigations and prosecutions of these offenses were not examined in terms of their link to the ML offense. The country referred many cases to the courts and the funds involved in those cases were considerable, according to the statistics submitted by the Mauritanian authorities, however, such cases were not examined in terms of their link to the ML offenses or the investigation of ML crimes underlying such cases. The following is a table showing the number of embezzlement or corruption cases which were referred to the courts. (8) cases were referred over the past eight years.

**Embezzlement and corruption:  
cases referred by the general inspectorate in the country to the courts**

Number	Year	Amount - (MRO)	Equivalent in USD	Observations
01	2009	299.164.452	850.000	The case was referred, and a trial judgment was rendered in its regard.
02	2010	279.995.784	795.000	The case was referred to the criminal courts and was not decided by the court which has a jurisdiction over corruption crimes
03	2014	1.436.366.909	4.100.000	A final judgment was rendered in their regard.
04	2014	122.292.601	374.000	The case was referred to the criminal court and was not decided by the court which has a jurisdiction over corruption crimes.
05	014	1.847.236.940	5.240.000	The case was referred to the criminal court in Nouadhibou and was not decided by the court which has a jurisdiction over corruption crimes.
06	2016	1.298.141.336	3.685.000	Under investigation by the anti-corruption team.
07	2016	124.784.890	354.000	The case was referred to the Republic attorney general in West Nouakchott who is the coordinator of the prosecution team for the fight against corruption.
08	2016	12.921.208	37.000	The case was referred to the Republic attorney general in West Nouakchott who is the coordinator of the prosecution team for the fight against corruption.

156. Mauritania has not initiated ML investigations of ML offenses, nor did it refer them for prosecution, in consistency with the national ML risks, due to many reasons, the most important of which is the absence of a clear understanding of the ML offense by LEAs, the absence of a national ML risk assessment in Mauritania, and the absence of efficient cooperation between the competent authorities regarding the understanding of risks, as well as the failure to exchange information which assist in the ML investigation.

### **Types of ML Cases Pursued**

157. The office for combating financial and economic criminality, with the assistance of several LEAs, the public prosecution and other competent authorities, has the necessary power to conduct different types of ML investigations in general, including third-party money laundering, self-laundering and stand-alone money laundering offenses.
158. Statistics submitted by the Mauritanian authorities constitute an obstacle in the way of proving whether the said authorities conducted such investigations or not in practice, considering that only (3) cases were investigated over the past years. The Mauritanian authorities did not identify the aspects associated with such cases, even the case studies provided to the team did not indicate the types of ML cases which were pursued.
159. Mauritanian investigative authorities do not seem able to deal with large cases of ML offenses and there is no guiding instrument on how to conduct an investigation and on the methods employed for the prosecution and conviction of all types and forms of ML offenses, whether third-party laundering, self-laundering, stand-alone or autonomous laundering, and particularly, the major cases where the proceeds are derived from an offense committed outside Mauritania or from ML offenses committed by a third party.
160. The investigative authorities are not aware of the different types of ML cases, in terms of the offender and the place where the predicate offense occurred or even the prosecution of ML offenses independently in order to prosecute ML cases adequately and to trace the proceeds of crime. The Mauritanian authorities did not submit any evidence on ML convictions from which it can be deduced that they understand the different types of ML, for instance: The Mauritanian authorities submitted a major case which was prosecuted for the crime of corruption and the investigations submitted to the assessment team did not indicate that the authorities have examined the investigation of the ML offense, even though the person implicated in the crime benefited from opening accounts in the names of his dependents. Nonetheless, authorities did not initiate an investigation of a ML offense, in addition to a ML case for which the country received a request from a foreign country regarding a ML case that took place in another foreign country with the assistance of some persons in Mauritania and where the Mauritanian financial sector was abused in the commission of such offenses. Still, the authorities did not initiate any investigation, nor did they identify the persons involved in this offense.

### **Effectiveness, Proportionality and Dissuasiveness of Sanctions**

161. Considering that not many ML cases were decided by the Mauritanian courts over the past years, the extent of dissuasiveness or effectiveness of the sanctions applied by Mauritania with regard to the ML offense cannot be judged, since the Mauritanian courts are still considering the conviction in the predicate offense and they just investigate a predicate offense without thoroughly studying its financial aspects, how the criminal proceeds are hidden and without linking it to the ML offense; therefore, it is expected that the sanctions applied are not proportionate and dissuasive for the offense committed and that the proceeds of crime generated from the ML offense are not traced.
162. The assessment team attributes the absence of effective and dissuasive sanctions to the lack of seriousness on the part of the Mauritanian authorities in pursuing ML offenses which occur and to the absence of a clear understanding of the methods through which ML offenses are committed in Mauritania, in addition to the insufficient expertise of the Mauritanian authorities.
163. Furthermore, there are no statistics on the prosecution of legal persons for ML offense with the aim of convicting them and measuring the extent of effectiveness of the sanctions applied by the competent authorities against legal persons. Even though the AML/CFT law provides for the application of sanctions against the legal person involved in the ML offense, the assessors could not



perceive the effectiveness of the criminal justice authorities in Mauritania in terms of sanctioning legal persons in an effective, dissuasive and proportionate manner.

#### **Alternative Measures for Criminal Justice**

164. It is not clear that the Mauritanian authorities apply any alternative measures for criminal justice in cases investigated for ML where it is not possible to secure a ML conviction, whereas their main attention appears to be focused only on predicate offenses, and it cannot be judged, on the basis of the available statistics and the small number of ML investigations and prosecutions, whether the Mauritanian authorities applied alternative measures for conviction in another offense when it is difficult to secure a ML conviction; and the said authorities did not clarify the final results of the three ML investigations they conducted.

165. **Overall conclusion on IO.7: For the above-mentioned reasons, the level of effectiveness achieved by the Immediate Outcome 7 is low.**

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

#### **Confiscation of Proceeds, Instrumentalities and Property of Equivalent Value as a Policy Objective.**

166. The confiscation of criminal proceeds and property of equivalent value is not regarded as an objective of the general policies in Mauritania and the authorities did not show that they are taking effective steps to confiscate criminal proceeds.

167. Mauritania does not rely on a clear policy to prioritize investigations with a view to tracing funds and taking measures to identify illegitimate assets that are subject to confiscation.

168. Mauritania has a legal framework that allows the freezing, seizure and confiscation of criminal instrumentalities by virtue of the law 2005/048, and the Mauritanian authorities can order the confiscation of property and funds used or intended for use in committing violations, and if it is impossible to procure such funds and property, confiscation will be ordered based on their value. However, in this regard, there is no mechanism for fund recovery for identifying and locating the funds for seizure or confiscation purposes at the domestic and international levels.

169. The assessment team was not informed about technical tools (databases) which allow the provision of statistics and the identification and follow-up of confiscation proceedings.

170. The Mauritanian authorities are not efficient in confiscating criminal proceeds generated from the ML/TF offenses and any criminal proceeds, whereas the investigators do not have any exhaustive experience regarding financial investigation techniques, investigation approaches through which crimes associated with ML can be identified and ways used to trace illicit funds and prosecute the accused persons.

171. There is a lack of any handbook or procedures on confiscation of criminal proceeds, instrumentalities and property of equivalent value, and no training courses were organized on the subject, in addition to the absence of necessary skills among competent authorities, which inhibits implementation.

#### **Confiscations of Proceeds from Foreign and Domestic Predicates, and Proceeds Located Abroad**

172. The assessment team could not perceive how effectively the competent authorities are confiscating (including repatriation, sharing and restitution) the criminal proceeds, instrumentalities and property of equivalent value, involving domestic and foreign predicate offenses, and proceeds which have been moved to other countries. Mauritanian authorities have statistics on the number and dates of seizures (freezing), but they did not provide the team with sufficient information indicating the value of the confiscated funds as well as the existence of confiscation orders.

### Samples of statistics on seizure of smuggled materials

- Rice: 17 tons
- Drugs: 7.1 kg of Indian cannabis
- Alcohol: 8000 bottles
- Expired foodstuff: 217 boxes
- Expired medicines: 645 boxes
- Smuggled fuel: 15760 liters of various types of fuel.

173. The Mauritanian authorities do not keep statistics and details on the confiscation, seizure and freezing of criminal proceeds.
174. During the preliminary criminal investigations, the LEAs do not use the powers of freezing and seizing funds and properties, whereas the Economic and Financial Crimes Directorate has initiated 160 crime cases (the assessment team was not provided with detailed statistics), but the assessment team did not perceive the extent to which the concerned authorities are able to decide, at the outset of a criminal investigation, to conduct a comprehensive financial investigation, with a view to seizing and freezing funds and proceeds and to using provisional measures at an early stage to secure the assets.
175. The investigative authorities did not show any capacities for timely access to banking information. In addition, there are weak and limited efficiency and expertise in financial investigations, and there are no technical means and tools that help authorities in this regard.
176. The AML legal system in Mauritania allows the temporary freezing of suspicious financial transactions based on a request made by CANIF to the Republic attorney general (see IO 6); but notwithstanding such legal powers, the Mauritanian authorities did not provide the assessment team with appropriate statistics (STRs,...etc.) and no instances were provided where funds were seized or frozen, and on the value of such funds, which indicates the absence of any process conducted in this regard and thus the ineffectiveness of CANIF in this field.
177. The Mauritanian authorities do not have information on confiscation such as the number of criminal cases where confiscation is pursued; type of cases which involve confiscation; value of proceeds of crimes, instrumentalities or property of equivalent value confiscated due to foreign or domestic offenses, whether through criminal or civil procedures (including non-conviction-based confiscation); value of falsely/not declared or disclosed cross-border currency and bearer negotiable instruments confiscated; value and proportion of seized or frozen proceeds that are subject to confiscation; value or proportion of confiscation orders executed.
178. Mauritania has no mechanism for the management of frozen and confiscated property and funds or for the recovery of property at the national and international levels, and the Mauritanian authorities did not provide, during the on-site, any statistics or case studies in this regard.
179. The recovery, restitution and sharing of assets is an important part of the confiscation policy, and the assessment team had not been provided with any information on this matter.
- Confiscation of falsely or undeclared cross-border transaction of currency/BNI**
180. The cross-border disclosure system for the transportation of incoming and outgoing currencies and negotiable instruments whether by travelers or through mail and cargo holds a mandatory characteristic that calls for declaration, as the transportation of currency is controlled by virtue of the customs law No.145/66 issued on 12/07/1966. In the declaration system, disclosure is mandatory when non-residing foreigners import foreign currency, so that they can re-export the sums they did not use during their stay.

181. Disclosure is mandatory if the imported sum exceeds three thousand USD. Mauritians or residents in Mauritania are exempted from this obligation (see R.32 of the TC Annex) and the law imposes criminal sanctions on failing to make a disclosure and on false disclosure.
182. During the on-site, the assessment team did not perceive the extent of competence and effectiveness of confiscation regarding falsely / not declared or disclosed cross-border movements of currency and bearer negotiable instruments being addressed and applied as an effective, proportionate and dissuasive sanction by border/custom or other relevant authorities. The assessment team was not provided with any relevant statistics or important cases evidencing the foregoing.

#### **Case study on a seizure regarding the attempt to export a sum of foreign currency**

Mauritania provided the assessment team with only one document on confiscation, which is a copy of a document record of seizure issued at the Customs Bureau at Nouakchott International Airport, regarding the attempt to export a sum of foreign currency amounting to one hundred ten thousand Euros (110,000), without declaration. The accused person was notified that he had to appear before the competent district court in Nouakchott to hear the decision on the confiscation of the sum and to pay a penalty equaling five times the seized sum and the remaining sanctions accruing from the violation.

183. The assessment team was not provided with any statistics for the previous years on the value of funds that were seized for violating the disclosure system for transportation of currency and bearer negotiable instruments or with statistics on the confiscation orders, based on the failure to make a disclosure or the violation of the disclosure requirements. The team was not provided either with statistics on currency and negotiable instruments.
184. The Customs Administration does not cooperate with the CANIF in terms of providing it with information on falsely / undeclared cross-border movements of currency and bearer negotiable instruments, and no mechanisms for official cooperation are found in this regard. Furthermore, the Customs Administration does not have technical means and tools (databases and IT tools) that would help keep and disseminate information to competent authorities. CANIF has never provided the Customs Administration with any information obtained from the private sector, namely banks (exchange of significant amounts of foreign currency without being declared to the customs). This indicates that the Customs Administration does not give the necessary priority to this field despite the risks Mauritania is exposed to, taking into consideration the country's area and geographical position.
185. The Mauritanian authorities did not provide any evidence on experiences in the field of confiscation, except some training sessions for the Customs Administration employees in various areas, and the assessment team was not informed of the most significant cases where confiscation took place and types of confiscation orders issued by the judicial authorities in the country. The competent authorities did not identify the trends indicating changes in the methods used to launder the proceeds of crime. The Mauritanian authorities do not have experience in confiscation proceedings.

#### **Consistency of Confiscation Results with ML/TF Risks and National AML/CFT Policies and Priorities.**

186. The Mauritanian authorities have not conducted the ML/TF risk assessment yet, nor have they provided adequate statistics; therefore, it cannot be said whether the confiscation results reflect the ML/TF risks and the national policies and priorities aiming at combating such crimes.

187. The Mauritanian authorities do not have the measures and approach adopted by competent authorities to target proceeds and instrumentalities of crime, including major proceeds-generating crimes or those that do not originate domestically or have flowed overseas.
188. The assessment team found that not all the competent authorities (customs, CANIF and LEAS) have appropriate technical and human resources to perform their functions adequately.
189. For these reasons, the assessment team considers that the efforts Mauritania has made to confiscate undeclared or falsely declared cross-border funds are not consistent with the risks the country is exposed to, and this matter does not seem to constitute a priority objective for the authorities.
190. **Overall conclusion on IO.8: For the above-mentioned reasons, the level of effectiveness achieved by the Immediate Outcome 8 is low.**

### **Key Findings and Recommendations:**

#### **Key Findings:**

#### **Terrorist financing investigation and prosecution – TF offense (Immediate Outcome 9)**

- The TF crime is not detected and investigated by LEAs and CANIF through national and international cooperation.
- There are no convictions in the TF crime despite the existence of judgments rendered on terrorism crimes.
- There are no parallel financial investigations in the terrorist financing crime when conducting an investigation in a terrorism crime.
- The counter-terrorism department has appropriate expertise, human and financial resources and criminal investigation tools to prosecute persons accused of TF.
- There is no clear strategy applied between counter-terrorism authorities in the conduct of investigations and there is no on-going training on the identification of new financing methods.
- There are no procedures and mechanisms in Mauritania to explain how to deal with cases of TF quickly and with the participation of all the stakeholders.
- Mauritania took the decision to initiate the NRA process to identify all the risks and to adopt a national strategy to this end after the adoption of the NRA report

#### **Implementation of TF related targeted financial sanctions without delay and NPOs (Immediate Outcome 10):**

- Mauritania has the legal basis for implementing related SC resolutions, but there is absence of legal applied instruments related to the implementation of the SC resolutions concerning terrorist financing, given that the competent authorities (Ministry of Finance, the authority responsible for implementing SC resolutions) have not issued yet any decisions or mechanisms for implementing the legal provisions mentioned in law or any executive decision regarding the UN sanctions lists.
- There is no competent authority responsible for identifying designated persons and entities pursuant to the relevant UN resolutions.
- FIs and DNFBPs are not aware of the SC resolutions and lists and their obligations to implement the said resolutions.
- Mauritania implements, to some extent, a targeted approach to NPOs, which is reflected in workshops organized with these organizations, in the bilateral supervision over them and in awareness sessions held to this end.

#### **Proliferation financing (Immediate Outcome 11)**

- Mauritania does not have mechanisms to implement TFS for PF
- Absence of freezing the funds and other assets of persons (individuals or entities) designated on the sanctions list, pursuant to the UNSCRs relating to financing of proliferation, and of the persons acting on behalf of, under the supervision of, or at the direction of the listed persons or entities, and the failure to prevent the listed persons and entities from executing financial transactions for those persons.
- Non-compliance of FIs and DNFBPs with the obligation to freeze the funds or assets of persons or entities designated in the UNSCRs relating to financing of proliferation.
- FIs and DNFBPs have no understanding of their obligations regarding the implementation of

targeted financial sanctions in accordance with the UNSCRs relating to financing of proliferation.

- Absence of effective monitoring and supervision of the implementation of targeted financial sanctions relating to financing of proliferation and the failure to verify the compliance of FIs and DNFBPs with their obligations.
- Absence of national cooperation and coordination between the competent authorities, and absence of national policies related to the implementation of targeted financial sanctions in accordance with the UNSCRs relating to financing of proliferation.

#### **Recommended Actions:**

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

- Mauritania should increase the capacity of law enforcement agencies and the CANIF to detect and investigate the TF crime by increasing national coordination and international cooperation and enhancing the effectiveness of the reporting entities and providing the necessary human and financial resources.
- Mauritania should set up clear mechanisms and procedures to clarify how to swiftly address suspicious cases related to TF, take administrative freezing measures. Procedures should determine the concerned authorities, their responsibilities and the time frame to be observed to address each case.
- Mauritania should organize ongoing training sessions and awareness for the governmental and private sectors, aiming at informing about the identification of TF cases, particularly in relation to modern financing methods.
- Mauritania should conduct operational and strategic analysis of the TF activities and link them to the country's risks (money transfers with high-risk countries, smuggling, ...etc.).
- Mauritania should grant the competent authorities' powers to initiate parallel financial investigation in all the TF investigations,
- Mauritania should designate a specific entity to collect and keep reliable comprehensive statistics related to the number of investigations of TF crimes conducted by LEA, and the judicial confiscations of assets and instrumentalities used in committing a crime of terrorism and its financing. Statistics should be used to measure effectiveness, set policy objectives and follow up all case studies.

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

- Mauritania should expedite the designation of the authority in charge of identifying persons and entities pursuant to the SC resolutions and to issue an executive mechanism for the implementation of these resolutions.
- Mauritania should develop a mechanism for the supervision of NPOs, to identify those which are at risk of being misused for TF and to identify the nature of threats posed by terrorist entities to these organizations.
- Mauritania should give effect to a legal provision that authorizes the Ministry of Finance to execute the administrative freezing of funds and other assets of designated persons and entities mentioned in the UN lists, to explain the mechanism of administrative freezing without delay in detail, to inform the financial and non-financial institutions of it and to determine the obligations of such institutions regarding the implementation of these resolutions.
- Mauritania should put in place necessary measures for FIs and DNFBPs in application of the SC

resolutions in order to ensure that terrorists are deprived of criminal assets and instrumentalities.

### **Immediate Outcome 11**

- Mauritania should complete the legal and operational framework for the implementation of targeted financial sanctions in accordance with the UNSCRs relating to financing of proliferation, to identify the obligations imposed on FIs and DNFBPs, which would help them fulfill their obligations effectively.
- Mauritania should develop a national policy related to the implementation of targeted financial sanctions relating to financing of proliferation which includes the publication and dissemination of the UNSC lists; to ensure the freezing, without delay, of targeted funds and assets, the cooperation and coordination with the competent authorities; and to prevent the execution of financial transactions for the designated persons.
- Mauritania should execute the effective freezing of the funds and assets of the designated persons without delay, in accordance with the UNSCRs relating to financing of proliferation, and prevent them from executing financial transactions in Mauritania.
- Mauritania should determine the supervisory and monitoring authorities in charge of monitoring FIs and DNFBPs regarding the implementation of UNSCRs relating to financing of proliferation.
- The supervisory and monitoring authorities shall, through on-site and off-site missions, monitor FIs and DNFBPs for compliance with the requirements imposed on them and verify that there are systems that help such institutions fulfill their obligations and that the financial system is not being misused to conduct transactions linked to the financing of proliferation.
- Mauritania should clarify the obligations imposed on FIs and DNFBPs by issuing handbooks that would help them implement the obligations imposed on them.
- Mauritania should encourage FIs to process the UN lists through IT systems instead of manual processing.
- Mauritania should develop AML/CFT awareness and training programs for all the stakeholders, including the public and private sectors, on the methods by which the persons and entities designated according to the UNSCRs relating to the financing of weapons of mass destruction are determined, deprived from resources and prevented from raising funds or other assets.

191. The relevant Immediate Outcomes considered and assessed in this chapter are IO.9-11. The Recommendations relevant for the assessment of effectiveness under this section are R.5-8.

### **Immediate Outcome 9 (TF investigation and prosecution)**

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

192. Terrorism poses a real challenge to Mauritania considering the risks arising from the geographical location, the long stretch of the land frontiers and the sea coast as well as the large area of the country, which represents a real threat in terms of movement, transportation of funds, hiding and liaising with smuggling and organized crime groups. Therefore, prosecutions/convictions in TF crimes are not consistent with the country's risks.

193. The Mauritanian authorities did not provide the assessment team with any information on the TF risks based on the judgments rendered, and the investigated cases regarding the nature of TF, whether it is linked to a criminal activity conducted on the Mauritanian territories, or related to such activities, or financing terrorist groups abroad and/or identifying the financial and non-financial tools used.

194. There are convictions rendered, and investigations conducted by the Mauritanian authorities in cases related to terrorist crimes but in a very limited way. It did not appear that the Mauritanian authorities have conducted parallel financial investigations related to terrorist financing during the investigation of terrorist crimes in order to detect and prevent TF. In addition, the authorities, in some cases, only communicate with the Central Bank to obtain statements of accounts from banks. During the visit made to CANIF, the assessment team did not obtain any operational or strategic financial analysis (including the analysis of money transfers namely with higher-risk countries, smuggling, cash-based transactions, over-the-counter market...) that would assist the authorities in conducting financial investigations in support of anti-terrorism investigations.
195. The team has not been provided with any mechanisms or practical measures, upon finding an indicator of terrorist financing suspicion that the concerned authorities can draw upon to address such suspicions.
196. The assessment team was not able to examine the cases on which convictions were rendered or which are still under investigation, whether the matter was related to local or foreign terrorists. Based on the statistics provided to the assessment team, no convictions were rendered on a TF crime, and, even the cases, which are being currently investigated, were not provided to the assessment team. The assessment team was not informed of the causes behind the delay in concluding such cases. The Mauritanian authorities did not provide the assessment team with any statistics on the number of investigations conducted by the LEAs over the past years.

#### **TF Identification and Investigation:**

197. Mauritania provided the assessment team with statistics indicating a small number of TF investigations and prosecutions (see the table below). This table includes 30 cases without determining whether the conviction was for ML or TF. The team noticed, during the on-site, the absence of parallel investigations, insufficient resources and a significant need for training and coordination between the various stakeholders, including the private sector. It should be noted that there are no accurate statistics and that the country did not confirm the number of TF cases, if any.
198. The Central Directorate of the State Security (CDSS) is the entity specialized in the detection and investigation of TF crimes in coordination with national and international entities.
199. Regarding the structure of CDSS, the Mauritanian authorities did not provide the assessment team with any information on the number of staff in general and the staff in charge of identifying and investigating TF crimes.
200. The assessment team concluded during the on-site, that the capacities of the investigation authorities are insufficient, especially in obtaining information on the movement of the persons suspected of terrorism crimes. The team was also unable to obtain information on what the country actually, did to investigate the TF crimes, what methods and means are used, whether it benefited from the private sector, national and international cooperation, and whether there is coordination among the concerned entities to identify links with other terrorists and networks. The team, therefore, concluded that Mauritania is not effective in identifying and investigating the crime of TF.
201. In addition, nothing indicates that CANIF used international cooperation mechanisms to exchange information on terrorist (groups and individuals) and terrorist activities. This is obvious from the number of international cooperation requests, whereas CANIF only received 7 information requests from only 4 countries since its establishment until 30/12/2016, and did not send any request for information during the same period. This is due to the failure of conducting analysis at CANIF,



the poor level of national coordination and cooperation between CANIF and the entities concerned with the investigation of TF activities, and to the failure of joining the Egmont Group.

202. The Mauritanian authorities, namely CANIF, do not have effective technical means and tools which facilitate the exchange of information between various entities, including the private sector, and which would help identify the TF cases.

203. Considering the absence of accurate statistics and the unobtainable investigative files, the competent authorities in charge of investigating those crimes are unable to identify or investigate the TF cases and therefore, they cannot determine the specific role played by terrorism financiers in such crimes.

#### **TF Investigation Integrated with-and Supportive of-National Strategies**

204. It is difficult for the team to assess the extent to which TF investigations have been integrated into national strategies as the Mauritanian authorities have not provided any information in this regard.

205. The absence of clear national policies, resulting from the failure to conduct the NRA process, indicates the inability of the Mauritanian authorities to adopt a national strategic policy for combating terrorism and TF. Thus, leading to the failure to set objectives and procedures for the prevention and suppression of terrorism and its financing. The efforts made nationally in Mauritania come, in general, within the anti-crime measures, without such policies being written down and derived from a strategy that has clear objectives.

206. Mauritania has identified the most important threats and vulnerabilities which threaten the country in the field of terrorism and its financing. Mauritania took the decision to initiate the national risk assessment process to identify all the risks and to adopt a national strategy to this end after the adoption of the NRA report

#### **Effectiveness, Proportionality and Dissuasiveness of Sanctions**

207. Law No. (48/2005) clearly provides for a number of sanctions related to the TF crime (refer to TC annex, R.5), but there are no convictions in the TF crime as mentioned by the Mauritanian authorities. Therefore, the effectiveness, proportionality and dissuasiveness of the sanctions imposed in the convictions cannot be assessed, and their extent of consistency with the above-mentioned risks of the country, in terms of the geographical location and the terrorist events it was exposed to and/or which surround it geographically cannot be evaluated.

208. The statistics provided to the assessment team did not clearly distinguish the ML crime and the TF crime. The number of convictions in both crimes reached (8) without identifying the real number of TF convictions, and without having any details on imprisonment years for each conviction or the dates of rendering the judgments.

209. The statistics also indicate that there are two cases of ML and TF charges which are being investigated.

210. The Mauritanian authorities mentioned that there are (8) cases related to terrorism that are being investigated at the investigation bureau in Nouakchott. (11) cases of TF crime were also investigated and referred to the Republic attorney general.

211. The statistics also show that only one case was referred to the criminal court for determination.

Type of convictions	Number
Judgments of conviction related to ML and TF	8
ML and TF cases which are still at the investigation bureau in Nouadhibou	2
Terrorism cases which are still at the investigation bureau in Nouakchott	8
Cases on terrorism which were investigated and referred to the Republic attorney general	11
Cases sent to the criminal court for determination	1
<b>Total</b>	<b>30</b>

212. It should be noted that the Mauritanian authorities did not provide the team with the details of the above table such as the date of the judgments, and the authorities are not able to determine whether a conviction was for ML or TF.

**Applying Alternative Measures for Criminal Justice**

213. According to the legal system in Mauritania, the Mauritanian authorities are required to pursue and prosecute crimes when sufficient evidence is available, and when there is no evidence, the authorities shall cease the prosecution.

214. Based on the legal powers, the Minister of Finance is authorized, in a legal context, to issue an administrative decision to freeze the funds and instrumentalities and to deprive terrorists, terrorist organizations and terrorism financiers from such funds and instrumentalities related to TF activities. (Refer to IO.10).

215. The assessment team has not obtained the implementation mechanisms, nor has it been provided with administrative decision samples for freezing funds related to terrorist financing in order to conduct the assessment accordingly. A lack of understanding by the authorities of the role of each entity in terms of this mechanism and how to implement it in practice was also noticed.

216. No information has been provided to the assessment team regarding other alternative measures such as deportation of potential terrorist financiers, surveillance and monitoring, infiltration or convicting with other crimes.

217. **Overall Conclusion on IO.9: For the above-mentioned reasons, the level of effectiveness achieved by Mauritania in IO.9 is low.**

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

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

218. The Mauritanian authorities took many steps related to the CFT field over the last period, but the system in general suffers from many deficiencies which largely affect the effectiveness of the steps taken; whereas Mauritania suffers from the absence of comprehensive legal instruments used for the implementation of the SC resolutions related to TF. Notwithstanding the issuance of a previous decision by the Central Bank requiring the implementation of such resolutions, it seems that many entities which are subjected to the supervision of the Central Bank are not implementing them or do not have the necessary information for their implementation. Even though a legal amendment regarding the mechanism applied for the implementation of these resolutions was recently issued in Mauritania, the executive mechanism for the said resolutions was not issued until the end of the on-site visit on 30/12/2016.

219. The authorities are not taking measures that are consistent with the risks, including measures which prevent the raising or moving of funds through the most dangerous entities or those which are at greatest risk of being misused by terrorists.

220. The legal amendment issued by virtue of law No. (15/2016) is regarded as the legal basis for the implementation of UNSCRs No. (1267) or No. (1373) relating to TFS. Nonetheless, Mauritania has not issued yet the executive decisions for the implementation of these resolutions as mentioned in R.6 of this report, which significantly affected the process of implementing such resolutions, whereas the decision granted the Minister of Finance the power to implement the relevant SC resolutions, but the Ministry of Finance had not taken any practical steps toward the implementation of this decision until the end of the on-site visit. The lack of effectiveness in implementing such resolutions could be attributed to the unclear executive mechanisms applied by competent authorities. Therefore, Mauritania did not take any actions related to the implementation of such resolutions.
221. The major difficulties Mauritania faces in implementing the relevant SC resolutions are reflected in the absence of a central authority that identifies persons or entities targeted for designation according to the decisions related to Resolution No. (1373) or for the implementation of the SC resolution No. (1267). The absence of a clear basis for the standard of proof of reasonable grounds or reasonable basis when identifying or designating persons according to the SC resolutions represents one of the major deficiencies faced by Mauritania. On the other hand, the process of following-up the implementation of these resolutions remains weak, according to the assessment team; whereas not all the entities have knowledge about such decisions, the names designated, and the obligations imposed on them by virtue of such resolutions. Furthermore, the assessment team was not provided with any measures indicating the efforts made by Mauritania to implement such resolutions, or with any information on the funds which were frozen or looked for, according to such resolutions.
222. It is also worth noting that FIs and DNFBPs have no awareness regarding the requirements and responsibilities imposed on them and do not process any UN lists, and most of them do not have the technical means and tools required to this end, as detailed in IO.4.

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

223. Mauritania acknowledged that associations and charities are one of the low-risk sectors in Mauritania. However, the team considers that terrorism and the TF offense represents a challenge and a real threat to Mauritania due to its geographical position and the risks resulting from the location which extends along the land frontiers and the sea coast, and from the large area of the country. Therefore, the NPOs and charities sector needs a comprehensive ML/TF risk assessment through the completion of the program launched by the Mauritanian authorities in 2016, where they conducted a comprehensive survey in the country to prepare a dynamic database on the active associations. They have also formed a network of civil volunteers from all the provinces and municipalities to collect information on NPOs and verify the information held by the authorities. They have also trained more than 1200 NPOs managers on administrative and financial management, preparation of reports, keeping and maintaining financial statements to facilitate financial supervision over the organizations.

224. Mauritania classified NPOs, without relying on a risk assessment, into three types, being A, B and C, without sufficiently clarifying the classification criteria to the team, and it classified the organizations, by field, as follows:

Field	Number
Social	4760
Developmental	1977
Health	497
Environmental	367
Cultural	568
Sports	662
Economic	113
Artistic	66
Educational	40
Networks	65
Entities	69
Study centers	62
scientific	40
<b>Total</b>	<b>9286</b>

225. The Ministry of communication with civil society made, through workshops, an outreach to NPOs which might be exposed to risks, however, the supervising NPOs in terms of risks is not in place.

226. Despite the comprehensive survey of organizations which was conducted by the authorities in 2016 and the reliance on a network of civil volunteers in all the provinces and municipalities in order to collect information on associations and verify the information they have, the assessment team believes that other unregistered organizations which might be misused for TF purposes may also exist, particularly due to the absence of an on-going periodical assessment of the sector.

227. Mauritania applied measures that promote transparency in this sector, by organizing training sessions on the management of accounting and bank accounts of such associations and their classification into three categories (A, B and C) and by type of their economic activity, but it appears that their supervision (including the imposition of sanctions) by the “General Authority of Political Affairs and Public Freedoms” and the Ministry of Interior still needs more development, in terms of identifying the associations which could be at greater risk of TF abuse, considering their large number in Mauritania, particularly in the social field (4760 organizations which account for 51% of their total number).

228. On the other hand, CANIF, the Central Bank of Mauritania and the governmental departments which oversee the non-profit associations and organizations have signed a protocol of agreement enabling the signatories to coordinate and consult each other in terms of follow-up, inspections and periodical reviews to obtain the necessary information on the activities of this sector and to make coordinated efforts in training and awareness regarding the best CFT practices, in order to protect this sector from being misused by criminal organizations.

229. The authorities did not provide any detailed information on how the country registers and monitors the sector based on risks such as frequency of review and monitoring, frequency of engagement and outreach, remedial measures and sanctions taken against associations, etc. In addition, it appears that Mauritania does not have effective mechanisms and procedures to identify, prevent and combat terrorism and abuse of associations and organizations, with regard to the targeted

risk-based supervision, effective investigation and information sharing, and effective mechanisms for international cooperation.

230. Moreover, Mauritania did not provide information on outreach and educational programs undertaken by competent entities, nor did it mention whether such programs were aimed at identifying the vulnerabilities of NPOs which could be potentially abused by terrorist financiers or any measures NPOs can take to mitigate the relevant risks.

***Deprivation of TF assets and instrumentalities:***

231. Authorities are not using TFS to deprive terrorists and terrorist financiers of their assets.

232. Mauritania has a legal framework that allows deprivation of terrorists, terrorist organizations and terrorist financiers of assets and instrumentalities related to TF activities. However, the method of applying the mechanisms referred to in the legal framework and how the Minister of Finance freezes such funds are not clear. On the same note, the authorities did not explain the process through which such decisions are issued or whether the Minister of Finance has already issued decisions to freeze funds of designated persons pursuant to the SC Resolution No. (1267). The assessment team could not perceive the mechanism which ensures the implementation of such resolutions without delay, since they have not been executed in practice, in order to know the time taken to implement them. The team was not informed either about the method used to notify the financial and non-financial institutions of the issuance of this decision and the obligations imposed on them when implementing such resolutions. Furthermore, there is no mechanism or method (for instance, electronic) that enables the implementation without delay.

233. In addition to the administrative freezing mechanism provided by the mechanism applied for the implementation of the relevant SC resolutions, the authorities in charge of investigating into TF crimes have legal instruments that enable the suspension or seizure of funds or assets targeted for terrorist financing; however, such authorities did not provide any information on the approach they adopt in using such instruments, despite some cases which were investigated by the Mauritanian authorities during the on-site visit, and whether such instruments allow to trace targeted funds and assets and whether these instruments, both financial investigations and provisional measures, complement this approach.

234. The assessment team was not provided with any case study on positive matches with designated persons and entities by virtue of the relevant SC resolutions; therefore, the targeted funds or assets of terrorists, terrorist organizations or terrorist financiers in Mauritania were not frozen.

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

235. Mauritania did not conduct a TF risk assessment; nevertheless, some authorities charged with combating TF at the Ministry of Interior have some appropriate instruments, in terms of experts, as well as criminal investigation tools and human and financial resources they use to prosecute terrorist financiers. However, the deficiencies facing other sectors charged with combating TF significantly affect the effectiveness of the measures taken by competent authorities.

236. In addition to deficiencies presented in IO.9, it is possible to add the absence of supervision of entities associated with the NPO sector, the failure to identify the nature of threats posed by terrorist entities or terrorists to sectors, both financial or non-financial institutions and NPOs, in Mauritania, and the failure to identify how these entities are being misused.

237. Mauritania also suffers from the absence of the mechanism which describes how to give effect to the measures taken by banks and FIs, and whether such measures also cover other concerned sectors. It does not mention either the detailed measures which should be taken, whether such measures were related to persons and accounts subjected to targeted financial sanctions, by virtue of

a UNSCR or other designations issued by competent authorities in the country in application of SC resolution No. 1373 and the assets frozen, as well as the operations rejected, and the time taken to designate individuals and to freeze funds following the designation.

238. **Overall conclusion on IO.10 : For the above-mentioned reasons, the level of effectiveness achieved by the Immediate Outcome 10 is low.**

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

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

239. Mauritania has a significantly poor understanding of weapons proliferation financing risks and has no appropriate and proportionate risk mitigating measures.

240. Mauritania is not a major country for arms manufacturing, nor is it a large market for the trade or production of dual use goods, however, it has long coasts overlooking the Atlantic Ocean and stretching over more than 700 Square Kilometers. It has also a port (Nouadhibou) which is considered as an important economic and maritime passage to the Atlantic Ocean for Mauritania and other countries, such as Mali in West Africa, which exposes Mauritania to risks related to the transit or transportation of goods the dealing in which is prohibited between Europe, South America and the Middle East.

241. Mauritania has no effective preventive measures for the implementation of targeted financial sanctions relating to financing of proliferation, including the absence of immediate freezing measures without delay, which is accentuated by the significant weakness of the competent authorities in monitoring exportations or maritime ports, in addition to the failure to complete the legal and operational framework of mechanisms for the implementation of targeted financial sanctions in Mauritania. Furthermore, Mauritania did not complete the legal and operational framework which enables the competent authorities, FIs and DNFBPs to effectively implement targeted financial sanctions relating to proliferation.

242. Even though the Ministry of Finance was assigned to issue orders to freeze funds or other assets of designated persons and entities, it is not doing so and consequently, FIs and DNFBPs are not freezing funds or assets of the designees, or searching for those names, nor are they receiving a list of the persons or entities or freezing the funds of such persons or entities.

243. In addition, FIs and DNFBPs did not receive the list of TFS from any competent authorities in Mauritania and they have a lack of awareness regarding their obligations to implement targeted financial sanctions.

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

244. The Ministry of Finance is the authority in charge of identifying and preventing dealing in funds and other assets of designated persons.

245. Despite the issuance of the law on the implementation of the targeted financial sanctions relating to the UNSCRs, which designates the Ministry of Finance as the authority in charge of issuing freezing orders against listed persons and entities, after consulting with the concerned departments (without identifying such departments), no decisions on the identification and prevention of dealing in funds and other assets of persons or entities regarding the financing of proliferation were issued by the Ministry of Finance until the end of the on-site visit.

246. Furthermore, the other competent authorities have not shown a sufficient understanding of the necessity of issuing decisions on freezing funds and other assets or implementing such sanctions.

247. In Mauritania, there is no central entity in charge of the national coordination mechanisms for the implementation of targeted financial sanctions and of the establishment of general policies and strategies to combat proliferation.

248. The competent authorities did not exchange information on the measures required by the United Nations, which is reflected on the coordination of general policies and operational measures, as the Ministry of Finance did not receive the list of designated persons relating to proliferation; in addition, the competent central authority for the supervision of nuclear industry, did not receive this list either, which reflects a poor coordination, as well as the absence of mechanisms which contribute to combating proliferation.

249. Similar to the implementation of targeted financial sanctions related to terrorism and its financing, FIs and DNFBPs do not seem to be sufficiently aware of the requirements regarding targeted financial sanctions relating to financing of proliferation. The weakness of supervision and awareness of such institutions seems to have a significant effect on the decrease in the level of effectiveness in implementing targeted financial sanctions relating to financing of proliferation, in addition to the absence of understanding of risks associated with the sector by those in charge of it. It also appears that FIs do not consider the importance of complying with the requirements when dealing with financial transactions that might impose risks toward financing of proliferation, nor do they examine designated persons and entities.

#### **FIs and DNFBPs' understanding of and compliance with obligations**

250. The compliance of FIs and DNFBPs with the implementation of targeted financial sanctions is considered weak, as they do not have details about the obligations imposed on them under the law issued in 2016. And FIs do not seem to have a clear understanding of such requirements and the modality to implement them.

251. As previously mentioned, the biggest obstacle hindering the compliance of FIs and DNFBPs with these requirements is the absence of the legislative and operational framework, where some FIs and DNFBPs seem unaware of such requirements and of the importance of complying with them and they notice that the law is not applied to the activities they are engaged in, which raises the question on the extent to which it is possible to apply the AML/CFT laws to such sectors (insurance, lawyers, and gold traders). This could be attributed to the absence of effective supervision over these sectors and to the failure to play the role assigned to the supervisory authorities in this regard, in addition to the unclear supervisory role of the competent authorities in charge of monitoring the financial and non-financial sectors.

252. FIs and DNFBPs need to have a clear guidance they can use when implementing SC resolutions and to perform their role pursuant to the guidelines set by the competent authorities; it is, therefore, important to complete the legal and operational framework and to issue handbooks on the implementation of targeted financial sanctions relating to financing of proliferation.

#### **Competent authorities ensuring and monitoring compliance**

253. There is no effective supervision of the implementation of the SC resolutions related to financing of proliferation because the Anti-Terrorism Law (issued in 2016) does not designate any competent authority that supervises the compliance of FIs and DNFBPs with the requirements provided for by the issued law, and the authorities rely on the powers conferred upon them by the AML/CFT law to monitor and supervise the execution of the requirements provided for by the law.

254. The supervision over the FIs and DNFBPs remains very poor and rather inexistent in some sectors such as gold traders, lawyers, and the real estate agents sectors.

255. The reasons behind the poor supervision are; the failure to complete the legal and operational framework regarding the implementation of targeted financial sanctions, and the failure to designate the competent authorities which supervise the implementation of the targeted financial sanctions, in addition to the poor human and financial resources of such authorities, which does not help them fully carry out their tasks.
256. **Overall conclusion on IO.11: For the above-mentioned reasons, the level of effectiveness achieved by the Immediate Outcome 11 is low**



### **Key Findings and Recommendations:**

#### **Key Findings:**

- In Mauritania, a culture of cash prevails, and there are restrictions thwarting financial inclusion and integration. Only 20 percent of the population use banking services, and both the banking and financial sectors provide rather basic uncomplicated services and products.
- The informal sector provides the largest share of financial and commercial transactions in Mauritania. In fact, financial services such as remittances, money exchange, and buying and selling real estate are provided by unauthorized individuals and institutions outside the formal sector.
- The level of awareness and understanding of ML/TF risk remains low in banks, while the level of awareness is very limited among other financial institutions (insurance companies and the Postal Company), and almost nonexistent for DNFBPs.
- Some banks implement certain AML/CFT preventive measures. However, these measures fail to meet the necessary standards and quality in terms of risk reduction - especially with regards to BO and ongoing monitoring of operations. In other financial institutions and DNFBP, such measures remain absent.
- Enhanced customer due diligence (CDD) measures in FIs and DNFBPs are too weak and modest especially in the case of politically exposed persons (PEPs), correspondent banks, new technologies, targeted financial sanctions (TFS) for TF and high-risk countries. In fact, knowledge of the requirements in this area remains very weak.
- FIs and DNFBPs do not implement the necessary CDD measures on the basis of materiality and risks.
- It was found that FI and DNFBPs lack the adequate knowledge of AML/CFT requirements,
- Some DNFBPs required to be covered for AML/CFT purposes are not mentioned in the law number 48/2005 according to FATF standards (Recommendation 22).
- There are not enough adequate human and technical resources, and AML/CFT training for FIs and DNFBPs is very weak.

#### **Recommendations:**

- Mauritania should identify and evaluate ML/TF risks at the national level and in all sectors, especially in the banking and financial sectors, and ensure the implementation of the assessment outcomes by all relevant parties by developing a national action plan which includes training and awareness programs for FIs and DNFBPs to raise awareness and promote knowledge of ML/FT risks and their requirements.
- Mauritania should identify and complete the designated DNFBPs to be covered under AML/CFT law requirements according to FATF standards, refer all DNFBPs to supervisory authorities and determine their obligations.
- Mauritania should compel all FI and DNFBPs to implement CDDs on the basis of materiality and risks.
- CANIF should provide adequate feedback to persons subject to the AML/CFT Law and promote ongoing cooperation with them and their supervisory authorities in order to provide a new dynamism to AML/CFT and increase the quantity and quality of STRs.
- Supervisory authorities should require FIs to acquire modern technologies which help in analyzing, detecting and reporting suspicion and processing UN lists as an alternative to the manual processing.

- Supervisory authorities should require all FIs and DNFBPs to develop clear and practical procedures and measures for their employees to avoid tipping off customers about suspicious transactions.
- Supervisory authorities should require all FIs and DNFBPs to promote and train their human resources in order to strengthen their AML/CFT skills.
- Supervisory and relevant authorities should ask all FIs and DNFBPs to develop and implement internal procedures at every institution, which ensure compliance with AML/CFT requirements.

257. 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.

#### **Immediate Outcome 4 (Preventive Measures)**

##### **Understanding ML/FT risks and AML/CFT obligations**

258. The banking and financial sector in Mauritania is an emerging sector without any stock market or products and services provided in this field. In general, banking and financial services provided within Mauritania are rather basic and uncomplicated. The Mauritanian banking sector includes 15 banks with an estimated capital of MRO 131 billion (equivalent to USD 380 million). The number of bank accounts does not exceed 400 thousand. Mauritania has one Deposit and Development Fund, 21 microfinance institutions which include 51 branches, 27 money exchange offices, the Mauritania Post Company MAURIPOST, and 16 insurance companies which rely on compulsory insurance policies, especially car insurance.

259. MAURIPOST provides financial services such as current and savings accounts, money transfers inside and outside the country, in addition to the dispatch of jewelry, through more than 32 post offices distributed across the country. It mainly covers remote areas. Between 2008 and 2015, MAURIPOST opened around 14349 savings accounts and 31369 current accounts (10.000 of which are inactive without any transaction). State employees and retirees represent the majority of account holders in MAURIPOST. In 2015, transfers carried out by MAURIPOST amounted to MRO 2.7 billion (equivalent to USD 7.4 million).

260. In Mauritania, there are around 30 licensed money exchange offices with a bank ownership ratio that does not exceed 20 percent. As for money transfer services, there are no licenses. Money transfer services are provided through MVTs companies under responsibility of the banks which ensure that such companies apply the necessary standards and requirements. However, it should be noted that during the on-site visit, the assessment team found that these companies provide their services not only through licensed banks, but also through other channels such as travel agencies and exchange offices.

261. In Mauritania there are 16 insurance companies, 14 of which are national and the remaining two are foreign reinsurance companies. In 2015, insurance services were valued at MRO 3.4 billion (equivalent to USD 9.4 million), 98 percent of which rely on compulsory insurance, especially car insurance. Life insurance represents a very low percentage that does not exceed 0.2 percent of the sector, due to cultural and religious nature of the nationals.

262. There is no clear quantity of DNFBPs bound and governed by the AML/CFT Law. The most important DNFBPs active in the Mauritanian market are lawyers, notaries, accounting experts and real estate agents. There are no casinos in Mauritania.

263. The assessment team visited four banks of which one Islamic bank and one bank with foreign capital. It also visited an insurance company and a money exchange office. As for DNFBPs, the

assessment team visited more than one real estate notary at an authentication office, one real estate marketing company and more than one accounting expert and lawyer as part of the visit to supervisors of lawyers and accountants. However, the Mauritanian authorities were unable to organize a visit to the gold dealers' sector.

264. Mauritania has not identified nor assessed ML/TF risks at the national level and in different sectors, whether banking, financial or DNFBPs sectors, which negatively affected, among other factors, the awareness and understanding of ML/TF risks by all the parties to the AML/CFT system, including FIs and DNFBPs.

265. It did not appear that all FIs have a sufficient understanding of ML/TF risks although there is a limited understanding among banks operating in Mauritania of some aspects of ML/TF risks (for example, due diligence measures as regards customers, and PEPs, ...etc.). This understanding varies across banks, based on the bank's size and importance. In fact, large banks – especially foreign banks – do understand these risks whereas the small banks' understanding was very limited and weak. As for money exchange and insurance companies, their understanding of such risks remains very low.

266. As to DNFBPs, the assessment team found, during the on-site visit, that these categories which were visited do not have an understanding of the ML/TF risks, nor do they have any awareness regarding the law requirements. They also have no relationship with CANIF or any other competent authority. However, it was found that the Mauritanian Order of Accountants has an understanding of the legal framework in general, but the implementation of the requirements toward accounting experts is remarkably absent.

267. Although only 20 percent of the population use banking services in Mauritania, understanding risks associated with cash remains limited. In fact, banks continue to deal heavily with cash and this could be attributed to the nature of the Mauritanian economy and society.

268. The FIs and DNFBPs' weak understanding of ML/TF risks could be attributed to the weak role of CANIF on the one hand, and the weak or nonexistent role of supervisory authorities on the other. In fact, there are no supervisory authorities for DNFBPs (see R.28), and many economic sectors are weak and are not given the necessary attention (such as the insurance sector).

269. Without conducting any studies or research, officials of both the private and public sector visited said that the ML/TF risks in Mauritania are low. They explained that it could be attributed to the demographic and social structures. According to them, it is a cash-based society, with a low criminality rate, and most customers in the banking sector are either State institutions, state employees or retirees. It should be noted that the informal sector controls the majority of commercial and financial transactions as explained earlier. Despite the country's efforts to promote financial inclusion in Mauritania, informal transactions remain a major challenge for the authorities. It is difficult for the assessors to confirm such statement; however, the above-mentioned characteristics may reinforce the high risk of ML/TF in the informal sector, and all sectors which are not subject to the necessary supervision. Therefore, FIs should develop their understanding of risks to avoid their use for ML/ TF purposes.

#### **Application of risk mitigating measures**

270. FIs have taken no adequate measures to mitigate the specific ML/TF risks in Mauritania. However, banks – especially foreign banks – are an exception. They have indeed risk-reducing measures in place, albeit inadequate. As for the DNFBP sector, there are no tangible measures being implemented on the ground.

271. It is important to note that among the most important risks to which banks attach the greatest importance are politically exposed persons (PEP) due to their work and large financial transactions.

The assessment team did not find that FIs and DNFBPs took the risks acknowledged by the country into account due to their lack of awareness in this regard. There were no effective or appropriate measures in place to reduce the risks of cash on which the Mauritanian society heavily relies despite the State's efforts to achieve financial inclusion.

272. As previously mentioned, the failure to implement measures to reduce ML risks is mainly attributed to the lack of a risk assessment, a limited and weak understanding thereof, and the absence of comprehensive instructions and guidelines. It is also due to the fact that supervisory authorities and the CANIF do not provide the necessary help needed by FI and DNFBPs through holding regular training sessions and workshops on measures to reduce ML/TF risks.

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

273. Mauritania's due diligence measures are basic. In the case of banks, the implementation of procedures vary across banks, but they are generally basic and depend – in terms of identification and verification – on local customers before starting a business relationship on the basis of the official documents which they provide. In addition, the customer's address and their activity are verified, and their transactions monitored on an on-going basis. It did not appear that measures were applied to update the customer's identification data and documents, and to understand the purpose and nature of the business relationship.

274. Although the proportion of foreign residents living in Mauritania is low, and that this is reflected on economic activity and customers of FIs, it was found that banks lack the necessary identification and verification procedures in the case of foreign customers, given that a valid residency card is enough, especially given that competent Mauritanian authorities did not issue any specific instructions on CDD measures for foreign customers.

275. Identifying and verifying the identity of the beneficial owners do not receive sufficient attention in banks. In certain cases, banks only ask for an ID card of the person managing the legal entity and their partners. Officials of certain visited banks said it was difficult to identify the beneficial owners. Moreover, there are no guidelines to explain the beneficial owners and the CDD requirements.

276. There is no agreement between FIs on the definition of an occasional customer and related CDD measures. To some financial institutions, an occasional customer is a customer who does not have an account, whereas other financial institutions consider occasional customers as customers who only carry out transfers in general or through service providers.

277. With regards to CDD measures in MAURIPOST, they are limited to identifying and verifying local customers before starting a business relationship with them on the basis of the official documents which they provide. Their customers are former or current employees in Mauritania or governmental authorities. Accounts are centrally opened upon the request of different ministries and there are no foreign customers. Moreover, customer data is never updated or classified according to risk levels.

278. Insurance companies are still at an early stage with regards to understanding AML/CFT measures, especially CDD measures and identifying and verifying the identity of beneficial owners. This is due to the nature of the services provided by the sector which rely on compulsory car insurance services, with very limited life insurance policies.

279. As for money exchange companies, AML/CFT measures in general and CDD measures in particular are very basic. They are limited to providing a valid identity card when carrying out foreign exchange operations. This can be attributed to the nature of the services provided by the sector as well as the decline in its activity as a result of the growing informal sector.

280. With respect to record-keeping, banks, post offices and insurance companies showed that they comply with the law requirements relating to keeping records, documents and files of customers and transactions for a period of 10 years. It was also found that these were kept in paper forms in iron safes and strongboxes. As for transaction records, banks visited have databases and that permit reconstruction of individual transactions.

281. It was found that DNFBPs lack sufficient knowledge about customer due diligence and record-keeping measures, given that the applied procedures are very basic and do not take into consideration the different risk levels.

282. In general, the assessment team has not found that financial institutions and DNFBPs refuse to carry out customers' transactions when due diligence measures are incomplete, except banks as they refuse to carry out transactions if they suspect that the documents are forged, where CANIF would be notified.

**Application of other preventive measures:**

283. As a result of the lack of FIs and DNFBPs' own risk assessment of the customer relationship, and sufficient instructions and guidelines from competent authorities for customer risk classification, the assessment team found that each bank has developed its own procedures for risk based customer classification, which has affected the quality and adequacy of applied enhanced due diligence measures.

284. Enhanced due diligence measures issued by the competent authorities in Mauritania focus on PEPs due to the nature of their work. However, in practice FIs and DNFBPs do not attach a great importance to due diligence measures for such types of customers. Only banks focus on due diligence measures for local PEPs, although the instructions of the Mauritanian authorities focus on foreigners only. A difference in the understanding and application of procedures for the identification and verification of this category of customers was found. As for insurance companies, the assessment team concluded that there are no procedures related to enhanced due diligence.

285. The due diligence measures for correspondent banking are simple; the assessment team did not find that banks were implementing measures according to the risk-based approach, nor did it classify risks for correspondent banks or followed up on transactions conducted by correspondent banks according to the risk level and have failed to update the correspondent banks' questionnaire. It's worth noting that the Central Bank of Mauritania obliges banks, through instructions issued (see Recommendation 13), to request approval from the Central Bank before starting any new relationship. However, these instructions are insufficient as they relate to the establishment of new relationship, and it was not clear, during the on-site visit, whether the existing relations were being handled in accordance with the risk-based approach, nor was it clear whether they were being implemented.,

286. DNFBPs and FIs, including banks, have not studied the risks of ML and TF when reviewing new technologies. This is due to a lack of awareness and understanding of risks, and limited instructions issued by the authorities that do not fully elaborate on the requirements.

287. With regard to the implementation of Security Council resolutions, it was found that financial institutions failed to follow up and address the inclusion or presence of their customers on the UN lists, including banks that only verify the presence of foreign customers on the OFAC list rather than the United Nations lists. In most cases, this is a subsequent procedure for opening accounts or carrying out transactions only. As for the insurance sector, there is a total absence of monitoring of UN or other lists. The postal sector is not much different from the insurance sector, but they monitor lists manually. DNFBPs, on the other hand, are not aware of the existence of UN lists and have not taken

any action in this regard. The assessment team concluded that the obliged entities are not complying with their freezing obligations and there is no implementation done by such entities.

288. DNFBPs generally do not attach importance to enhanced due diligence measures for high-risk countries and their nationals. This is due to the absence of any guidelines from various authorities concerning high-risk countries, and the financial institutions' belief that customers are mostly local and are current or previous government employees, and that Mauritania is a cash-based society whose members depend on the informal market, and that in the case of foreign customers, banks can rely on the OFAC list.

289. Money transfer or value transfer services are provided through banks, post offices and money transfer service companies, provided that banks and post offices are responsible for the transfer process and customer due diligence measures relating to transfer services providers. It was not clear to the team whether it was possible to verify and monitor MVTs providers' customers who are included in their databases, and their level of compliance with customer due diligence measures was not clear, in addition to the fact that the relationship of banks with these companies is limited to the official agreement drawn between them, which the team was not provided with, nor was it able to verify the existence of AML/CFT requirements in these agreements. .

290. The informal sector prevails in money transfer services. Money transfer service providers operate within exchange companies or travel agencies. These services are not controlled or monitored, and it was not possible to examine the procedures applied in this regard in view of the nature of the informal sector.

291. Money transfers through banks and postal services include the name, address and / or telephone number and / or account number (if any) of the sender, with a valid ID card for citizens or residence permit for foreigners (if the customer does not have an account); in addition to the name, address and national ID (sometimes) of the beneficiary, and the details of the transaction. As for the purpose of the transfer, it did not appear that it was included in transfers done through postal offices, while implementation differed between banks. The value of the transfer through the postal offices does not exceed 1500 Euro or its equivalent per day and that external transfers can be made to several countries with whom bilateral agreements were signed within the framework of the postal offices network (such as France, Morocco, Senegal and Burkina Faso).

#### **Reporting obligations and tipping off**

292. The FIs that were visited were aware of the obligation to report. However, despite the promulgation of the AML/CFT law in 2005 and the issuance by the Mauritanian authorities of a number of instructions and joint decisions requiring the reporting of suspicious transactions, the STRs sent by FIs to CANIF since the law entered into effect are considered very few and of poor quality, which reflects the absence of analysis and of the means that facilitate such analysis.

293. The STRs received by CANIF are mainly from banks, and their number remains very small, given that from the date the law came into force until the end of December 2016, they only amounted to 63 STRs, all from banks. The following table shows the weakness of the system, whereby CANIF received 63 STRs during the period from 2009 to 2016 all from banks, i.e. an average of 9 STRs per year:

Year	No. of STR	Reporting Entity
2009	5	3 banks
2010	2	1 bank
2012	14	3 banks
2013	6	2 banks
2014	8	3 banks
2015	18	4 banks
2016	10	4 banks
<b>Total</b>	<b>63</b>	<b>--</b>

294. This may be due to the lack of advanced IT systems that assist FIs in detecting suspicious or unusual transactions. Furthermore, a lack of ML/TF risk awareness was noted among all parties of the combating system.

295. The assessment team did not find any classification of STRs sent by banks to CANIF. Moreover, CANIF filed more than 90% of the received STRs, indicating the low quality of STRs it receives from banks.

296. Instructions and joint decisions issued by authorities do not provide the persons subject to the law with detailed guidelines that clarify requirements and responsibilities. For example, reporting instructions remain insufficient, given that they do not distinguish between ML STRs and TF STRs, and STRs containing objections to the execution of transactions. It also does not include a clarification of the time frame of each type of STR, and there are no hard or soft copy STR forms that sufficiently reflect such classification. Furthermore, CANIF does not specify the time frame to be complied with when additional information is requested by the FIU. In addition, the persons subject to the law are not provided with an explanation of the various requirements of the law, which remain unclear and ambiguous to various banks, and their interpretation vary from bank to bank.

297. The team found that authorities did not designate DNFBPs that are obliged to report suspicious transactions involving money laundering, terrorist financing or associated crimes. On the other hand, most DNFBPs visited were not aware of the obligation to report, and none of them has reported any suspicious transaction.

**Internal controls ensuring compliance with AML/CFT requirements and legal/regulatory requirements impeding implementation**

298. Regarding the application and maintenance of internal control procedures by FIs and DNFBPs to ensure compliance with AML/CFT requirements, it was found that such procedures were limited to banks. However, the banks visited did not establish the necessary methods to evaluate the effectiveness of internal controls and the appropriateness of AML/CFT programs independently and periodically.

299. Bank compliance managers are vested with the responsibility for combating ML/TF at banks. However, it was found that, for banks visited, they lack independence, confidentiality and protection in their work related to combating ML/TF, while there is a shortage of staff in the compliance departments to combat money laundering and terrorist financing at banks, that they are not receiving sufficient and on-going training to give effect to and develop the combating procedures.

300. It was found that no training was provided to the staff working at FIs or DNFBPs on combating ML/TF, if banks might be excluded, but training remains within the bank, at large intervals, is limited to a number of staff members in the Compliance Department and does not cover all relevant workers.

301. The assessment team found that financial groups are not implementing the same group-wide programs applicable to all branches and majority-owned subsidiaries.

302. **Overall Conclusion on IO 4: For the above-mentioned reasons, the level of effectiveness achieved is low.**



### **Key Findings and Recommended actions:**

#### **Key Findings:**

- Supervisors did not identify ML/TF risks in the financial sector and other sectors as a whole. The level of awareness and understanding of ML and TF risks among these entities remains very limited in general.
- AML/CFT supervision and inspections are conducted only at banks and need more development in terms of relying on risk-based approach, in addition to the provision of tools, means, and training and to the support of human resources. Regarding other financial sectors, the supervision and inspection level is still significantly weak, namely in the insurance and exchange sectors, and no supervisory risk-based approach programs are executed.
- The informal sector constitutes a large and important part of the economic activity in Mauritania, namely in the currency exchange and money transfer field, which entails negative impacts in terms of supervision and compliance, since this sector is not subjected to the AML/CFT requirements.
- The policy adopted on disseminating information to subjected persons and other competent stakeholders needs to be revised in terms of issuing specific and detailed guidelines that shall be continuously updated.
- Weakness is shown in licensing and registration controls, the measures taken to determine the beneficial owner and other controls implemented by supervisors or other authorities to prevent criminals and their associates from holding or being the beneficial owner of a significant or controlling interest or holding a management function in financial institutions or DNFBPs.
- Mauritania imposed some sanctions represented in the implementation of corrective measures against the banking sector, however, such sanctions issued in the context of AML/CFT are not dissuasive. Moreover, no similar actions were implemented in other FIs and DNFBPs.
- There is no supervisory authority designated to supervise money transfer service providers, which operate through the formal system (by virtue of a bilateral agreement signed with several banks).
- The post is governed by the instructions of the Central Bank, but the power to impose sanctions, in case of breaching the requirements, remains vested in the Ministry delegated by the Prime Minister who is in charge of modernizing the management and the information and communication technologies, and the post is not fully subjected to the supervision of the Central Bank.
- The DNFBP sector is still not fully regulated and does not fulfill the AML/CFT requirements. And there are several DNFBPs (see Recommendation 28 in TC annex), which are not subjected to any specific supervisory authority.
- Supervisory actions have a very limited impact on the effect of compliance of FIs and DNFBPs on their obligations of AML/CFT.

#### **Recommended actions:**

- Mauritania should expedite the ML/TF risk assessment in the financial, banking and DNFBP sectors.
- CANIF, supervisory authorities and other competent authorities should develop more detailed guidelines and instructions on :
  - Licensing and registration controls which would enable to detect violations of licensing and registration requirements
  - Reporting suspicion ML/TF, defining a procedure for disruption, and providing paper and/or electronic templates, provided that they distinguish between ML and TF cases. They should also determine the time frame to be respected for all the cases.
  - Understanding and identifying BO and legal persons by FIs and DNFBPs, promoting the CANIF's cooperation with the single window, implementing CDD measures to foreign persons and BOs, ensuring an ongoing monitoring and record-keeping of operations, while focusing on the adoption of the risk-based approach.
  - Implementing enhanced measures for PEPs, correspondent banks, new technologies, wire transfer rules, targeted financial sanctions relating to terrorist financing and high-risk countries

- Mauritanian authorities should adopt and implement an extensive work methodology in on-site and off-site AML/CFT supervision, provided that such methodology relies on the risk-based approach, and to enhance the human resources and the technical means and instruments required.
- Supervisory and monitoring authorities should monitor and control all money transfers, purchase and sale of currency, and real estate transactions carried out informally in Mauritania in order to assist in the implementation of AML/CFT measures.
- Mauritanian authorities should prepare (off-site and on-site) monitoring programs covering all the financial sectors and subject all FIs and their financial services to AML/CFT control by a specific supervisory authority.
- Mauritanian authorities should consider the adoption of a national policy aimed at organizing the DNFBP sector, to designate supervisors for all the professions, to prepare detailed and updated guidelines, and to organize training sessions in order to participate in the AML/CFT efforts made by the country, which would ensure their compliance with the requirements.
- Mauritanian authorities should focus on the informal sector and establish a policy on financial inclusion aimed at integrating the informal sector within the formal sector and to execute this policy in practice, namely in the exchange companies and MVTs.
- Mauritanian authorities should determine the necessary sanctions which should be imposed against legal persons who fail to comply with the AML/CFT requirements.
- Mauritanian authorities should raise awareness about ML/TF risks and urge subjected persons to use means and tools for the detection of suspicious transactions and to engage them in the efforts made by Mauritania in this regard.
- CANIF should adopt an outreach policy aimed at activating coordination with the governmental authorities and urging subjected persons to cooperate with it by submitting STRs and providing any additional information it requires.
- Mauritanian authorities should establish clear feedback mechanisms between CANIF and the concerned sectors regarding the STRs it receives.

303. 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.26–28 & R.34–35.

### **Immediate Outcome 3 - Supervision**

#### **Licensing, registration and controls preventing criminals and their associates from entering the market**

304. The following table shows the operating FIs and their supervisors in the AML/CFT field:

<b>Financial institutions</b>	<b>Number</b>	<b>Supervisors</b>
Banks	15	
Deposit and Development Fund	1	
Micro-finance institutions	21	
Accredited exchange offices	27	
Post offices	32	<ul style="list-style-type: none"> <li>• Administratively related to the Ministry delegated by the Prime Minister who is in charge of modernizing the management and the information and communication technologies</li> <li>• The Central Bank of Mauritania</li> </ul>
Insurance companies	16	Directorate of Insurance Control at the Ministry of Commerce
<b>Total</b>	<b>112</b>	

305. Money transfer service providers are subjected to the authority of the Central Bank by virtue of their activity which is related to means of payment; however, they are currently operating pursuant to the agreements signed with banks which are responsible for ensuring that the service providers are implementing the required standards and requirements; and accordingly, no licenses were granted to any money transfer company.
306. The Mauritanian Postal Company known as MAURIPOST is a governmental company that provides financial services in remote regions, through around 32 post offices spread throughout Mauritania. The Postal Company falls under the jurisdiction of the Prime Minister who is in charge of modernizing the management and the information and communication technologies and is subjected to the supervision of the Central Bank, pursuant to the joint decision No.136/2010 issued by the Central Bank and the Ministry in charge of modernizing the management and the information and communication technologies. The said joint decision did not include or grant any powers to the Central Bank of Mauritania to supervise the AML/CFT measures at the Postal Company. However, article 6 of the joint decision authorizes the authority which supervises or regulates the financial functions which fall under the jurisdiction of the post to impose administrative or disciplinary sanctions for failure to implement combating measures, but without designating a certain authority or assigning this role to the Central Bank.
307. The insurance sector is small and was under the jurisdiction of the State, until its privatization in 1993. It is currently formed of 16 companies, 14 of which are domestic and two foreign for re-insurance. The insurance sector is a service sector that provides services related to the insurance of some mandatory fundamental risks, where the mandatory car insurance accounts for 98% of the insurance activities and the Ministry of Commerce supervises the insurance companies operating in Mauritania. Nonetheless, the assessment team did not perceive any off-site or on-site AML/CFT monitoring operations.
308. The number of DNFBPs which are subjected to the AML/CFT law is not fully determined and the following are the most important DNFBPs operating in the Mauritanian market:
- Lawyers whose number is around 242 and they are subjected to the National Lawyer Association. Foreign lawyers (from France, Tunisia, Senegal and Morocco) may work in Mauritania, if they choose a Mauritanian law firm as their address.
  - Notaries whose number is around 20 and they are subjected to self-supervision. Notaries or the authority which supervises them do not perform any AML/CFT role.
  - Accounting experts, and the number of those who are licensed to practice the profession is around 107. They follow the recommendations issued to accountants by the Ministry of Economy and Finance. The officers of the Syndicate of Accountants (an office elected to defend the interest of the profession) stated that the number of accountants and auditors working in the field is around 115, through 17 accounting offices and that mutual self-supervision is applied between the offices.
  - Even though the AML/CFT law included dealers in precious stones and metals, dealers in high-value art objects, real estate agents and travel agencies as reporting entities, it was found that their number is not counted and that no AML/CFT supervisory authority was designated for them.
309. In the context of the on-site visit, the assessment team conducted several visits to the Mauritanian Central Bank and to the Ministry of Commerce. As for the supervision of the DNFBPs sector, on-site visits were conducted to the supervisory authority of lawyers, accountants and notaries, and as regards dealers in gold, the Mauritanians authorities could not organize a visit to the sector or to its supervisory authority.
310. It is worth noting that, during the on-site visit, a number of officials in several sectors stated that in general, the databases in Mauritania are not reliable because they are not updated on an on-

going basis. On this note, officials at the Palace of Justice ascertained to the assessment team that it is difficult to rely on the accuracy of the data mentioned in the criminal record (police record) due to the absence of a reliable database. They also mentioned that databases are not periodically and continuously updated. It is also worth noting that the criminal record is one of the most important documents Mauritanian authorities rely upon for licensing and registration.

311. Licensing and registration controls implemented by the Central Bank of Mauritania on banks, the Deposit and Development Fund and micro-finance institutions operating in Mauritania to prevent criminals and their associates from holding, or being the beneficial owner of a significant or controlling interest or holding an administrative position in FIs or DNFBPs, have significant deficiencies, where the following was found:

- For Mauritanian natural persons, the resume and the police record (criminal record<sup>1</sup>) are relied upon to verify the owners of capitals and administrators (chairmen of boards, the general manager of the bank and his assistant, branch managers and auditors), and these measures do not apply to AML/CFT compliance managers and officers at the institutions subjected to the law.
- Regarding foreign natural persons, only the resume is required; and at a meeting held with one of the banks, it appeared that the general manager holds a foreign nationality and works at the bank since 2010.
- Regarding legal persons, the team was not provided with relevant detailed measures. The measures, in general, begin with a legal person depositing the capital in a bank account opened for this purpose while carrying out the procedures of establishing the company; where the bank handles the determination of the legal persons' identity and the source of the funds, according to the measures applied by the bank with which the account of the said person is held.

312. According to the credit institutions law, banks may not be established or created without having recourse to the Central Bank of Mauritania, however, it did not appear that the Mauritanian authorities have measures in place that prevent or monitor the creation of fictitious or shell banks or that prevent or track the informal transfer systems. It is worth noting that the current work style in Mauritania is prompted to use informal systems.

313. The Mauritanian Postal Company is a governmental company, but it is found that each person in Mauritania is entitled to provide financial postal services through a request submitted to the competent regulatory authority (the Ministry delegated by the Prime Minister in charge of modernizing the management and the information and communication technologies), while observing the fundamental requirements, preventing the provision of services without license, paying reasonable fees and settling the annual regulatory charges. These conditions are deemed limited and do not fulfill the requirements.

314. MVTS are provided through banks, provided that these banks are responsible for the service provision process, including the acceptance or rejection of providers of these services without interference from a supervisory authority. The informal sector is common when conducting transfers. In this context, it was noticed that there are money transfer service providers working within exchange companies or travel agencies (informal sector), where these services are not supervised; and it was not possible to examine the measures implemented in this regard due to the nature of the informal sector. The assessment team was not provided either with the bilateral agreements concluded between the banks and the money transfer companies, nor did it verify if they include terms and provisions on AML/CFT requirements.

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<sup>1</sup> A document issued by the court of appeal, stating that the person mentioned in the document is not a criminal or remanded in custody.

315. Regarding exchange companies, there are no measures that enable to implement the requirements that authorities comply with, whereas the focus is on the fact that the capital should not be less than MRO 50 million (approximately \$142,000), in addition to the police record (criminal record). It is also worth noting that the informal market dominates the exchange and transfer business in Mauritania.
316. Regarding insurance companies, it appeared that the measures implemented by the supervisors primarily concern ensuring that the capital equals \$ one million, that the owners of the capital are Mauritians and that they submitted their personal resume and criminal record. It did not appear that there are similar measures regarding the structure of the management or that of the beneficial owner; and regarding re-insurance companies, there are no measures in this regard.
317. Regarding lawyers, notaries and accountants, measures focus on the obligation of professionals to meet the academic, professional and the training period requirements, in addition to the presentation of the police record (criminal record). Regarding other DNFBPs, the assessment team was not provided with the registration, licensing and other controls implemented by supervisors or other authorities to prevent criminals and their associates from holding, or being the beneficial owner of a significant or controlling interest or holding a management function in FIs or DNFBPs, due to the failure to determine their number and to designate the licensing authority in charge of supervising them, namely in the AML/CFT field.
318. The measures taken to ensure that criminals and their associates are prevented from being the beneficial owners of a significant or controlling interest in financial institutions or DNFBPs are extremely weak, and do not fulfill the necessary requirements, given that the attention of the authorities is only focused on the ownership and management structure through the implementation of insufficient simplified measures as mentioned above, while there are no measures to ensure that criminals and their associates are prevented from being the beneficial owners of DNFBPs.
319. No coordination or cooperation was noticed between the public monitoring bodies in the country and supervisors or the authorities which grant licenses to FIs and DNFBPs, regarding the prevention of criminals and their associates from holding or being the beneficial owners of a significant or controlling interest or holding an administrative function in financial institutions or DNFBPs.
320. There are no measures taken or sanctions imposed by the supervisors or the authorities which grant licenses to FIs and DNFBPs, to prevent criminals and their associates from holding or being the beneficial owners of a significant or controlling interest or holding an administrative function in financial institutions or DNFBPs.
321. The Mauritanian authorities did not present case studies on the rejection by supervisors of licensing and registration applications for market entry, nor did they submit cases where supervisors sought additional information to verify the accuracy of information, particularly when there are doubts.

#### **Supervisors' understanding and identification of ML/TF risks**

322. Mauritania did not identify and assess the ML/TF risks at the national level and in various sectors, namely the banking and financial sectors, which negatively affected, among other factors, all the parties' understanding of the combating system, including FIs and DNFBPs, nor did it establish and develop policies or measures based on the risk-based approach.
323. It did not appear that FIs and DNFBPs supervisors identified the ML/TF risks in the financial sector and other sectors as a whole; therefore, a clear understanding of these risks is not maintained between different sectors and types of institutions, and of individual institutions.

324. Supervisory authorities on FIs and DNFBPs did not identify the risks associated with the sectors they supervise, or the risks related to specific categories of FIs or DNFBPs; and considering the absence of a methodology based on the results of risk assessment, Mauritania is not relying on the risk-based approach, and the authorities did not submit any evidence proving that supervisors conducted risk-based supervision or inspection of FIs and DNFBPs.

325. In order to rate banks based on the level of their risks for the purpose of conducting on-site inspections, the Central Bank of Mauritania relied on a questionnaire which was formed during 2014. Such questionnaire is sent to banks for completion and is returned to the supervision and monitoring sector. This includes an inquiry about a few specific aspects, including a part on the AML/CFT measures adopted by the bank (for example: Electronic transfers, PEPs, relationship with CANIF), and in the light of the data mentioned in the questionnaire, the banks inspectors insert such data in a matrix, which would determine the bank rating based on the level of risks it represents, on a scale of 0-4 (0 very low, 1 low, 2 moderate, 3 satisfactory, 4 very satisfactory) and the general bank inspection plan is designed accordingly. Until the end of 2015, 6 banks were rated as satisfactory and 9 as moderate.

#### **Risk-based Supervision of Compliance with AML/CFT Requirements**

326. The Central Bank of Mauritania conducts on-site, and off-site supervision of the various activities carried out by banks, micro-finance institutions and exchange companies. And in the context of supervising the implementation of AML/CFT measures, the matter is only limited to an on-site supervision of banks, in the context of the general inspection they are subjected to, where the attention is focused only on the basic issues.

327. There is no methodology to inspect the AML/CFT measures implemented by banks, whereas the matter was only limited to the verification of the accuracy of the data mentioned in the responses to the questionnaire which were submitted by the bank, and these are insufficient measures.

328. The Central Bank officers stated that AML/CFT inspections in the banks are conducted, at the request of CANIF or in case of suspicion, and the assessment team was not provided with any inspection mechanism and measures or the methodology used to this end..

329. The formal exchange sector is a developing sector facing significant challenges, namely the competition with the informal sector; the supervision of the sector in the AML/CFT field in particular is extremely weak, since the Central Bank of Mauritania conducts on-site inspections of exchange offices which is widely general, and its main target is to examine the situation of the sector as to the conduct of the activity. The inspection items draw upon the following:

Criterion	Score
Declared headquarters of the company	1
AML/CFT measures	2
General manager of the company who is licensed by the Central Bank	2
Status of the Monetary Fund, customer area, and easy access to the company	1
Currency rate electronic display panel	0.5

330. After the examination, the companies were divided into three types:

- Exchange offices which observe most of the criteria and which represent 65% of the sector.
- Exchange offices which exist but do not carry out the currency exchange activity under the pretext of heavy expenses and they represent 13%.
- Exchange offices which do not exist in reality, and it was impossible to contact them and they represent 22%

331. After conducting inspection, inspectors suggested to withdraw the license from the third category of companies, grant the second an additional period of time and support the first. However, the assessment team was not informed about whether the license was withdrawn or not.
332. Regarding the AML/CFT item which is listed on the agenda of exchange office inspections, 16 companies were rated (1 to 2), while 7 were rated (0 to 2).
333. The number of inspectors at the Central Bank is around 34, which is significant but more than 40% of them have recent experience (14 started work in 2014), Therefore, the inspection team may have difficulties considering the quantity and variety of the institutions subjected to the supervision of the Central Bank. Inspectors attended an AML/CFT training organized by the IMF from 15/07/2014 to 16/10/2014, after which, they initiated missions of inspection at banks, with a view to benefiting from the training in practice; however, the level of awareness and knowledge of the AML/CFT criteria is still limited, in addition to the difference between the expertise of inspectors.
334. The officers at the Central Bank of Mauritania and the Mauritanian Postal Company stated that only the Post is subjected to an on-site supervision performed by the Central Bank, where the Postal Company underwent an inspection during 2015 for a period of one week, and the inspection covered the applications for opening accounts for large operations; however, the basis upon which the Central Bank conducts the inspection of the Postal Company was not indicated, since the Postal Company is administratively related to the Ministry delegated by the Prime Minister who is in charge of modernizing the management and the information and communication technologies and is not fully subjected to the Central Bank supervision. On this note, article 6 of decision No.0136/2009 states that the financial services regulation and monitoring authority at the post has the power to impose administrative and disciplinary sanctions, and there is no inspection mechanism in place. Moreover, even though the on-site visit was made at the end of 2016 and the said inspection conducted during 2015, the post does not have AML/CFT policy or procedures in place, and the assessment team considers that the Mauritanian Postal Company has no AML/CFT supervisory measures.
335. The number of inspectors in charge of supervising insurance companies is around 4 and no AML/CFT instructions were issued to insurance companies. Similarly, there are no off-site or on-site supervisory measures conducted to monitor insurance companies for compliance with AML/CFT requirements.
336. DNFBPs are not different than insurance companies except that not all these professions are counted, and their supervisory authorities are not determined, and no off-site or on-site inspections are conducted to monitor compliance with the AML/CFT requirements.
- Remedial actions and effective, proportionate, and dissuasive sanctions**
337. The Central Bank does not provide sufficient feedback, where it was found, during the on-site visit that banks are not provided with the inspection report and it appeared that, after the end of the inspection, the Central Bank might just hold a meeting with the officers of banks to discuss the deficiencies and to request the implementation of corrective actions. An inspector at the Central Bank also stated that he has no knowledge of the fate of the report, but only that it is submitted to the governor of the Central Bank.
338. Regarding sanctions, the Central Bank of Mauritania has the power to impose sanctions, given that when a banking institution fails to observe the due diligence and customer identification requirements, as stipulated by the AML/CFT law, it shall be subjected to a sanction ranging between MRO 1 and 5 million (USD 2840-14200 approximately)
339. In August 2016, the Central Bank imposed financial sanctions on three FIs (totaling MRO 4 million, USD 11.360 approximately), for failure to observe the due diligence requirement, and it

appears that this sanction was not dissuasive considering the amount of the penalty. In December 2014, the Central Bank issued decisions to withdraw the license of 8 micro-finance companies and these decisions do not appear to have been adopted because of the weakness or non-compliance with AML / CFT requirements but may be for other reasons.

340. In general, it did not appear for the assessment team, during the on-site visit, that the Mauritanian authorities are implementing corrective actions and/or effective, proportionate, and dissuasive sanctions against FIs or DNFBPs in the AML/CFT field.

**Supervisors ability to demonstrate that their actions have an impact on compliance by FIs and DNFBPs.**

341. The Mauritanian authorities did not demonstrate that their actions impact the level of AML/CFT compliance by FIs and DNFBPs, nor did they demonstrate that supervision and monitoring of such sectors have improved compliance with these requirements and discouraged attempts by criminals and their associates to abuse these sectors.

342. It's difficult to determine that measures taken by competent authorities and supervisory have an impact on the compliance of FIs and DNFBPs on their obligations of AML/CFT. The Central Bank conducted inspections which resulted in the detection of deficiencies related to CDD measures. During a visit to FIs, the assessment team found that the measures and actions taken by banks are weak, or even inexistent in insurance, post, and the DNFBP sectors. In addition, the Mauritanian authorities did not present any relevant case studies.

**Promoting a clear understanding of AML/CFT obligations and ML/TF risks**

343. After the issuance of the AML/CFT law in 2005, the Central Bank of Mauritania issued several AML/CFT instructions and guidance regarding the implementation of due diligence measures in the AML/CFT field, the identification of customers and PEPs and the obligation to report suspicious transactions. On the other hand, the authorization which enables the governor of the Central Bank of Mauritania to issue AML/CFT instructions to FIs or DNFBPs which are not primarily subjected to the supervision of the Central Bank, was not clear, in addition to the unclear extent to which such instructions are binding upon the entities for which they are issued.

344. On the same note, the Central Bank of Mauritania issued joint decisions with many ministries and governmental agencies regarding the implementation of due diligence measures in the AML/CFT field, such as customers identification, record keeping, suspicious transactions reporting by other FIs (post and insurance companies) and DNFBPs.

345. The assessment team reviewed the detailed and updated guidance and found that they need more development in order to clarify the details of AML/CFT requirements to subjected persons and concerned and competent authorities. Such guidelines, issued by the Central bank, CANIF or other ministries, need to be reviewed and updated to be in line with the international AML/CFT standards.

346. Despite the formation of CANIF, whether through the Orientation and Cooperation Council or the Operations Unit, it is supposed to contribute to enhancing cooperation and coordination between all parties of the AML/CFT system, in general; however, during the on-site visit, the assessment team found that cooperation between CANIF and supervisory authorities, particularly in the context of promoting the understanding of AML/CFT obligations and risks does not meet the level that allows to overcome the AML/CFT challenges in Mauritania.

347. **Overall conclusion on IO.3: For the above-mentioned reasons, the level of effectiveness is low.**



**Key Findings and Recommended actions:**

**Key Findings:**

- Mauritania has not yet conducted a risk assessment to establish regulatory and comprehensive measures and identify ML/TF risks associated to legal persons and arrangements or to prevent the misuse of legal persons and arrangements for ML/TF operations.
- Since there is a lack of understanding of the beneficial owner concept, the Mauritanian authorities consider the partners who are recorded in the “commercial register” as the beneficial owners of legal persons, and they do not verify whether there are other individuals who control the legal person.
- The Mauritanian law determined sanctions against persons who do not comply with the legal obligations requiring the provision of correct information when registering a legal person; however, the sanctions determined are not effective, proportionate and dissuasive.
- Absence of statistics on the number of legal persons since they are not registered, completely, by using electronic systems.
- "Trusts" and other legal arrangements of similar nature cannot be created, under the Mauritanian law, however, foreign trusts registered abroad can exercise commercial activities in Mauritania

**Recommendations:**

- Mauritania should assess and identify the risks and vulnerabilities associated with the misuse of legal persons and arrangements which can be created in Mauritania or which are being misused for ML/TF purposes and to take appropriate measures to limit the identified risks.
- Mauritania should expedite the computerization of basic Information on the creation of legal persons and making it available to the public.
- Mauritania should establish appropriate measures by which current, accurate and adequate BO information, related to local legal persons and arrangements or created by virtue of a foreign law, can be obtained and made available to the competent authorities; and these measures shall ensure timely access to information by the competent authorities.
- Authorities, FIs and DNFBPs should strengthen their cooperation with the Single Window on BO Information of legal persons.
- Mauritania should establish mechanisms which ensure the absence of violations of the information registration system or the access to the appropriate information including for imposing effective, proportionate and dissuasive on such violators.

348. 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.<sup>2</sup>

**Immediate Outcome 5 (Legal persons and arrangements).**

**Public availability of information on the creation and types of legal persons and arrangements**

349. In general, the Code of Commerce includes information on the legal persons existing in Mauritania, where they are registered at an agency known as the single window (Guichet unique).

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<sup>2</sup> The availability of accurate and up-to-date basic and beneficial ownership information is also assessed by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. In some cases, the findings may differ due to differences in the FATF and Global Forum’s respective methodologies, objectives and scope of the standards.

Such agency is formed of representatives of the commercial court which is in charge of registering legal persons and keeping the records that are included in the articles of association of companies or legal persons. The legal person is recognized only after being registered by the commercial court.

350. The records held by the court include information on the capital and activity of the company, the commercial mortgages and deletion in case the company or the legal person is dissolved, or the term of the legal person has expired.
351. The registration process requires the provision of a variety of information on the legal person, its headquarters, the founders, the nature of activity and the internal bylaw. Officials estimate that the number of commercial registers is around (93) thousand, which makes it difficult to search for information on any commercial register when it is required by any person.
352. In addition, the single window includes representatives of the tax department, the commercial register and the chamber of commerce. The procedures are carried out through the authentication of the articles of association by the notaries, thereby allowing the opening of a bank account and the registration of a tax identification number.
353. The commercial court verifies the legal person information, such as: Verification of the ownership, and mortgages made on the assets, in addition to any aspects preventing the creation of the legal person. It is worth noting that the authorities do not have an adequate understanding of the BO concept due to the absence of detailed procedures and guidelines, therefore, this verification is not sufficient to obtain adequate, accurate and current basic and BO information.
354. The country did not provide the team with any statistics on the number of legal persons in Mauritania, during the on-site visit, except for the number of non-profit associations which reached 9268 associations and cooperatives, including 4760 associations engaged in the social field. It is worth noting that the assessment team has not perceived the existence of an electronic registration system.
355. In general, the Mauritanian law allows to peruse information on the commercial register of any legal person recorded in the country, but this is not done through an electronic portal or other electronic means and tools which enable public availability of information. The authorities stated that a project is being prepared with the World Bank and it consists of entering information on the commercial register of legal persons into an electronic software which would enable, in the future, to smoothly and swiftly access information on the commercial register and to make it publicly available.
356. The Mauritanian Chamber of Commerce, Industry and Agriculture delivers attestations of registration in the commercial register for any person, whereas the Chamber of Commerce is cooperating with the single window and this cooperation is primarily reflected in the centralization of information related to the attestations and to legal persons.
357. It is worth noting that the representatives of the single window that the team has met stated that they did not receive any request for information on the commercial register from any person, whether this person is from the private sector or from law enforcement agencies.
- Identification, assessment and understanding of ML/TF risks and vulnerabilities of legal persons**
358. Mauritania did not conduct the NRA process, nor did it assess the risks related to legal persons, in addition to the identification, assessment and understanding of vulnerabilities, and no assessment process, which enables to judge the extent to which legal persons in Mauritania are being misused or not, or used for AML/CFT purposes, was conducted.
359. In 2016, Mauritania launched a program where they conducted a comprehensive survey in the country in order to prepare a dynamic database on the active organizations. (See IO.10).

360. To understand non-profit associations sector, the country has formed a network of civil volunteers from all the provinces and municipalities to collect information on associations and verify the information held by the authorities. However, this program does not include any significant activities related to ML/TF risk assessment.

**Measures to prevent the misuse of legal persons and arrangements**

361. Mauritania did not conduct a comprehensive ML/TF risk assessment for all the types of legal persons and arrangements; it is therefore difficult to determine whether the country has taken appropriate and proportionate measures to mitigate the related vulnerabilities. Nonetheless, the country has some measures in place to prevent criminals from misusing legal persons for ML/TF purposes, as detailed below.

362. Mauritanian authorities believe that legal arrangements are one of the low-risk fields in the country, despite the absence of an analytical study that corroborates this fact, and the absence of provisions preventing legal arrangements, namely foreign, from using the financial sector in Mauritania by opening bank accounts, executing national or international transfers and benefiting from investment opportunities offered by the country in all sectors.

363. In addition, the single window representatives mentioned that they have already conducted an inspection in 2014 which included a visit to (100) legal persons randomly selected among those recorded in the commercial register. However, the team was not provided with the inspection results and did not find that measures were taken to prevent the misuse of legal persons and arrangements.

364. It is worth noting that the articles of association of companies or legal persons are recognized only after being registered by the commercial court; and the procedures are completed by authenticating the articles by notaries, where it is subsequently possible to open a bank account and register a tax identification number. The commercial court verifies the legal person information (verification of the original ownership, and mortgages made on assets, in addition to any aspects preventing the creation of the legal person). The assessment team was not informed of any practical and effective measures regarding verification of beneficial ownership.

365. In general, it is possible to peruse information on the commercial register of any legal person registered in the country; and the attestations of registration in the commercial register which are granted by the Chamber of Commerce, Industry and Agriculture can be obtained by any person.

366. Regarding the banking sector, the banks which the team visited have procedures in place for opening and following up the accounts of legal persons, in accordance with the requirements of the Central Bank of Mauritania, where they verify the identity of legal persons and whether they fulfill the conditions for the creation of companies in Mauritania.

367. However, the team did not make this type of verification, mentioned above, in the insurance sector which is considered a weak sector in Mauritania. Mauritania stated that it is currently restructuring the sector and this process will comprise all the measures related to combating money laundering and terrorist financing.

368. Regarding the NPOs sector, the assessment team was not informed of any practical and effective measures that prevent criminals from misusing NPOs for AML/CFT purposes (See IO 10).

**Timely access to adequate, accurate and current basic and beneficial ownership information on legal persons and arrangements**

369. The Mauritanian law allows the competent authorities to obtain commercial register information, but the information kept at such register is not automated, and does not include any BO information, whereas the commercial register does not seem to keep such information or take any actions ensuring access to BO information.

370. Based on the on-site visit, it appears that the authorities and private sector do not consult the Single Window as regards requests for information on the commercial register.
371. The Single Window estimates that the number of commercial registers is around (93.000), which makes it very difficult to search for information of any commercial register when it is required.
372. The authorities indicated that FIs and DNFBPs could obtain information through requests sent to the Central Bank or any other entity in Mauritania. However, the identification of the BO in banking sector is considered difficult due to the lack of understanding of BO concept and absence of detailed guidelines in this subject. As for DNFBP sector, absence of supervisory and monitoring authorities for most of these sectors makes access to BO information difficult or almost impossible.
373. Therefore, Mauritania does not have any adequate or current BO information and it is not obtained in a timely manner, consequently, the authorities are not able to identify/verify and obtain adequate beneficial ownership information in a timely manner.
374. Regarding legal arrangements, they are not operated according to the Mauritanian law. However, basic BO information can be obtained, if a legal arrangement holds a bank account or has access to other available financial services, through the Central Bank of Mauritania, and information held by FIs. It appears, during the on-site visit and interviews with FIs, that there is no bank account opened for legal arrangements. Concerning DNFBPs, beneficial ownership information could not be obtained easily, through information held by DNFBPs for the same reasons mentioned above.
375. The assessment team was not provided with any information or informed about any measures that enable competent authorities in Mauritania to timely access adequate and accurate basic information on BO of legal persons created by virtue of a foreign law.
376. As a result, the competent authorities have limited capacity to access information on local legal persons and are not able to access information on legal persons created by virtue of a foreign law. Even though some information is available at the single window and FIs, the assessment team could not conclude that the competent authorities are able to timely access adequate and accurate basic information on BO of legal persons.
- Effective, proportionate and dissuasive sanctions:**
377. The Mauritanian law determines sanctions against persons who do not observe nor implement legal obligations requiring the provision of correct information when registering a legal person; however, the sanctions applied are not dissuasive, whereas a penalty ranging between MRO 10.000 (around USD 30) and MRO 50.000 (USD 150) or the imprisonment for one month is applied.
378. In addition, the authorities did not provide any information on the sanctions which have been already applied against legal persons, employees or directors for breaching the requirements imposed on them; and the assessment team has not been informed of any inspection and monitoring conducted (and consequently, sanctions imposed) on FIs and DNFBPs, regarding the implementation of due diligence requirements with respect to the BO of legal persons.
379. **Overall conclusion on IO.5: For the above-mentioned reasons, the level of effectiveness is low.**

### **Key Findings and Recommended actions**

#### **Key findings:**

- International cooperation between the competent authorities in Mauritania and their counterparts, is limited and restricted to requests for legal assistance received through the Ministry of Foreign Affairs, the processing of which is slow, in addition to the unclear administrative mechanisms and procedures to meet the appropriate deadlines.
- The Mauritanian authorities do not use mechanisms for international cooperation to exchange information between the competent and supervisory authorities for AML/CFT purposes.
- The number of international cooperation requests is low compared to the risks of the country. As a result, Mauritania is not using effectively international cooperation to pursue criminals and their assets.
- Financial, technical and human resources are insufficient to respond to requests for assistance in a timely and qualitative manner, whereas the administrative routine and the conventional work predominate such requests, which is inconsistent with the security challenges and the risks imminent to the country and the region, namely the response in a timely manner and in the required quality.

#### **Recommended actions:**

- The Mauritanian authorities should make optimal use of the various forms of international cooperation by all the authorities in Mauritania to pursue criminals and their assets and to investigate ML/TF cases, including MLA, extradition and exchange of information at the level of the competent and supervisory authorities and reinforce coordination among them.
- The Mauritanian authorities should establish controls, mechanisms, procedures and guidance that help provide MLA and extradition, in a timely manner.
- The Mauritanian authorities should maintain statistics on international cooperation and establish a system to follow up the requests made and received, including specific statistics on matters relevant to ML/TF cases, this could be through the development of an information technology tool to simplify the collection of relevant statistics, including statistics on predicate offenses.
- Mauritanian authorities should establish the administrative mechanisms and determine the time taken to respond to requests.
- The Mauritanian authorities should pursue the establishment of appropriate bilateral and multilateral mechanisms to enable the exchange of information and the provision of other forms of cooperation by signing MOUs between the various competent authorities and their counterparts and giving effect to such MOUs in practice.
- The Mauritanian authorities should issue the necessary provisions to enable law enforcement authorities to form national and international joint investigative teams to conduct investigations for AML/CFT purposes.
- The Mauritanian authorities should develop awareness and training programs on international cooperation for all the national authorities in the AML/CFT field, including the Ministry of

Foreign Affairs, the Ministry of Justice, CANIF and other stakeholders.

- The Mauritanian authorities should join the Egmont Group, and should give effect to the MOUs signed by CANIF, in order to promote its role in international cooperation at the operational level.
- The Mauritanian authorities should provide financial and technical capacities and human resources regarding the follow-up of international cooperation requests and prompt response by all competent authorities.

380. The relevant Immediate Outcome considered and assessed in this chapter is IO.2. The Recommendations relevant for the assessment of effectiveness under this section are R.36-40.

**Immediate Outcome 2: (International Cooperation)**

381. The Republic of Mauritania and other countries are cooperating on a bilateral basis and according to conventions signed and to which Mauritania became a party.

382. Regarding international cooperation, the assessment team received information from 15 members from the FATF Global Network, 10 of which have had no international cooperation with Mauritania. Two MENAFATF countries stated that there is continuous cooperation in extradition, and exchange of information through the Arab and International Police Department. 3 countries from other FSRBs mentioned that there is cooperation with Mauritania.:

**Providing constructive and timely MLA and extradition:**

383. The Ministry of Justice is the authority in charge of executing requests for legal assistance with respect to ML crimes and extradition requests received by the Ministry of Foreign Affairs through diplomatic ways and forwarded to the Republic attorney general or competent authorities in accordance with the applicable administrative principles.

384. The following is a table of the requests received with regard to the ML/TF offense for 2010-2014.

	Date(*)	Requesting country	Type of requests (**)	Latest action
1	05/05/2010	France	Fraud and money laundering by an organized band	Executed
2	07/08/2011	Tunisia	Corruption	Executed
3	15/02/2012	France	Corruption	Executed
4	01/07/2012	France	Corruption in the private sector	Executed
5		Ivory Coast	Corruption	Executed
6	03/06/2014	Algeria	Money laundering within an organized criminal group.	Executed
7	05/12/2011	Algeria	International letter rogatory on persons implicated in terrorist acts issued by Algerian courts	Executed
8		Kingdom of Morocco	A letter rogatory about the military investigation judge at the Moroccan Military Court to hear a Mauritanian citizen who is the owner of a shop at the Mina Market	Under completion
9	26/04/2014	Germany	Terrorism	Executed
10	04/02/2014	France	Terrorist financing	Executed
11	15/04/2014	USA	Terrorism	Executed

(\*) It appears that information is outdated but the team could not get recent statistics

(\*\*) It should be noted that no information is available regarding the type of assistance requested.

385. According to the table above, the limited number of these requests received from some neighboring and remote countries is noticed, whereas the number of requests received reached eleven, one of them still under completion. One of these requests was made in 2010, two in 2011, two in 2012, and 4 in 2014, while the authorities did not mention the dates of two other requests; which indicates that Mauritania executed most of the requests received, and the average number of requests made per year is 2 and the number of requests ranges between zero and four per year.
386. The assessment team also noticed that there are no time controls for processing requests, or specific mechanisms for controlling the work method and determining the progress of each request. The table also shows that the dates of receipt, execution and closure of the case are not mentioned; therefore, the assessment team was not able to measure the time taken to process a particular request for international cooperation, but the team concluded, in the light of the interviews made with the authorities, that Mauritania executed most of the requests. It is worth noting that there is no case management system in place or procedures for the timely execution and prioritization of this type of requests. In addition, the assessment team was not provided with any guidelines that would facilitate the work.
387. The number of requests for extradition, provided by the country, is 3 requests for extradition of Mauritanian citizens submitted to the Moroccan authorities in 2016, without specifying the outcome of these requests. The number appears to be small compared to the risks posed by the geographical location of the country.
388. Despite the request made by the assessment team during the on-site visit, the Mauritanian authorities did not provide it with any information related to the rejection of executing international cooperation requests sent to or made by the Mauritanian authorities.
389. Notwithstanding the existence of the legal framework, the financial, technical and human capacities regarding the follow-up of international cooperation requests and the prompt response to them are clearly weak (public prosecution and other competent authorities), whereas there is a weakness in training and in providing guidance. In addition, there is no system that enables the tracking of the requests, whereas the administrative routine and the conventional work predominate in the processing of such requests, which is inconsistent with the security challenges and the risks imminent to the country and the region, which require a timely and quality response.
- Seeking timely legal assistance to pursue domestic ML, associated predicate and TF cases with transnational elements**
390. Despite the request made by the assessment team, the Mauritanian authorities did not provide it with, or informed it of the number of international cooperation requests sent by the Mauritanian authorities and whether they were executed or not.
391. Only one request sent to Senegal was mentioned and this may be due to the same reasons mentioned above (i.e. lack of procedures, lack of a tracking system, etc.).
392. During the on-site visit, the Mauritanian authorities did not provide the assessment team with samples and examples on cases related to assistance requests made by Mauritania to other countries with respect to ML/TF offense to obtain legal assistance appropriately and in a timely manner.
393. In short, Mauritania is not using international cooperation to pursue criminals and their assets, nor did it request MLA and extradition from other countries, in a way that would ensure the proper use of the international cooperation tool in ML/TF investigations.

**Seeking and providing other forms of international cooperation for AML/CFT purposes:**

• **Law enforcement authorities and security agencies:**

394. Regarding security agencies and law enforcement authorities, despite the request made by the assessment team, it was not provided with information on bilateral exchange of information with counterpart security agencies, namely information on law enforcement for AML/CFT purposes; however, it is worth noting that there is an exchange of information within the scope of the Interpol National Bureau, where the number of correspondences received reached 3950 requests and those sent 1233, during the period from 2013 to 2015. They are detailed in the following table:

Year	Received	Sent
2013	593	203
2014	1678	482
2015	1679	548
<b>Total</b>	<b>3950</b>	<b>1233</b>

395. It should be noted that the assessment team was not provided with further information about the above-mentioned correspondences and whether they are related to ML/TF or they are of a general nature.

• **The Central Bank of Mauritania:**

396. The Central Bank of Mauritania cooperates with the Union of Maghreb Banks, whereas, in 2016, Mauritania was nominated as general secretary of the Union of Maghreb Banks (Union des Banques Maghribines), aiming thereby to create a framework for cooperation, exchange of expertise and training. Mauritania is also a member of ORAGROUP which is a group of observers and supervisors which works in the cooperation context, as regards supervision and monitoring of banking groups.

397. The assessment team was not provided with any statistics showing the effectiveness of cooperation in the exchange of information at the supervisory level.

• **CANIF and counterpart FIUs:**

398. CANIF is not a member of the Egmont Group. It has signed many MOUs for the exchange of information with counterpart FIUs of the United Arab Emirates, France, Senegal, Algeria, Niger and Morocco. The Mauritanian authorities pointed out that MOUs legally empower and enable them to exchange information with counterpart FIUs until they join the Egmont Group, however, such MOUs remain formal, and need to be given effect in practice, so that the authorities can strengthen international cooperation for Mauritania.

399. During the on-site visit, the assessment team perceived the weak international cooperation at CANIF, whereas it received 7 requests of information from 4 countries only, since its establishment until 30/12/2016, and it has made only one request in the same period, as detailed hereinafter:

The authority	Requests received	Requests made
France	2	1
The United Arab Emirates	1	-
Senegal	3	-
Others	1	-
<b>Total</b>	<b>7</b>	<b>1</b>



- **The Customs Administration:**

400. The Customs Administration in Mauritania has a department named the Directorate of Legislation and International Cooperation that works within the scope of its powers on managing agreements for cooperation and mutual assistance which are concluded with foreign customs directorates, and commercial agreements and conventions between Mauritania and other countries and international organizations. It also ensures the implementation of the customs requisites for the files related to bilateral and multilateral agreements and to the regional and international organizations which Mauritania is a member of.

401. The Customs presented to the team brief cases studies on the aspects of cooperation between Mauritania and other countries.

402. Mauritanian Customs signed cooperation agreements with its counterparts in Tunisia, Algeria, Morocco, Senegal, Mali and Niger, but the area and subjects of cooperation were not clear in these agreements. In addition, the assessment team was not provided with statistics on the cases of exchange of information which took place in application of these agreements.

403. The authorities did not submit any statistics showing the willingness and capacity of the country to provide assistance at the international level.

**International exchange of beneficial ownership information of legal persons and arrangements**

404. Notwithstanding the existence of a legal framework which allows Mauritania to request beneficial ownership information through requests for information made to reporting entities, namely the banking sector, in addition to the possible outreach with other competent authorities, namely the single window in charge of company registry, it was noticed, during the on-site visit, that there is no effective cooperation with the private sector (see IO.6) or with the single window and the remaining entities in terms of the beneficial ownership identification.

405. Therefore, Mauritania does not have any mechanisms that enable timely access to adequate and current information on beneficial ownership of legal persons and arrangements and to respond to foreign requests for cooperation as required.

406. The assessment team was not provided either with any statistics proving that the competent authorities have made or responded to requests for international cooperation on the identification and exchange of basic and beneficial ownership information.

407. **Overall conclusion on IO.2: For the above-mentioned reasons, the level of effectiveness 2 is low.**

## Technical Compliance Annex

This annex provides detailed analysis of the level of compliance with the FATF 40 Recommendations in their numerical order. It does not include descriptive text on the country situation or risks and is limited to the analysis of technical criteria for each Recommendation. It should be read in conjunction with the MER. Where both the FATF requirements and national laws or regulations remain the same, this report refers to analysis conducted as part of the previous Mutual Evaluation in 2006 available at <http://www.menafatf.org/information-center/menafatf-publications/mutual-evaluation-report-mauritania>

### **Recommendation 1 - Assessing risks and applying a risk-based approach**

1. The requirements mentioned in this Recommendation were added to the latest update of the FATF Recommendations made in 2012; therefore, the compliance of Mauritania with such requirements was not assessed in the first round of the mutual evaluation conducted in 2006.
2. **Criterion 1.1: (not met)** Mauritania has not identified or assessed the ML and TF risks at the level of the Republic.
3. **Criterion 1.2: (mostly met)** Mauritania determined a mechanism to coordinate the measures for risk assessment, whereas the Prime Minister issued decision No. 994/P.M. on 21/11/2016, regarding the establishment of an inter-ministerial committee to follow-up NRA process at the national level and the mutual evaluation of the National system for Combating ML and TF chaired by the Prime Minister, provided that the Orientation and Coordination Council (steering committee) at the CANIF shall be appointed as inter-ministerial technical committee which assists the above-mentioned inter-ministerial committee.
4. **Criterion 1.3: (not met)** The Mauritanian authorities have not updated the risk assessment process, whereas they have not initiated, even until the end of the on-site visit, actual procedures for the NRA process and they have never conducted such a process before.
5. **Criterion 1.4: (not met)** There are no mechanisms that allow to provide all the competent authorities, the self-regulatory entities, FIs and DNFBPs with the appropriate information on the results of the risk assessment process.
6. **Criterion 1.5: (not met)** Mauritania is not applying the risk-based approach which would allow it to allocate resources and implement measures to prevent or mitigate ML/TF risks.
7. **Criterion 1.6: (not applicable)** Mauritania has not decided not to apply some of the FATF Recommendations requiring FIs and DNFBPs to take certain actions because it has not initiated the NRA process.
8. **Criterion 1.7: (not met)** Mauritania has not identified higher risks to ensure that the AML/CFT regime addresses such risks; this is due to the failure to initiate the NRA process.
9. **Criterion 1.8: (not applicable)** Mauritania has not allowed simplified measures for some of the FATF Recommendations which bind FIs and DNFBPs to take certain actions.
10. **Criterion 1.9: (not met)** Supervisors and SRBs do not ensure that FIs and DNFBPs implement their obligations under Rec.1, since the NRA process has not been initiated yet.
11. **Criterion 1.10: (not met)** The Mauritanian authorities have not required FIs and DNFBPs to take appropriate steps to identify, assess and understand their ML/TF risks.
12. **Criterion 1.11 (a, b, c): (not met):** There is no obligation requiring FIs and DNFBPs in Mauritania to have policies, controls and procedures approved by senior management to enable them to manage and mitigate the risks identified; therefore, the implementation of such controls is not monitored nor are they enhanced. No enhanced measures are taken to manage and mitigate the risks when high risks are identified. The matter was limited to the issuance of general instructions to give attention to ML/TF risks and to customers exposed to risks due to their profession, in addition to the failure to initiate the NRA process.
13. **Criterion 1.12: (not applicable)** Mauritania did not allow FIs and DNFBPs to take simplified measures to manage and mitigate the risks when lower risks have been identified.

14. **Weighting and Conclusion:** The administrative mechanism which determines the governmental structures responsible for studying, identifying and assessing ML/TF risks was put in place, but the executive steps were not initiated to collect the necessary data for the analysis, identification and understanding of the national sectorial risks, in addition to the absence of national policy and strategy on the combating of ML and TF, which impedes the comprehensive understanding of risks. Furthermore, there is no obligation requiring FIs and DNFBPs to apply the risk-based approach which comprises the decrease of risks or which allows to take simplified measures.
15. **For these reasons mentioned above, Mauritania is non-compliant with Recommendation 1.**  
**Recommendation 2 - National cooperation and coordination**
16. In 2006, Mauritania was rated “Partially Compliant” with Recommendation 31, as its deficiency was the absence of effective implementation of government cooperation mechanism, except the CANIF.
17. **Criterion 2.1: (not met)** Mauritania did not establish AML/CFT national policies which take into account the identified risks, whereas none of the risks in the country were identified, even after the end of the on-site visit, and the Mauritanian authorities stated that a national policy was set for fighting ML /TF; however, the decree on the regulation of the CANIF does not include any policy. In addition, Mauritania did not finish the assessment of ML/TF risks at the level of the Republic.
18. **Criterion 2.2: (not met)** Mauritania did not nominate an authority or set a coordination mechanism in charge of the AML/CFT national policies.
19. **Criterion 2.3: (not met)** It does not appear that there are mechanisms at the level of policy setting that enable the entities in charge of setting policies, the FIU, the law enforcement authorities, the supervisory authorities and other related competent authorities to cooperate and coordinate with each other locally on developing and implementing policies and activities aimed at fighting ML/TF.
20. As to the existence of similar mechanisms at the operational level, it was found that there is a cooperation mechanism locally which grants operational powers and which comprises high-level officers from higher authorities, but not all the parties (such as the insurance supervisory entities) are represented in it, where article 5 of decree No. 2006/43 issued by the Council of Ministers on 18/5/2006 regarding the functions of CANIF required the establishment of the Orientation and Coordination Council (steering committee) which includes representatives of the Central Bank of Mauritania, the Ministry of Justice, the Ministry of National Defense, the Ministry of Interior, Post and Telecommunications, the Ministry of Finance and the Ministry of Foreign Affairs and Cooperation. Article 4 of the said decree also determined the functions of the Orientation and Coordination Council consisting of studying programs to combat ML/TF, preparing instructions, proposing legislative, regulatory or administrative reforms, preparing studies and studying cooperation agreements. Nonetheless, the foregoing does not meet the level of achieving compliance with the criterion, since the fact that there are coordination mechanisms through the establishment of the Council does not indicate that there is an operational coordination and they have no clear mechanisms and procedures.
21. **Criterion 2.4: (not met)** The competent authorities have no cooperation mechanisms to coordinate the combating of the financing of the proliferation of mass destruction weapons.
22. **Weighting and Conclusion:** The Mauritanian authorities did not initiate the practical procedures for the NRA process, nor did they nominate or determine the entity in charge of setting and establishing national AML/CFT policies. Even if the establishment of the Orientation and Cooperation Council infers that there is a coordination mechanism, it does not however meet the level of justifying that there is a mechanism for operational coordination and no evidence was submitted through the response of the Mauritanian authorities, and it is also criticized for not covering all the sectors, such as the insurance supervisory authority.
23. **For these reasons mentioned above, Mauritania is non-compliant with Recommendation 2.**

### **Recommendation 3 - Money laundering offense**

24. Mauritania was rated partially compliant in 2006 in relation with its compliance with the previous Recommendations (1) and (2), where the deficiencies of Mauritania included, at that time, the inability to prove that it is not necessary to convict or prosecute the perpetrator of the predicate offense in order to prove that the funds are the proceeds of a crime, and the lack of an explicit legal text stipulating that it is possible to prosecute the person for a predicate offense and for a money laundering crime at the same time. Since that time, Mauritania took many legislative steps to address the deficiencies.
25. **Criterion 3.1: (The criterion is mostly met)** According to the Mauritanian law, the ML offense comprises the criminalization of the aspects of ML in many legislative texts, whereas Article 2 of law No. (2016/013) provides for the criminalization of ML. Article 2 (a) of the Law provides for the criminalization of the aspects of “exchanging”, “transferring” or “dealing in” any funds or goods resulting from any felony or misdemeanor aiming at concealing or hiding the illicit source of such funds or goods or at assisting any involved person in evading the legal consequences of his acts. It appears that this paragraph of the law does not comprise the aspect of (transferring illicit funds or goods) as set out in Vienna or Palermo Conventions. Mauritanian authorities believe that the term “dealing in” is interpreted in its general sense, so as it would not mean commercial “dealing”. On the other hand, this paragraph does not include the knowledge of the person that such funds or goods result from any felony or misdemeanor, which would expand the scope of criminal prosecution in money laundering offenses, whereas it shall cover anyone who exchanges or transfers funds without knowing that such funds or goods are the result of illicit activities.
26. Paragraph (b) of the same article includes the hiding or concealing of the nature, origin, placement, disposition, movement or ownership of any funds or goods resulting from any felony or misdemeanor. Similarly, this paragraph does not refer to the knowledge of the person committing the act that such funds are the proceeds of crime. On the other hand, paragraph (c) of the article criminalizes the acquisition, holding, use, and recycling of any funds or goods by a person who knows or suspects that the goods in question result from a felony or misdemeanor and paragraph (c) of article (2) of the law criminalizes the acquisition or holding of funds or goods by a person who suspects that the goods in question result from a felony or misdemeanor, which would render the employees of the FIs liable under the law for receiving funds they suspect that they are funds or goods resulting from a felony or misdemeanor; which would not be consistent with Vienna and Palermo Conventions which include the acquisition or holding of illicit funds knowing that such funds are – upon their receipt – illicit.
27. **Criterion 3.2: (mostly met)** The scope of the predicate offenses of the ML offense is deemed extensive by the Mauritanian Law whereas it covers all types of misdemeanors and felonies. It should be noted that the crime is divided into three parts according to the Mauritanian legal system (violations, felonies and misdemeanors), depending on the type of sanction inflicted for each crime. The perpetrators of felony crimes are punished by imprisonment for a period not less than (11) days and not more than maximum five years (Article 34 of the Mauritanian penal code). As provided for in article (2) of the code, the predicate offenses of the money laundering offense cover all the felonies and misdemeanors in Mauritania; however, the Mauritanian penal code does not refer to insider trading, market manipulation, falsification and piracy of products.
28. **Criterion 3.3 (a, b, c): (mostly met)** Mauritania determines all the felonies and misdemeanors as predicate offenses of the ML offense, whereas the predicate offenses which punishment exceeds (11) days of imprisonment are deemed as predicate offenses of ML offense. In addition, Mauritania does not criminalize insider trading and market manipulation and the Mauritanian penal code does not provide any text on crimes of falsification and piracy of products, insider trading and market manipulation.
29. **Criterion 3.4: (mostly met)** Law No. (2005/48) includes a definition of funds as being funds of any type whatsoever. However, the ML criminalization aspects set out in law No. (013/2016)

included a provision on merchandise but without mentioning any definition, which would cause an ambiguity in terms of application and it does not mention whether the definition of goods is different than the broad definition of funds.

30. **Criterion 3.5: (met)** Law No. 013/2016 stipulated that it is not necessary to convict or prosecute the person who committed the predicate offense in order to consider that the assets are crime proceeds.
31. **Criterion 3.6: (met)** The definition of predicate offenses under the Mauritanian Law comprises all the predicate offenses committed inside and outside Mauritania, as defined in law No. (48/2005); and as mentioned in the MER of Mauritania in 2006, it is considered that the Mauritanian law covers the predicate offenses of the money laundering offense even if such offenses are committed outside Mauritania as long as they constitute predicate offenses of the ML offense according to the Mauritanian Law.
32. **Criterion 3.7: (met)** Article (50) Bis of Law No. 013/2016 stipulated that money launderers shall be punished by the ML offense sanction provided for in the law, in addition to the sanction prescribed for predicate offenses and accordingly, the self-money laundering crime may be criminalized according the Mauritanian legal system.
33. **Criterion 3.8: (met)** Article (2) of Law No. 013/2016 stipulated that it is possible to infer the intent and knowledge required to prove ML from objective and factual circumstances.
34. **Criterion 3-9: (partially met)** The Mauritanian Law punishes a natural person when he is convicted of committing an ML crime with imprisonment from one to five years and with a penalty equaling twice to three times the value of the property or funds involved in money laundering operations. In addition, more sanctions can be imposed, as mentioned in article (47) of the law such as banishment from the country, ban on travel for a certain period, loss of some of the civil rights and others. As included in the Mauritanian penal code, this punishment falls under the category of felony crimes in the Mauritanian law (Article 34 of the penal code). Therefore, the sanctions inflicted on ML crimes cannot be considered proportionate and dissuasive.
35. **Criterion 3-10: (mostly met)** The Mauritanian law subjects the legal person to criminal liability whereas the legal person in the name of which the crime is committed or it was committed by his representative, shall be punishable by a penalty ranging from twice to three times the penalty incurred by the natural person, without prejudice to the conviction of the natural person who is the perpetrator of or an accomplice to the same acts for their criminal liability. It is also possible to impose additional sanctions on legal persons, such as placement under court supervision for a period of five years or more, prohibition from directly or indirectly exercising any activity or professional or social activities through which the crime was committed, whether permanently or for a period of five years or more, the permanent closure or closure for a period of five years or more or dissolution of the entities which were created in order to commit the criminal acts. The article also contains sanctions considered proportionate to a certain extent; however, the law did not clarify whether the legal person is subjected to civil or administrative liability in committing a money laundering offense.
36. **Criterion 3-11: (met)** The Mauritanian law punishes ancillary offenses to the money laundering offense, including attempt and aiding in money laundering, according to article (44) of Law No. (2005/48), and articles (53) and (54) of the penal code set out provisions on the attempt, aiding and participation in the crime, abetting, facilitation and counseling the perpetration of crimes.
37. **Weighting and Conclusion:** The Mauritanian law criminalizes ML, but the criminalization aspects contain many deficiencies related to the criminalization itself, the prescribed sanctions and a number of predicate offenses which are not criminalized under the Mauritanian law.
38. **For the reasons mentioned above, Mauritania is mostly compliant with Recommendation 3.**

#### **Recommendation 4 - Confiscation and provisional measures**

39. During the first round of the mutual evaluation, Mauritania was partially compliant with Recommendation 3 (formerly), where the report referred to the ambiguous wording of various articles of Law No. 2005/48, which justifies the rating of compliance assigned. Since then, Mauritania has taken a few legislative measures to address its deficiencies.
40. **Criterion 4-1 (a b c d):** (met) Mauritania set legislative measures allowing confiscation and provisional measures as set out in law No. 2005/048, where ML was criminalized, under the Vienna and Palermo Conventions, even if the perpetrator of the predicate offense is not under prosecution or conviction; and according to article 1 of the law, the types of property were identified through the following definitions:
- a) Proceeds shall mean any property, funds or economic advantages directly or indirectly resulting from a crime as defined in law No. 2005/048.
  - b) Property: Assets of all types whatsoever: Corporeal or otherwise, movable or immovable, tangible or intangible, fungible or non-fungible, as well as the legal instruments and the documents which prove the ownership of such assets or the related rights.
  - c) Funds: Funds of all types whatsoever, including banknotes, bank cheques, traveler cheques, transfers, shares, bonds, obligations, installments, bank credits, as well as legal instruments and documents or legitimate tools which prove the ownership of such assets or the related interests.
41. Article 47 of law No. 2005/048 stipulates that natural persons who committed violations provided for by the law shall be subject to additional sanctions, including the confiscation of property or materials which were used, or intended to be used, for committing the violation, or the material resulting from it.
42. According to article 53 of the same law, in case of conviction for the violation provided for in articles 2 and 3 which defined money laundering, terrorist act and terrorist financing, confiscation of the property and funds which were used, or intended to be used, for committing the violations as well as the proceeds from these violations will be ordered. In case such funds and property, which should be confiscated, could not be represented, confiscation may be ordered in terms of value.
43. Chapter V of law No. 2005/48 stipulates that the legal persons other than the State may be convicted by confiscating the property which was used or intended to be used for committing the violation or the property resulting therefrom. Article 64 also stipulates, in all the cases of conviction for ML or TF or the attempt thereof, the mandatory confiscation of the following in favor of the State:
- a) The funds and property which are the subject of the violation, including the proceeds and other advantages acquired, the property and values with which they were replaced, regardless of their owner, unless the owner proves that he obtained them by paying a fair price or in return of services which correspond to their value or to any legitimate securities and that he was unaware of their illicit source.
  - b) The instrumentalities used in committing the violation.
  - c) The funds or property used, or intended to be used, for committing the violation.
44. The courts may also order the confiscation of:
- a) The property which is directly derived from the ML/TF violation, the values with which they were replaced and the revenues of such invested funds,
  - b) The property belonging directly or indirectly to a person convicted of money laundering or the financing of terrorism when there are concrete indications that the property derives from the violation for which the person was convicted and that the latter did not prove otherwise.
45. If the said property could not be located among the property of the convicted person, the court shall appraise the property and confiscate its equivalent amount of money. The decision of confiscation shall determine the concerned funds and property and shall set out their definition and location in detail.

46. Article 14 of law No. 2010-035 on the combating of terrorism stipulated that the legal or natural persons convicted of committing terrorist acts shall be punished by the complementary sanction represented in the confiscation of all or some of their property of any nature whatsoever, be it movable or immovable, divisible and indivisible.
47. Articles 28, 29 and 30 of the Anti-Corruption Law No. 014/2016 stipulated that the police officer may, whenever needed according to the research requirements, inspect, by virtue of an order issued by the attorney general, and confiscate the documents and materials which are in the possession of the suspect and which are necessary to establish the violation. The same articles stipulate that the attorney general and the investigation judge, each within his own competence, may order confiscation and freezing for:
- The proceeds of violations provided for in the Anti-Corruption Law.
  - The property, means and materials used for committing the violation.
  - The proceeds of violations provided for in the law and which were merged with the property licitly acquired.
  - The proceeds and all the advantages acquired through these violations and which were converted.
48. Article 30 of the same law stipulates that in all the cases where natural or legal persons are convicted of one of the violations provided for in the Anti-Corruption Law, the competent courts shall confiscate all the property of the convicted person which are generated from the commission of the violations provided for in law No. 2016/014.
49. **Criterion 4-2: (mostly met)**
50. **4.2 (a):** Mauritania did not take legislative measures that enable its competent authorities to identify, trace and evaluate property that is subject to confiscation.
51. **4.2 (b):** Article 59 of the AML/CFT Law grants the competent authorities (without designating them) the rights of reservation of properties and funds related to the violation under investigation in light of the criminal procedure Law. Article 36 of the same law authorizes the attorney general who is notified by the Commission, in the context of objecting against the execution of the operations, to order the freezing of funds, accounts or bonds for a period that shall not exceed 8 days.
52. **4.2 (c and d):** The competent authority may, under the supervision of the attorney general, temporarily guard or hold the funds, and take steps that would prevent or void actions that prejudice the country's ability to freeze or seize or recover properties subject to confiscation, as the Mauritanian legal texts provide for the precautionary measures which are necessary to avoid the disappearance or loss of evidence, proof and crime proceeds at the stage of judicial investigation conducted by virtue of the articles 40, 43 and 59 from the criminal procedures law, and at the stage of CANIF's jurisdiction.
53. In emergencies and serious situations, CANIF may refer the case to the attorney general who shall suspend the execution of the operation and he can issue an order to freeze the funds, accounts or assets for a period not exceeding eight days (article 36).
54. Freezing or seizure can be made through another party and/or without prior notice. The provisions related to seizure were mentioned the law No. 48/2005 (articles 40 and 43) and in the criminal procedures law. Likewise, confiscations are mentioned in articles 47, 60 and 64, knowing that CANIF is in charge of following-up the decisions. The legal order No. 2007/36 issued on April 17, which comprised the criminal procedures in force, provided for the protective seizure until the rendering of the judgment regarding the origin of the asset, which decides the permanent confiscation of the funds.
55. **Criterion 4-3: (not met)** Mauritania has laws that protect bona fide third parties through the possibility of challenging the measures of confiscation, freezing or seizure of funds (articles 43, 53, and 57) as set out in the Mauritanian law No. 48 of 2005. The Mauritanian system also

comprises a mechanism for the partial reversal of the burden of proof as regards providing proof of the origin of suspicious assets (Article 64); however, the time period during which challenge is possible before the ownership is transferred to the State is not clear or known.

56. **Criterion 4-4: (not met)** Article 55 of the same law also stated that the confiscated funds and property shall belong to the State which may transfer them to the anti-organized crimes and terrorist fund or to compensate the victims of violations associated to terrorism or their families and they shall remain deducted from the equivalent value of the legally inalienable rights in favor of others.
57. There is no clear mechanism for the management of the property which was frozen, seized or confiscated and when necessary for the disposal thereof.
58. **Weighting and Conclusion:** It does not expressly appear how the freezing orders issued by the Mauritanian authorities are activated by banks and financial institutions and they do not cover the other remaining concerned sectors. They also do not mention the detailed measures which should be conducted. The protection of bona fide third parties through the possibility of challenging the measures of confiscation and freezing was not achieved since the time period during which challenge was possible before the ownership is transferred to the State was not clear or known. There was no clear mechanism for the management of the property which was frozen, seized or confiscated and when necessary for the disposal thereof.
59. For the reasons mentioned above, **Mauritania is partially compliant with Recommendation 4.**

#### **Recommendation 5 - Terrorist financing offense**

60. Mauritania was rated partially compliant 2006 in relation with its compliance with the SR. II (formerly), where the deficiencies of Mauritania included, at that time, the non-punishment of the attempt of terrorist financing in aggravating situations and the failure to apply the AML/CFT regime. Since that time, Mauritania took many legislative steps to address the deficiencies, the latest being represented by the amendment under law No. 15/2016 amending law No. 35/2010 in order to overcome the deficiencies related to the criminalization of terrorist financing.
61. **Criterion 5.1: (met)** Terrorist financing is criminalized under article (3) of AML/CFT law No. 48/2005 and article (6/6) of law No. 35/2010 on combating of terrorism (amended under law No. 15/2016).
62. **Criterion 5.2: (partially met)** Terrorist financing is criminalized whereas the criminalization aspects set out in the Mauritanian laws included a provision on any person who finances a terrorist, a terrorist institution, or a terrorist act (acts) by providing, raising or managing funds, financial values or property or by giving advices with the aim of using such funds, values or property or by knowing that they are intended to be used, wholly or partially, for committing any of the terrorism acts referred to in the law on combatting terrorism which tackles terrorism crimes; and the financing of terrorism is considered as one of the terrorist crimes aspects and it sets out the sanctions for terrorism and terrorist financing crimes. Nevertheless, the description mentioned in the Mauritanian laws is consistent with the international standards, whereas it comprised the criminalization of the financing of the terrorist individual or organization or the financing of terrorist act, the criminalization of financing through any means used in collecting or providing funds, whether such means were direct or indirect, or the illegitimate intent for the use of such funds. Nevertheless, the provision set out in the law stipulates that the financing should be associated with the intent to commit a terrorist act, which is inconsistent with the requirements of the methodology implemented for the assessment of the criteria in this regard.
63. **Criterion (5.2) Bis: (partially met)** The financing of the travel of foreign fighters is criminalized by combining the wordings of legal provisions set out in article (3) of law No. (47/2005), article (3 and 6/2) of law No. (35/2010) and article (5) Bis of law No. 15/2016. Whereas the financing, support or assistance in organizing the travel of a foreign terrorist fighter to attend a training or to provide training to other fighters with the aim of committing terrorist acts is considered a terrorist crime. It is worth noting that the foreign terrorist fighter is not determined or defined by the law and the law did not indicate whether it covers individuals who travel outside the country



they reside in or hold its nationality with the aim of committing, planning, preparing or participating in terrorist acts.

64. **Criterion 5.3: (met)** The Mauritanian law provides for the expansion of TF offenses notwithstanding the source of the funds used in terrorist financing, whether the source of such funds is licit or illicit.
65. **Criterion 5.4: (Not met)** The Mauritanian law does not stipulate that the actual use of funds for committing or attempting to commit a terrorist act provides a basis for criminalizing the financing of terrorism but on the other hand, the definition of the terrorist financing offense as indicated in criterion (5-2) requires that the financing of persons or a terrorist organization should be associated to the intent to commit a terrorist act (Article 3, AML/CFT law). Thus, terrorist financing is criminalized only when it is linked to a specific terrorist act.
66. **Criterion 5-5: (not met)** The definition of terrorist financing offense whether in law No. (47/2005) or in law No. (35/2010) does not stipulate the possible inference of the necessary knowledge and intention elements to prove the terrorist financing offense from objective factual circumstances.
67. **Criterion 5.6: (partially met)** The natural person is punished for committing a TF offense by imprisonment from (5) to (20) years and by a penalty ranging between one and a half million MRO and 15 million MRO with the possibility of inflicting more stringent sanctions among the sanctions provided for in the criminal code. Even though these sanctions seem proportionate and dissuasive, it can be noted in this regard that there are two sanctions for the same act, which would cause an ambiguity in the application of the sanctions.
68. **Criterion 5.7: (partially met)** Article (60) of law No. (47/2005) provides for sanctions imposed on the legal person which are represented by a penalty ranging between twice to three times the penalty imposed on natural persons and law No. 35/2010 provides for the punishment of a natural person by a penalty ranging between (1.5) million to (15) million MRO (USD 4.254 – 42.540). The Mauritanian law states that the criminal liability of the legal person shall not prevent the possible conviction of the natural person, and a judgment may be rendered to confiscate the funds used or which were used in committing the crime or which would have generated from it, and other additional sanctions; however, the law did not clarify whether the legal person is subjected to civil or administrative liability in committing a TF offense. The criminal sanctions imposed on the legal person in addition to the complementary sanctions are considered proportionate and dissuasive.
69. **Criterion 5.8: (met)** The Mauritanian law (article 49) punishes the attempt to commit a TF offense by imposing the same sanction prescribed for the predicate offense. It also punishes the contribution as an accomplice in the offense, the organization or the counseling of others to commit or to attempt to commit the offense. In addition, it punishes the contribution to the commission of one offense or more of the terrorist financing offenses or the attempt to commit it by a group of persons acting for the same purpose.
70. **Criterion 5.9: (met)** The law stipulates that the TF offense should be considered a predicate offense of the money laundering offense.
71. **Criterion 5.10: (partially met)** The law does not provide for the application of the TF offense, regardless whether the person accused of perpetrating the crime is in the same country or in a country other than the country where the terrorist or the terrorist organization is located or where the terrorist act took place, but the authorities mentioned that the TF offense shall apply according to the Mauritanian law, notwithstanding the location, nationality or residence of the accused person as long as such violation is committed within the Mauritanian jurisdiction.
72. **Weighting and Conclusion:** The criminalization of TF comprises a number of deficiencies related to the criminalization of TF financing in terms of limiting the financing of a terrorist person, a terrorist organization or a criminal act to the intent of using the funds of a part thereof for committing a terrorist act; in addition, the criminalization of financing the travel of foreign fighters comprises a number of deficiencies such as the lack of determination of foreign fighters,

non-inclusion of the criminalization of the financing of travel with the aim of committing, planning, preparing or participating in terrorist acts, and the impossible inference of knowledge from objective factual circumstances.

73. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 5.**

**Recommendation 6 - Targeted financial sanctions related to terrorism and terrorist financing**

74. During the previous round, Mauritania was rated non-compliant in 2006 in relation with its compliance with SR I (formerly), whereas the deficiencies of Mauritania, at that time, were represented by the failure to publish the lists issued regarding Resolution No. 1267 and Resolution No. 1373 and their subsequent resolutions, in addition to the lack of the necessary procedures for the implementation of such resolutions. Mauritania was also rated partially compliant with SR III (formerly) for the lack of clarity and accuracy of the provisions which allow the implementation of Resolution No. 1267 and Resolution No. 1373 and related resolutions. In 2010, Mauritania issued law No. 2010/35 on July 21, 2010 regarding the fight against terrorism, which supersedes and replaces law No. 2005/47 issued on July 26, 2005 regarding the fight against terrorism. In 2016, this law was amended by law No. 2016/15 to address its deficiencies.

**Identifying and designating**

75. **Criterion 6.1 (a, b, c, d, e): (not met)** No competent authority was determined to assume the task of proposing the designation of persons or entities to the United Nations Committees established in application of Resolutions 1267/1989 and 1988, and there is no mechanism for the determination of persons or entities targeted for designation pursuant to the designation criteria provided for by the related UN resolutions. Accordingly, no criterion of proof based on sufficient or sound reasons is applied and no measures for using the standard forms for names listing as adopted by the related Committee are implemented; Also, no related information is provided and no justifying statement containing as many details as possible regarding the basis it drew upon for including the names in the list was submitted, whereas the matter was limited, according to article 3 Bis of law No. 2016/15, on the consultation conducted by the Ministry of Finance with the concerned departments in order to render decisions whether to impose an administrative freezing or to lift the freezing.
76. **Criterion 6.2 (a) and 6.2 (b): (not met)** There is no competent authority to classify the persons or entities which fulfill the criteria provided for by the UN Resolution 1373 or there is no mechanism to determine the persons or entities targeted for classification pursuant to the criteria provided for by the said UN Resolution.
77. **Criterion 6-2 (b): (not met)** There are no systems that enable Mauritania to take fast decisions on whether it is convinced, according to effective national (or transnational) principles, that the request is based on reasonable causes or that there is a reasonable ground to suspect or to believe that the person or entity proposed for determination fulfills the designation criteria mentioned in the UN Resolution 1373.
78. **Criterion 6-2 (d) and 6-2 (e): (not met)** Upon deciding to submit a proposal of designation or not, no criteria of proof based on a reasonable cause or basis is applied, there is no mechanism applied to submit a request to another country in order to activate the procedures set out according to the freezing mechanisms is not clear and there is no detailed mechanism for designation.
79. **Criterion 6-3 (A) and 6-3 (B): (not met)** There are no legal powers or measures (mechanisms) implemented to collect or request information in order to determine the persons and entities, based on reasonable causes or a reasonable ground for suspecting or believing that they meet the designation criteria in order to take a unilateral action against the person (entity) who was determined and whose (proposal of) designation is being considered.

## Freezing

80. **Criterion 6.4: (partially met)** Paragraph 1 of article 3 Bis of law No. 2016/015 stipulates that the funds, financial assets and economic resources owned by individuals or entities listed in the UNSC resolutions lists or in a national list related to terrorism, its financing or the financing of mass destruction weapons shall be subject to immediate administrative freezing by the Minister of Finance. Since there are no detailed measures or mechanisms which clarify the implementation method, it is not clear how the immediate freezing can be applied in the light of paragraph 2 of article 3 Bis of law No. 2016/15 which states that the Minister of Finance conducts consultations with the concerned sectors and it is not clear who are meant by the concerned sectors and the period such consultations will take is not clear either.
81. **Criterion 6.5 (A): (not met)** Paragraph 1 of article 3 Bis of law No. 2010/35 on the fight against terrorism amended by law No. 2016/15 determined the Minister of Finance as a local competent legal authority in charge of implementing and imposing the targeted financial sanctions. Paragraph 2 of the same article also indicates that the Minister of Finance shall, in consultation with the concerned sectors which were not determined, order the immediate administrative freezing for a period of six months which shall be renewable. Paragraph 5 of the said article requires that the procedures and mechanisms of administrative freezing shall be determined in regulatory manners and it did not appear that there are declared procedures for freezing the funds or other assets of persons or entities.
82. Article 3 Bis of the law on the fight against terrorism does not indicate that all the natural and legal persons who are within the borders of the country are required to freeze the funds or other assets of the designated persons and entities, without delay and without prior notice.
83. **Criterion 6.5 (b): (not met)** According to paragraph 2 of article 3 Bis of the law on the fight against terrorism, the Minister of Finance shall, in consultation with the concerned sectors, order the immediate administrative freezing of some or all the funds, tools and economic resources owned by individuals or concerned entities for a period of six months which shall be renewable and this does not include:
- All the funds and other assets indirectly controlled by the designated person or entity and not only those which use is limited to a terrorist act, a conspiracy or a threat in itself,
  - The funds or other assets of designated persons and entities which are fully owned or co-owned or which are directly or indirectly controlled by them and the funds and other assets which are acquired or resulting from funds or other assets owned by designated persons or entities or which are directly or indirectly controlled by them, The funds or other assets of persons and entities who act on behalf or at the direction of the designated persons or entities.
84. **Criterion 6.5 (c): (not met)** It does not appear that there is a prohibition on providing any funds, other assets, economic resources, financial or other related services, whether directly or indirectly, in full or in partnership with others, in favor of the designated persons and entities and in favor of entities owned or directly or indirectly controlled by those designated persons or entities.
85. **Criterion 6.5 (d): (not met)** There are no mechanisms for informing the financial sector and the DNFBPs of the designations. It also appears that there are no clear guidelines on the obligations of the financial institutions and persons or other entities which the targeted funds or other assets are in their possession, when implementing the procedures according to the freezing mechanisms.
86. **Criterion 6. (e): (not met)** FIs and the DNFBPs are not required to inform the competent authorities of any assets frozen or that any procedures were implemented to comply with the prohibition requirements set out in the related Security Council resolutions or the operations which are sought to be conducted.

87. **Criterion 6.5 (f): (not met)** There are no measures for the protection of the rights of bona fide third parties who act in good faith upon the fulfillment of the obligations under Recommendation 6.

**De-listing, release of frozen funds and other assets and authorization to use them**

88. **Criterion 6.6 (a): (not met)** There are no procedures for submitting requests of de-listing to the Security Council Commission in charge of following-up the related sanctions, whereas Paragraph 3 of article 3 Bis of law No. 2010/15 indicates that the Minister of Finance lifts the administrative freezing while paragraph 4 of the same article states that the Minister of Finance consults with the concerned sectors. It is not clear what is meant by concerned sectors in order to lift the administrative freezing. Paragraph 5 of the said article requires that the procedures and mechanisms of lifting the administrative freezing shall be determined in regulatory manners, and it did not appear that there are declared procedures to submit requests for de-listing and for unfreezing the funds or other assets of persons or entities.
89. **Criterion 6.6 (b): (partially met)** Paragraph 3 of article 3 Bis of the law on the fight against terrorism determined the Minister of Finance as a legal authority in charge of de-listing names, releasing funds and other assets which belong to persons and entities designated in the UNSC resolutions or in a national list or which were wrongfully frozen. But there are no procedures or mechanisms implemented for removing those names.
90. **Criterion 6.6 (c): (not met)** There are no procedures that allow for the review of the designation decision before any independent competent court or authority upon request, in the context of the designations set under Resolution 1373 (2001).
91. **Criterion 6.6 (d): (not met)** There are no procedures implemented to facilitate the review by the 1988 Commission according to any directives or measures in force adopted by the Commission.
92. **Criterion 6.6 (e): (not met)** There are no procedures for informing the designated persons and entities of the possibility to have recourse to the Office of the United Nations Ombudsman under Resolutions 1904, 1989 and 2083 in order to accept the petitions for removing the names from Al-Qaida Sanctions List.
93. **Criterion 6.6 (f): (not met)** There are no declared procedures for unfreezing regarding persons or entities bearing the same name or names that are similar to those of the designated persons or entities and which were unintentionally affected by any freezing mechanism.
94. **Criterion 6.6 (g): (not met)** There are no mechanisms to inform the financial sector and the DNFBPs of the delisting and unfreezing cases, and there are no guidelines on the obligations of the financial institutions and persons or other entities to observe the delisting or unfreezing procedure.
95. **Criterion 6.7: (partially met)** Paragraph 5 of article 3 Bis of law No. 2010/15 states that the procedures and mechanisms of freezing and lifting the administrative freezing shall be determined in regulatory manners while respecting the human rights. It does not appear that there are procedures which allow the use of the frozen funds and other assets which were determined as necessary toward paying basic expenses or certain types of charges, expenses, service fees or exceptional expenses, according to the procedures provided for by the Security Council Resolution 1452 and any subsequent resolutions.
96. **Weighting and Conclusion:** In the context of implementing the targeted financial sanctions related to terrorism and its financing, Mauritania just nominated the Minister of Finance as a competent authority to issue and revoke the decisions of administrative seizure, in consultation with the concerned sectors, without determining a competent authority to designate persons or entities for the Security Council Committee which are established for this purpose. In addition, no declared and clear mechanisms were developed to implement the criteria of Recommendation 6.
97. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 6.**

### **Recommendation 7 - Targeted financial sanctions related to proliferation**

98. This Recommendation was added to the international standards (the FATF Recommendations); therefore, Mauritania has not been previously assessed in relation to this Recommendation.
99. **Criterion 7.1: (not met)** Mauritania is not implementing the targeted financial sanctions, in order to comply, without delay, with the UNSC resolutions under chapter VII of the Charter of the United Nations, relating to the prevention, suppression and discontinuance of proliferation and its financing, whereas no procedures or legal rules related to the implementation of such resolutions were issued, except for the amendment issued under law No. 15/2016 on granting the Minister of Finance the power to impose the immediate administrative freezing for a period of six months which are renewable.
100. **Criterion 7.2 (a, b, c, d, e, f): (not met)** According to paragraph (2) of law No. 15/2016, the Minister of Finance shall, in consultation with the concerned departments, order the immediate freezing of some or all the funds, instruments and economic resources owned by individuals or concerned entities for a period of six months which shall be renewable. No competent authorities in charge of implementing and imposing the targeted financial sanctions were determined. And since Mauritania did not issue mechanisms and procedures for freezing, article (2) stipulates that the Minister of Finance may freeze some or all the funds or other assets owned by the designated person and the text does not include a determination of the funds which the designated persons do not directly own or he directly or indirectly controls. Mauritania has no legal text that prohibit persons from providing funds and other assets to persons who are designated in the list, nor does it have any clear mechanisms to inform the financial sector and the DNFBPs of the designations and there are no guidelines on the implementation of the related SC resolutions.
101. **Criterion 7.3: (not met)** Mauritania does not adopt measures to supervise the FIs and the DNFBPs in order to verify their compliance with relevant laws, nor does it determine any enforceable means that govern the obligations provided for in this Recommendation. There are no sanctions on non-compliance with the legal provisions since such provisions are originally inexistent.
102. **Criterion 7.4: (not met)** Mauritania did not develop any declared procedures to submit de-listing requests to the Security Council in the case where designated persons and entities, in the view of the country, do not or no longer meet the criteria for designation.
103. **Criterion 7.5: (not met)** Since there are no legal provisions issued by Mauritania in this regard, there are no legal texts on dealing with the contracts, agreements or obligations stipulated before the date of subjecting the accounts to the targeted financial sanctions.
104. **Weighting and Conclusion:** The deficiencies are clear in this recommendation in the absence of any measures or instructions or mechanisms to apply the targeted financial sanctions related to the proliferation.
105. **For the reasons mentioned above, Mauritania is non-compliant with Recommendation 7.**

### **Recommendation 8- Non-profit organizations**

106. Mauritania was rated partially compliant in relation to SRVIII (formerly) in 2006. The deficiencies were related to the absence of the necessary tangible measures to verify that the funds or other property generated or transferred through non-profit organizations will not be used toward the support of terrorist activities or organizations.
107. **Criterion 8.1: (not met)** (a) Mauritania did not conduct the risk assessment process related to the sector of non-profit organizations, in terms of determining which organization falls under the category of non-profit organizations to which the FATF definition of non-profit organizations applies, and which can be exposed to TF risks due to their activities or competences.

108. (b) Mauritania did not identify the nature of threats the terrorist entities constitute to non-profit organizations which are considered, under the risk assessment, as highly exposed to risks and it was not determined how such entities are being exploited.
109. (c) As mentioned in criteria (a) and (b), Mauritania did not examine the appropriateness of the measures it imposes on non-profit organizations which might be abused to support terrorist financing and to enable such organizations to take proportionate and effective measures to address the identified risks.
110. **Criterion 8.2 (partially met):** (a) Mauritania imposed a number of requirements in law No. (48/2005) in order to promote transparency, integrity and trust of the public in the administrative system and the NPOs administrations, whereas it stipulated a number of requirements relating to the registration of the non-profit organizations as a form of registering associations according to the procedures determined by the competent authorities, provided that the basic registration request comprises the name and surname of the person entrusted with the management of the association, his address and phone number, namely, the president, the vice-president, the secretary general, the members of the board of directors as well as the treasurer. The law also comprised some provisions on the rules governing account keeping, accounting and bank accounts, the submittal of financial statements for each year to the concerned entities within four months after the end of the financial year. It also required NPOs to deposit all the funds they receive as donations in a bank account with an approved banking institution, provided that such associations shall keep a special record stating the amounts of the donation received and its date, the address of the donor, the nature of the donation, in addition to keeping a transaction record for a period of ten years. Furthermore, the joint order No. (640) issued in 2011 sets out a number of provisions related to the procedures governing the conduct of accounting, the management of bank accounts and the receipt and management of gifts. Also, order No. (006) fixes the amounts which should be entered by the non-profit organizations in their records and they shall inform CANIF of them.
111. **Criterion 8.2 (b):** CANIF, the Central Bank of Mauritania and the governmental departments in charge of supervising the associations and have signed a protocol of agreement allowing the signing entities to coordinate and outreach in terms of follow-up and inspection operations, to conduct periodical reviews to obtain the necessary information on the activities of this sector and to make coordinated efforts to train the persons working in the sector in the AML/CFT field in order to protect it from terrorist financiers. However, the assessment team did not peruse this agreement and Mauritania did not provide information on the awareness raising and educational programs conducted by the competent entities and it did not mention whether such programs were aimed at identifying the weaknesses which could be abused by terrorist financiers in associations or any measures can implement to mitigate the risks associated to this sector.
112. **Criterion 8.2 (c):** Mauritania did not provide any information on whether it worked with NPOs on developing and finalizing the best practices to face the TF threats and weaknesses in order to protect this sector against abuse.
113. **Criterion 8-2 (d):** In addition to the requirements provided for in the law in connection with record keeping, recording the dispositions related to the funds received by the associations as donations, informing the Commission of such amounts and crediting them to a bank account held with an approved banking institution, Mauritania took a number of measures aimed at enhancing the process of record-keeping and recording the expenses received from donors.
114. **Criterion 8.3: (not met)** Mauritania did not provide any information on its implementation of the risk-based supervision approach to supervise or monitor associations. In addition, Mauritania did not conduct the TF risk assessment process related to the sector.
115. **Criterion 8.4 (partially met):** (a) The authority in charge of monitoring and supervising associations is unclear in the Mauritanian Law, as law No. (48/2005) did not mention any competent authority in charge of monitoring the compliance of associations with the requirements of this Recommendation, including the risk-based measures being applied to them.

116. **Criterion 8.4 (b):** The law punishes associations with a number of sanctions for violating the obligations provided thereunder, by a financial penalty not exceeding one million MRO (USD 2.837) or a provisional prohibition from engaging in the activities of the association or the organization for a period of twelve months at most. The Minister of Interior may also issue an administrative resolution requiring the provisional prohibition or the dissolution of the non-profit organization according to the provisions of law No. (64/098) and its amending articles.
117. **Criterion 8.5: (partially met)** The protocol signed between the competent authorities (CANIF, the Central Bank of Mauritania and the governmental departments in charge of supervising the non-profit organizations) provides a framework that enables the competent entities to exchange information, and to cooperate and coordinate among the competent entities.
- (b) Mauritania did not provide any information on its experience in the investigation and the ability to examine the NPOs which are suspected of being abused or of supporting terrorist activities or organizations. (c) The competent authorities in Mauritania keep information on the financial operations of the NPOs, whereas CANIF keeps information on the funds received by the associations as donations, in addition to any amounts which reach a threshold fixed by the Governor of the Central Bank of Mauritania. It also requires non-profit associations to submit the accounting records for the financial years of the association and to update the register of the association in case of any change in its administration.
118. (d) The protocol signed between CANIF, the Central Bank of Mauritania and the governmental departments in charge of supervising the non-profit associations provides a framework for the exchange of information.
119. **Criterion 8.6: ( met)** Mauritania responds to the international cooperation requests to obtain information on any non-profit organizations through CANIF, whenever these organizations are suspected of terrorist financing or any other forms of supporting terrorism. CANIF carries out such work notwithstanding the absence of a legal text that grants it such right, through the conclusion of bilateral agreements with foreign counterpart entities.
120. **Weighting and Conclusion:** Mauritania did not assess the associations sector, nor did it determine which association might be exposed to TF due to its activities or competences. It did not determine the nature of threats the terrorist entities constitute or the appropriateness of the measures it takes to prevent the abuse of the sector in terrorist financing operations, nor did it identify the weaknesses of the sector.
121. **For the reasons mentioned above, Mauritania is non compliant with Recommendation 8.**

#### **Recommendation 9 – Financial institution secrecy laws**

122. During the first round of the mutual evaluation conducted in 2006, Mauritania was compliant with Recommendation 4 related to the information secrecy laws.
123. **Criterion 9.1: (mostly met)** The AML/CFT law No. 2005/048 authorizes the competent authorities to obtain information on FIs in order to fulfill their obligations; and article No. 41 of this law expressly prohibits the persons subjected to it from invoking the professional secrecy to challenge the supervisory authorities, including CANIF, or when making the reporting provided for under the said law. On the same note, the professional secrecy may not be invoked in order to refuse to provide the information required by order of a judge in the context of research and investigation of acts related to money laundering and terrorist financing. No customer is allowed to invoke the professional secrecy in order to refuse the reporting of the identity of the owner of the economic right.
124. The documents on the obligation to disclose the identity of customers, as provided for from articles 9 to 13 are referred to the judicial and supervisory authorities and CANIF upon the request of any of them but this does not cover all the competent authorities and the text did not expressly mention the other operational information the cooperation needs (commercial operations, accounts documents and any other information on the transactions).

125. The Mauritanian Law did not oblige FIs to exchange information when it's required by R.13, 16 or 17.
126. It is worth mentioning that article 72 of the legal order pertaining to the regulation of credit institutions authorizes the Central Bank to establish formal relationships with the deposits and post offices supervisory authorities and with foreign banking supervision authorities to exchange information under the seal of secrecy, only for supervisory purposes.
127. On the other hand, articles 44 and 74 of the legal order No. 020/2007 related to the regulation of credit institutions stipulates that; such institutions should put at the disposal of the accounts agents any documents or information upon request. The articles also stipulate that credit institutions and persons working at the central bank and the judicial authority shall not invoke the professional secrecy. Additionally, the articles 49 and 53 of the legal order 06/005/2007 on regulation of Micro-finance entities prohibit such entities from invoking the professional secrecy against persons in charge of inspection and control and against external auditors.
128. Regarding the foreign relationships of CANIF, article 33 of law No. 2005/048 stipulates that CANIF may establish relationships and exchange information with counterpart FIUs in foreign countries which have the same legal status, and which are subject to similar obligations of professional secrecy and which provide the same guarantees for the protection of third parties rights. CANIF can also obtain all necessary information and data at the domestic level to facilitate international cooperation.
129. No explicit text mentions that the provisions of laws related to the respect of freedom and basic rights of persons in terms of processing their personal information impede the lifting of professional secrecy with supervisory and competent authorities, including CANIF.
130. **Weighting and Conclusion:** In general, the legislations of Mauritania related to the confidentiality of the FIs information do not constitute any obstacle in the way of applying the FATF Recommendations by the FIs in the AML/CFT field. However, there is no obligation to exchanging information between FIs when it's required by Rec.13. 16 or 17.
131. **For the reasons mentioned above, Mauritania is mostly compliant with Recommendation 9.**

#### **Recommendation 10 – Customer due diligence (CDD)**

132. According to the mutual evaluation report for Mauritania in 2006 Recommendation 5 is rated non-compliant<sup>3</sup> for the absence of instructions that clarify the conditions of conducting due diligence to subjected sectors, banks, exchange offices and insurance, and absence of provision stipulating the request of information on the reason and nature of the business relationship, in addition to the lack of minimum threshold for the authorized occasional transactions. Also, the anonymous accounts are not explicitly prohibited by law No. 2005/48, and the identification of the legal persons' identity has become more complicated because the commercial register and the registration of companies are not reliable, Absence of the annual balance sheet of the companies, which allows the verification of the consistency of the financial and business operations.
133. **Criterion 10.1:(not met)** Mauritania does not explicitly prohibits maintaining anonymous accounts or accounts with fictitious names, Mauritania also does not require the suspension of dealing with anonymous accounts or accounts with obviously fictitious names.

#### **When is due diligence required**

134. **Criterion 10.2 (partially met) Criterion 10.2 (a):** Article 9 of the AML/CFT law No. 2005/048 required the financial institutions covered by the AML/CFT law to verify the customers identity before starting the business relationship.
135. **Criterion 10-2 (b):** According to paragraph 2 of article 11 (Determination of the identity of occasional customers) of the AML/CFT law No. 2005/048, the financial

<sup>3</sup> Matters that were placed under follow-up until the last FUR on 4/2016



institutions should implement due diligence measures in case of various recurring transactions where the amount of each exceeds or equals a threshold designated by a decision issued by the Governor of the Central Bank.

136. **Criterion 10.2 (c):** The obligation of verifying the identity of the customer and the beneficial owner before and during the establishment of the business relationship with occasional customers was set out in instruction No. 08/ Governor/2009 issued by the Central Bank of Mauritania on 27/12/2009. It is related to the identification of occasional customers engaged in operations exceeding 2 million MRO (the equivalent of USD 6,000 approximately) in a single operation or in several operations that appear to be linked, whereas article 2 of the said instruction provided for the necessity of giving special attention to occasional operations and to any occasional transfer operation.
137. **Criterion 10.2 (d):** Financial institutions are not required to implement due diligence measures when they suspect that a transaction relates to ML or TF, irrespective of any exemption or any designated threshold mentioned elsewhere, according to the FATF Recommendations, whereas the matter was restricted to paragraph 1 of article 11 (Determination of the occasional customers identity) of the AML/CFT law No. 2005/048, where the FIs should determine the identity of occasional customers when they suspect that the funds used in the operation or the attempted operation are linked to money laundering or terrorist financing.
138. **Criterion 10.2 (e):** Financial institutions are not required to implement due diligence measures when they have doubts about the veracity or adequacy of previously obtained customer identification data.

#### **Due diligence measures required for all the customers**

139. **Criterion 10.3: (partially met)** FIs are required to identify and verify the identity of permanent customers of the Mauritanian nationality, whether they are natural persons (holders of national identification cards) or legal persons. There is no obligation requiring the financial institutions to implement the measures of identifying and verifying the identity of foreign customers, whether they are natural or legal persons. On the other hand, law No. 048/2005 did not include a definition of the legal arrangements, nor did it include measures for identifying or verifying if customers are a legal arrangement. Whereas the following was found:
140. Article 9 (Customers identity) of the law No. 2005/048 stipulates that the financial institutions should verify the identity of their (natural or legal) customers before opening an account or establishing a business relationship; while article 11 (Determination of the occasional customers identity) of the same law requires FIs to apply the above-mentioned article 9 when determining the identity of occasional customers. Also, according to the above-mentioned article 9, the identity of the natural person should be established by providing an original and valid national identification card, while a copy of the articles of association and commercial register should be obtained for legal persons.
141. Instruction No.14/The Governor/2008 dated 29/07/2008 issued by the Governor of the Central Bank of Mauritania stipulates that the due diligence principles should be observed by banks and the financial sector. On a similar note, the joint decision No. 136/2009 issued on 18/01/2010, by the ministry modernization, information and communication, and the Central Bank of Mauritania, stipulates that the financial departments at the post offices should observe the due diligence obligations in the context of combating ML and TF. Also, the joint decision No. 138/2009 issued on 18/01/2010 by the Ministry of Trade, Handcraft and Tourism and the Central Bank of Mauritania stipulates that the insurance and reinsurance companies, the insurance and reinsurance intermediaries should observe due diligence in the context of combating ML/TF.

142. **Criterion 10.4: (met)** The last paragraph of article 9 of law No. 2005/048 requires FIs to verify the identity and address of the officers and delegated workers who act for the account of third parties, as required for natural persons, provided that they submit the original documents confirming the delegation of authority or the grant of the power of attorney, as well as the identity and address of the economic right owner.
143. **Criterion 10.5: (partially met)** Article 1 of the (AML/CFT) law No. 2005/048 included definitions such as the definition of the economic right owner which reads as follows: “A person or persons actually benefiting from the operation or from certain funds, including the principal for whom the agent works”. Such definition is not consistent with the definition of the methodology which reads as follows: “the natural person (persons) who actually owns or controls the customer definitely and/or the natural person on behalf of which the operations are carried out. It also includes the persons who own an actual controlling share over a legal person or arrangement”.
144. Article 12 of law No. 2005/48 mentioned that the FI should inquire about the identity of the person who is not acting for his own account, by all the means available; and after the verification, if the FI was unable to comply with the obligations of implementing the measures regarding the determination of the identity according to this law or it has doubts about the identity, it shall refrain from opening an account or establishing or continuing the business relationship; which indicates that FIs are required to inquire about the beneficial owner but this definition is deficient, whereas the definition of the beneficial owner should be amended according to the content of the methodology, and the FIs should be clearly and explicitly required to identify the identity of the beneficial owner and to take reasonable measures to verify it by using information and data obtained from a reliable source, such that the financial institution is satisfied that it knows who the beneficial owner is.
145. **Criterion 10.6: (partially met)** There is no obligation requiring the financial institutions which are subjected to the AML/CFT law No. 2005/48 to understand the purpose and nature of the business relationship or to obtain information related to this purpose, where such obligation was restricted to article 13 (Special monitoring of some operations) of law No. 2005/48 which required the persons subjected to the law to determine the target of the operation and to identify the identity of the persons engaged in it when it is conducted under circumstances of unusual or unjustified complexity.
146. On the other hand, the Mauritanian authorities mentioned that instruction No. 14/The Governor/2008 and article 34 of instruction No. 1/The Governor/2012 required FIs to understand the purpose and nature of the business relationship; however, by examining the said instruction, it could not be concluded that there is an obligation to understand the purpose and nature of the business relationship, in addition, it is not clear whether the above-mentioned orders are binding upon all the institutions subjected to the AML/CFT law, where it is found that instruction No. 1/The Governor/2012 covers credit institutions.
147. **Criterion 10.7 (not met)** Criterion 10.7 (a): Law No. 2005/048 did not include any obligation requiring FIs to implement on-going due diligence measures toward business relationships, including the examination of operations carried out throughout the relationship in order to ensure the consistency of the conducted operations with the information the FI has on the customers, the pattern of their activities and the risks they represent.
148. **Criterion 10.7 (b):** Law No. 2005/048 did not include any obligation requiring FIs to implement on-going due diligence measures toward business relationships, including the verification of documents, data or information obtained through continuously updated and appropriate due diligence measures by reviewing the existing records, namely for high-risk customers.
149. As stated by the Mauritanian authorities, instruction No. 01/The Governor/2012 issued on 07/01/2012 stipulates that the information should be updated and maintained; however, it is found that the said instruction only covers credit institutions and not all the institutions

which are subjected to the AML/CFT law. Furthermore, it is not clear whether there is an obligation requiring the implementation of on-going due diligence measures toward business relationships, including the verification that the documents, data or information obtained through the due diligence measures are continuously updated and appropriate, by reviewing the existing records, namely for high-risk customers.

#### **Due diligence measures for legal persons and arrangements**

150. **Criterion 10.8: (not met)** Law No. 48/2005 did not require the financial institutions subjected to the law to understand the nature and the ownership and control structure of the legal persons business and there is no provision requiring the identification and verification concerning foreign legal persons. The said law did not include a definition of the legal arrangements, and consequently, it does not include measures for the identification or verification of customers, if they are legal arrangements, which means that there is no obligation requiring the FIs subjected to the law to understand the nature and the ownership and control structure of the legal arrangements business.
151. **Criterion 10.9 (not met)** Criterion 10.9 (a) and 10.9 (b) and 10.9 (c): There is no obligation requiring FIs to determine and verify the identity of the customers regarding legal persons or arrangements, through the name, the legal status and the establishment of the incorporation; the bylaws that regulate and bind the legal person or arrangement and the names of the concerned persons who hold senior management positions in the legal person or arrangement; the address of the registered office, and if it was different, the principal place of business, whereas the obligation was restricted to article 9 of law No. 2005/048 requiring the FIs to verify the identity and address of the legal person by submitting the original copy of his articles of association or any document confirming his registration in the commercial register according to the law, and that he is really existing and to verify the identity and address of the delegated officers and workers who act for the account of third parties. In addition, there is no provision on the identification and verification of foreign legal or natural persons who hold senior management positions in the legal person and the law did not include any related definition or measures related to legal arrangements.
152. On the other hand, article 2 of instruction No.15/The Governor/2009 issued by the Central Bank of Mauritania on 27/12/2007 provides for the development of mechanisms for the on-going verification of the natural and legal customers identity, namely through the name, the legal status and the establishment of the incorporation; however, the said article refers to what the AML/CFT program applied by the FIs should contain, particularly the money laundering and terrorist financing policies, the internal control system, the centralization of the data on customers and others and the processing of doubtful operations.. Furthermore, instruction No. 01/The Governor/2012 does not cover all the FIS subjected to the AML/CFT law No. 2005/48.
153. **Criterion 10.10: (not met)** Criterion 10.10 (a) and 10.10 (b) and 10.10 (c): There is no legal obligation requiring the FIs covered by the AML/CFT law to determine and take reasonable measures to verify the identity of beneficial owners of legal persons, where the obligation was restricted, according to article 9 of law No. 2005/048, to the verification by the FIs of the identity and address of the delegated officers and workers who act for the account of third parties.
154. **Criterion 10.11: (not met)** Criterion 10.11 (a) and 10.11 (b): Law No. 48/2005 did not include a definition of legal arrangements, nor did it include measures for the identification and verification of the customers if they are legal arrangements.

#### **Due diligence toward the beneficiaries from life insurance policies**

155. **Criterion 10.12 (not met)** Criterion 10.12 (a), 10.12 (b) and 10.12 (c): As for CDD for beneficiaries of life insurance. Mauritanian authorities state that the use of life insurance policies in Mauritania is very limited and that the concerned entities which offer such product apply the required diligence toward the customers and the beneficiaries; however, there is no

obligation to implement due diligence measures toward the beneficiaries from life insurance policies and other investment insurance products.

156. **Criterion 10.13: (not met)** FIs are not required to consider the beneficiary from the life insurance policy an associated risk factor when determining the enforceability of the enhanced due diligence measures, and the implementation of enhanced measures is not required in case the financial institution came to consider the beneficiary from the insurance as a high-risk legal person or arrangement.

#### **Timing of the verification:**

157. **Criterion 10.14: (partially met)** FIs are required to verify the identity of the customer and the beneficial owner before or during the establishment of a business relationship or the conduct of operations with occasional customers. There is nothing indicating that it is allowed to continue the verification process after the establishment of a business relationship, whereas according to the AML/CFT law No. 2005/48, Article 9 requires the verification of the customers identity before starting the business relationship, while Article 11 of the law requires to conduct a verification in case of suspecting the source of funds or the association of the funds with an ML or TF offense or when the value of an operation exceeds a threshold designated by the Governor of the Central Bank at an amount equivalent to USD 6,000, according to instruction No.8/The Governor/2009. Article 12 of the law mentioned that the beneficial owner should be identified and in case the determination of the identity is not possible or there are doubts about an identity, the FI shall refrain from establishing or continuing the business relationship.
158. **Criterion 10.15: (not met)** Since article 9 of law No. 2005/48 requires FIs to verify the identity and address of their customers before opening an account or to keep the values, bonds or permissions and before assigning them a safe box or establishing any other business relationship.

#### **Existing customers**

159. **Criterion 10.16: (not met)** On July 27, 2005, the AML/CFT law No. 2005/48 was issued, whereas article 9 thereof required FIs to identify the customers before starting a business relationship; however, there is no obligation requiring FIs to implement due diligence measures toward existing customers before the entry into effect of law No. 2005/48. On the other hand, there is no obligation to conduct customers due diligence measures based on materiality and risk, or to conduct due diligence measures on existing business relationships at appropriate times, considering whether such due diligence measures were conducted before this time, the time they were conducted, and the adequacy of the data obtained.

#### **Risk-based approach:**

160. **Criterion 10.17: (not met)** No risk-based approach is implemented in a way that would allow to require FIs whether to apply enhanced due diligence measures when high risks of money laundering and terrorist financing are detected. It is worth noting that Order No.09/The Governor/09 requires banks and FIs to take ML/TF risks into consideration in their relations with customers and foreign correspondents and in their cooperation with foreign institutions. The said Order did not mention the enhanced due diligence measures which should be implemented when high ML/TF risks are identified.
161. **Criterion 10.18: (not applicable)** Whereas the Mauritanian authorities, in general, do not allow the implementation of simplified due diligence measures.

#### **Failure to satisfactorily continue the due diligence measures:**

162. **Criterion 10.19 (not met)** Criterion 10.19 (a) and 10.19 (b): There is no obligation requiring the financial institutions which are subjected to the AML/CFT law, in case the compliance with the due diligence measures is not possible, to refrain from opening the account, starting the business relationship or carrying out the operations, and that they are required to end the business relationship or to consider submitting an STR on the customer.

However, paragraph 2 of article 12 of law No. 2005/48 stipulates that when a customer is not acting for his own account, no account may be opened, no business relationships may be established or continued and no operation may be carried out, and that a suspicion should be declared in case the FI was unable to comply with the obligations related to the identity verification procedures or in case doubts about the real identity of the customer or the economic right owner have arisen.

#### **Customer due diligence and tipping-off**

163. **Criteria 10.20: (not met)** No provision allowed FIs to discontinue the execution of the due diligence process if they reasonably believe that this process will tip off the customer in case of suspicion of money laundering or terrorist financing.
164. **Weighing and conclusion:** Mauritania took many steps to address its deficiencies related to customers due diligence, but such steps remain totally insufficient, whereas it did not explicitly prohibit anonymous accounts or accounts with fictitious names and there is no obligation requiring FIs to implement due diligence measures in case of suspecting or in case there are doubts about the accuracy or sufficiency of the data submitted by the customers. There is no obligation requiring FIs to understand the nature and purpose of the business relationship.
165. On the other hand, there are no due diligence measures regarding foreign customers and there are deficiencies in the due diligence measures regarding the beneficial owner, particularly those related to legal persons. The definition of the beneficial owner in the country is inconsistent with the definition mentioned in the FATF compliance methodology and the customers due diligence measures are not implemented according to the risk-based approach.
166. **For the reasons mentioned above, Mauritania is non-compliant with Recommendation 10.**

#### **Recommendation 11 – Record-keeping**

167. During the first round of the mutual evaluation, Mauritania was partially compliant with Recommendation 10 related to record-keeping, where the assessors concluded that there are no instructions on the combating of money laundering and terrorist financing for the exchange sector and that banks lack information systems to comprehensively follow-up the transactions in order to fulfill the requests of the courts and CANIF or the supervisory authorities, if necessary.
168. **Criterion 11.1: (met)** Regarding record-keeping, and according to article 15 of the AML/CFT law No. 2005/048 and article 36 of instruction No. 01/ Governor /2012 issued by the Central bank, FIs are required to keep the customers documents for a period of 10 years at least, since the date of closing the accounts or ending the business relationship with their customers. They are also required to keep the documents related to the performed operations for a period of ten years at least as of the end of the year during which such operations were conducted.
169. Article 4 of the joint decision No.136/MCMMIC/CB/2009 requires the financial departments at the post offices to observe the due diligence obligations in the context of combating ML/TF, whereas they should keep their customers identity documents for a period of 10 years at least from the date of discontinuing the relationships with their customers. They should also keep, for the same period, the documents related to the operations, as of the end of the year during which the operations were conducted.
170. The record-keeping obligation also applies to insurance and reinsurance companies and the insurance and reinsurance intermediaries, according to article 4 of the joint decision No. 0138/MTHT/CB 2009 which requires this category to observe due diligence in the AML/CFT filed by keeping their customers identity documents for a period of 10 years at least as of the date of discontinuing the relationships with their customers and they should also keep, for the said period, the documents related to the operations, as of the end of the

year during which the operations were conducted. No reference was made to the due diligence measures toward beneficial owners in the same sector.

171. **Criteria 11.2: (not met)** There is no legislation indicating that the FIs are required to keep accounts files, commercial correspondences and findings of any analysis conducted, for a period of five years at least from the date of ending the business relationship or from the date of the occasional transaction, including international transactions.
172. **Criteria 11.3: (not met)** It does not explicitly appear that there is a legal text stating all the information related to the operations which should be kept, with the possibility of tracing the operation and reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of criminal activity.
173. **Criterion 11.4: (mostly met)** In application of article 16 of law No. 2005/048, all the subjected persons referred to in article 6 are required to provide CANIF with all the documents on the identity disclosure obligation according to articles 9 to 13 of the same law, the competent judicial and supervisory authorities, upon the request of any of them; however, FIs are not required to ensure the prompt provision of CDD information and the records of operations to the competent authorities after obtaining the appropriate authorization.
174. **Weighting and Conclusion:** Despite the efforts made by Mauritania to keep the records, it still has to set the necessary measures regarding beneficiary owners and to require the provision of all the information related to the transactions which should be kept with the possibility of tracing the operation and reconstructing individual transactions. FIs should be also required to ensure the provision of CDD information and the records of operations promptly to the competent local authorities after obtaining the appropriate authorization.
175. For the reasons mentioned above, **Mauritania is partially compliant with Recommendation 11.**

#### **Recommendation 12 –Politically exposed persons (PEPS)**

176. Mauritania was assessed during the evaluation process it was subjected to in (2006) and it was rated partially compliant in relation to Recommendation 6 (formerly), whereas the Central Bank of Mauritania did not issue any circular on determining the conditions for the implementation of due diligence toward PEPs for FIs and the absence of this circular prevents the application of the regulation.
177. **Criteria 12.1 (a, b, c, d): (mostly met)** Article 10 of the AML/CFT law No. 2005/048 states <sup>4</sup>that the financial institutions should apply, in addition to taking ordinary identity verification procedures, an enhanced monitoring system on the business relationships they have with politically exposed persons or their close associates. They should also take objective measures to detect the origin of their wealth and funds.
178. The same law also included a definition of the politically exposed person who is an individual who occupied or occupies public positions in a foreign country (Head of State, prominent politician, important political party official, senior officer at a public authority, senior executive of a large State-owned corporation, judges, senior military officials). Based on AML/CFT law and its definition, requirements of EDD don't apply to local PEPs.
179. In addition to the said law No. 2005/048, instruction No. 13/ Governor/2009 which sets out the requirements for the implementation of due diligence measures toward PEPs explicitly stipulates the application of enhanced monitoring of business relationships the FIs have with PEPs or their close associates without linking this process with a certain period of time. The monitoring procedures were clarified in article 5 of the above-mentioned instruction

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<sup>4</sup> It is worth mentioning that FIs are required to develop a system which allows to determine PEPs and to apply enhanced on-going monitoring through which those persons can be tracked by opening a special type of accounts and establishing an administrative body charged with managing their files and tracking their daily account movement, as well as tracking the transfer and deposit operations incoming from other sources. The follow-up body is assigned with the task of identifying such sources by identifying the identities of such persons and trying to detect any kinship with PEP who is an FI customer.

- and the obligation to take measures to detect the origin of their wealth and funds, without mentioning the beneficial ownerships identified as PEPs.
180. There are no instructions requiring FIs to obtain the approval of the senior management before establishing or continuing a business relationship as to existing customers.
181. FIs are also required, according to the said instruction, to have a risk management system to determine whether the customer is a politically exposed person and to obtain monitoring authorities approval before starting a business relationship with such customers.
182. **Criterion 12.2 (a, b): (not met)** the Mauritanian legal system does not include any provision stating that FIs are required to take CDD measures under Recommendation 10 regarding persons who were already entrusted with a prominent position by an international organization and to take sufficient measures to determine whether the customer or the beneficial owner is one of those persons. In addition, the definition mentioned in law No. 2005/048 did not cover the persons who were entrusted with prominent positions by an international organization.
183. There is no obligation on FIs to establish proper system to identify whether the beneficial ownership is a politically exposed person.
184. The foregoing indicates that the definition of a PEP in the Mauritanian law is restricted to foreigners only and does not cover the Mauritanian nationals, which limits the application of the FATF criteria
185. **Criterion 12.3** (partially met) Article 10 of law No. 2005/048 and the preliminary article of order No. 13/ Governor/2009 state that the FI should apply, in addition to taking ordinary identity verification procedures, an enhanced monitoring system on the business relationships they have with PEPs or their close associates, without determining the concept of close associates of the PEP.
186. **Criterion 12.4: (not met)** There is no explicit text stipulating that the Mauritanian legal system includes the obligation to take reasonable measures, in relation to life insurance policies, to determine whether the beneficiaries and/or the beneficiary, when necessary, is a politically exposed person. In addition, they are not required under an explicit text, when determining higher risks, to inform the senior management before paying the insurance policy proceeds to the holder of the insurance and to thoroughly examine the whole commercial relationship with him and there are no measures related to PEPs benefiting from police insurances.
187. **Weighting and Conclusion:** The definition of PEPs that is mentioned in the AML/CFT law was only limited to foreign persons and did not extend to cover local persons or persons who were entrusted with prominent positions by international organizations or the beneficial owner, and no provision was made for the procedures to be applied toward the said categories. On the other hand, notwithstanding the existence of instructions to obtain the approval of the FI senior management before starting business relationships with foreign PEPs, it did not appear that there are instructions on pursuing the existing business relationships and there are no procedures related to PEPs who benefit from insurance policies.
188. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 12.**
- Recommendation 13 – Correspondent banking**
189. The AML/CFT law No. 2005/048 issued in 2005 did not tackle correspondent banking. Mauritania was partially compliant during the first round of the MER which mentioned that the controls set by the correspondent banks should be complied with and that the permission of the senior management should be obtained before contracting with new correspondent banks

190. On December 27, 2009, the Central Bank issued instruction No. 09/ Governor/2009 which required banks and FIs to take the necessary measures to comply with the international standards regarding correspondent banking.
191. **Criterion 13.1: (partially met) (13.1.a,b, c and d)** :Articles 1 and 2 of order No. 09/The Governor/09 on the obligation of banks and FIs to take ML/TF risks into consideration while exercising their activities, state that banks and FIs are required, regarding correspondent banking, to take the due diligence measures, including:
- To gather information about each respondent institution to understand the nature of its activity and to assess its reputation and the quality of its supervisory system.
  - To know whether the institution has been subject to money laundering or terrorist financing investigations or inspections by supervisory authorities.
  - To obtain approval from supervisory authorities before establishing any new correspondent relationships.
  - To assess the institution AML/CFT internal control system.
192. No provision was made to the existence of guiding principles which the Central Bank clarifies to banks and FIs the modality of implementing the content of instruction No. 09/The Governor/09, including a questionnaire elaborating the necessary recognized measures. FIs are required to obtain approval from supervisory -not from senior management itself- before establishing new correspondent relationships, and they are not required to understand the responsibilities of each institution in the AML/CFT field.
193. **Criterion 13.2: (met)** Article 3 of instruction No. 09/The Governor/09 stated that banks and FIs should verify that:
- The respondent bank has taken on-going due diligence measures and has an efficient system which enables it to determine the identities of customers who have a direct access to the correspondent bank accounts and to supervise the operations conducted with the customers by the correspondent bank.
  - It is possible to provide related CDD information at the correspondent bank request.
194. **Criterion 13.3: (not met)** The national FIs draw upon a network of external correspondents from the largest international banks which apply the AML/CFT international standards; however, no explicit text prohibits the FIs from establishing or continuing a correspondent banking relationship with shell banks. No legal text requires the FIs to satisfy themselves that respondent foreign financial institutions do not permit their accounts to be used by shell banks.
195. **Weighting and Conclusion:** Notwithstanding the efforts of Mauritania aimed at regulating correspondent relationships and the issuance of instruction No. 09/The Governor/2009 by the Central Bank, nothing covers all the requirements legally and in terms of the guiding principles which explain in detail the measures FIs should implement to meet the requirements of the international standards.
196. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 13.**

#### **Recommendation 14 – Money or value transfer services**

197. During the first round of the mutual evaluation conducted in 2006, Mauritania was partially compliant with SRVI, due to the absence of controls on specialized institutions, non-compliance of alternative remittance systems with maintaining a daily list of agents which should be made available to the competent authorities, and the absence of instructions by the Central Bank of Mauritania determining the methods of applying article 24, which was remedied by issuing instruction No. 17/The Governor/2009 by the Central Bank of Mauritania on 27/12/2009 related to licensing alternative systems for the transfer of funds.
198. **Criterion 14.1: (met)** Article 24 of AML/CFT law No. 2005/048 related to alternative systems for the transfer of funds stipulates that any natural or legal person not licensed as financial body, who conducts an activity for or on behalf of another natural or legal person as



a primary or substantial part of his business or when such activity is undertaken on a regular or recurring basis, should obtain a license from the Central Bank of Mauritania. The same Article defines a fund or value transfer service as a financial service which accepts cash, checks, or any other value payment or deposit instrument in one location and pays an equivalent amount in cash or any other form to a recipient located in another geographical area by means of a communication, message, transfer, or clearing system to which the fund or value transfer service belongs.

199. The instructions of the Central Bank were issued in instruction No. 17/The Governor/09 which included a list of documents which are necessary to obtain the license. The same instruction stated that natural or legal persons who provide such services illegally shall be punished by administrative, civil or criminal sanctions. Regarding persons who were conducting such activity before the issuance of the instructions, they were given a period of one month from the date of issuing the order to submit the necessary documents.
200. According to article 2 of instruction No.17/The Governor/2009, the Central Bank requires natural and legal persons to apply for a pre-license in order to perform such services, along with submitting the certificate of incorporation in the commercial register, a copy of the articles of association for legal persons, and a national identification card for natural persons, in addition to a certificate proving that they are not on the banking prohibition list.
201. As to money transfer service providers, the Mauritanian authorities stated that they operate within the banks framework and they are in compliance with their CDD and customers identification measures. However, there is no text regulating the licensing of such institutions. Approved banks which have an agreement with MVTs provide fund or value transfer services.
202. **Criterion 14.2: (partially met)** The Central Bank of Mauritania developed a recent list of agents approved for undertaking money and value transfer services, but this procedure is not sufficient in terms of the measures taken in order to determine natural or legal persons who provide money and value transfer services without license or registration.
203. Regarding sanctions, law No. 2005/048 and instruction No. 17/ Governor/2009 provide for the sanctions accruing from the illicit conduct of this activity, whereas administrative, civil and other criminal sanctions were determined imprisonment (3-17 months) and financial penalty (MU 500.000-1.000.000) (around USD 860-2900). Attempting to unlawfully transfer money is punished by the criminal law (without specifying the penalty). Additionally, there is no explicit text punishing legal persons for transferring money without a license.
204. **Criterion 14.3: (partially met)** According to instruction No.17/ Governor/2009 and article 2 of the legal order No. 2007/20, the money or value transfer service providers operate within the banks framework and the bank ensures their compliance with the customers due diligence and identification obligations; however there is no explicit text or special measures that allow to verify that the money or value transfer service providers are subjected to supervision over the compliance with the AML/CFT law requirements. The money and value transfer service sector seem not to be monitored by the Central Bank.
205. It does not appear that there are special measures for the supervision of MVTs companies or any other similar companies, in terms of their execution of contracts with banks and FIs, their compliance with AML/CFT criteria and the access to their databases in order to obtain information for supervision purposes.
206. Article 24 of the AML/CFT law also stated that transactions conducted through such services may involve one intermediary or more and a third party to receive the final payment, without any provisions regulating the role of those intermediaries, their connection with the money or value transfer service provider and their responsibilities regarding money laundering and terrorist financing.

207. **Criterion 14.4: (not met)** According to article 2 of instruction No.17/The Governor/2009, natural and legal persons who want to conduct money or value transfer services should apply for a license from the Central Bank of Mauritania and such application should be supported by the certificate of incorporation in the commercial register, the articles of association for legal persons, and a national identification card for natural persons, in addition to a certificate proving that the concerned person is not on the prohibition list in the Mauritanian banks
208. The legal order No. 2007/020 states that the Central Bank of Mauritania has a recent list of the agents who are approved to transfer money and value transfer and there is no explicit text stipulating that money and value transfer service providers are required by a competent authority to have a license or to register or that they are required to keep an updated list of their agents which is accessible by the competent authorities in countries where such money and value transfer service providers and their agents operate.
209. **Criterion 14.5: (not met)** The preliminary article of instruction No.17/The Governor/09 states that natural and legal persons who provide money or value transfer services are subjected to the provisions of the AML/CFT law No. 2005/048; however, no explicit text stipulates that the money or value transfer service providers who employ agents are required to engage them in AML/CFT programs and supervise their compliance with such program.
210. **Weighting and Conclusion:** Notwithstanding instruction No.12/The Governor/2009 issued on 27/12/2009, regarding the adoption of a license for alternative systems for the transfer of funds, the Central Bank of Mauritania did not determine an accurate method to apply article 24 of the AML/CFT law No. 2005/048, to engage their agents in AML/CFT programs, to monitor their compliance therewith and to ensure licensing and registration, as well as to impose dissuasive and proportionate sanctions.
211. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 14.**

#### **Recommendation 15 – New technologies**

212. During the first round of the mutual evaluation conducted in 2006, Mauritania was non-compliant with Recommendation 8 regarding new technologies and new transactions owing to the absence of criteria related to new technologies or criteria under development which favor anonymous transactions.
213. **Criterion 15.1: (not met)** Mauritania and FIs did not identify ML/TF risks regarding the development of new technologies and professional practices, including new means to provide services, and those which arise from using new or developing technologies related to each of the new and the previously existing products. Furthermore, there is no legal framework that requires doing so, despite the urge to take the ML/TF risks into account when using new technologies.
214. **Criterion 15.2 (a, b): (not met)** Pursuant to the Mauritanian laws and instructions, no text requires FIs to conduct a risk assessment before introducing or using products, practices or technologies or to take appropriate measures to manage and mitigate such risks.
215. Article 1 of instruction No. 11/ Governor/2009 stated that FIs should pay a significant attention to ML/TF risks related to new technologies and should implement the necessary measures to avoid their use in money laundering and terrorist financing. The same instruction also required them to establish an ML/TF risk management system related to business relationships or operations which do not necessitate the actual presence of the parties of the operation as required for electronic transfers.
216. However, it did not elaborate the requirements of Recommendation 15 in terms of developing sufficient policies and measures to prevent the use of technological developments in money laundering or terrorist financing schemes.

217. **Weighting and Conclusion:** There is no legal framework that requires FIs to do so. It is also found that there are no sufficient policies and measures to limit the risks which might arise from the use of new technologies.

218. **For the reasons mentioned above, Mauritania is non-compliant with Recommendation 15.**

#### **Recommendation 16 – Wire transfers**

219. In 2006, during the first round of mutual evaluation, Mauritania was rated “Partially Compliant” on SR VII related to wire transfer rules due to the insufficient provision of the law.

#### **Ordering financial institution:**

220. **Criterion 16.1, 16.2, and 16.3: (. not met)** FIs are required to verify that all the domestic or cross-border transfers, regardless of their number or value, should be accompanied with the originator’s name, address, account number or reference number. However, there is no obligation to obtain information on the beneficiary (name and account number), whereas article 26 of law No. 2005/48 requires that any domestic or cross-border electronic transfer should be accompanied with information on the concerned person, particularly his name, address, telephone number, account number and a reference number in the absence of an account. Article 6 of instruction No. 11/The Governor/2009 specified that banks and FIs should apply due diligence when conducting domestic or cross-border electronic transfers and should enclose accurate information on the originator: Name, address, telephone number, account number, reference number as well as nature and purpose of the operation.

221. **Criterion 16.4: (. not met)** There is no obligation requiring the financial institutions to verify the accuracy of the information of their customers when there is a suspicion of money laundering or terrorist financing, whereas the matter was restricted to paragraph 1 of article 11 (Determination of the occasional customers identity) of the AML/CFT law No. 2005/048, where the FIs should determine the identity of occasional customers when they suspect that the funds used in the operation or the attempted operation are linked to money laundering or terrorist financing.

222. **Criterion 16.5: (met)** FIs are required to verify that all the transfers are domestic, regardless of their number or value and that they should be accompanied with the originator’s name, address, account number or reference number, as previously indicated in criterion 16-1, 16-2, 16-3.

223. **Criterion 16.6: (not applied)**

224. **Criterion 16-7: (. not met)** The ordering financial institution is required to keep all the information about the originator but they are not required to keep information gathered from the beneficiary, and according to article 15 of law No. 2005/48 and article 6 of instruction No. 11/The Governor/2009 issued by the Central Bank of Mauritania on 27/12/2009, banks and FIs should keep the documents related to electronic transfers for a period of 10 years, while as previously indicated in criterion 16-1, the law and the instructions did not require FIs to obtain information on the beneficiary and therefore, they are not bound to keep such documents.

225. **Criterion 16.8: (. not met)** There is no text preventing ordering FIs from executing wire transfers if they fail to comply with the requirements set out in criteria 16-1 to 16-7.

#### **Intermediary financial institution**

226. **Criterion 16.9: (. not met)** There are no instructions requiring the intermediary financial institution to verify that any wire transfer should be accompanied with all the information on the originator and the beneficiary, regarding the cross-border wire transfers.

227. **Criterion 16.10: (. not met)** There are no instructions requiring the intermediary financial institution to keep all the information it received from the ordering financial institution or another intermediary financial institution for a period of 5 years at least.

228. **Criterion 16.11: (not met)** There are no instructions requiring intermediary financial institutions to take reasonable measures that are consistent with the processing from the beginning to the end, in order to identify the cross-border wire transfers which lack the required information on the originator or the beneficiary.
229. **Criterion 16.12: (not met)** There are no instructions requiring FIs to develop risk-based policies and procedures to determine: (1) When wire transfers lacking information on the originator or the beneficiary are executed, rejected or suspended and (2) the appropriate follow-up measures.

#### **Beneficiary financial institutions**

230. **Criterion 16.13: (not met)** There is no obligation requiring the beneficiary financial institution to take reasonable measures to identify the cross-border wire transfers which lack the required information on the originator or the beneficiary.
231. **Criterion 16.14: (not met)** There is no obligation requiring the beneficiary financial institution to verify the identity of the beneficiary, if it was not previously verified and to retain such information in consistency with Recommendation 11.
232. **Criterion 16-15: (not met)** There is no obligation requiring the beneficiary financial institution to develop risk-based policies and procedures to determine when wire transfers lacking information on the originator or the beneficiary are executed, rejected or suspended and the appropriate follow-up measures.

#### **Money or value transfer service providers**

233. **Criterion 16.16, 16.17: (not met)** Article 24 of AML/CFT law No. 2005/48 requires money transfer service providers to obtain a license and to apply the provisions providing for the identification of the identity, suspicion reporting and retention of documents; while article 25 of the above-mentioned law determined the sanctions in case of non-compliance.
234. The MER for Mauritania issued in 2006 mentioned that Mauritania has several institutions specialized in wire transfers and overseas transactions. However, there are no persons who provide money or value transfer services in Mauritania. Instruction No.17/The Governor/2009 issued by the Governor of the Central Bank of Mauritania on 27/12/2009 sets out the procedures for establishing and licensing the money or value transfer service providers and it required them to apply the provisions of law No.2005/048 regarding the identification of the customer's identity, the suspicious transactions reporting and the retention of documents.
235. The foregoing indicates that there are money transfer service providers on the territories of Mauritania but there is no obligation requiring them to implement the criteria of Recommendation 16.

#### **Implementation of the targeted financial sanctions**

236. **Criterion 16.18: (partially met)** Instruction No.07/ Governor/2008 mentions that banks and financial institutions are required to implement the United Nations Security Council resolutions related to the procedures for freezing funds and property of individuals and entities mentioned in the resolutions of the said Council; however, this instruction is not sufficient for complying with the content of the criterion, considering that the measures which should be implemented were not set, in addition to the lack of the necessary procedures to implement the SC resolutions as set out in Recommendation 6 (Targeted financial sanctions related to terrorism and terrorist financing) highlighting that article 3 Bis of law No. 2010/15 determined the Minister of Finance as a legal authority in charge of issuing resolutions on designation, freezing and unfreezing, but no reference was made to the obligation of FIs, in the context of processing wire transfers, to take freezing procedures or to prohibit dealings with designated persons and entities according to the obligations provided for in the United Nations Security Council resolutions on the prevention and suppression of terrorism and its financing, and no executive procedures were issued for the said law.

237. **Weighting and Conclusion:** The compliance with the Recommendation was restricted to the FIs obtaining information of the originator and keeping them for 10 years. There are no instructions requiring FIs to take reasonable measures to identify cross-border wire transfers that lack required originator and beneficiary information. In addition, FIs are not required to establish risk-based measures, and to verify identity of the beneficiary when the amount exceeds a certain limit. Moreover, there are no rules binding MVTs to implement the targeted financial sanctions, and the legal system lacks the obligations which require beneficiary FIs and MVTs to comply with this Recommendation. In addition, there are no rules binding the transfer service providers to implement the targeted financial sanctions.

238. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 16.**

#### **Recommendation 17 – Reliance on third parties**

239. During the first round, Mauritania, in 2006, was rated “Non-Compliant” with Rec.9 related to Reliance on Third Parties and intermediaries due to the absence of the legislation that determines the conditions of reliance on third parties. Since then, Mauritania has taken significant actions to address its deficiencies.

240. **Criterion 17.1: (met)** According to article 1 of instruction No.12/The Governor/2009, FIs are authorized to refer to the services of a third party or to intermediaries to identify the customer and the beneficial owner and to understand the nature of the business, provided that the final liability for the CDD measures shall remain incumbent upon the FI which relies on the third party and it is worth mentioning that the said instruction did not limit the third party to FIs or DNFBPs as mentioned in criterion 17-1.

241. Article 2 of instruction No.12/ Governor/2009 allowed FIs to refer to third parties, under a service provision agreement, to undertake the following tasks:

- Gather sufficient information about customers (natural or legal persons) to understand the nature of their business and to assess their reputation from publicly available information and the quality of supervision they have been subjected to by a money laundering or terrorist financing supervisory authority.
- Conduct CDD measures on behalf of the FI, including the determination and verification of the customers identity and the determination of the beneficial owner identity, and take reasonable measures to sufficiently know this identity and obtain information on the nature and purpose of the business relationship.

242. On the other hand, article 3 of the above-mentioned instruction stated that in the event where the FI referred to a third party to obtain the necessary information on the CDD, it should take sufficient measures to ensure that the third party shall provide, upon its request and the soonest possible, copies of the data and documents related to CDD, that it is applying its regulatory instructions, that it is subjected to supervision, and that it has due diligence controls in place regarding the refraining from keeping anonymous accounts and record-keeping for a period of 10 years.

243. **Criterion 17.2: (not met)** There are no instructions requiring to take into consideration the information available on the level of risks in countries where third parties that meet the conditions can be based

244. **Criterion 17.3 (a, b, c): (not met)** There are no instructions concerning financial institutions which rely on a third party that is part of the same financial group.

245. **Weighting and conclusion:** FIs are authorized to rely on third parties to implement CDD on behalf of the FIs; however, it is found that this authorization is not conditional upon the third party being an FI or DNFBP. In addition, the level of risks in countries where the third party is located is not observed, as well as the absence of instructions regulating FIs that rely on a third party that is part of the same financial group;

246. **For the reasons mentioned above, Mauritania is non-compliant with Recommendation 17.**

## **Recommendation 18 - Internal Controls and foreign branches and subsidiaries**

247. During the first round of the mutual evaluation, Mauritania was non-compliant with Recommendation 22 due to the absence of legal provisions in foreign branches and subsidiaries, whereas it was partially compliant with Recommendation 15, since the implementation of the obligations related to AML/CFT internal controls by the banks was not complete. And the Central Bank of Mauritania did not issue a circular on the implementation in this field. The texts did not explicitly provide for the obligation of the financial institutions to take appropriate measures when hiring employees so as to ensure their implementation according to the required standards.
248. **Criterion 18-1: (partially met)** According to the requirements of article 17 of law No.048-2005, FIs are required to develop consistent programs to prevent and detect money laundering and terrorist financing. Such programs include:
- Establishment of a monitoring mechanism to apply the provisions of law No.2005/048, to detect and to report suspicious transactions to CANIF.
  - Appointment of internal officers in charge of implementing AML/CFT programs.
  - Centralization of data related to customers identity, the ordering and assigned entities and the owners of the economic right.
  - Processing of suspicious transactions.
  - On-going formation of individuals in the AML field.
249. Article 2 of instruction No.15/The Governor/2009 related to the obligation of establishing internal control measures for the AML/CFT regulation stated that the AML program should include the internal control system in order to implement the provisions of law No. 048-2005, regarding the detection and reporting of suspicious transactions to CANIF.
250. Similarly, article 4 of the same instruction required FIs to establish an on-going training program for the employees working in the AML/CFT field, in addition to the necessary application of an internal control system in order to verify the effectiveness of the AML/CFT regulation.
251. No provision explicitly indicates that arrangements are put in place to manage the obligation, including the appointment of the compliance officer at the management level or examination measures to ensure the application of high-standard criteria when appointing employees.
252. **Criterion 18.2: (not met)** Notwithstanding the legal texts that require FIs to implement programs against money laundering and terrorist financing, there are no special requirements explicitly stipulating that the financial groups are required to implement the same group-wide program and to apply it to all branches and majority-owned subsidiaries.
253. For the record, article 47 of the banking law No. 2007/20 stipulates that the supervision conducted by the Central Bank covers branches and agencies of the credit institutions located inside and outside Mauritania, the legal persons who are directly or indirectly subjected to them as well as branches and agencies related to such persons.
254. It is worth mentioning that instruction No. 10/The Governor/09 stated that FIs are required to verify the implementation of programs against money laundering and terrorist financing by their branches and companies located abroad, particularly in countries that do not apply or insufficiently apply the international standards. However, it does not explicitly refer to the financial groups and the programs against money laundering and terrorist financing do not include policies and procedures for sharing information required for the purposes of CDD, provision of customer, account and transaction information from branches and subsidiaries to group-level compliance, audit, and/or AML/CFT functions, as well as adequate safeguards on the confidentiality and use of information exchanged.
255. **Criterion 18.3: (not met)** Article 1 of instruction No.10/The Governor/2009 stipulates that FIs have to be reminded of their duties and obligation to verify that their foreign branches are implementing AML/CFT principles and programs, particularly in countries that

do not apply or insufficiently apply them; article 3 of the same instruction also mentioned that in case the companies and branches are based in countries that do not apply the international standards, the parent company is required to immediately close down the company or the branch.

256. Even though branches and subsidiaries of the parent company are required to verify the implementation of AML/CFT principles and programs, no provision is made regarding the measures to be taken in case the minimum AML/CFT requirements of the host country are less strict than those of the home country, to the extent that host country laws and regulations permit.

257. Furthermore, no provisions require financial groups to apply appropriate additional measures to manage the money laundering and terrorist financing risks, and inform the supervisors in the home country, if the host country does not permit the proper implementation of the AML/CFT measures that are in consistency with the home country measures.

258. **Weighting and Conclusion:** It is found that there are no enforceable measures in case the minimum AML/CFT requirements of the host country are less strict than those of the home country, to the extent that host country laws and regulations permit. In addition, no provisions require financial groups to apply appropriate additional measures to manage the money laundering and terrorist financing risks, and inform the supervisors in the home country, if the host country does not permit the proper implementation of the AML/CFT measures that are in consistency with the home country measures.

259. **For the reasons mentioned above, Mauritania is non-compliant with Recommendation 18.**

#### **Recommendation 19 – Higher-risk countries**

260. During the first round of the mutual evaluation, Mauritania was non-compliant with Recommendation 21 regarding special attention to higher-risk countries, due to the lack of provisions on the special attention that should be given to transactions from financial institutions or companies which are not subjected to sufficient conditions related to customer identity verification or transaction monitoring.

261. **Criterion 19.1: (partially met)**

262. FIs are not required to implement enhanced due diligence, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF. It was limited to the issuance of instruction No.14/The Governor/2009 on 27/12/2009 stipulating that FIs should be precautionous toward companies or institutions based in countries that do not apply or insufficiently apply AML/CFT criteria, and to verify that such measures are related to the determination of the customer identities and the source of operations.

263. No explicit reference was made to the public statements issued by the FATF on non-cooperative countries and the measures which should be taken against them. Article 2 of the same instruction required FIs to give significant attention to business relationships and transactions with natural and legal persons, particularly financial companies and institutions (correspondent banks) based in countries that do not apply or insufficiently apply the international standards.

264. **Criterion 19.2: (not met)** No legal text requires the country to apply appropriate countermeasures proportionate to the degree of risks when called upon to do so by the FATF, independently of any call by the FATF to do so and no examples of such countermeasures that the country would take into consideration were given.

265. **Criterion 19-3: (not met)** Instruction No.14/The Governor/2009 does not refer to any measures that ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries, including the publication of all the FATF statements.

266. **Weighting and Conclusion:** It is found that there are no sufficient measures that should be implemented when establishing a relationship with financial companies or institutions based in countries that do not apply or insufficiently apply the international standards and there are no measures that ensure that financial institutions are advised of concerns about weaknesses in other countries.

267. **For the reasons mentioned above, Mauritania is non compliant with Recommendation 19.**

#### **Recommendation 20 – Reporting of suspicious transactions**

268. Mauritania was assessed in 2006 and rated as partially compliant with Recommendation 13 and SRIV related to the reporting of suspicious transactions, due to the recent implementation of the AML/CFT regime. A reference was also made to the lack of the necessary tools for reporting an attempt to conduct operations.

269. **Criterion 20.1: (partially met)** There is no clear text requiring the FIs which are bound under article 6 of law No.2005/48 to immediately report to CANIF when they suspect or have reasonable reasons to suspect that funds are derived from a criminal act, where the matter was limited to reporting upon suspecting that the funds are the result of an ML/TF violation, as mentioned in article 34 of law No.2005/48. Article 13 of law No. 2005/48 refers to the suspicion of unusual or unjustified operations instead of suspicious transactions, and article 34 of the same law refers to doubt instead of suspicion. In addition, the scope of the criminal activity is not included with the activities that should be reported. does not cover the content of the criterion as set out in footnote 43 of the methodology and according to the criteria of Recommendation 3.

270. **Criterion 20.2: (partially met)** There is no clear text requiring the FIs which are bound under article 6 of law No.2005/48 to report to the FIU all the suspected operations, regardless of their amount, including attempted suspected operations, whereas article 13 of the law requires that unusual or unjustified transactions should be reported to CANIF, in case there are reasons that call for suspicion.

271. **Weighting and Conclusion:** Persons subjected to the law who are set out in article 6 of law No.2005/48 are required to report unusual or unjustified transactions to CANIF when there are reasons that call for suspicion. Such obligation did not cover reporting when funds are suspected to be derived from a criminal act, nor did it cover the suspicion of attempted operations.

272. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 20.**

#### **Recommendation 21 – Tipping-off and confidentiality**

273. According to the evaluation of Mauritania conducted in 2006, it was partially compliant with Recommendation 14, due to the recent implementation of the AML/CFT regime.

274. **Criterion 21.1: (partially met)** FIs are not protected by law against criminal and civil liability for breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, if they report their suspicions in good faith to the FIU; whereas the protection by virtue of the law was restricted to directors, officers and employees of the FIs which are bound to report under the law, and whereas article 38 of law No.2005/48 states that the matter only covers natural persons and does not imply legal persons (FIs). It is also worth mentioning that as concluded from criterion 20.1, reporting is limited to the suspicion of ML/TF and it did not extend so as to cover the suspicion that funds are derived from a criminal activity, which would adversely affect the protection of FIs and their employees in case of reporting a suspicion that the funds are derived from a criminal activity.

275. **Criterion 21.2: (partially met)** FIs are not prohibited by law from disclosing the fact that an STR or related information is being filed with the CANIF, whereas it appears under



article 46 of law No.2005/48 that sanctions are applied against directors, officers and employees of the FIs which are bound to report under the law, such as sanctions against disclosing to the funds owner or the conductor of the transactions mentioned in Article 34 about filed STRs with the (CANIF) and its consequences thereto, the matter does not cover the reporting of predicate offenses, but only covers natural persons and does not imply legal persons (FIs),

276. On the other hand, paragraph 4 of article 34 of law No.2005/48 stipulated that the persons mentioned in article (6) should report the transactions to CANIF even if postponing their execution was impossible, which would raise an apprehension about indirect tipping off of customers in case of postponing the execution of the operation.

277. **Weighting and Conclusion:** The AML/CFT law No.2005/48 provides a protection from criminal and civil liability for the employees of the FIs which are bound to the said law, which requires such employees to refrain from making any disclosure; however, the FIs, being legal persons, do not have the same protection nor the obligation imposed on their employees.

278. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 21.**

**Recommendation 22: Designated Non Financial Businesses and professions (DNFBPs) : Customer due diligence**

279. During the previous round of the evaluation, Mauritania was non-compliant with Recommendation 12 whereas law No.2005/48 partially covered the circumstances which bind the workers in the law and accounting field to apply due diligence and it does not stipulate the determined measures which regulate due diligence for DNFBPs, since there were not explicitly mentioned in the law, in addition to the absence of the obligation to keep the records of DNFBPs and the lack of practical implementation of the law.

280. Article 6 of law No.2005/48 determines the persons subjected to the law whereas it did not include casinos, company service providers and trusts and the DNFBPs were limited to the following:

- Lawyers, notaries, accountants, accounting experts and auditors when they prepare for or carry out transactions for their customers or when they assist them outside the scope of any judicial procedures in buying and selling of property, management of other assets belonging to the customer, opening or management of bank, savings or securities accounts and creation and operation or management of legal persons or arrangements.

281. The other subjected persons, particularly:

- Dealers in precious stones and metals when customers conduct cash transactions equal to or above a threshold designated by a decision of the Governor of the Central Bank.
- Dealers in antiques when customers conduct cash transactions equal to or above a threshold designated by a decision of the Governor of the Central Bank.
- Real estate agents when they conduct transactions for buying or selling real estate property for the benefit of their customers.
- Travel agencies for which the supervisory authorities develop a guide on suspicious transactions.
- NGOs, associations and cooperatives.

282. Articles 2 and 3 of instruction No.05/The Governor/2009 issued by the Central Bank of Mauritania on 29/10/2009 clarify due diligence and identification of the DNFBPs customers. They also require the implementation of CDD measures toward real estate agents, dealers in precious metals, dealers in precious stones, lawyers, notaries and accountants.

283. **Criterion 22.1 (not met),**

284. **Criterion 22-1 (a) (N/A):** Casinos are not authorized to operate in Mauritania.

285. **Criterion 22.1 (b), (c) (not met):** Article 14 of law No.2005/48 required FIs and DNFBPs to take, under the responsibility of their supervisory authorities, due diligence measures which allow them to know their customers and to detect suspicious transactions; it is worth mentioning that according to the said article, non-financial institutions are only required to know their customers.
286. Article 2 of instruction No.05/The Governor/2009 indicates that DNFBPs are required to implement CDD measures by verifying the customers identity when establishing business relationships, conducting occasional transactions which value exceeds the threshold which will be determined by the Central Bank, and having doubts about money laundering and terrorist financing and about the accuracy of the previously obtained customer identifications data; while article 3 of the same instruction states that the due diligence measures are related to the identification and verification of the customer identity through reliable information and documents, obtaining information on the nature and purpose of the business relationship, applying on-going customer due diligence measures and examining the transactions throughout the business relationship and that such measures should be consistent with the instructions set by the competent authorities.
287. The foregoing indicates that the AML/CFT law No.2005/48 required dealers in precious stones and metals, antiques dealers and real estate agents only to identify customers, while the instructions No. 05/The Governor/2009 issued by the Governor of the Central Bank only required customer identification, the obligation to verify his identity and to obtain information on the type and nature of his business, implementing ongoing monitoring on the transactions, a thorough examination of the exchanges made during the operation and that the measures applied are in conformity with the directives of the competent authorities. It is worth noting in this regard that the legal basis upon which the Governor of the Central Bank has issued instructions for dealers in precious stones and metals, Antiques dealers and real estate agents is not clear, whereas the matter was limited, according to article 6 of the AML/CFT law No.2005/48 to the designation of a threshold (limit) by the Governor of the Central Bank for the financial transactions in order to identify only the customers dealing in precious stones and metals.
288. According to criterion 22-1 (C), dealers in precious stones and metals should be required to apply the CDD requirements when conducting cash transactions equal to or above 15,000 Dollars and Euros; however, it is found that law No.2005/48 did not designate such threshold and left this task to the Governor of the Central Bank of Mauritania, which was not undertaken, despite the issuance of the law in 2005 and the issuance of instructions (which are not binding upon the owners of other DNFBPs ) by the Governor in 2009.
289. **Criterion 22.1 (d) (not met):** In addition to what was mentioned in criterion 22.1 (b), (c), article 14 of law No.2005/48 required FIs and DNFBPs to take, under the responsibility of their supervisory authorities, due diligence measures which allow them to know their customers; however, it appears that there are instructions (which legal binding is not clear) for lawyers, notaries, accounting experts and accountants, by virtue of the joint decision No.135/MOF/CBM/2009 issued by the Ministry of Finance and the Central Bank of Mauritania and the joint decision No.137/MOJ/CBM/2009 issued by the Ministry of Justice and the Central Bank of Mauritania which both require in article 1 and 2 the following:
- To identify the customers identity when starting a business relationship, conducting transactions for customers or assisting them or when suspecting a transaction or the data provided by the customers.
  - To verify the identity of customers and beneficial owners through a valid ID card for the natural person, the registration in the commercial register for dealers and the commercial register and original copy of the articles of association for the legal person.

290. **Criterion 22.1 (e) (not met):** The extent to which trusts and company service providers exist and are subjected to the AML/CFT law No.2005/48 is not clear, whereas article 1 (the terms) of the law included a definition of the non-financial institutions, which covered providers of services to institutions and groups of companies (which provide commercial services), while article 6 of the same law designated the persons who are subjected to the law without any reference to the trust and company service providers. The Mauritanian authorities should clarify the extent to which trust and company service providers exist and are subjected to the AML/CFT law No.2005/48.
291. **Criterion 22.2: (partially met)** No legal provision requires all DNFBPs listed in article 6 of the AML/CFT law No.2005/48 to keep records, to provide the competent local authorities with records of customers and transactions, upon request, where the matter was only limited to instructions for lawyers, notaries, accounting experts, accountants and external auditors, travel agencies and offices requiring them to keep records on the customers identity and the transactions for a period of 10 years, by virtue of the joint decision No.135/MOF/CBM/2009 issued by the Ministry of Finance and the Central Bank of Mauritania, the joint decision No.137/MOJ/CBM/2009 issued by the Ministry of Justice and the Central Bank of Mauritania and the joint decision No.134/MTI/CBM/2009 issued by the Central Bank of Mauritania and the Ministry of Trade and Industry, which require to keep records on the customers identity and the transactions for 10 years after the end of the business relationship. However, the legal reference of such instructions and the extent to which they bind of DNFBPs are not clear.
292. **Criterion 22.3: (partially met)** Article (5) of instruction No.05/The Governor/2009 issued by the Central Bank of Mauritania on 29/10/2009 requires DNFBPs to apply the requirements related to PEPs by taking due diligence measures toward foreign persons who can be considered as politically exposed persons, whereas they should have a risk management system in place in order to determine whether the customer has the characteristics of a PEP, obtaining the approval of the supervisory authority before establishing a business relationship with such persons, taking reasonable measures to determine the origin of the wealth and funds and conducting enhanced ongoing monitoring on the relationship.
293. The extent to which the instruction issued by the Governor of the Central Bank is binding upon the DNFBPs is not clear, especially that the legal basis upon which the Central Bank issues instructions to DNFBPs in the AML/CFT field is absent<sup>5</sup>, and it is not clear either which is the supervising authority (authorities) DNFBPs should take an approval from before establishing a business relationship with politically exposed persons. It is worth mentioning the various deficiencies regarding PEPs, namely the definition of the PEPS concept and the absence of procedures and instructions regarding the ongoing business relationships.
294. **Criterion 22.4: (partially met)** Article 4 of instruction No.05/The Governor/2009 requires the DNFBPs to give special attention to ML threats related to new technologies or technologies under development, which help not to disclose the identity. They are also required to take additional measures, if necessary, to avoid using such technologies in money laundering and terrorist financing. And as previously indicated, the extent to which the instruction is binding, is not clear. Nevertheless, it is however clear that there is no legal framework that requires to take the ML/TF risks into account when using new technologies. It is also found that there are no sufficient policies and measures to limit the risks which might arise from the use of new technologies.

295. **Criterion 22.5: (not met)** DNFBPs are not permitted to rely on third parties to identify the customer and the beneficial owner and to understand the nature<sup>56</sup> of the business.
296. It is worth mentioning that the MER of Mauritania issued in 11/2006 mentioned that the local authorities informed that there are no legal provisions in this regard, which is due to the modest economic structure and the small size of the subjected entities.
297. **Weighting and Conclusion:** Even though Mauritania subjected DNFBPs to the AML/CFT law No.2005/48, the matter was however limited, in the context of the obligation to implement the customer due diligence requirements, to the identification of the identity of the customers of the DNFBPs, and the issuance of instructions by the Central Bank of Mauritania without any legal basis binding upon the DNFBPs with requirements of this recommendation.
298. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 22.**

### **Recommendation 23 – DNFBPs: Other measures**

299. During the first round of the mutual evaluation, Mauritania was non-compliant regarding the DNFBPs, whereas it did not establish internal programs against money laundering and terrorist financing, and no special attention was given to their business relationships and transactions with natural or legal persons who do not apply or insufficiently apply the FATF AML/CFT Recommendations. On this note, Mauritania issued joint decisions in order to address the deficiencies.
300. **Criterion 23.1: (not met)** DNFBPs are not required to report suspicious transactions reports.
301. By virtue of instruction No.005/The Governor/2012, Mauritania designated the amount of the declaration for real estate agents, dealers in precious metals, dealers in precious stones and antiques dealers, whereas each transaction conducted by those persons for their customers at an amount equaling or exceeding MRO 10 million (approximately 28,000 US Dollars) should be reported to CANIF. Article 3 of the same instruction mentioned that the accumulation of transactions in a period of one month and the transactions exceeding the prescribed threshold should be also reported to CANIF.
302. No obligations require the DNFBPs to report suspicious transactions in case of attempted transactions, regardless of their amount. There is no text requiring them to report to CANIF when they suspect or have reasonable reasons to suspect that funds are derived from a criminal activity or that they are associated with TF.
303. As for trust and company service providers when conducting, on behalf of or for the benefit of the customer, a commercial transaction related to the activities referred to in criterion No.22-1 (E), Mauritania has no provisions requiring the application of STR requirements.
304. **Criterion 23.2: (partially met)** The joint decision No. 641 stipulates that the DNFBP sector is required to establish internal programs against money laundering and terrorist financing according to the provisions of law No.2005/048. The same decision stated that it is mandatory to nominate an internal officer assigned to apply the programs against money laundering and terrorist financing. It also referred to the centralization of information on customers identities and detection of suspicious transactions, as well as training employees in the AML/CFT field.
305. Contrary to the foregoing, the obligation for trust and company service providers to implement internal control requirements is not provided for.

<sup>5</sup> The MER for Mauritania issued in 11/2006 mentioned that the local authorities informed that there are no legal provisions in this regard, which is due to the modest economic structure and the small size of the subjected entities

<sup>6</sup> Unlike what is mentioned in article 6 of law No.2005/48 regarding entities subjected to the law and including the owners of other independent businesses and profession, the article required the Governor of the Central Bank to designate a threshold for the operations conducted by the dealers in precious stones and art dealers.

306. It is worth mentioning that no legal provision requires the DNFBP sector to establish an independent audit function to test the AML/CFT system and no provisions cover the remaining criteria of Recommendation 18 in terms of internal control requirements, namely arrangements to manage the obligation, including the appointment of the compliance officer at the management level, screening procedures to ensure the application of high standards when hiring employees, to execute group-level AML/CFT programs and procedures for foreign branches and majority-owned subsidiaries.
307. **Criterion 23.3:(not met)** Unlike the financial institutions, Mauritania didn't issue any legal provision on the implementation by DNFBPs of the due diligence measures toward transactions and business relationships natural or legal person from countries for which this is called for by FATF or from countries that don't apply or insufficiently apply AML/CFT criteria; therefore, no provisions cover the requirements of Rec 19.
308. Article 6 of the joint decision No.0134 related to travel agencies and offices stipulated that travel agencies and offices should give special attention to their business relationships and transactions with natural and legal persons residing in countries which do not apply AML/CFT mechanisms; however, it did not explicitly refer to the FATF list.
309. **Criterion 23.4: (partially met)** Article 38 of law No.2005/48 stipulated that persons, directors or officers of the institutions designated in article 6 shall not be prosecuted for breaching a bank or professional secret, nor shall they be subject to criminal or civil liability lawsuits or to a professional or administrative sanction if they disclosed information in good faith, made statements provided for by such law or objected to the execution of the operation in the context of the provisions of article 36 and the text indicates that the matter is only limited to the natural person and does not extend to cover the legal person.
310. Article 46 of the AML/CFT law calls for a penalty of imprisonment for a period ranging from six months to two years and a penalty ranging from MRO 50,000 (around 150 USD) to MRO 500,000 (around 1500 USD), or either sanction, for persons, directors and officers of the institutions designated in article 6 who intentionally disclose to the owner of the funds or the conductor of the transactions that a suspicious transaction report is filed. It is found that the matter is only limited to the natural person and does not extend to cover the legal person.
311. Regarding the DNFBP sector which is bound to the professional secrecy, namely lawyers, the assessment team found that except for the obligations provided for in law No. 2005/048, there are no written guidelines or any memorandums for lawyers regarding the combating of ML/TF.
312. **Weighting and Conclusion:** It is found that most of the criteria of Recommendation 23 are not applied in Mauritania;
313. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 23.**

#### **Recommendation 24 – Transparency and beneficial ownership of legal persons**

314. Mauritania was non-compliant with Recommendation 32 during the first round of the mutual evaluation and the commercial register was inefficient. Therefore, the conditions of transparency with respect to the business of companies are not available.
315. **Criterion 24.1 (met) (a):** Law No.5 of 2000 (Code of Commerce) sets out the legal system and conditions for the incorporation/registration of commercial companies. Chapter II of the law regulated the rules and operation of types of companies such as partnership companies; simple partnership companies; limited liability companies and shareholding companies. Article 201 defines the legal personality of commercial companies, as well as branches, agencies and representations, except for “joint venture companies” which are not a legal person and not subjected to registration in the commercial register or to declaration and they can be evidenced by all means (article 333). The body corporate is the result of the registration in the commercial register; prior to such registration, the relationships between

partners and against others remain subject to the articles of association of the company and to the general principles applied on the rules of obligations and contracts until the registration is made in the commercial register (article 202.C).

316. Article 5 of the same law refers to the conditions for the registration of economic utility groups.
317. **Criterion 24-1 (b):** Regarding the establishment of companies, registration or recording is mandatory, whereas article 202 stipulates that “the commercial companies shall acquire a body corporate as of their date of recording in the commercial register and the legal conversion of a company from one form to another shall not entail the establishment of a new body corporate. The same provision shall apply in case of extension. It is worth noting that the Mauritanian law allow in general the perusal of the information mentioned in the commercial register about any legal person registered in the country only in the presence of the officer in charge of keeping it (34 code of commerce).
318. Furthermore, article 77 fixed the legal terms for the registration in the commercial register at three months from the opening of the institutions for: natural person, legal person, branches, agencies, and Mauritanian and foreign agencies, branches and representations.
319. **Criterion 24.2: (not met)** Since Mauritania has not initiated the national risk assessment measures yet, nor has a separate assessment been conducted, the risks represented by the legal persons have not been identified.

#### **Basic Information:**

320. **Criterion 24-3: (met)** Article (39) of the Code of Commerce No.05-2000 requires all the natural and legal persons, whether Mauritanian or foreigners, who carry out commercial business on the Mauritanian territories to register in the commercial register, and according to article 47 of the Code, registration covers all that is mentioned in the criterion, in terms of the commercial name, the articles of association, the legal form, the status, the address of the registered office, the main organizational powers and the list of directors. .
321. the commercial register is available for the public only in the presence of the officer in charge of keeping it according to code of commerce.
322. **Criterion 24-4: (not met)** The assessment team did not obtain any reference to legal texts or orders requiring all the companies and legal persons to keep a record of their shareholders or members and the number of shares and that such information is kept in a place the company registrar advises of.
323. **Criterion 24.5: (not met)** There are no texts legally binding and the assessment team did not find any obligation to accurately update the data and to advise thereof in a timely manner.

#### **Information on the beneficial owner:**

324. **Criterion 24.6: (not met)** Mauritania does not follow any mechanisms to ensure that the information on the beneficial owners of a company is obtained by such company and available at a specific place in the country or can be otherwise determined in a timely manner by a competent authority.
325. **Criterion 24-7: (not met)** There is no obligation requiring that the information on the beneficial owners should be accurate and updated as much as possible.
326. **Criterion 24-8: (not met)** There is no provision that ensures companies co-operate with competent authorities to the fullest extent possible in determining the beneficial ownership.
327. **Criterion 24.9: (not met)** Nothing is mentioned in the code of commerce for maintain the information and records mentioned in this Recommendation for at least 5 years after the date on which the company is dissolved ..
328. **Criteria 24.10 to 24.15: (not met)** They are not met as the Mauritanian authorities did not submit anything to support compliance with these criteria. It is worth mentioning that the Code of Commerce allows bearer shares which are transferred by mere handling and

Mauritania did not submit any mechanism which ensures their protection from being misused for ML/TF.

329. **Weighting and Conclusion:** It is clear that the Mauritanian Code of Commerce No.2000/5 amended by law No.2015/032 has set out the types of companies, the legal system and conditions of registration for commercial institutions, however the risks and weaknesses of this sector were not identified due to non-completion of the national risk assessment process. In addition, several criteria of the Recommendation were not met, particularly those related to the necessity of keeping the information of shareholders and members of the commercial institutions or companies of all types in a specific place within the country, along with the necessity of notifying the commercial register or the companies of such place. Similarly, there is no obligation requiring the necessity of notifying about the update of the company's information within a clear period of time. In addition, the information set out in the Code of Commerce constitutes or provides information on the legal ownership and not on the actual ownership of the company.

330. **For the reasons mentioned above, Mauritania is non-compliant with Recommendation 24.**

### **Recommendation 25 – Transparency and beneficial ownership of legal arrangements**

331. Mauritania was given “Not applicable” for Rec.34 on the first round of mutual evaluation in 2006 since trusts and other legal arrangements were not able to be established in Mauritania, while this assessment found out that foreign trusts could be practicing commercial activities in Mauritania.

332. **Criterion 25.1 (a, b, c): (Partially met)** There is no legislative provisions that allow establishing trusts in Mauritania, and it did not sign Hague 1985 for the law that would recognize trusts and be applied on it. However, the Mauritanian law does not prohibit foreign trusts from practicing their activities or owning assets in whole or in part.

333. in the case of a foreign trust practicing in Mauritania, there is no clear legal requirement to register with the competent authorities. However, registration requirements are stated, indirectly, in Code of Commerce which obliges all natural and/or legal persons (without mentioning legal arrangement), local or foreigners who practice trade in Mauritania to be registered at the trade registry, and, consequently, every trustee shall be registered.

- a) All information required to register a company apply on foreign trust including identifying the originator and beneficial ownership and trustee, as well as all the trust's assets (articles 44 and 47 of Code of Commerce).
- b) Trustees are considered from DNFBPs (lawyers and accountants) who are subject to AML/CFT law 048/2005. Legal professions are indicated among professions identified under non-financial institutions (Article 1 of AML/CFT law). According to the mentioned law, DNFBPs and their supervisory authorities are required take necessary measures to identify their costumers and beneficial ownership related to trusts functioning in Mauritania. Articles 1 of joint decision 137 of the year 2009 on instructions for lawyers and notaries requires performing KYC procedures and identifying agents and the owner's authorization. In practice, if the trust does not practice trade activity in Mauritania, agents (lawyers or accountants) who practice on behalf of the trust are obliged to register at trade registry.
- c) Article 3 of the abovementioned joint decision requires layers and notaries to keep their costumers' information and documents for 10 years from the date of termination of relationship.

334. **Criterion 25.2: (Not met)** practicing any type of commercial activity should be registered, which is applied on foreign trusts as well, and registry should be updated based on every change on the trust as article 51 of Code of Commerce states that every change or amendment of data subject to be archived in the registry based on articles 44-51, shall be

reflected in the registry; however, the provision does not determine a certain period of time for providing the amendments to the competent registry.

335. **Criterion 25.3: (Not met)** there is no legislative provision on agents or trustees that requires them to declare the concerned relationship to FIs and/or DNFBPs when forming a business relationship or carrying out an occasional transaction above the threshold.
336. **Criterion 25.4 (partially met):** Pursuant to article 16 of law No. 048/2005, the persons mentioned under Article (6) including designated non-financial businesses and professions are required to provide the competent and judicial authorities upon request with the papers and documents held under the provisions of law, noting that law enforcement authorities are not granted the power to request such information.
337. **Criterion 25.5 (not met):** the judicial and supervisory authorities had the power to request information, but the Law enforcement authorities have no legal authority to obtain access to information held by the designated non-financial businesses and professions which is related to the trust funds and its agents.
338. **Criterion 25.6 (not met):** The Mauritanian authorities have the power of exchanging information for combating ML and TF, however the supervisory and competent authorities has deficiencies in exchanging information at international level regarding the real beneficiaries of the foreign trust funds which is practicing commercial activities in Mauritania. (See Recommendation 37, 40).
339. **Criterion 25.7 (not met):** In general, as previously mentioned, the trust funds are subject to the designated non-financial businesses and professions requirements, the article 42 of law no. (048/2005) states to take administrative sanctions without indicating them, which lead to the deficiency in imposing the proportionate and dissuasive sanctions whether criminal, civil or administrative.
340. **Criterion 25.8 (not met):** Failure to grant to the competent and supervisory authorities' timely access to the information regarding the trust fund is sanctioned by article 22 of law no 48/2005, however law didn't indicate who's authorized to issue the sanctions, and whether it's administrative or criminal.
341. **Weighting and Conclusion:** There's no legal provision allowing the establishment of trust funds in Mauritania. However, there's no law that prohibits the foreign established trust funds from practicing their activity in Mauritania. Hence there's no obligation on the agents of the foreign trust funds registered overseas and are practicing any activity in Mauritania to update their data on a regular basis within a reasonable period of time. Nor are the LEA granting the power to request or access information held by trust fund agents.
342. **For the given reasons above, Mauritania is non-compliant with Recommendation 25.**

#### **Recommendation 26 – Regulation and supervision of financial institutions**

343. According to the evaluation of Mauritania conducted in 2006, it was partially compliant with Recommendation 23, due to the absence of AML/CFT supervision on banks, insurance money or value transfer service providers. Since that time the Mauritania authorities special the Central bank of Mauritania have implemented many procedures for addressing the deficiencies.
344. **Criterion 26.1: (partially met)** The Central Bank of Mauritania undertakes the supervision of banks and money or value transfer service providers in the AML/CFT field, while the insurance companies are subject to the supervision of the insurance company monitoring department at the Ministry of Commerce. On the other hand, it does not appear which supervisory authority is in charge of monitoring MAURIPOST in the AML/CFT field.
- Market Entry:**



345. **Criterion 26.2: (partially met)** Banks , insurance companies and money or value transfer service providers <sup>7</sup> (the FIs subjected to the core principles) are required to be licensed, whereas it was found that:
- Article 10 of the legal order No.2007/20 on regulating the credit institutions stipulates that the institutions provided for in article 2 may not conduct activities in the capacity of a bank, a financial institution or a private entity without an approval from the Central Bank.
  - The conditions for conducting the insurance business are governed by the provisions of law No.93/40 issued on July 20, 1993 (Insurance Law), whereas article 240 thereof set out the criteria for granting or rejecting business licenses and the law indicates that the grant or the rejection of a license depends on several criteria applied by the insurance company monitoring department such as the ethics and qualifications of the license applicants.
346. Instruction No.17/The Governor/2009 issued by the Central Bank of Mauritania on 27/12/2009 requires money or value transfer service providers to be licensed by the Central Bank and that the non-compliant persons shall be subject to administrative, civil or criminal sanctions.
347. There is no explicit legal provision that approve the establishment or continued operation of shell banks; however, the legal order No.2007/20 warns prohibits the establishment or the operation of shell banks whereas article 10 of the legal order 2007/20 on the regulation of credit institutions stipulates that the institutions provided for in article 2 may not conduct activities in the capacity of a bank, a financial institution or a private entity without an approval from the Central Bank. Any person who does not obtain an approval may not represent himself as a bank, a credit institution or a financial institution, nor may he use any banking, exchange or other expressions that refer to any of the transactions set out in article 2 of the said legal order.
348. **Criterion 26.3: (partially met)** The supervisory authorities in charge of monitoring FIs did not take the necessary legal or regulatory measures to prevent criminals or their associates from holding significant or controlling interest, being a beneficial owner of such interest or holding a management function in any FI; whereas it appears that it only covered the credit institution under the legal order No.20 of 2007 which granted the Central Bank of Mauritania the necessary legal measures to prevent criminals or their associates from holding significant or controlling interest, or holding a management function in any bank, however it did not extend so as to cover the verification that criminals or their associates are the beneficial owner of such interest cover the verification that criminals or their associates are the beneficial owner of such interest, whereas it was found that:
- Article 11 of the legal order No.2007/20 regarding credit institutions stipulates that the license applications of the credit institutions should be given to the Central Bank of Mauritania for examination and the Central Bank shall determine the documents which should be enclosed with the application. It is also entitled to request any additional information on the providers of capitals and their sureties, as well as the persons assigned to manage the institution, its branches or agencies. In this regard, the Central Bank may conduct investigations on those persons inside and outside Mauritania.
  - Articles 30, 31, 32 of the above-mentioned legal order require that no person is authorized to establish, manage, direct, control or represent a credit institution or to have the authority to sign on its behalf if he does not have the technical and moral qualifications which are necessary for the practice of the profession or if he was convicted without being rehabilitated in Mauritania or abroad due to bankruptcy, insolvency or fraud, or if he was

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<sup>7</sup> No companies engaged in securities exist in Mauritania, according to the technical questionnaire submitted by the authorities in the Mauritania and its MER issued in 2006

convicted for breaching the laws related to loans or exchange, or for committing crimes or felonies subjected to the public law even if the ruling was passed by a foreign court.

### **Risk based approach to supervision and monitoring:**

349. **Criterion 26.4 (not met) Criterion 26-4 (a) (not met):** Banks are subjected to the supervision of the Central Bank of Mauritania under the above-mentioned legal order No.20 of 2007; however, the risk-based approach is not applied for the supervision and monitoring for AML/CFT purposes and the consolidated group-based supervision for AML/CFT purposes is not applied either; in addition, the extent to which the criterion is applied on the supervision of insurance companies is not clear.
350. It is worth mentioning that the MER for Mauritania issued in 2006 referred to the lack of sufficient material and human capacities to monitor the AML/CFT activities whether at the banks or the insurance companies. Mauritania mentioned that the Central Bank of Mauritania inspects the operations of banks and controls the due diligence conditions they implement regarding the combating of money laundering and terrorist financing, according to law No.2005/048 and law No.2010/035, whereas a whole section of any report is dedicated to the extent of compliance of the financial entity targeted by the inspection with the AML/CFT criteria, regardless of the type of inspection; on the other hand, it did not appear whether ML/TF risks are assessed and no risk-based approach to supervision and monitoring is applied.
351. **Criterion 26.4 (b) (not met):** Regarding the supervision of other FIs, it is not clear whether there is a regulation, supervision or monitoring, taking into consideration the degree of ML/TF risks in other FIs. It is not clear either whether FIs which provide money or value transfer services or money or currency conversion services are subject to regulations on the follow-up of compliance with the AML/CFT national requirements and the verification of their compliance therewith.
352. **Criterion 26.5(a, b, c): (not met)** It does not appear whether ML/TF risks are assessed or the risk-based approach to supervision and monitoring is applied, and the extent of frequency and intensity of on-site and off-site AML/CFT supervision of financial institutions or groups is not established.
353. **Criterion 26.6 (not met)** The supervisory authorities have not reviewed the assessment of the ML/TF risk profile of the financial institution or group.
354. **Weighting and Conclusion:** Banks in Mauritania are subjected to the AML/CFT supervision of the Central Bank of Mauritania which undertakes only the on-site supervision without applying the risk-based approach and with the exclusion of financial group-level supervision. The remaining FIs sectors, mainly the insurance and money or value transfer service providers, are not subjected to the AML/CFT supervision.
355. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 26.**

### **Recommendation 27 - Powers of supervisors**

356. During the first round of mutual evaluation, Mauritania was partially compliant with Recommendation 29, due to the insufficient supervision in field of money laundering.
357. **Criterion 27.1: (partially met)** The Central Bank of Mauritania is the only supervisory authority with supervision powers under the legal order No.20 of 2007, including the power to supervise the compliance with AML/CFT requirements.
358. According to the annual report of the Central Bank regarding the banking and financial supervision (2015), there are two projects related to the review of the bylaws of the Central Bank of Mauritania and the banking law, which would empower the Central Bank to supervise the Deposit and Development Fund and insurance companies.

359. **Criterion 27.2: (partially met)** The Central Bank of Mauritania is the only supervisory authority with on-site supervision powers to supervise compliance with AML/CFT requirements.
360. **Criterion 27.3: (partially met)** The Central Bank of Mauritania is the only supervisory authority with off-site supervision powers to supervise compliance with AML/CFT requirements.
361. **Criterion 27.4: (partially met)** Article 55 of the legal order No.2007/20 authorizes the Governor of the Central Bank to impose sanctions on the credit institution, starting with warning, to notification, then penalty and suspension of operations or to appoint a temporary member of the board and ending with setting restrictions on the practice of the profession; however, it is not clear when the application of such permitted sanctions in case of failure to comply with the AML/CFT requirements is possible. On another hand, the extent to which it is possible to apply sanctions by other supervisory authorities and those concerned with insurance companies' supervision is not clear. The said order did not indicate the amounts of sanctions and penalties.
362. **Weighting and Conclusion:** The Central Bank of Mauritania is the only supervisory authority with off-site and on-site supervision powers to supervise the compliance with AML/CFT requirements, which appeared to be lacking with regard to other supervisory authorities. On the other hand, there are no instructions requiring the submittal of AML/CFT off-site data periodically to any financial institutions supervisory authorities.
363. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 27.**

#### **Recommendation 28 – Regulation and supervision of DNFBPs**

364. Mauritania was rated non-compliant in 2006 in relation with its compliance with Recommendation (24), whereas the deficiencies of Mauritania, at that time, were represented by the lack of supervision undertaken by self-regulatory authorities over the observance of the requirements of law No. (47/2005) by the said DNFBPs; In addition, despite the availability of disciplinary powers and appropriate sanctions for such entities, they do not implement them in the AML/CFT field.

#### **Casinos:**

365. **Criterion 28.1: (not applied)** Casinos are not allowed to operate in Mauritania; therefore, this criterion cannot be applied on the country.

#### **DNFBPs other than casinos:**

366. **Criterion 28.2: (not met)** Article (1) of the law included a definition of the supervisory authorities as being the national authorities empowered by a law or a regulation to supervise natural or legal persons; however, the law does not provide for the determination of such authorities concerned with the monitoring of the compliance of certain DNFBPs with the AML/CFT requirements, such as lawyers, notaries and accountants, except some professions which are not subjected to a regulatory law such as dealers in precious stones, dealers in precious metals, art dealers, agents of immovable funds and travel agents, whereas they are subject to CANIF supervision as mentioned in article (29) of the law. The law, notary public and accounting professions are deemed as self-regulatory professions according to the law regulating them. On the other hand, article (14) of the law stipulates that the DNFBPs should take precautionary measures under the responsibility of the supervisory authorities; however, this matter does not fulfill the requirements of the assessment methodology, since this text did not include the responsibility of such authorities for monitoring and ensuring compliance of DNFBPs with the AML/CFT requirements, because the scope of the precautionary measures provided for in this article is not clear.
367. **Criterion 28.3: (partially met)** As mentioned in criterion (28-2), CANIF is concerned with the supervision and monitoring of some DNFBPs, such as antiques dealers, agents of immovable money and travel agents.

368. **Criterion 28.4 (a): (not met)** The Mauritanian authorities which are concerned with the supervision of DNFBPs do not have sufficient powers to carry out their functions, in terms of the authority to ensure the compliance of DNFBPs with the requirements imposed by the law, as well as the absence of sufficient powers to monitor the compliance and conducting inspections of such institutions.
369. **Criterion 28.4 (b): (The criterion is not met)** The competent authorities do not have sufficient powers to take the necessary legal and regulatory measures to prevent criminals or their associates from being professionally accredited, or holding or being the beneficial owner of a significant or controlling interest or holding a management function in the DNFBPs.
370. **Criterion 28.4 (c): (not met)** The law does not include any provisions to punish DNFBPs for breaching the requirements provided for by the law.

#### All DNFBPs

371. **Criterion 28.5: (not met)** The failure to determine the competent authorities for the follow-up of the DNFBPs compliance with the combating requirements has already been indicated; Accordingly, Mauritania is not conducting a supervision over the DNFBPs on the basis of the degree of risks and the authorities did not assess the risks of the DNFBP sector; therefore, they do not rely on this in determining the frequency and intensity of the supervisory actions in the AML/CFT field on the basis of the authorities' understanding of the risks and they do not take into account the money laundering and terrorist financing risk profile of the DNFBPs when assessing the adequacy of the internal controls, policies and procedures of DNFBPs.
372. **Weighting and Conclusion:** Mauritania determined some competent authorities in charge of monitoring the compliance of DNFBPs with the AML/CFT requirements, particularly some sectors which are not subjected to any supervisory authority; however, it does not have sufficient powers to follow-up the compliance of such entities with the AML/CFT requirements nor does it have sanctions it can apply on them; therefore, Mauritania is not conducting a supervision over the DNFBPs on the basis of the degree of risks.
373. **For the reasons mentioned above, Mauritania is non-compliant with Recommendation 28.**

#### Recommendation 29 - Financial Intelligence Unit (FIU)

374. During the first round conducted in 2006, Mauritania was partially compliant with Recommendation 26, which was justified by the fact that CANIF has the appropriate powers as provided for but it is not yet operational.
375. **Criterion 29.1: (mostly met)** Article 27 of the AML/CFT law No.2005/048 issued on July 27, 2005 provided for the establishment of the Financial Information Analysis Commission (CANIF). Article 29 of the same law provides for the administrative and financial autonomy of the Commission and its powers to receive and process data which would prove the source of transactions and the nature of operations mentioned in the STRs which the persons subjected to the law should declare, to receive all the necessary data to carry out its functions, particularly the data issued by the supervisory authorities and the judicial police officers, and to disseminate the analysis results to the President attorney general. Decree No.2006/043 regulated the operation of CANIF. It is worth mentioning that the definition did not mention that CANIF is a national center, nor did it mention the receipt of other suspicious reports related to the associated predicate offenses.
376. **Criterion 29.2: (mostly met)** The Commission receives suspicious reports and plays a central role:
- Article 34 of law No. 2005/048 required reporting entities subjected to the law, which are referred to in Article 6 to disseminate the STRs to CANIF if they suspect that the funds constitute proceeds from an offense of money laundering or terrorist financing. On this note, the suspicious transaction report mechanism was completed in July 2008

by virtue of instruction No.13/The Governor/08 issued by the Central Bank of Mauritania. Such instruction sets out the appointment procedures, role and regulation of CANIF lawyers, and instruction No.14/The Governor/2008 issued by the Central Bank of Mauritania sets out the obligation to implement due diligence and to know the customers and DNFBPs.

- (b) By virtue of instruction No.005/The Governor/2012, Mauritania designated the amount of the declaration for real estate agents, dealers in precious metals, dealers in precious stones and art dealers, whereas each transaction conducted by those persons for their customers at an amount equaling or exceeding MRO 10 million (approximately 28,000 US Dollars) should be reported to CANIF. Article 3 of the same instruction mentioned that the accumulation of transactions in a period of one month and the transactions exceeding the prescribed threshold should be also reported to CANIF. This paragraph concerns direct instructions, as per the local laws, to report cash transactions such as the instructions to report, on daily basis, the foreign currency exchange operations above the designated threshold or the reporting of cross-border financial disclosures which are above the controlled threshold permitted. It is worth mentioning that CANIF has no powers to receive information related to the associated predicate offenses.

377. **Criterion 29.3:** (met) (a) According to the presidential decree No.43 of 2006 on determining the rules, regulation and operation of CANIF, article 8 thereof stipulates that the operations unit at the Commission is assigned to consider and process the STRs provided for in article 34 of law No.2005/048. It also enables it to collect complementary data which establishes the source of funds or the currency stamp subject of suspicious reports from subjected entities, judicial authorities, police departments and administrative departments in the country, and in case of suspecting a punitive breach.

378. 29.3 (b) (met) It is also entitled, in the context of its functions, to require to be advised of all the data and original documents or copies thereof which it deems necessary for its work and it is also entitled to peruse the documents on-site.

379. Consequently, it clearly appears that CANIF is technically able to access the data of various entities.

380. **Criterion 29.4 (a): (met)** The CANIF has the power to conduct operational analysis? according to article 29 of law No.2005/48, in terms of its operative functions of receiving, analyzing and processing STRs, which are handled through the operation unit of the Commission, as stipulated by article 9 of decree No.43 of 2006. This is a multi-disciplinary and joint body and the unit has the right to access the information of all the entities and to share information with foreign counterparts. A data centralization system was installed at CANIF (PDVF) in cooperation with the French Ministry of Foreign Affairs through experts specialized in this type of equipment and some personnel of CANIF received a training on the use of such systems and programs by an expert from the Central Bank of France in order to gather and centralize data related to suspicious reporting.

381. **Criterion 29.4 (b): (met)** Regarding strategic analysis, CANIF has powers to conduct studies on the development of ML/TF offense techniques and to propose effective procedures for combating. It prepares quarterly and periodical reports on the analysis of AML/CFT activities at the national and international levels.

382. The strategic analysis is defined as the accumulation and development of information kept at the database to be used for the work of the unit in the future. The main assessment of the strategic intelligence analysis is the connection of suspicion to one or more persons but with a new method or pattern.

383. **Criterion 29.5: (mostly met)** According to article 37 of law No.2005/48, when CANIF verifies the accuracy of facts that would constitute a money laundering or terrorist

financing violation, it shall disseminate the report or the facts to the competent President attorney general. No provisions explicitly indicate that CANIF is able to disseminate information and results of analysis upon request and the Mauritanian law did not mention any specialized, secure and protected channels for the dissemination.

384. **Criterion 29.6 (a-b): (mostly met)** The Commission is entitled to control the confidentiality of information whereas STRs are received in a closed envelope that is delivered to the Secretary General of the Commission, so as to proceed thereafter with the processing of the information and storing it in the database. These procedures are strictly confidential. Following the processing, the dissemination of information is made through strictly confidential procedures and through ways that ensure full protection; however, there are no written measures or instructions by virtue of which matters can be controlled and which can be used as an enforceable reference. Also, the written measures should cover the mechanisms for keeping, archiving and protecting the information and powers to access and peruse it.
385. Article 30 of law No.2005/048 stipulates that the members of CANIF and all the other concerned participants should be under oath before starting their functions. They shall be also bound to maintain the confidentiality of the information which can be used only for the purposes provided for by this law. Also, article 11 of decree No.2006/043 stipulates that the President and members of the Orientation and Coordination Council, the Secretary General, the members of the operations unit, the other employees of the institution, as well as the correspondents of the Commission should be and shall remain subjected to the professional secrecy even after the end of their functions, subject to the sanctions provided for by the penal code. The data gathered by those persons ex officio may be used only for the purposes provided for by law No.2005/048 issued on July 17, 2005. The employees of the unit are not provided with security cards because they are not necessary to access the facility.
386. **Criterion 29.6 (c): (mostly met)** The Commission has an advanced information database supplied with advanced information protection systems. The assessment team did not identify anything ensures that there is limited access to the Commission facilities and information, including information technology systems.
387. **Criterion 29-7 (A): (The criterion is not met)** Article (29) of the same law stipulated that the Commission is autonomous as regards matters within its competences. Article 1 of decree No.2006/043 stipulates that the Commission is an entity having an administrative, financial and functional autonomy under the authority of the Governor of the Central Bank of Mauritania, but the law or the decree regulating the operation of the Commission does not provide any articles confirming the operational autonomy. Such as an explicit article preventing interference with the operational functions of the Commission.
388. **Criterion 29.7 (b): (partially met)** According to article (33), the Commission may share information with international counterparts. Legal guarantees are therefore achieved subject to reciprocity and under two conditions: First, such counterparts should have the same legal status and should be subjected to similar obligations in terms of secrecy and protection of third party rights. The law did not stipulate any specific form for memoranda of cooperation or the person authorized to approve.
389. Regarding cooperation, no legal articles were found on providing local entities with information upon request. The law and the decree emphasize on the powers of CANIF and the unit to access to the information of various local entities, knowing that CANIF is represented by local entities concerned with the combating of money laundering and terrorist financing according to articles 5, 9 and 10; which allows cooperation among such entities.
390. **Criterion 29.7 (c): (met)** It is clear by virtue of law No.2005/048 and decree No.2006/043 that the Commission has functional tasks and duties that are different from the tasks of the Central Bank of Mauritania.

391. **Criterion 29.7 (d): (met)** According to article (32) of the law, the resources of CANIF are provided from the budget of the State and the Central Bank, from donations made by the State authorities and from the support of development partners. Decree No. (15) ascertained that the Secretary General of the Orientation and Cooperation Council is authorized to disburse the prescribed budget for the activities of CANIF and the unit.
392. The preparation of the budget by the Orientation and Cooperation Council and the accreditation of the Governor of the Central Bank by the Minister of Finance indicate the financial autonomy; which will certainly affect CANIF and the unit in a positive way.
393. **Criterion 29.8: (met)** CANIF filed an unconditional application for EGMONT membership and has reached advanced stages of the membership procedure.
394. **Weighting and Conclusion:** CANIF meets many of the requirements of R.29, however, written procedural rules regulating the internal operation of the CANIF in terms of powers and information, facilities and employees' security should also be established.
395. **For the reasons mentioned above, Mauritania is largely compliant with Recommendation 29.**

### **Recommendation 30– Responsibilities of law enforcement and investigative authorities**

396. According to the MER of Mauritania 2006, a lack of expertise of the units in charge of combating organized crime was noted and CANIF was not operational yet at that time, which led, over the following years, to the establishment and creation of specialized sectors. Law No. 2010/035 (the law on the fight against terrorism) was adopted and replaced the old law No.2005/047.
397. **Criterion 30.1: (met)** In the context of the Mauritanian national policy, law No. 2005/048 issued on July 27, 2005 granted judges the authority to conduct money laundering and terrorist financing investigations. Responsibility for combating money laundering and terrorist financing is vested with law enforcement authorities such as the Gendarmerie, police and Customs, under the supervision of the judicial authority.
398. The following institutions are entrusted with the responsibility of combating ML/TF:
- The Financial Information Analysis Commission (CANIF) which is the Financial Intelligence Unit in Mauritania according to article 27 of AML/CFT law No.2005/048 issued on 27 July 2005. It is an administrative body with a financial autonomy and it is empowered to take decisions regarding the topics that fall within its competences. CANIF is a group authority that includes a deliberation panel known as “the Orientation and Cooperation Council”, an operations unit and a general secretariat.
  - The economic and financial crimes department with regard to money laundering crimes.
  - The competent office specialized in TF crimes at the Directorate of State Security.
  - The judicial authorities related to the combating of ML/TF: according to the Mauritanian laws, they are represented by the Public Prosecution and the Investigation Commission in West Nouakchott
  - The General Administration of Customs.
399. According to article 25 of the Anti-Corruption and Bribery Law No.2016/14 which stipulates that all the State employees in charge of supervision and oversight should inform the public prosecution of all the crimes provided for by the current law, and which they become aware of while exercising or during the course of their mission. In case the entities entrusted with supervision and investigation discover, during the conduct of investigation or inquiry, that they are undertaking acts that would constitute crimes under the said law, they should immediately refer them to the public prosecution and advise the minister or the authority the concerned person reports to. Article 26 of the above-mentioned law commissioned the Unit for Combating Economic and Financial Crimes at the judicial police, with the task of combating bribery and corruption crimes as well as anything related to inquiries and investigations under the supervision of the competent judicial authorities, where

the judicial police officer may have recourse to special investigation means pursuant to a permission from the competent judge.

400. **Criterion 30.2: (not met)** A unit specialized in fighting terrorism was established, a unit assigned to fight economic and financial crimes and a drug repression bureau were created. The main role for conducting the necessary financial investigations and inquiries was assigned to the Unit for Combating Economic and Financial Crimes at the judicial police, under the supervision of the competent judicial authorities. It was unclear whether law enforcement investigators are authorized to initiate the investigation of any ML/TF offences during a parallel financial investigation, or whether they are able to refer the case to another agency to follow up with such investigations.
401. **Criterion 30.3: (partially met)** Seizure and precautionary measures are governed by the provisions of the Mauritanian criminal procedures law, whereas we find that confiscated funds deriving from crime proceeds belong to the State which may transfer them to the anti-organized crimes and terrorist fund or to compensate the victims of violations associated to terrorism.
402. Mauritania did not submit any evidence indicating that there is one or more designated competent authorities to expeditiously identify, trace, and initiate freezing and seizing of property that is, or may become subject to confiscation or is suspected of proceeds of crimes.
403. However, according to article 29 of the Anti-Corruption and Bribery Law No.2016/14, the public prosecutor and the investigation judge, each within his competences, may order the competent law enforcement authorities, namely the judicial police units, to freeze or seize:
- Products generated from the crimes provided for by this law and the assets acquired from such proceeds.
  - Assets, means and objects used or intended to be used for committing such crimes.
  - Assets generated from the crimes provided for by this law and which were mixed with the legitimately acquired assets.
  - Products and all the gains and benefits obtained through such crimes and which were transferred to them.
404. **Criterion 30.4: (notmet)** CANIF was formed and it became operational in 2007. This FIU includes a deliberation panel, an operations unit and a general secretariat. It includes representatives from several sectors and it is tasked with the collection, analysis and processing of financial information on money laundering and terrorist financing channels. It works in the inter-cooperation context between the concerned parties in the public and private sectors, through the Orientation and Cooperation Council and the operations unit which includes representatives of all the sectors concerned with combating money laundering and terrorist financing (justice - defense - interior - finance - foreign affairs and the Central Bank), where various parties from the public and private sectors are coordinating to obtain the required financial information in order to fight ML/TF operations. It is not clear if other authorities which are not law enforcement authorities are entitled to conduct financial investigations and if they have the appropriate powers to do so.
405. **Criterion 30.5: (partially met)** Articles 29, 30 and 32 of the 2016 Anti-Corruption Law set out the necessary authority of the law enforcement entities, namely, the judicial police, to trace, track, freeze and seize the criminal assets, particularly article 29 of the anti-corruption law No.2016/14 which stipulates that the public prosecutor and the investigation judge may order the competent law enforcement authorities, namely the judicial police units, to freeze or seize.
406. Article 30 of the above-mentioned law grants the courts the authority to issue confiscation orders which are executed by the judicial police departments regarding all the assets of any nature that the convicted person has acquired through the commission of the crimes provided for in the anti-corruption law, in favor of the public treasury.



407. Under article 32, the investigation commission which was formed to fight corruption in the jurisdiction of Nouakchott court of appeal was granted the authority to take decisions on the prudential arrest, freezing and seizure of the assets of prosecuted persons according to the provisions of law No.2016/14, provided that the authority to execute such decisions is vested with the judicial police departments.
408. **Weighting and Conclusion:** Following the evaluation conducted in 2006, the Mauritanian authorities issued the laws which determine the competent courts and the law enforcement authorities concerned with combating ML/TF offenses, but did not submit any evidence indicating that there is one or more designated competent authorities to expeditiously identify, trace, and initiate freezing and seizing of property that is, or may become subject to confiscation or is suspected of proceeds of crimes.
409. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 30.**

### **Recommendation 31 – Powers of law enforcement and investigative authorities**

410. Mauritania, in 2006, was rated “Mostly Compliant” with Rec.28 (Formerly) related to Power of Competent Authorities due to the lack of financial and human resources in the judicial sector and the units responsible for the judicial police tasks and the failure to use procedural instruments with regard to AML/CFT. Subsequently, procedures provided for under law No.2005/048 were applied.
411. **Criterion 31.1: (met)** The Mauritanian judicial sector has wide powers which enable the competent judge to order the retention of documents and access to systems and networks belonging to persons showing indicators regarding the commission of ML/TF offenses. It also has powers to submit records, search persons and buildings, hear witness statements, detain, establish the initial violation and the evidence of violations related to ML/TF, according to article 41 of law No.2005/048 which prohibits invoking the professional secrecy by persons subjected to the AML/CFT law to refuse to provide information to CANIF or to the supervisory authority or to make the statements provided for by the law. The same applies to the information sought in the context of an investigation into acts of ML/TF the judge orders the law enforcement authorities to conduct. According to article 40 of the above-mentioned law, the judge may order LEA which are concerned with establishing the initial violation and the evidence of violations related to ML/TF to take special and efficient measures and conduct inquiries such as:
- a) To place bank accounts under supervision if there are serious indicators raising suspicions that they are used, or intended to be used, in operations related to the violations provided for by the law.
  - b) To access systems, networks and media service providers which are used, or intended to be used, by persons presenting serious indicators on participating in the violations provided for by the law.
  - c) To monitor or wiretap facsimiles, electronic means, telegrams or means of communication.
  - d) Voice recording or recording movements and conversations through video.
  - e) To report accurate or ratified documents as well as banking, financial and commercial documents.
412. The judge may order the concerned LEA, namely the judicial police, to retain documents in his attempt to establish the violations related to ML and TF.
413. Additionally, according to article 26 of the anti-corruption and bribery law No.2016/14, the Police Unit for Combating Economic and Financial Crimes carries out the tasks of the judicial police with relation to combating corruption and bribery crimes and conducting the necessary inquiries and investigations under the supervision of the competent judicial sector, in order to enable the judicial police officer to:

- Visit, at the permitted time, houses of the persons who are suspected of committing any of the crimes provided for by law No.2016/14.
  - Surveil any person raising serious suspicions.
414. **Criterion 31.2 (a, b, c, d): (mostly met)** The competent Mauritanian judicial authority has the power to use the special investigation means in order to investigate in ML/TF offenses through intercepting communication, accessing computer systems, but it is noted that there is no reference to the power to use the undercover operations and controlled delivery methods.
415. **Criterion 31.3 (a, b): (partially met)** CANIF which includes representatives of LEAs, has authorities and mechanisms to collect and analyze information on ML/TF (article 8 of decree No.2006/43); however, such mechanisms do not mention any deadline (to be able to conclude on timeliness) to achieve the same. The assessment team did not find any evidence indicating that there is a central register for the accounts in Mauritania; however, article 29 of the AML/CFT law allows CANIF to request the information held by the parties subjected to the law or from any other natural or legal person, which would enrich STRs. It is worth noting that this power does not include the enrichment of information received from counterpart FIUs and which CANIF obtains in the form of requests of information and not STRs.
416. Mauritanian competent authorities do not have process to identify the assets without prior notice to the owner.
417. **Criterion 31.4: (partially met)** The competent authorities concerned with investigations on ML offenses, related predicate offenses and TF offenses in Mauritania are the Gendarmerie, the Police and the Customs, which operate under the authority of the attorney general who is empowered to directly obtain the information held by CANIF. Regarding the anti-economic and financial crimes department and the specialized office at the Directorate of State Security, there are no provisions proving that they have powers that enable them to obtain the necessary information held by CANIF.
418. According to article 9 of decree No.43 /2006 on determining the rules of regulation and operation of CANIF, the operations unit is formed of a judge, a gendarme, a police officer, a customs officer and a representative for the Central Bank; however, there are no procedures or mechanisms that clarify their tasks and the possibility of providing their original authorities with all the necessary information held by CANIF.
419. **Weighting and Conclusion:** LEAs are authorized to use some special investigative techniques; however, they do not include undercover operations and controlled delivery. The issued laws granted LEAs and judicial authorities powers and mechanisms to combat ML/TF offenses, however, no deadlines or provisions on timeliness were set for conducting their tasks. Also, competent authorities do not have process to identify assets without prior notice to the owner and there are no legal texts enabling the anti-economic and financial crimes department and the specialized office at the State Security to be directly provided with financial information from CANIF were established.
420. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 31.**

#### **Recommendation 32 – Cash Couriers**

421. During the first round of the mutual evaluation, Mauritania was partially compliant with SR IX, as the report indicated that the lack of Customs officers and the shortage in the preparation for the provision of Customs services constitute an obstacle in the way of applying the Recommendation effectively.
422. **Criterion 32.1: (met)** The Mauritanian Customs Authority applies the declaration system for the transportation of incoming and outgoing currencies and negotiable instruments by non-residents foreign travelers, or through post or shipment, and this system has a mandatory characteristic that calls for declaration, as the transportation of currency is controlled by virtue of the customs law No.145/66 issued on 12/07/1966.

423. **Criterion 32.2 (a, b, c): (not met)** Disclosure is mandatory when non-residing foreigners import foreign currency if the imported sum is above three thousand dollars. Mauritians or residents in Mauritania are exempted from this obligation; however, Mauritians or residents in Mauritania may not export currencies that equal or exceed USD 3000 without the prior consent of the Central Bank of Mauritania. In this context, paragraph 3 of article 300 stipulates that any importation or exportation of currencies without a detailed declaration shall be deemed as smuggling and article 303 considers the declaration which is inconsistent with what was declared, which means any “false declaration”, as an importation or an exportation without declaration; and thus, it considers it as smuggling punishable under the requirements of the same law. The Customs applies the written declaration system to travelers who carry amounts above a certain threshold, in addition, the oral declaration system is applied to all travelers where a customs officer asks the traveler the internationally known question “do you have anything to declare?” and by stating the necessary information when needed (article 98). Nothing indicates that similar measures are taken when local currency (MRO) is concerned.
424. **Criterion 32.3: (not applicable)**
425. **Criterion 32.4: (met)** When the customs discover false declaration or non-declaration, they are entitled to subject the concerned parties to the necessary investigations and to request and obtain any additional information from the carriers on the origin of the currencies or negotiable instruments under the Mauritanian law and their intended use, in order to prepare a report for the breach..
426. **Criterion 32.5: (met)** Persons who submit false declarations/disclosures to the Mauritanian Customs authorities shall be subject to sanctions, whereas paragraph 3 of article 300 stipulates that any importation or exportation of currencies without a detailed declaration shall be deemed as smuggling.
427. Article 303 considers “false declaration”, as an importation or an exportation without declaration; Article 32 of the customs law No.145/66 provides for a number of sanctions, as:
- Confiscation of smuggled amounts and a penalty that may be up to four times such amounts (articles 309 and 310)
  - Imprisonment from one to ten years (article 271).
  - Prohibition from carrying out a number of State functions and from exercising some civil rights such as election and running for election. (article 311).
428. **Criterion 32.6: (not met)** There are no cooperation mechanisms (direct disclosure, communication mechanisms), and there are no other ways to make the information of the declaration/disclosure directly available to the FIU.
429. **Criterion 32.7: (not met)** Mauritania has no clear mechanism for cooperation between the customs, the police and the other authorities, and no agreements for the exchange of information among them specially during the processing of joint files.
430. **Criterion 32.8 (a, b): (not met)** There is no explicit reference indicates that the competent authorities are able to stop or restrain currency and BNIs for a reasonable time, in order to ascertain whether evidence of ML/TF may be found.
431. It is worth mentioning that fund freezing is one of the powers granted to the attorney general, according to article 36 which states that in emergencies and serious situations (this concept is still not clear in the law), CANIF may refer to the attorney general who can, in addition to objecting against the execution of the operation, freeze the funds, accounts or bonds for a period not exceeding eight days, in order to ascertain the possibility of finding evidence of money laundering or terrorist financing; however, there are no mechanisms between the Customs Administration and CANIF which would apply this article.
432. Upon discovery of false declaration or non-declaration, the Customs authorities are entitled to subject the concerned parties to the necessary investigations and to request any information in order to prepare a report for the breach.

433. **Criterion 32.9 (a, b, c): (not met)** With reference to the international cooperation, namely with neighboring countries or with countries which have important commercial and economic relationships with Mauritania or through the available information, article 65 of the Mauritanian law No.2005/48 , stipulates that the Mauritanian authorities shall cooperate with authorities in other countries, for the purposes of sharing information, inquiry and procedures aimed at taking precautionary measures and confiscating means and products related to ML/TF and for the purposes of extradition.
434. No reference is made to any database at the Customs Administration through which data on currency declaration operations (name, amount, passport number, etc.) is kept, and CANIF cannot directly access such database or indirectly obtain information and data, which would allow international cooperation and provision of assistance.
435. **Criterion 32.10: (not met)** There is no reference to any measures which ensure proper use of the information collected from the declaration/disclosure and without restricting any trade payments between countries for goods and services, or the freedom of capital movements.
436. **Criterion 32.11: (not met)** There is no certain text stipulating the sanctions and confiscation measures for carrying out physical cross-border transportation of currency or BNIs that are related to ML/TF or predicate offences.
437. **Weighting and Conclusion:** Mauritians are exempted from the obligation of disclosure when importing foreign currency if the imported sum is above three thousand dollars. There are no other ways to make the information of the declaration/disclosure directly available to the FIU.
438. The disclosure system does not refer to the measures which should be applied when the local currency (MRO) is concerned.
439. No provision explicitly stipulates that the competent authorities are able to stop or restrain currency and BNIs for a reasonable time, in order to ascertain whether evidence of ML or TF may be found and there is no explicit reference that there are strict safeguards to ensure proper use of the information collected through the declaration/disclosure systems. Additionally, there is no certain text imposing the sanctions and managing confiscation for carrying out physical cross-border transportation of currency or BNIs that are related to ML/TF or predicate offences.
440. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 32.**

### **Recommendation 33 - Statistics**

441. During the first round of the mutual evaluation, Mauritania was non-compliant with Recommendation 32 due to the lack of statistics. The Mauritanian authorities have been working on gathering data and keeping statistics on the AML/CFT system.
442. **Criterion 33.1 (partially met)** (a) Mauritanian authorities have a database with statistics on the number of received and disseminated STRs.
443. **Criterion 33.1 (b):** Mauritania is keeping a database on the quantity and numbers of investigations, prosecution cases and judgments of conviction related to ML/TF which are still at the investigation bureau in Nouadhibou or those related to terrorism crime which are handled by the various authorities of the State; however, the Mauritanian authorities were not able to provide the time period during which such statistics were prepared.
444. **Criterion 33.1 (c):** The Mauritanian authorities have statistics on the numbers and dates of seizures (freezing) decisions, but they did not clarify the amount of the confiscated funds and there is no order of confiscation even though there were judgments of conviction. The Mauritanian authorities did not submit statistics on this subject.
445. **Criterion 33-1 (d):** The Mauritanian authorities have statistics on the number of international judicial assistance requests they have received in the light of the efforts made to

combat ML and TF and on those sent by the Mauritanian authorities to a number of countries in the same context.

446. The type of all the files, particularly those related to ML and TF, was not elaborated, whereas the judicial rogatory types were not specifically determined, namely in terms of distinguishing between the rogatory related to ML/TF or to any other criminal activity.

447. **Weighting and Conclusion:** In general, the Mauritanian authorities presented some data and statistics related to the AML/CFT system, but they lack an approved mechanism that elaborates and precisely determines the statistics.

448. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 33.**

#### **Recommendation 34 – Guidance and feedback**

449. Mauritania, during the first round, was non-compliant with Rec.25 related to Guidance and Feedback due to the absence of guidance in all sectors (Banks, Insurance, Exchange Offices and Micro-Finance Institutions). The report also shows that Committee of Banking Monitoring was -at that time- being established.

450. **Criterion 34.1 (partially met)** Regarding the development of guiding principles, article (4) of decree No.(043) of 2006 stipulates that the deliberation panel at CANIF which is called “the Orientation and Coordination Council” has the power, under the authority of the Governor of the Central Bank of Mauritania, to set the general directives which should be executed by CANIF and to prepare general instructions which allow the banking and non-banking financial institutions to detect and report suspicious operations and transactions.

451. The Central Bank issued specific orders to monitor the internal controls of the financial institutions as well as the guiding principles related to ML and TF (internal control, CDD, threshold for real estate agents and dealers in precious stones and art dealers,...etc).

452. The Central Bank issued, in partnership with a number of ministries, joint decisions on observing the due diligence obligations in the context of combating ML and TF toward travel agencies and offices, accounting experts, accountants, external auditors, lawyers and notaries.

453. Best practices are also exchanged between CANIF, the Central Bank and the concerned authorities in the field of suspicious transactions they receive; also giving advice and counseling such sectors is made through communication; however, there is no clear mechanisms or specific frameworks were determined namely regarding feedback with the aim of detecting and reporting suspicious transactions.

454. Regarding feedback, article (8) of decree No.43 of 2006 stipulates that the operations unit at CANIF shall inform banks and FIs of the results of its STRs within the meaning of law No.48 of 2005. Article (37) of law No. (48) of 2005 stipulates that the attorney general shall provide the answer he shall deem appropriate, after referral by CANIF and the clerk of the competent court shall refer a copy of the judicial decision to CANIF.

455. **Weighting and Conclusion:** There is no clear mechanisms and specific framework, namely with regard to feedback with the aim of detecting and reporting suspicious transactions.

456. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 34.**

#### **Recommendation 35 - Sanctions**

457. According to the evaluation conducted in 2006, it pointed out that the competent authorities have disciplinary powers and appropriate sanctions, but they are not effectively applied in the AML/CFT field, and over the following years, decisions which expanded the scope of monitoring of the competent authorities were issued in order to apply the procedures of law No.2005/048. Mauritania was non-compliant with Recommendation 17 related to sanctions.

458. **Criterion 35.1: (partially met)** The Mauritanian law indicates that there is a range of sanctions, but not dissuasive or proportionate, whether criminal, civil or administrative, which are in place to deal with natural or legal persons who fail to comply with the AML/CFT requirements, in R6 and R8 to R23.
459. Article 46 of AML/CFT Law stipulates that when persons, directors and officers of institutions subjected to the law fail to comply with the reporting and tip off obligations, they will be punished by 6-24 months in prison, and a financial fine of 50.000-500.000 MU (USD 141-1.418). Article 47 also determines other civil and administrative sanctions for uncomplying with AML/CFT requirements.
460. There are no sanctions determined to legal persons when they fail to comply with Recs.6, 8 and 23.
461. **Criterion (35.2): (met)** According to article /60/ of the above-mentioned law No.2005/048, sanctions are applied on officers or representatives of legal entities who acted as perpetrators of or accomplices to the same acts.
462. **Weighting and Conclusion:** The Mauritanian has a range of sanctions for non compliance with AML/CFT provisions but these are not proportionate or dissuasive sanctions.
463. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 35**

### **Recommendation 36 – International instruments**

464. During the first round of the evaluation conducted by MENAFATF in 2006, the evaluation of Recommendation 35 was rated as mostly compliant and the assessment team pointed out the absence of information on the implementation of Palermo Convention ratified in 2005.
465. **Criterion 36.1: (met)** Mauritania ratified Palermo Convention on January 20, 2005, UNCAC (the Mérida Convention) on October 25, 2006, the United Nations Convention for the Suppression of the Financing of Terrorism on April 30, 2003 and the 1988 Vienna Convention.
466. **Criterion 36-2: (partially met)** Regarding the articles of Vienna Convention, article 3 thereof was incorporated in law No.2005/048 and its amendments but there is no legal text permitting the authorities to apply the provisions of article 11 of the Convention regarding “controlled delivery” and its procedures, particularly that article 40 of law No.2005/48 and its amendments did not refer to an explicit text on the powers of inquiry through “controlled delivery”. However, the remaining articles need to be further clarified by the Mauritanian authorities considering that the laws do not meet such articles. In addition, the articles of Vienna and Mérida Conventions are not being executed and there are deficiencies specially in terms of the preventive measures (Refer to the criteria of the Recommendations regarding customer due diligence measures). Furthermore, the implementation of the United Nations Convention for the Suppression of the Financing of Terrorism is still mostly deficient and incomplete. Article (80) of Mauritania’s Constitution issued in 2006 states that “the treaties or agreements, ratified or approved, have, on their publication, an authority superior to that of the laws, subject, for each agreement or treaty, to their application by the other party”. Mauritania ratified the Vienna Convention under Law No. 93-07, the Merida Convention Act 2006-018 and the United Nations Convention for the Suppression of the Financing of Terrorism under Law No. 2003-03, but the Palermo Convention was not ratified by law. The country has not provided proof of the publication of these conventions, as the Constitution stipulates that it should, to acquire the authority of laws. Also, article 78 of the Constitution provides that all international treaties can be ratified only by law.
467. **Weighting and Conclusion:** Mauritania accepted the required conventions, but there is deficient implementation of Merida and Palermo Conventions in terms of preventive measures according to the risks posed by customers and the deficient implementation of

Vienna Convention regarding the powers of using new technologies to conduct inquiry through controlled delivery.

468. **For the reasons mentioned above, Mauritania is largely compliant with Recommendation 36.**

#### **Recommendation 37 - Mutual legal assistance**

469. The first evaluation report made in 2006 stated that there are legal texts allowing for sound international cooperation, but there was no practical implementation and in the following years, judicial rotatories were received and sent from and to foreign countries and international conventions were also applied namely in the field of judicial cooperation. Mauritania was mostly compliant with R36 and SRV.

470. **Criterion 37.1: (met)** International cooperation mechanisms were set out in article 65 of Law No. 2005/048 which required the Mauritanian authorities to cooperate with the authorities of other States for the purposes of sharing information, inquiry and procedures aimed at taking precautionary measures and confiscating means and proceeds related to ML and TF and for the purposes of extradition, and according to chapter IV, section 5, the judicial cooperation mechanisms were set out whereas article 81 determined the inquiry and investigation procedures at the request of any foreign country in order to provide mutual legal assistance; Mauritania has signed several agreements on mutual legal assistance with a number of foreign countries. Article 33 of the law provides for the authority of CANIF subject to reciprocity with counterpart entities and exchange of information and CANIF signed a large number of memoranda of understanding for exchanging information with UAE, France, Senegal, Algeria, Niger and Morocco; however, there is no specific period of time to provide legal assistance for investigations and prosecutions related to AML/CFT.

471. **Criterion 37.2: (partially met)** The AML/CFT Law No.2005/048, namely articles (65 to 84) determined the judicial authority as the official central authority approved for sending requests for MLA (no certain judicial authority specified). There is no system for managing such requests and there is no deadline within which the implementation should take place according to priorities set for timely execution. The management of such requests is governed by the provisions of the Criminal Procedures Code, and bilateral and multilateral agreements which govern the Mauritanian international judicial cooperation with other countries.

472. **Criterion 37.3: (met)** There are no grounds to prohibit MLA, or make it subject to unreasonable or unduly restrictive conditions.

473. **Criterion 37.4 (a, b): (met)** Article 79 explicitly states that professional secrecy may not be invoked in order to refuse the execution of a request for transfer. There is no text that prohibits the request of a mutual legal assistance, on the sole ground that tax matters are involved or pursuant to the requirements of private secrecy of FIs. In addition, for the legal cooperation purposes, article /80/ of the law 048/2005 of stipulates that the competent authority shall keep the secret and content of the legal cooperation, the documents submitted as well as the subject of cooperation itself. If it is impossible to execute the said request without disclosing the secret, the competent authority shall notify the requesting country which will decide in this case if it shall proceed with the request.

474. **Criterion 37.5: (met)** Article 80 of law No.2005/048 (Secrets of legal cooperation request) mentioned that the competent authority shall keep the secret and content of the legal cooperation, the documents submitted as well as the subject of cooperation itself. If it is impossible to execute the said request without disclosing the secret, the competent authority shall notify the requesting country which will decide in this case if the Mauritania authorities shall proceed with the request or not.

475. **Criterion 37.6: (met)** Nothing in the Mauritanian law explicitly indicates that dual criminality is deemed a condition to provide mutual legal assistance which does not include dissuasive measures.

476. **Criterion 37.7: (met)** The Mauritanian law does not consider dual criminality or the description of the crime by using the same term as a condition to execute a legal assistance request.
477. **Criterion 37.8: (mostly met)** (a) Article 77 of the AML/CFT law mentions that cooperation may include the collection of attestations and declarations, provision of assistance to place the arrested persons or other persons at the disposal of the competent authorities in the requesting country for investigation purposes, provision of judicial documents, inspection and seizure, examination of objects and inspection of places, provision of information and proving evidence, provision of original or certified documents as per the relevant files and documents including bank statements, accounting documents and records showing the management or the commercial activities of the institution.
478. **Criterion 37.8: (b)** The authorities and special investigation means (intercepting Communications and accessing computer system) are provided according to the Mauritanian national legislations and the Mauritanian authorities implement them in the requests for mutual legal assistance; however, the authorities do not have the authority to use both undercover operations and controlled delivery.
479. **Weighting and Conclusion:** The Mauritanian authorities are compliant with the requirements of cooperation, exchange of AML/CFT judicial and security information with other countries according to legal provisions; however, no deadlines ensuring the implementation in a timely manner were mentioned, considering the risks related to the combating of terrorism and transnational organized crimes. In addition, authorities do not have the power to use undercover operations and controlled delivery.
480. **For the reasons mentioned above, Mauritania is largely compliant with Recommendation 37.**

#### **Recommendation 38 - Mutual legal assistance: Freezing and confiscation**

481. The first MER issued in 2006 stated that the system introduced by the law enables the Mauritanian authorities to respond to requests for mutual assistance from foreign countries; however, there is no information or structures for managing and sharing the confiscated property. Recommendation 38 was rated mostly compliant.
482. **Criterion 38.1 (a, b, c, d):** (partly met) The competent Mauritanian authorities may take measures to respond to the requests of foreign countries. According to article /88/ of law No.2005/048, when it is ascertained that the proceeds which confiscation is required are on the national territory, the concerned judicial authority can conduct inquiries and in the light of the results achieved and communicated to the foreign country which requested the assistance, it can take, at the request of the foreign country, measures to avoid the assignment or waiver of the ownership of the proceeds pending the final decision of the competent court in the country which requested the legal assistance. The text is general, and does not explicitly provide for prompt measures to respond to the countries' request of identifying, freezing, seizing and confiscating laundered funds, proceeds, instrumentalities, or were intended to be used in ML or TF, as well as the equivalent properties, in addition to the absence of the proper period to take such actions.
483. According to the foregoing, the judicial authority has the ability to take measures to respond to the requests of foreign countries for determining, freezing, seizing or confiscation but there is no reference to the necessary time and the deadline which will ensure the swift implementation of the said measures.
484. **Criterion 38.2 (not met):** The law did not explicitly mention that the assistance upon receiving cooperation requests can be provided, on the basis of the confiscation procedures, without relying on a conviction and the related provisional measures, at least in cases where the perpetrator is absent due to death, escape, or he/she is unknown.
485. **Criterion 38.3 (Not met) (a):** (not met) There are no clear arrangements to coordinate seizure and confiscation procedures with other countries.



486. **Criterion 38.3 (b)(not met?):** Even though the country has the authority to dispose of the confiscated property within its territory, upon the request of the foreign authorities, there are no mechanisms to manage or dispose of the seized or confiscated property when necessary.
487. **Criterion 38.4 (not met):** There is no clear text authorizing the sharing of confiscated property with other countries, especially if such confiscation is the result of coordinated procedures even though article /90/ stipulates that the country can freely dispose of the confiscated property within its own territory at the request of foreign authorities.
488. **Weighting and Conclusion:** Even though the Mauritanian authorities are using mutual assistance with other countries to freeze or confiscate funds through judicial rogatories they receive, they need to issue legal texts, namely those which set out the structures for sharing confiscated property, to fix a deadline for executing the legal assistance requests at the timely manner, consistent with the risks related to combating terrorism and transnational crimes faced by Mauritania.
489. **For the reasons mentioned above, Mauritania is non-compliant with Recommendation 38.**

### **Recommendation 39 – Extradition**

490. In 2006, the first MER of Mauritania states that the country is mostly compliant with Rec.39 related to extradition, though, the practical implementation of items is absent.
491. **Criterion 39.1 (a, b, c): (partially met)** Chapter IV of law No.2005/48 regulates the rules on extradition for the offenses of ML and TF without unjustified delay, and article 93 of the law stipulates that extradition includes:
- Individuals being prosecuted for the violations provided for by the law regardless of the length of the penalty incurred in national territory,
  - Individuals who have been definitively convicted by the courts of the requesting country of the violations provided for by the law, without being necessary to take the length of the sentence handed down into account.
492. The common law rules with respect to extradition are not waived, in particular those relating to dual conviction.
493. There is no clear mechanism for prioritizing the execution of the extradition requests in a timely manner.
494. The Mauritanian law No.48/2005 lays down reasonable and unrestrictive conditions for the execution of extradition requests, whereas article 94 stipulates that the request is to be addressed directly to the Republic attorney general at the Supreme Court, with a copy of the request to the Minister of Justice.
495. **Criterion 39.2 (a, b): (not met)** Article 713 (new) of law No. 36-2010 issued on July 21, 2010 amending and complementing some provisions of the legal order No. 36-2007 issued on April 17, 2007, which includes the criminal procedures code, stipulates that the Mauritania government may extradite a non-Mauritanian person to a foreign government upon its request if he is on the Mauritanian territories and if it has taken in his regard follow-up measures in the name of the requesting country or if a judgment against him is rendered by its courts.
496. Article 715 (new) of the criminal procedures code stipulates that extradition is not accepted if the person to be extradited is Mauritanian and what is important is to reckon this characteristic upon the occurrence of the crime for which extradition is required.
497. It does not appear that there is an explicit legal text requiring the concerned authorities to extradite criminals who are their citizens of or to refer the case without delay to the competent authorities in case they refuse to extradite the criminals on the sole grounds of nationality
498. **Criterion 39.3: (met)** Dual criminality is required for extradition; however, the conditions of extradition are prosecuting the perpetrator for violating AML/CFT or convicting them by the requesting country's courts for violating the same law.

499. **Criterion 39.4: (met)** Subject to the core principles of the local law, the Mauritanian Republic establishes a simplified mechanism for extradition as provided for in article 93 of the law which stipulates that the extradition includes the submittal of the request directly to the Republic attorney general at the Supreme Court, with a copy of the request to the Minister of Justice whether through diplomatic means or directly by post, wire, electronically or through the International Criminal Police Organization. The competent authority in the requesting country is advised of the response to its request
500. **Weighting and Conclusion:** There are no clear procedures to prioritize the execution of extradition requests in cases of terrorist acts and no statistical tools were adopted to set a specific schedule for the incoming and outgoing extradition requests.
501. **For the reasons mentioned above, Mauritania is partially compliant with Recommendation 39.**

#### **Recommendation 40 – Other forms of international cooperation**

502. During the first round of the mutual evaluation, Mauritania was non-compliant with Recommendation 40 which is related to other forms of international cooperation. The report states that there is no system of cooperation and exchange information between national supervisory authorities (Central Bank, Ministry of Interior and Ministry of Commerce) and the foreign supervisory authorities.

#### **General principles**

503. **Criterion 40.1: (mostly met)** Article 65 of the Mauritanian AML/CFT law No.2005/48 stipulates that the Mauritanian authorities shall cooperate with authorities in other countries for the purposes of sharing information, inquiry and procedures aimed at taking precautionary measures and confiscating means and proceeds related to ML and TF and for the purposes of extradition. Article 29 states that CANIF is empowered to share data related to its tasks with foreign counterparts, subject to reciprocity, if the same activities were subject of judicial procedures in Mauritania, and the competent judge who should approve upon the exchange of data should be advised. There are no specific provisions that indicate that co-operation should be provided rapidly in all cases
504. **Criterion 40.2: (not met)** (a) There is a legal ground for the provision of cooperation to the foreign country, in accordance with article /65/ which enables the use of effective means in such cooperation in order to execute and protect information requests. Article /66/ requires the public **prosecution** to take the necessary measures to investigate the facts it received from the foreign country.
505. **Criterion 40.2 (b, c, d, e) (not met):**The competent authorities do not have; the power to use the most efficient ways of cooperation by the authority, clear and safe outlets, mechanisms or channels for transferring and executing information requests, the procedures for arranging the requests by priority and executing them in a timely manner, and the measures taken to protect the information received.
506. **Criterion 40.3: (mostly met)** Mauritania can cooperate on the basis of reciprocity and does not require agreements to cooperate. However, it ratified the Merida, and Vienna Conventions and incorporated them in its legal system in general and particularly those related to international cooperation. CANIF also signed many agreements on the exchange of information with several foreign FIUs (Mauritania signed six memoranda of understanding on the exchange of information between CANIF and the FIUs of the following countries: France - Niger - Morocco - Algeria - Emirates - Senegal). The said Commission receives information requests from Arab and foreign FIUs.
507. **Criterion 40.4: (not met)** There is no clear provision regarding feedback to the competent authority from which Mauritania received assistance, on usefulness of the information obtained.

508. **Criterion 40.5: (partially met)** The Mauritanian places reasonable conditions on the exchange of information or provision of assistance, whereas article 33 of the Mauritanian AML/CFT law of 2005 which regulates the relationship between CANIF and the foreign FIUs, stipulates that CANIF may exchange information with foreign counterpart FIUs, subject to reciprocity, when such foreign counterparts have the same regulatory status as CANIF in Mauritania and are subject to similar obligations with respect to discretion and confidentiality of information, and provide the same guarantees with respect to the protection of the rights of third parties.
- According to the documents submitted by Mauritania, it is impossible to ascertain that the request for assistance would be rejected by the country considering that such request involves tax matters: and/or
  - Article 41 of Law No. 2005/048 on lifting professional secrecy provides that, notwithstanding all legislative or regulatory provisions which emphasize on the confidentiality of information, the confidentiality of information may not be invoked by the persons subject to the law and identified in article 6, in order to refuse to provide information to the supervisory authorities and CANIF or to refuse to make the reports required by said law. The same holds true as regards the information sought in the context of a court-ordered investigation into acts of money laundering or terrorist financing. Article 79 on refusing the execution of a request for judicial cooperation stipulates that professional secrecy may not be invoked in order to refuse the execution of a request for transfer.
  - According to the AML/CFT law, an inquiry, investigation or procedures under execution can be initiated in the country from which cooperation is required unless the assistance will hinder such inquiries, investigation or follow-up; and/or
  - According to the documents submitted by Mauritania, it is impossible to ascertain that the nature or status of the counterpart authority requesting cooperation, a civil, administrative, law enforcement of other authority is different from the nature or status of its foreign counterpart.
509. **Criterion 40.6: (met)** The Mauritanian Republic laid down controls and guarantees to verify the use of shared information for the purposes it was requested for, whereas article 33 of the Mauritanian AML/CFT law of 2005 which regulates the relationship between CANIF and the foreign FIUs, stipulates that CANIF may exchange information with foreign counterpart units, subject to reciprocity, when such foreign counterparts have the same regulatory status as CANIF in Mauritania, are subject to similar obligations with respect to discretion and confidentiality of information, and provide the same guarantees with respect to the protection of the rights of third parties.
510. **Criterion 40.7: (met)** The Mauritanian Republic lays down controls and guarantees which ensure the appropriate secrecy of any cooperation request and exchange of information, in line with the obligations of both parties as regards privacy and protection of data, whereas article /80/ related to the secrets of legal cooperation request stipulates that the competent authority shall keep the secret and content of the legal cooperation, the documents submitted as well as the subject of cooperation itself. If it is impossible to execute the said request without disclosing the secret, the competent authority shall notify the requesting country which will decide in this case if it shall proceed with the request.
511. Article 33 of the same law stipulates that CANIF may exchange information with foreign counterpart units, subject to reciprocity, when such foreign counterparts have the same **regulatory** status as CANIF in Mauritania, are subject to similar obligations with respect to discretion and confidentiality of information and provide the same guarantees with respect to the protection of the rights of third parties.

512. In addition, article 30 of the law stipulates that the members of CANIF and all the other participants should be under oath before assuming their functions and they shall be also bound to maintain the confidentiality of the obtained information which can be used only for the purposes provided for by the law.
513. **Criterion 40.8: (met)** The Mauritanian law No.2005/48 stipulates that the competent Mauritanian authorities are able to conduct inquiries (investigations) on behalf of foreign entities according to their national legislation. In this context, article /81/ authorizes to do so whereas the inquiries and investigations are conducted according to the national legislation unless the competent authority in the requesting country calls for conducting such procedures in a particular manner that is consistent with this legislation. A judge or an employee delegated by the competent authority in the requesting country may participate in the investigation procedures whether they are conducted by a judge or an employee.

#### **Exchange of information between FIUs**

514. **Criteria 40.9:** (partly met) According to article (33) of law No. (48) of 2005, CANIF can exchange information with counterpart FIUs; however, it requires the foreign FIU to have the same legal status, and to be subject to similar obligations as regards secrecy and protection of third-party rights. The law did not stipulate any specific form for memoranda of cooperation or the person authorized to approve.
515. **Criterion 40.10: (not met)** It is impossible to ascertain that the FIU is providing feedback, upon request and whenever possible, to the foreign counterpart authorities regarding the use of the information submitted and the results of the analysis conducted in the light of the information submitted.
516. **Criterion 40.11(a, b): (Mostly met)** The law indicates that CANIF can exchange information related to its tasks, subject to reciprocity when the data is in relation with judicial process in Mauritania, and the competent judge who should approve upon the exchange of data shall be informed (Article 29 of AML/CFT Law), without mentioning the type of data which can be exchanged; whether the data which is CANIF has direct access to, or which is directly or indirectly obtained by virtue of the FATF Recommendations, or any other information CANIF is entitled to obtain or access directly or indirectly, domestically.

#### **Exchange of information between financial supervisors**

517. **Criteria 40.12 to 40.16: (not met)** The financial supervisory authorities do not have legal powers enabling them to exchange information with international counterparts and to access such information locally.

#### **Exchange of information between law enforcement authorities**

518. **Criterion 40.17: (met)** Information is exchanged through INTERPOL of which Mauritania is a member and through the internal communication divisions of the Arab Interior Ministers Council where information is exchanged with counterparts for the purposes of inquiries or investigations. There are several regional and bilateral agreements allowing the exchange of security information for combating crimes.
519. **Criterion 40.18: (met)** The Mauritanian law enforcement authorities have the ability to use the approved investigation techniques according to their national legislation on behalf of their foreign counterparts, after they receive the requests and according to the principles and the approved agreements.
520. **Criterion 40.19: (not met)** Article /81/ of law No.2005/048 stipulates that Inquiries and investigations shall be conducted according to national legislation unless the competent authority in the requesting country calls for implementing such procedures in a particular manner that is consistent with this legislation. A judge or an employee delegated by the competent authority in the requesting country may participate in the investigation procedures whether they are conducted by a judge or an employee.
521. There is no clear text that confers the power to directly conduct joint investigations related to the combating of ML/TF offenses.

## **Exchange of information between non-counterparts**

522. **Criterion 40.20: (not met)** The competent authorities are not permitted to exchange information indirectly with non-counterparts.
523. **Weighting and Conclusion:** Mauritania meets many of the requirements under R.40 but there is still room for improvement in general, It is not possible to ascertain the ability of the competent authority to exchange information indirectly and the purpose thereof with non-counterparts, the lack of provisions with regard to the timeliness of responses. Lack of legal powers enabling financial supervisory authorities to exchange information with international counterparts, and absence of clear provision regarding feedback to the competent authority from which Mauritania received assistance.
1. For the reasons mentioned above, **Mauritania is partially compliant with Recommendation 40.**

## Summary of Technical Compliance – Key Deficiencies

<b>Recommendation</b>	<b>Rating</b>	<b>Factor (factors) underlying the rating</b>
1 Assessing risks and applying a risk-based approach	NC	<ul style="list-style-type: none"> <li>• Mauritania has not identified or assessed the ML/TF risks at the level of the Republic.</li> <li>• The Mauritanian authorities have not updated the risk assessment process.</li> <li>• There are no mechanisms that allow to provide all the competent authorities, the self-regulatory entities, FIs and DNFBPs with the appropriate information on the results of the risk assessment process.</li> <li>• Mauritania is not applying the RBA for allocating the resources.</li> <li>• The supervision authorities and self-regulatory entities are not verifying that FIs and DNFBPs are carrying out their obligations of Rec 1.</li> <li>• The Mauritanian authorities have not required FIs and DNFBPs to take appropriate steps to identify, assess and understand the relevant ML/TF risks.</li> <li>• There is no obligation requiring FIs and DNFBPs in Mauritania to establish policies, controls and procedures adopted by the higher management of FIs and DNFBPs to manage or limit the risks identified.</li> </ul>
2 National cooperation and coordination	NC	<ul style="list-style-type: none"> <li>• Mauritania did not establish AML/CFT national policies which take into account the identified risks.</li> <li>• Mauritania did not nominate an authority or set a coordination mechanism in charge of the AML/CFT national policies.</li> <li>• there are no mechanisms enable the entities to cooperate and coordinate with each other locally on developing and implementing policies and activities aimed at fighting ML/TF.</li> <li>• the absence of clear mechanisms and procedures for operational coordination between competent authorities.</li> <li>• No cooperation mechanisms to coordinate the combating of the financing of the proliferation of mass destruction weapons.</li> </ul>
3 Money laundering crime	LC	<ul style="list-style-type: none"> <li>• The Mauritanian law does not comprise the criminalization all aspects of ML.</li> <li>• The ML criminalization would render the employees of the FIs liable for receiving funds they suspect that they are funds or goods resulting from a felony or misdemeanor</li> <li>• the penal code does not criminalize some of predicate offenses.</li> <li>• The law did not include a definition of merchandise to see whether it consistent with the definition of fund mentioned in the methodology.</li> <li>• The applied criminal sanctions to natural person convicted of ML are not proportionate and dissuasive.</li> <li>• The law did not clarify whether the legal person is subjected to civil or administrative liability in committing a ML offense.</li> </ul>
4 Confiscation and temporary measures	PC	<ul style="list-style-type: none"> <li>• The time period during which challenge is possible before the ownership is transferred to the State is not clear or known.</li> <li>• There was no clear mechanism for the management of the property which was frozen, seized or confiscated and when necessary for the disposal thereof</li> </ul>

		..
5 Criminalizing terrorist financing	PC	<ul style="list-style-type: none"> <li>• The law stipulates that the TF should be associated with the intent to commit terrorist acts.</li> <li>• FTF is not determined or defined by the law and did not cover individuals who travel outside the country they reside in or hold its nationality.</li> <li>• The definition of terrorist financing offense does not stipulate the possible inference of the necessary knowledge and intention elements.</li> <li>• ambiguity in the application of the sanctions. The natural person.</li> <li>• The law does not provide for the application of the TF offense, regardless whether the person accused of perpetrating the crime is in the same country or in a country other than the country where the terrorist or the terrorist organization is located or where the terrorist act took place.</li> </ul>
6 Targeted financial sanctions related to terrorism and terrorist financing	PC	<ul style="list-style-type: none"> <li>• Absence of clear and comprehensive procedures and mechanisms for implementing the criteria of Recommendation 6.</li> </ul>
7 Targeted financial sanctions related to proliferation	NC	<ul style="list-style-type: none"> <li>• Absence of comprehensive procedures and mechanisms for implementing the SC resolutions related to proliferation.</li> </ul>
8 Non-profit organizations	NC	<ul style="list-style-type: none"> <li>• Mauritania did not determine which organization falls under the category of NPOs.</li> <li>• Mauritania did not conduct the risk assessment process to identify the nature of threats to non-profit organizations.</li> <li>• Mauritania did not provide any information on whether it worked with NPOs on developing and finalizing the best practices to face the TF threats.</li> <li>• Mauritania did not provide information on the awareness raising and educational programs in NPOs</li> <li>• Mauritania did not provide any information on its implementation of the risk-based supervision approach to supervise or monitor NPOs.</li> <li>• the law did not mention any competent authority in charge of monitoring and supervising NPOs.</li> <li>• Mauritania did not provide any information on its experience in the investigation and the ability to examine the NPOs which are suspected of being abused or of supporting terrorist activities or organizations.</li> </ul>
9 Financial institution secrecy laws	LC	It's not clear the exchange of information between financial institutions according to Rec17,16 and 13
10 Customer due diligence	NC	<ul style="list-style-type: none"> <li>• Mauritania does not prohibits maintaining anonymous accounts or accounts with fictitious names, shell names.</li> <li>• implement due diligence measures does not cover cases where transactions are conducted in a single operation.</li> <li>• FIs are not required to implement due diligence measures when they suspect that a transaction relates to ML or TF, irrespective of any exemption or any designated threshold mentioned elsewhere, according to the FATF Recommendations</li> </ul>

	<ul style="list-style-type: none"> <li>• Financial institutions are not required to implement due diligence measures when they have doubts about the veracity or adequacy of previously obtained customer identification data.</li> <li>• law No. 048/2005 did not include a definition of the legal arrangements, nor did it include measures for identifying or verifying if customers are a legal arrangement.</li> <li>• the definition of “the economic right owner” is not consistent with the definition of the methodology for “beneficial owner”.</li> <li>• There is no obligation requiring the FIs to understand the purpose and nature of the business relationship.</li> <li>• Law No. 2005/048 did not include any obligation requiring FIs to implement on-going due diligence measures toward business relationships, including the examination of operations carried out throughout the relationship in order to ensure the consistency of the conducted operations with the information the FI has on the customers, the pattern of their activities and the risks they represent.</li> <li>• Law No. 2005/048 did not include any obligation requiring FIs to verify of documents, data or information obtained through continuously updated and appropriate due diligence measures by reviewing the existing records, namely for high-risk customers.</li> <li>• Law No. 48/2005 did not require FIs to understand the nature, ownership and control structure of the legal persons business or legal arrangements.</li> <li>• No provision requiring the identification and verification concerning foreign legal persons.</li> <li>• No obligation requiring the FIs subjected to the law to understand the nature and the ownership and control structure of the legal arrangements business.</li> <li>• No provision on the identification and verification of foreign legal or natural persons who hold senior management positions in the legal person.</li> <li>• No legal obligation to determine and take reasonable measures to verify the identity of beneficial owners of legal persons.</li> <li>• No obligation to implement due diligence measures toward the beneficiaries from life insurance policies and products.</li> <li>• FIs are not required to consider the beneficiary from the life insurance policy an associated risk factors, and the implementation of enhanced measures is not required.</li> <li>• There is nothing indicating that it is allowed to continue the verification process after the establishment of a business relationship</li> <li>• there is no obligation to implement due diligence measures toward existing customers.</li> <li>• No risk-based approach is implemented in a way that would allow to require FIs whether to apply enhanced due diligence measures when high risks of ML/TF are detected.</li> <li>• There is no obligation, in case the compliance with the due diligence measures is not possible, to refrain from opening the account, starting the business relationship or carrying out the operations, or to consider submitting an STR on the customer.</li> </ul>
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		<ul style="list-style-type: none"> <li>• No provision allowed to discontinue the execution of the due diligence process if they reasonably believe that this process will tip off the customer.</li> </ul>
11 Record keeping	PC	<ul style="list-style-type: none"> <li>• FIs are not required to keep accounts files, commercial correspondences and findings of any analysis conducted, for a period of five years at least.</li> <li>• It is no legal provision stating all the information related to the operations which should be kept, with the possibility of tracing the operation and reconstruction of individual transactions so as to provide, evidence for prosecution of criminal activity.</li> <li>• FIs are not required to ensure the prompt provision of CDD information and the records of operations to the competent authorities after obtaining the appropriate authorization</li> </ul>
12 Obligation to determine the identity of the politically exposed persons	PC	<ul style="list-style-type: none"> <li>• The PEPs did not cover the Mauritanian nationals and the persons who were entrusted with prominent positions by an international organization.</li> <li>• There are no instructions requiring FIs to obtain the approval of the senior management before establishing or continuing a business relationship as to existing customers.</li> <li>• The Mauritanian legal system does not include any provision regarding persons who were already entrusted with a prominent position by an international organization and to take sufficient measures to determine whether the customer or the beneficial owner is one of those persons.</li> <li>• There are no procedures related to PEPs who benefit from insurance policies.</li> </ul>
13 Correspondent banking	PC	<ul style="list-style-type: none"> <li>• Nothing explicitly indicates that FIs are required to obtain approval from the senior management before establishing any new correspondent relationships and to understand the respective AML/CFT responsibilities of each institution.</li> <li>• No explicit provision prohibits the FIs from establishing or continuing a correspondent banking relationship with shell banks.</li> <li>• No legal provision requires the FIs to satisfy themselves that correspondent foreign financial institutions do not permit their accounts to be used by shell banks.</li> </ul>
14 Money or value transfer service providers	PC	<ul style="list-style-type: none"> <li>• Insufficient measures to identify provide money and value transfer services providers without license or registration.</li> <li>• there is no explicit text punishing legal persons for transferring money without a license.</li> <li>• the money or value transfer service providers are not subject to supervision over the compliance with the AML/CFT law requirements.</li> <li>• It is not clear if there are special measures for AML/CFT supervision of money transfer service provider or any other similar.</li> <li>• there is no explicit provision stipulates that agents are required to be licensed or registered by a competent authority or that the MVTS providers are required to maintain an updated list of their agents.</li> <li>• There is no explicit provision stipulates that the money or value transfer service providers who employ agents are required to engage</li> </ul>

		them in AML/CFT programs and monitor their compliance with such program.
15 New technologies	NC	<ul style="list-style-type: none"> <li>• Mauritania and FIs did not identify and assess the ML/TF risks regarding new technologies.</li> <li>• The FIs in Mauritania are not required to undertake the risk assessment prior to the launch or use such products or to take appropriate measures to manage and mitigate such risks.</li> </ul>
16 Wire transfers	PC	<ul style="list-style-type: none"> <li>• There is no obligation for ordering FIs to obtain information on the beneficiary (name, account number).</li> <li>• There is no obligation requiring the ordering FIs to verify the accuracy of the information of their customers when there is a suspicion of ML or TF.</li> <li>• the law and the instructions did not require FIs to obtain information on the beneficiary and therefore, they are not bound to keep such documents.</li> <li>• There are no provisions to prevent ordering FIs from executing wire transfers if they fail to comply with the requirements set out in criteria 16-1 to 16-7.</li> <li>• No instructions requiring the intermediary FIs to ensure that any wire transfer should be accompanied with all the information on the originator and the beneficiary.</li> <li>• No instructions requiring the intermediary FIs to keep all the information it received from the ordering financial institution or another intermediary financial institution for at least 5 years.</li> <li>• No instructions requiring intermediary financial institutions to take reasonable measures that are consistent with straight through processing, to identify the cross-border wire transfers that lack required originator information or required beneficiary information</li> <li>• No instructions requiring intermediary and beneficiary FIs to develop risk-based policies and procedures to determine: (1) When wire transfers lacking information on the originator or the beneficiary are executed, rejected or suspended and (2) the appropriate follow-up actions.</li> <li>• no obligation requiring the beneficiary FIs to take reasonable measures to identify the cross-border wire transfers which lack the required information on the originator or the beneficiary.</li> <li>• There is no obligation requiring the beneficiary FIs to verify the identity of the beneficiary, if it was not previously verified and to retain such information in accordance with Recommendation 11.</li> <li>• There is no obligation requiring the beneficiary financial institution to develop risk-based policies and procedures to determine when wire transfers lacking information on the originator or the beneficiary are executed, rejected or suspended and the appropriate follow-up measures.</li> <li>• there is no obligation requiring the MVTs providers to comply with the relevant requirements of Recommendation 16.</li> <li>• there are no rules or obligations binding the MVTS providers to implement the targeted financial sanctions.</li> </ul>

17 Reliance on third parties	NC	<ul style="list-style-type: none"> <li>• There are no instructions require to take into consideration the information available on the level of risks in countries where third parties that meet the conditions can be based</li> <li>• There are no instructions concerning FIs which rely on a third party that is part of the same financial group.</li> </ul>
18 Internal controls and foreign branches and subsidiaries	NC	<ul style="list-style-type: none"> <li>• No provision explicitly indicates that arrangements are put in place to manage the obligation, including the appointment of the compliance officer at the management level or examination measures to ensure the application of high-standard criteria when appointing employees.</li> <li>• There are no special requirements explicitly stipulating that the financial groups are required to implement the same group-wide program and to apply it to all branches and majority-owned subsidiaries.</li> <li>• No provisions require financial groups to apply appropriate additional measures to manage the ML and TF risks, and inform the supervisors in the home country, if the host country does not permit the proper implementation of the AML/CFT measures that are in consistency with the home country measures.</li> </ul>
19 Higher-risk countries	NC	<ul style="list-style-type: none"> <li>• No explicit reference was made to the public statements issued by the FATF on non-cooperative countries and the measures which should be taken against them.</li> <li>• No legal provision requires the country to apply appropriate countermeasures proportionate to the degree of risks when called upon to do so by the FATF</li> <li>• Instruction does not refer to any measures that ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries, including the publication of all the FATF statements.</li> </ul>
20 Reporting suspicious transactions	PC	<ul style="list-style-type: none"> <li>• There is no clear legal provision for requiring the FIs to immediately report to CANIF when they suspect that funds are derived from a criminal activity.</li> <li>• There is no clear legal provision for requiring the FIs report all the suspected transactions, regardless of their amount, including attempted suspected transactions.</li> </ul>
21 Tipping-off and confidentiality	PC	<ul style="list-style-type: none"> <li>• FIs are not protected by law against criminal and civil liability for breach of any restriction on disclosure of information.</li> <li>• FIs are not prohibited by law from disclosing the suspicious transaction report or related information is being filed with the FIU when reporting of a predicate offense.</li> </ul>
22 DNFBPs - Customer due diligence	PC	<ul style="list-style-type: none"> <li>• The legal basis upon which the Governor of the Central Bank has issued instructions for some DNFBPs is not clear.</li> <li>• The legal binding for lawyers, notaries, accounting experts and accountants in field of AML/CFT is not clear.</li> <li>• The extent to which trusts, and company service providers exist and are governed by the AML/CFT law is not clear.</li> <li>• No legal provision requires all DNFBPs in to keep records, to provide the competent local authorities with records of customers and transactions, upon request.</li> </ul>

		<ul style="list-style-type: none"> <li>• The supervisory authority (authorities) of the DNFBPs which should take an approval from before establishing a business relationship with PEPs is not determined.</li> <li>• Various deficiencies regarding PEPs, namely the definition of the political person concept and the absence of procedures and instructions regarding the continuity of the business relationships.</li> <li>• There is no legal framework that requires to take the ML/TF risks into account when using new technologies.</li> <li>• There are no sufficient policies and measures to limit the risks which might arise from the use of new technologies.</li> <li>• It does not appear that the DNFBPs are permitted to rely on third parties to identify the customer and the beneficial owner and to understand the nature of the business.</li> </ul>
23 Designated non-financial businesses and professions: Other measures	PC	<ul style="list-style-type: none"> <li>• No obligations require the DNFBPs to report suspicious transactions in case of attempted transactions, regardless of their amount and when they suspect or have reasonable reasons to suspect that funds are derived from a criminal activity or that they are associated with TF.</li> <li>• Mauritania has no provisions requiring the application of STR requirements on trust and company service providers.</li> <li>• The absence of obligation for trust and company service providers to implement internal control requirements.</li> <li>• No legal provision requires the DNFBP sector to establish an autonomous supervising body to monitor the extent of application of the AML/CFT programs.</li> <li>• No legal provisions cover the remaining requirements of Recommendation 18 in terms of internal control requirements.</li> <li>• No legal provision issued to the DNFBPs to cover the requirements of Recommendation 19 regarding higher-risk countries.</li> <li>• Prosecution for breaching a bank or professional secret is only limited to the natural person and does not extend to cover the legal person</li> <li>• there are no written guidelines or any memorandums for lawyers regarding the combating of ML/TF.</li> </ul>
24 Transparency and beneficial ownership of legal persons	NC	<ul style="list-style-type: none"> <li>• Since Mauritania has not initiated the national risk assessment measures yet, the risks represented by the legal persons are not identified.</li> <li>• no legal provision or orders requiring all the companies and legal persons to keep a record of their shareholders or members and the number of shares and that such information is kept in a place the company registrar advises of.</li> <li>• There is no provision legally binding and the assessment team did not find any obligation to accurately update the data and to advise thereof in a timely manner.</li> <li>• There is no obligation requiring the application of a certain mechanism to verify that the information on the beneficial owners of a company is obtained by such company and that it is available in a specific place in the country or it may be accessed by the competent authority in a timely manner.</li> </ul>

		<ul style="list-style-type: none"> <li>• There is no obligation requiring that the information on the beneficial owners should be accurate and updated as much as possible.</li> <li>• There is no provision allowing the State to verify that companies are cooperating with the competent authorities to the fullest extent in identifying the beneficial owners.</li> <li>• Nothing is mentioned in the commercial register law about the retention of documents and data after the termination of the activity for legal entities.</li> <li>• Criteria 24.10 to 24.15 are not met, and the Code of Commerce allows the bearer shares which are transferred by mere handling while Mauritania did not submit any mechanism which ensures their protection from being misused for ML/TF.</li> </ul>
25 Transparency and beneficial ownership of legal persons	NC	It is clear that the Mauritanian authorities have no legal framework related to transparency and beneficial ownership of legal persons and they do not fulfill the required measures according recommendation 25.
26 Regulation and supervision of financial institutions	PC	<ul style="list-style-type: none"> <li>• not clear which supervisory authority is in charge of monitoring MAURIPOST in the AML/CFT field.</li> <li>• There is no explicit legal provision that prohibits the establishment or continued operations of shell banks.</li> <li>• No legal or regulatory measures to prevent criminals or their associates from holding (or being a beneficial owner) of significant or controlling interest or holding a management function in any FI.</li> <li>• the RBA is not applied for the supervision and monitoring for the purposes of combating ML and TF.</li> <li>• It is not clear whether the regulation, supervision or monitoring, of other FIs having regard of ML/TF risks</li> <li>• It does not appear whether ML/TF risks are assessed, or the risk-based approach is applied, and the extent of frequency and intensity of on-site and off-site AML/CFT supervision of financial institutions or groups is not established.</li> <li>• The supervisory authorities have not reviewed the assessment of the ML/TF risk profile of the financial institution or group.</li> </ul>
27 Powers of supervisors	PC	<ul style="list-style-type: none"> <li>• The Central Bank of Mauritania is the only supervisory authority with off-site supervision powers to supervise compliance with AML/CFT requirements.</li> <li>• It is not clear when the application of sanctions in case of failure to comply with the AML/CFT requirements is possible, on other hand the extent to which it is possible to apply sanctions by other supervisory authorities and those concerned with insurance companies supervision is not clear.</li> </ul>
28 Regulation and supervision of DNFBPs	NC	<ul style="list-style-type: none"> <li>• The law does not designate competent authority or SRB responsible for monitoring and ensuring compliance of DNFBPs with the AML/CFT requirements,</li> <li>• The Mauritanian authorities which are concerned with the supervision of DNFBPs do not have sufficient powers to carry out their functions.</li> <li>• The competent authorities do not have sufficient powers to take the necessary legal and regulatory measures to prevent criminals or their associates from being professionally accredited or holding or being</li> </ul>

		<p>the beneficial owner of a significant or controlling interest or holding a management function in the DNFBPs.</p> <ul style="list-style-type: none"> <li>• The law does not include any provisions to punish DNFBPs for failure to comply with AML/CFT requirements.</li> <li>• Mauritania is not conducting a supervision over the DNFBPs based on the sensitivity of risks and the authorities did not assess the risks of the DNFBP</li> </ul>
29 Financial Intelligence Unit	LC	<ul style="list-style-type: none"> <li>• (CANIF) is not the national center for receiving information related to the associated predicate offenses.</li> <li>• The law or the decree regulating the operation of the (CANIF) does not provide any articles confirming the operational autonomy of (CANIF).</li> <li>• No legal articles were found on providing local entities with information upon request.</li> </ul>
30 Responsibilities of law enforcement and investigative authorities	PC	<ul style="list-style-type: none"> <li>• It did not appear whether law enforcement investigators are authorized to initiate the investigation of any ML/TF offences during a parallel financial investigation, or whether they are able to refer the case to another agency to follow up with such investigations.</li> <li>• No evidence indicating that there is one specific competent authority which promptly identifies, traces, freezes and seizes property which is or might be subject to confiscation or which is suspected of deriving from crime proceeds.</li> <li>• It is not clear if the other authorities which are not law enforcement authorities are entitled to conduct financial investigations and if they have the appropriate powers to do so.</li> </ul>
31 Powers of law enforcement and investigative authorities	PC	<ul style="list-style-type: none"> <li>• LEAs investigative techniques do not include undercover operations and controlled delivery</li> <li>• Mauritanian authorities did not submit any evidence indicating that there is a mechanism in place to ensure that the competent authorities have process to identify the assets without prior notification to the owner.</li> <li>• Some investigative authorities have no provisions that enable them to obtain the necessary information held by CANIF.</li> </ul>
32 Cash Couriers	PC	<ul style="list-style-type: none"> <li>• The disclosure system in Mauritania does not refer to the measures which should be applied when the local currency (MRO) is concerned.</li> <li>• There was no clear mechanism either on the cooperation between the Customs, the police and other authorities.</li> <li>• No provision explicitly stipulates that the competent authorities are able to stop or restrain currency and bearer negotiable instruments for a reasonable time.</li> <li>• there is no explicit reference that there are strict safeguards to ensure proper use of the information collected through the declaration/disclosure systems.</li> <li>• No reference is made to any database at the Customs Administration through which data on currency declaration operations is kept, and CANIF cannot directly access such database or indirectly obtain information and data.</li> </ul>

		<ul style="list-style-type: none"> <li>• There is no certain text stipulating the sanctions and confiscation measures for carrying out physical cross-border transportation of currency or BNIs that are related to ML/TF or predicate offences.</li> </ul>
33 Statistics	PC	<ul style="list-style-type: none"> <li>• the Mauritanian authorities were not able to provide the time period during which the quantity and numbers of investigations, prosecution cases and judgments of conviction related to ML/TF were prepared</li> <li>• the Mauritanian authorities did not clarify the amount of the confiscated funds and there is no orders of confiscation even though there were judgments of conviction.</li> <li>• The sanctions, whether criminal, civil or administrative, which are in place to deal with natural or legal persons who fail to comply with the AML/CFT requirements are not dissuasive or proportionate.</li> <li>• The International judicial assistance requests particularly those related to ML and TF was not elaborated,</li> </ul>
34 Guidance and feedback	PC	No clear mechanisms and no specific framework were determined, namely with regard to feedback with the aim of detecting and reporting suspicious transaction
35 Sanctions	PC	the Mauritanian law does not mention sanctions imposed on legal persons who fail to comply with the AML/CFT requirements.
36 International instruments	LC	<ul style="list-style-type: none"> <li>• there is a lack of information on the numbers and laws issued regarding the ratification of the related international treaties.</li> <li>• Deficient implementation of Merida and Palermo Conventions in terms of preventive measures according to the risks posed by customers and the powers of new technologies to conduct investigation through the controlled delivery</li> </ul>
37 Mutual legal assistance	LC	Mauritanian authorities did not provide a practical mechanism, particularly that no deadlines ensuring the implementation in a timely manner were mentioned, in addition, authorities do not have the power to use undercover operations and controlled delivery.
38 Mutual legal assistance: Freezing and confiscation	NC	<ul style="list-style-type: none"> <li>• The measures to respond to the requests of foreign countries was not determined in a precise and elaborate manner and no reference is made to the necessary time and the deadline.</li> <li>• The law does not stipulate that the assistance upon receiving cooperation requests can be provided, on the basis of non-conviction based confiscation proceedings and the related provisional measures, at least in cases when the perpetrator is unknown or absent due to death, escape, absence.</li> <li>• there are no clear arrangements to coordinate the seizure and confiscation procedures with other countries.</li> <li>• there are no mechanisms to manage or dispose of property frozen, seized or confiscated.</li> <li>• There is no clear mechanism authorizing the sharing of confiscated property with other countries.</li> </ul>
39 Extradition	PC	<ul style="list-style-type: none"> <li>• There is no clear mechanism for prioritizing the execution of the extradition requests in a timely manner.</li> <li>• It does not appear that there is an explicit legal provision to extradite criminals who are their citizens or to refer the case without delay</li> </ul>

		to the competent authorities in case they refuse to extradite the criminals on the sole grounds of nationality.
40 Other forms of cooperation	PC	<ul style="list-style-type: none"> <li>• The competent authorities do not have; the power to use of the most efficient ways of cooperation by the authority, clear and safe outlets, mechanisms or channels for transferring and executing information requests, the procedures for arranging the requests by priority and executing them in a timely manner, and the measures taken to protect the information received.</li> <li>• There is no clear provision regarding feedback to the competent authority from which Mauritania received assistance, on usefulness of the information obtained.</li> <li>• It is impossible to ascertain that the nature or status of the counterpart authority requesting cooperation, a civil, administrative, law enforcement of other authority is different from the nature or status of its foreign counterpart, is a reason to refuse a request of assistance.</li> <li>• It is impossible to ascertain that the FIU is providing feedback to the foreign counterpart regarding the use of information submitted and the results of the analysis conducted in the light of information submitted.</li> <li>• There is no reference that the financial supervisory authorities have powers enabling them to exchange information with international counterparts and to access such information locally.</li> <li>• There is no clear provision that confers the power to directly conduct joint investigations related to the combating of ML/TF offenses.</li> <li>• It is impossible to verify the ability of the competent authority to exchange information indirectly with non-counterparts.</li> </ul>



## Glossary of acronyms

<b>Abbreviation</b>	<b>Full name English</b>
AML	Anti-Money Laundering
BNI	Bearer- Negotiable Instrument
BO	Beneficial Owners
CANIF	La Commission d'Analyse des Informations Financières ( the Financial Information Analysis Commission)
CDD	Customer Due Diligence
CDSS	The Central Directorate of the State Security
CFT	Combating the Financing of Terrorism
DGNS	The Directorate General for National Security
DNFBPs	Designated non-Financial Businesses and Professions
Ex Officio	a Latin phrase to describe a position someone automatically gains because of another job or position he/she already holds.
FATF	Financial Action Task Force
FIs	Financial Institutions
FIU	Financial Intelligence Unit
FTF	Foreign Terrorist Fighter
ID	Identity
IMF	The International Monetary Fund
IT	Information Technology
KYC	Know Your Customer

LEA	Law Enforcement Authority
MAURIPOST	Mauritania Post Company
MENAFATF	Middle East and North Africa Financial Action Task Force
MER	Mutual Evaluation Report
ML	Money Laundering
MLA	Mutual Legal Assistance
MOU	Memorandum of Understanding
MRO or MRU	Mauritanian Ouguiya
MVTS	Money Value Transfer Services
NPO	Non-Profit Organizations
NRA	National Risk Assessment
OECD	Organization for Economic Co-operation and Development
OFAC	Office of Foreign Assets Control
PEP	Politically Exposed Persons
RBA	Risk Based Approach
SC	Security Council
SRO	Self-Regulatory Organization
STRs	Suspicious Transaction Reports
TC	Technical Compliance
TF	Terrorist Financing
TFS	Targeted Financial Sanctions
UN	United Nations

UNCAC	United Nations Convention against Corruption
UNOTC	United Nation Convention Against Transnational Organized Crime
UNSCRS	United Nations Security Council Resolutions
USD	United States Dollar