

Resolution 5 (XXXIX)

Encouragement of each Member State to require the establishment by banks and other financial institutions of customer identification policies and to broaden anti-money-laundering measures, and of the United Nations International Drug Control Programme to strengthen cooperation with the Financial Action Task Force*

The Commission on Narcotic Drugs,

Recognizing the growing threat posed to the economies of the world, particularly the danger to emerging economies, by drug-trafficking and other criminal organizations, and welcoming its discussion of those threats and how best to counter them,

Aware that the proceeds generated by drug trafficking and other illicit activities are being placed into banks and other legitimate financial institutions, and that the ability of banks and other financial institutions to screen potentially criminal customers is a potent weapon in the fight against money-laundering,

Agreeing that no country should be a safe haven for illicit proceeds,

Noting that money-laundering is often facilitated by the maintenance of nominee accounts,

Stressing that the ability of law enforcement officials to conduct their inquiries in the fight against money-laundering would be enhanced by access to reliable documents and records about transactions and the identities of clients,

Emphasizing that the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988 1/ requires each party to the Convention to make money-laundering a criminal offence and to adopt the measures necessary to enable authorities to identify, trace and freeze or seize the proceeds of illicit drug trafficking,

Recognizing the need for parties to the 1988 Convention to strengthen the implementation of the Convention, particularly in combating money-laundering, and in carrying out the obligation to take the necessary measures to bring their domestic legislation into conformity with the Convention,

Noting that the 40 recommendations of the Financial Action Task Force established by the major industrialized countries (Group of Seven) and the President of the Commission of the European Communities remain the standard by which the anti-money-laundering measures adopted by concerned States should be judged;

Noting with appreciation the call contained in the Report of the International Narcotics Control Board for 1995 2/ for an intensified international effort to combat money-laundering,

* See paragraph 95 above.

1. Urges States to prohibit banks and other financial institutions from offering accounts identified only by number, anonymous accounts or accounts in obviously false names, and to take all reasonable measures to ensure that such institutions are informed of the identities of beneficial customers in all transactions, particularly those conducted by nominees;

2. Recommends that States should consider implementing measures to detect and monitor the physical transportation of cash and bearer negotiable instruments at the border, subject to strict safeguards to ensure proper use of information and without impeding in any way the freedom of legitimate capital movements;

3. Encourages States to require banks and other financial institutions to determine and record the identities of clients with whom they conduct transactions, including, but not limited to, the opening of accounts, the renting of safe deposit boxes and the conducting of large cash transactions or other transactions for customers; particular attention should also be paid to the wire transfer of funds;

4. Recommends that States require banks and other financial institutions to take reasonable measures to determine the true identities of persons on whose behalf an account is opened or a transaction is conducted;

5. Calls upon States to require banks and other financial institutions to maintain, for an appropriate period of time, all transaction records, including amounts and types of currency involved, so as to facilitate responses to requests for information from the competent domestic authorities for use in criminal investigations and prosecutions, civil forfeiture proceedings or regulatory actions;

6. Urges States to broaden money-laundering countermeasures, combined with various effective administrative, civil and criminal measures, to include the transit, conversion or other disposition of illegal proceeds from serious crime;

7. Encourages States to consider adopting legislative measures for the confiscation or seizure of illicit proceeds from drug trafficking and other serious offences, for asset forfeiture, as required, and for provisional arrangements, such as the freezing or seizing of assets, always with due respect being paid to the interests of bona fide third parties. In order to enhance cooperation in financial investigations, States should also consider, if their national legislation does not prohibit it, the introduction of bilateral or multilateral arrangements for the equitable sharing of forfeited assets in such cases;

8. Urges the United Nations International Drug Control Programme, together with the Crime Prevention and Criminal Justice Division, within existing resources, to continue to work with the Financial Action Task Force and other relevant multilateral and regional anti-money-laundering and counter-narcotics institutions, in order to strengthen international efforts against money-laundering, and to review progress made by States in implementing the anti-money-laundering provisions of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988 and by concerned States in

implementing the recommendations of the Financial Action Task Force;

9. Requests the Secretary-General to transmit the present resolution to all Governments for consideration and implementation.

1/ Official Records of the United Nations Conference for the Adoption of a Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, Vienna, 25 November-20 December 1988, vol.I (United Nations publication, Sales No. E.94.XI.5).

2/ United Nations publication, Sales No. E.96.XI.1.