

# Cambodia



## Country Guides: Money Laundering

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**Member of FATF:** No  
**On FATF blacklist:** No  
**Member of EGMONT:** No

### Legislative framework

The Cambodian legal framework covering anti-money laundering is merely in the development stage and there are limited precedents. The Law on Anti-Money Laundering and Combating the Financing of Terrorism was promulgated on June 24, 2007. The purpose of the law is to set up measures against money laundering and financing of terrorism as well as the organization and the control of enforcement measures. Following the promulgation of the law, the Financial Intelligence Unit was established under the Sub-decree No. 10 adopted on January 29, 2008. The National Bank of Cambodia later adopted on May 30, 2008 a specific regulation No. B7-08-089 on Anti-Money Laundering and Combating the Financing of Terrorism aiming at banking institutions. The law defines the entities subject to it and outlines their obligations to prevent money laundering and financing of terrorism. It also addresses the organisation and enforcement agency and empowers such enforcement agency to impose applicable sanctions. Additional general provisions are also provided in the newly adopted Criminal Code, the relevant part of which will enter into force by the end of 2010.

### Definition

Money laundering means:

- The conversion or transfer of property, knowing that such property is the proceeds of offence, for the purpose of concealing or disguising the illicit origin of the property or of helping any person who is involved in the commission of the offence to evade the legal consequences of his or her action;
- The concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to property, knowing that such property is the proceeds of offence;
- The acquisition, possession or use of property, knowing that such property is the proceeds of offence;
- Participation in and attempts to commit, aiding and forcing somebody to commit any of the acts defined above.

### Reporting entities

The reporting entities subject to the Law include:

- Banks including branches of foreign banks;
- Non-bank financial institutions including securities brokerage firms and insurance companies;
- Microfinance institutions;
- Credit cooperatives;

- Leasing companies, investment and pension funds, investment companies, and companies managing investment funds;
- Exchange offices;
- Money remittance services;
- Real estate agents;
- Dealers in precious metals, stones, and gems;
- Post office operating payment transactions;
- Lawyers, notaries, accountants, auditors, investment advisors, and asset managers;
- Casinos and other gambling institutions;
- Non-governmental institutions and foundations engaging in business activities and fund raising;
- Any other institutions designated by the FIU;

### **Financial Intelligence Unit**

The FIU is technically an arm of and led by the Central Bank. However, its board of directors is composed of members representing various ministries, including the Office of the Council of Ministers, Ministry of Justice, Ministry of Interior, Ministry of Economy and Finance, and the Central Bank. The main functions of the FIU are to receive Suspicious Transaction Reports from reporting entities, to collect and to maintain information relevant to the issues of money laundering, to analyse and to assess all the STRs received and to forward the cases to law enforcement agency if it has reasonable grounds to believe that money laundering and financing of terrorism activities have taken place, to provide feedback and outcome of assessment of the STRs received to all relevant authorities, and to enhance public awareness about the issues. The FIU is also empowered with the authority to oversight the reporting entities such as issuing guidelines for implementation, conducting on-site inspection and issuing remedial actions. Due to the limited financial and technical resources, the FIU seems to have difficulty in actively performing its missions.

### **Responsibilities of the reporting entities**

Following are the main responsibilities of the reporting entities:

- Not to use the rules on professional secrecy as ground to refuse providing information to and/or cooperating with the enforcement agency;
- To be restricted from opening anonymous accounts or providing similar products;
- To take customer due diligence measures including the identification and verification of their customers' identity;
- To identify any complex or unusual transactions and seek complete information of such transactions;
- To maintain all the records of their customers for at least five years;
- To report any suspicious transaction to the FIU. The report should contain identity of the reporting officer, the identity of the customers, and the reasons that justify the suspicion. The reporting entities are protected from any liabilities in relation to the reporting of suspicious transactions. However, communicating the STRs to other parties rather than the FIU is prohibited;
- To develop programs including human resources to prevent money laundering and financing of terrorism.

## Sanctions

In cooperation with the FIU, the law allows the relevant supervisory authorities to impose disciplinary sanctions on any reporting entities who fail to fulfil its obligation under the law. Disciplinary sanctions can be in the form of a warning, reprimand, prohibition or limitation to conduct any transactions for a specified period of time, revocation of business license, demotion of relevant officials or directors of the concerned reporting entities, monetary fines, temporary freezing on means and proceeds of money laundering and financing of terrorism. The failure of reporting entities can also result in criminal liabilities which are punishable from six days to one year of imprisonment and subject to monetary fines from \$250 to \$1,250. Proceeds resulting from such violation may also be confiscated. More severe sanctions are provided under the Criminal Code for those who commit money laundering by imposing imprisonment from two years to five years and monetary fines from \$1,000 up to the total value of the money being laundered. In case of aggravating circumstances (e.g. repetition, organised structure or using professional activities), the imprisonment is increased from five years to ten years. Additional sanctions can also be imposed, including confiscation of property, suspension of civil rights for up to five years and publication of the judgement.



*Mr. Youdy Bun, LL.M., is a partner and co-founder of Bun & Associates, a law firm duly registered in the Kingdom of Cambodia. He is the former Secretary-General of the Bar Association of the Kingdom of Cambodia and one of the first arbitrators selected to Cambodia's National Arbitration Center. Youdy has particular expertise in investment and market entry advice to international companies.*

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