

The Anti-Money Laundering Act

Article 1:

The general principle applies to the accuracy and veracity of commercial transactions subject of article (2) of the Commercial Code unless the contrary is proved in accordance with the provisions of this law. The individuals' exercise of effective control over their assets and properties, if it is combined with assertion of ownership claim, is proof of ownership.

Article 2:

Money laundering offences include:

- a) acquisition, possession, storage or enjoyment of the proceeds derived from illegal activities, knowing that such proceeds have been directly or indirectly gained through the commission of an offence.
- b) conversion, exchange or transfer of the proceeds with the aim of concealing their unlawful origin knowing that such proceeds have been directly or indirectly gained through the commission of an offence or abetting the perpetrator in such manner that he shall not be held liable for the legal effects and implications of committing such offence.
- c) disguise or concealment or denial of the true nature, origin, source, location, transfer, movement or ownership of the proceeds which have been directly or indirectly gained through the commission of an offence.

Article 3:

Proceeds from a crime mean any type of property which has been directly or indirectly derived from criminal activities.

Article 4:

In order to make coordination among the appropriate authorities/establishments aimed at collecting, processing and analyzing the news, records, documents, information and reports submitted; operating the intelligent (smart) database systems; identifying the suspicious transactions and for the purpose of combating the money laundering offence or offences, the Anti-Money Laundering Supreme Council is set up under the chairmanship and with the responsibility of the Minister of Economic Affairs and Finance and with membership of the Minister of Commerce, Minister of Intelligence, Minister of Interior and the Governor of the Central Bank to perform the functions set out below:

- 1- to collect, obtain and analyze the relevant news and information along with their technical and functional classification in the circumstances where there are sufficient grounds for commission of an offence pursuant to the rules in force.
- 2- to draft and propose the required by-laws as regards the enforcement of law to the Council of Ministers (the Cabinet).
- 3- to provide coordination among the appropriate authorities and establishments and pursue the full enforcement of law across the country.
- 4- to assess and evaluate the reports received and send them to the Judiciary in the circumstances where they seem to be accurate with a strong probability and/or where their probability is of great importance (materiality).
- 5- to exchange experiences and information with similar organizations in other countries within the framework of the provisions of article (11).

Note 1: The Supreme Council Secretariat shall be based in the Ministry of Economic Affairs and Finance.

Note 2: The executive structure and organization of the Supreme Council shall, proportionate to its legal functions, be approved by the Council of Ministers upon the recommendation of the Council.

Note 3: All executive by-laws of the Supreme Council shall be binding on all natural persons and legal entities concerned after the approval of the Council of Ministers. The offender of such rules shall, at the discretion of the administrative and judicial authorities, be sentenced to two up to five years of suspension from his related employment as the case may be.

Article 5:

All legal entities such as the Central Bank of I.R.I Bank, credit and financial institutions, insurance companies, Central Insurance Corporation, interest-free loan funds (*Ghardh al hassaneh- a benevolent loan free from Riba-usury*), foundations and charities and municipalities shall have to execute the by-laws approved by the Council of Ministers in the enforcement of this law.

Article 6:

Notaries, lawyers, auditors, accountants, Judiciary official experts and legal inspectors shall, upon the request of the of Anti-Money Laundering Supreme Council, have to supply the information required for the enforcement of this law subject to the approval of the Council of Ministers.

Article 7:

The persons, entities and authorities designated in this law (articles 5 and 6) shall, with respect to their type of activity and organizational structure, have to perform the following functions:

- a) to verify the client's identity and, if acted by his agent or attorney, establish the position and identity of the agent, attorney and the client his good self in the circumstances where there are sufficient grounds for commission of an offence.

Note: Enactment of this law shall not be in contravention of the provisions which have become compulsory in other laws and regulations concerning the proof of identity.

- b) to submit information, reports, records and documents with regards to this law to the Anti-Money Laundering Supreme Council within the framework of the by-law approved by the Council of Ministers.
- c) to prepare reports on the suspicious transactions and operations to the competent authorities designated by the Anti-Money Laundering Supreme Council.
- d) to keep the documents related to the client's identification, records of accounts, operations and transactions which shall be specified in the executive by-law.
- e) to establish the internal control criteria and conduct training programs for directors and personnel aimed at observing the provisions of this law and the executive by-laws thereof.

Article 8:

The documents and information which are collected in the enforcement of this law shall be utilized merely towards the goals set forth in the Anti-money Laundering Act and its predicate offences. The disclosure of information or use of it in one's own interest or for another party directly or indirectly by the government officials or other persons designated in this law shall be prohibited and the offender shall be sentenced to the penalties prescribed in the Law of the Punishment for Publication and Disclosure of the Governmental Confidential and Secret Documents enacted on Feb. 18, 1975.

Article 9:

The perpetrators of a money laundering offence shall, in addition to the restitution of the income and proceeds gained from commission of an offence inclusive of the property and the profit accrued (if not available, the sample or its price), be sentenced to cash penalty for the amount of one-fourth of the proceeds derived from the offence which shall be deposited into the general revenues account with the Central Bank of I.R.I.

Note 1: In the event that the proceeds gained have been converted or changed into other property, the same property shall be confiscated.

Note 2: The issue and enforcement of the order for seizure of the assets and profits thereto shall occur in the case that the accused, in respect of the predicate offence, has not become subject to this order.

Note 3: The perpetrators of the underlying predicate offences, where they commit a money laundering offence, shall be sentenced to the punishments enumerated in this law in addition to the penalties prescribed with respect to the offence committed.

Article 10:

All affairs which shall, in the execution of this law, require a judicial action or authorization shall be performed in accordance with the rules in force. The Judiciary shall have to provide cooperation as per the regulations.

Article 11:

Certain branches of the public courts in Tehran and, where necessary, in provincial capitals, shall be specifically mandated to investigate the money laundering offence and related crimes. The specificity of such court branches shall not preclude investigation into other offences.

Article 12:

In the circumstances where the Law of the Legal and Informational Assistance in Combating the Money Laundering activities has been approved between the Government of the Islamic Republic of Iran and other countries, the inter-collaboration shall take place in conformity with the conditions set forth in the agreement.

This law comprising 12 articles and 7 notes was enacted at the open session of the Parliament (Islamic Consultative Assembly) on Tuesday, Jan. 22, 2008 and was approved by the Council of Guardians on Feb. 6, 2008.