

Anti-Money Laundering Act

Section 1- All commercial transactions, under Section 2 of the Code of Commerce, are valid and original, unless otherwise is proved under the provisions of this Law. Possession by persons, if combined with claim of ownership, implies ownership.

Section 2- Money laundering crime includes:

- a) Acquisition, owning, keeping or using the proceeds derived from illegal activities, knowing that such proceeds have been directly or indirectly gained through commission of offence.

- b) Conversion, exchange or transfer of the proceeds with the aim of concealing their illicit origin, knowing that such proceeds have been directly or indirectly gained through commission of offence or helping the offender in such manner that he shall not be held liable for legal effects and consequences 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 commission of offence.

Section 3- Proceeds derived from crime include any kind of property which has been directly or indirectly derived from criminal activities.

Section 4- In order to coordinate competent authorities involved in collecting, processing and analyzing the news, documents and evidence, information and reports submitted, providing intelligent database systems; identifying suspicious transactions and in order to combating money laundering crime, High Council on Anti-Money Laundering shall be formed under the Presidency and responsibility of the Minister of Economic Affairs and Finance and with membership of Ministers of Commerce, Intelligence, Interior Affairs and the President of the Central Bank undertaking the following obligations:

- 1- To collect and obtain relevant news and information and to analyze and technically and professionally classify cases where there are grounds for commission of offence, under laws and regulations.

- 2- To draft and propose necessary by-laws for implementing this Law to the Council of Ministers.

- 3- To coordinate competent authorities and pursue full implementation of this Law across the country.
- 4- To assess the reports received and send them to the Judiciary in cases with strong or important probability of foundation.
- 5- To exchange experience and information with similar organizations in other countries within the framework of provisions of Section 11.

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

Note 2: The executive structure and organization of the High Council, proportionate to its legal obligations, shall be proposed by the High Council and approved by the Council of Ministers.

Note 3: All executive by-laws of the High Council, after approval by the Council of Ministers, shall be binding on all natural and legal persons concerned. Offender of such by-laws shall, at the discretion of administrative and judicial authorities, be condemned to two -five years of suspension of the related employment.

Section 5- All legal persons including the Central Bank of I.R. Iran, banks, credit and financial institutions, insurance companies, Central Insurance Corporation, , interest-free loan funds, foundations and charity institutes and municipalities are obligated to enforce the by-laws approved by the Council of Ministers for the implementation of this Law.

Section 6- Notaries, attorneys at law, accountants, auditors, official experts of the Judiciary and legal inspectors are obligated, upon the request of the High Council on Anti-Money Laundering, to submit the information required for the implementation of this Law, approved by the Council of Ministers.

Section 7- Persons, entities and authorities subject to this Law (designated under Sections 5 and 6) shall, given their type of activity and organizational structure, have to perform the following functions:

- a) To verify the identity of customers and, if acted by agent or attorney, to verify the position and identity of the agent, the attorney and the principal in cases there are grounds for commission of offence.

Note: Approval of this Law is without prejudice to cases where verifying identity is necessary under other laws and regulations.

- b) To submit information, reports, documents and evidence regarding the subject-matter of this Law to the High Council on Anti- Money Laundering within the framework of by-laws approved by the Council of Ministers.
- c) To report suspicious transactions and activities to the competent authority designated by the High Council on Anti-Money Laundering.
- d) To keep records related to identification of customers, statements of accounts, transactions and activities for the period specified by the Executive By-law.
- e) To set up internal control criteria and conduct training for directors and personnel with the purpose of observing the provisions of this Law and the executive by- laws thereof.

Section 8- Information and documents collected in implementing this Law shall be used solely for the aims specified by the Anti-Money Laundering Act and [combating] its predicate offences. Government officials or other persons designated in this Law are forbidden to disclose the information or directly or indirectly use them for their own or another party's interest. The offender shall be condemned to the punishment specified in the Law of Punishing the Publication and Disclosure of the Governmental Confidential and Secret Documents (enacted on Feb. 18, 1975).

Section 9- Offenders of the money laundering crime shall, in addition to the restitution of the income and proceeds derived from commission of the crime including the property and the profit accrued (if not available, its similar or price), be condemned to cash penalty for an amount equal to one- fourth of the proceeds derived from the crime which shall be paid into the general revenue account with the Central Bank of I.R. Iran.

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

Note 2: Issuance and enforcement of the judgment for seizure of the assets and profits thereto shall be granted in case the accused has not already been condemned to the same punishment due to the predicate offence.

Note 3: Should perpetrators of predicate offences commit money laundering crime, they shall be condemned to punishments specified in this Act in addition to the ones prescribed for the predicate offence.

Section 10- All affairs which shall, in the implementation of this Law, require judicial permission ought to be performed in accordance with relevant laws and regulations. The Judiciary shall have to cooperation within relevant laws and regulations.

Section 11- Certain branches of general courts in Tehran and, where necessary, in provincial centers, shall be allocated for the trial of money laundering crime and related crimes. These particular branches shall not be barred from trying other offences.

Section 12- Where a judicial and information [mutual] aid treaty between IR. Iran and another country for combating money laundering activities has been approved, the cooperation shall take place in accordance with provisions of the treaty.

This Law comprising 12 Sections and 7 notes was enacted at 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.