

Law of Combating Money Laundering : 6-2007

Announced By : National Security, Civil Status and Criminal Laws

Section : Law of Combating Money Laundering

Law of Combating Money Laundering

Royal Decree No. M/39
25 Jumada II 1424 / 23 August 2003

Article One:

The following terms and phrases, wherever mentioned in this Law, shall have the meanings following them, unless the context requires otherwise.

Money Laundering:

Committing or attempting to commit any act for the purpose of concealing or falsifying the true origin of funds acquired by means contrary to Shari'ah or law, thus making them appear as if they came from a legitimate source.

Funds:

Assets or properties of whatever type, material or intangible, movable or immovable, along with the legal documents and deeds proving the ownership of the assets or any right pertaining thereto.

Proceeds:

Any funds obtained or acquired, through direct or indirect means, by committing a crime punishable pursuant to the provisions of this Law.

Means:

Anything used or prepared for use in any form for committing a crime punishable pursuant to the provisions of this Law.

Financial and Non-financial Institutions:

Any institution in the Kingdom undertaking one or more of the financial, commercial or economic activities such as banks, exchange bureaus, investment or insurance companies, commercial companies, sole proprietorships, vocational activities or any other similar activity specified by the implementing regulations of this Law.

Transaction:

Any disposal of funds, properties or proceeds in cash or in kind including, for example: deposit, withdrawal, transfer, sale, purchase, lending, exchange or use of safe deposit boxes and the like as specified by the implementing regulations of this Law .

Criminal Activity:

Any activity constituting a crime punishable by Shari'ah or law including the financing of terrorism, terrorist acts and terrorist organizations.

Preventive Seizure:

Temporary ban on transport, transfer, exchange, disposal, movement, possession, or seizure of funds and proceeds, pursuant to an order issued by a court or a competent authority.

Confiscation:

Permanent dispossession and deprivation of funds, proceeds or means used in a crime, pursuant to a judiciary judgment issued by a competent court.

Monitoring Body:

The governmental authority empowered to grant licenses to financial and non-financial institutions and to monitor and supervise these institutions.

Competent Authority:

Any governmental agency entrusted, according to its jurisdiction, with combating money laundering transactions.

Article Two:

Anyone who carries out any of the following acts shall be committing the crime of money laundering:

- (a) Conducting any transaction involving funds or proceeds, with the knowledge that they are the result of a criminal activity or have an illegitimate or illegal source.
- (b) Transporting, acquiring, using, keeping, receiving, or transferring funds or proceeds, with the knowledge that they are the result of a criminal activity or have an illegitimate or illegal source.
- (c) Concealing or falsifying the nature of funds or proceeds or their source, movement or ownership, place or means of disposal, with the knowledge that they are the result of a criminal activity or have an illegitimate or illegal source.
- (d) Financing of terrorism, terrorist acts and terrorist organizations.
- (e) Participating through agreement, assistance, incitement, providing of consultation and advice, facilitating, colluding, covering up or attempting to commit any of the acts specified in this article.

Article Three:

Anyone who carries out or participates in any of the acts specified in Article Two of this Law shall be committing a money laundering crime, including chairmen of the boards of directors of financial and non-financial institutions, board members, owners, employees, authorized representatives, auditors or their hired hands who act under these capacities, without prejudice to the criminal liability of the financial and non-financial institutions if that crime has been committed in their names or for their account.

Article Four:

Financial and non-financial institutions shall not carry out any financial or commercial transaction or otherwise under a fake or unknown name. The identity of the clients shall be verified according to official documents, at the initiation of dealing with the clients or when concluding commercial deals whether directly or on the clients' behalf. These institutions shall verify the official documents of the entities of corporate capacity that show the name of the institution, its address, names of proprietors and managers authorized to sign on its behalf and so forth, as provided for by the implementing regulations of this Law.

Article Five:

Financial and non-financial institutions shall keep- for a period of not less than ten years from the date of expiry of the transaction or of closing the account- all records and documents, for the purpose of clarifying financial, commercial and cash transactions, whether domestic or foreign as well as preserving the account files, commercial correspondence and photocopies of documents of personal identities.

Article Six:

Financial and non-financial institutions shall establish precautionary measures and internal monitoring to discover and suppress any of the crimes specified in this Law and comply with the instructions issued by the competent monitoring bodies in this regard.

Article Seven:

Upon availability of sufficient indications and evidence indicating that a complex, huge or unusual deal and transaction have been performed or that a transaction raises doubt and suspicion concerning its nature and purpose, or is related to money laundering, financing of terrorism, terrorist acts, or terrorist organizations, financial and non-financial institutions shall promptly take the following measures:

- (a) Immediately reporting said transaction to the Financial Investigation Unit, provided for in article Eleven of this Law.
- (b) Filing a report including all available data and information about the transactions and the parties involved, and providing the Investigation Unit with said report.

Article Eight:

As an exception to the provisions concerning banking confidentiality, financial and non-financial institutions shall submit documents, records and information to judicial or competent authorities upon request.

Article Nine:

Financial and non-financial institutions as well as their staff and others who are bound by the provisions of this Law shall not alert the clients or allow for their alert or alert other related parties of suspicion regarding their activities.

Article Ten:

Financial and non-financial institutions shall introduce programs for combating money laundering transactions, provided that said programs include the following as a minimum:

- (a) Developing and implementing policies, plans, procedures and internal guidelines, including the appointment of competent officers at the higher administrative level for their implementation.
- (b) Introducing internal audit and control systems for monitoring the availability of basic requirements in the field of combating money laundering.
- (c) Preparing continuous training programs for the employees concerned, to acquaint them with the latest developments in the field of money laundering transactions and improve their abilities to recognize those transactions, their forms and ways of combating them.

Article Eleven:

A unit for combating money laundering shall be established under the name of "Financial Investigation Unit". Part of its responsibility shall be receiving notifications, analyzing them and preparing reports regarding suspicious transactions in all financial and non-financial institutions. The implementing regulations of this Law shall specify the seat of this unit, its formation, powers, method of discharging its duties as well as its affiliation.

Article Twelve:

The Financial Investigation Unit, upon establishment of suspicion, shall request the authority with jurisdiction as regard the investigation to apply preventive seizure to the funds, properties and means associated with the crime of money laundering, for a period not exceeding twenty days. Should there be a need for the preventive seizure to continue for a longer period, it shall be pursuant to a judicial order from the competent court.

Article Thirteen:

Information disclosed by financial and non-financial institutions may be exchanged -according to the provisions of article (Eight) of this Law- between these institutions and the competent authorities, should this information be related to the violation of the provisions of this Law. The competent authorities shall abide by the confidentiality of this information and not disclose it, except as necessary for use in investigations or lawsuits pertinent to the violation of the provisions of this Law.

Article Fourteen:

The implementing regulations of this Law shall specify the rules and procedures of the disclosure of cash and precious metals permitted to enter or leave the Kingdom and shall determine the amounts of money and weights required to be disclosed.

Article Fifteen:

If a judgment confiscating funds, proceeds or means is rendered pursuant to the provisions of this Law, and they are not required to be destroyed, the competent authority shall dispose of them according to the law or share them with the countries that are signatories to agreements and treaties in force with the Kingdom.

Article Sixteen:

Anyone who commits a crime of money laundering, as provided for in article (Two) of this Law, shall be punished by imprisonment for a period not exceeding ten years and a fine not exceeding five million riyals or by either punishment, along with the confiscation of funds, proceeds and means associated with the crime. Should the funds and proceeds be mixed with funds acquired from legitimate sources, said funds shall be subject to confiscation within the limits equivalent to the estimated value of the illegitimate proceeds.

The competent court may exempt from these punishments the owner of the funds or proceeds subject of the criminal violation, the possessor or user if he notifies the authorities- prior to their knowledge- of the sources of the funds or proceeds and the identity of accomplices, without himself benefiting from their revenue.

Article Seventeen:

The punishment of imprisonment shall be for a period not exceeding fifteen years and a fine not exceeding seven million riyals, if the crime of money laundering is coupled with one of the following cases:

- (a) The perpetrator commits the crime through an organized crime syndicate.
- (b) The perpetrator uses violence or weapons.
- (c) The perpetrator occupies a public post to which the crime is connected or exploits his authorities or powers in the commission of the crime.
- (d) Deceiving and exploiting women or minors.
- (e) Committing the crime through a correctional, charitable, or educational institution or in a social service facility.
- (f) Issuance of previous local or foreign judgments convicting the perpetrator, especially in similar crimes.

Article eighteen:

Without prejudice to other laws, any of the chairmen of the boards of directors of financial and non-financial institutions, or board members, owners, managers, employees, authorized representatives, hired hands who act under these capacities, shall be punished by imprisonment for a period not exceeding two years and a fine not exceeding five hundred thousand riyals or by either punishment, if they violate any of the obligations specified in articles Four, Five, Six, Seven, Eight, Nine and Ten of this Law. The punishment shall be applied to those performing the activity without obtaining the required licenses.

Article Nineteen:

Upon referral by the competent authority and based on a judgment, a fine of not less than one hundred thousand riyals and not exceeding the value of funds subject of the crime may be imposed on financial and non-financial institutions whose responsibility is proven pursuant to the provisions of articles Two and Three of this Law.

Article Twenty:

With exception to the punishments specified in this Law, anyone violating its provisions shall be punished by imprisonment for a period not exceeding six months and a fine not exceeding one hundred thousand riyals, or by either punishment.

Article Twenty One:

The punishments specified in this Law shall not apply to those who violate its provisions in good faith.

Article Twenty Two:

Information disclosed by financial and non-financial institutions may be exchanged between these institutions and the competent authorities in other countries which are signatories with the Kingdom to agreements and treaties in force or on the basis of reciprocity, pursuant to established legal procedures without violation of the provisions and customs related to business confidentiality of financial and non-financial institutions.

Article Twenty Three:

Upon request from a competent court or authority in another country which is a signatory with the Kingdom to an agreement or a treaty in force or on the basis of reciprocity, the judicial authority may order seizure of funds, proceeds or means associated with a money laundering crime, according to the laws in force in the Kingdom.

Upon request from a competent authority in another country which is a signatory with the Kingdom to an agreement or treaty in force or on the basis of reciprocity, the competent authority may order tracking of funds, proceeds or means associated with a money laundering crime, according to the laws in force in the Kingdom.

Article Twenty Four:

Any conclusive judicial judgment providing for the confiscation of funds, revenues or means related to money laundering crimes, issued by a competent court in another country which is a signatory to an agreement or treaty in force with the Kingdom or on the basis of reciprocity, may be recognized and enforced if the funds, proceeds or means provided for in this judgment may be subject to confiscation, according to the law in force in the Kingdom.

Article Twenty Five:

Chairmen of the boards of directors of financial and non-financial institutions, board members, owners, employees, hired hands, or their authorized representatives shall be exempted from criminal, civil or administrative liability which may result from the implementation of the duties provided for in this Law or upon infringement of any restriction imposed to ensure information confidentiality, unless their actions are proven to be in bad faith, with the intent to harm the transaction holder.

Article Twenty Six:

General courts shall have jurisdiction to decide on all crimes provided for in this Law.

Article Twenty Seven:

The Bureau of Investigation and Prosecution shall investigate and prosecute before general courts as to crimes provided for in this Law.

Article Twenty Eight:

The Minister of Interior, upon agreement with the Minister of Finance, shall issue the implementing regulations of this Law within a period of ninety days from the date of its issuance.

Article Twenty Nine:

This Law shall be published in the Official Gazette and shall be effective sixty days from the date of its publication.