

THE ANTI-MONEY LAUNDERING LAW

The Purpose of the New Law

The fundamental purpose of the Anti-Money Laundering Law (“AML”) is to impose a number of obligations for individuals, whether they are people or corporations, destined to identify and record certain operations that the Law classifies as “Vulnerable” and, when such operations surpass the monetary value determined for each one, the additional duty to give notice to the *Secretaria de Hacienda y Credito Publico* (Federal Tax Authority) (hereinafter, “SHCP”). There are certain cases where SHCP shall be duly informed regardless of the price of the transaction. The AML states that, “Vulnerable” transactions related to institutions that comprise the financial system, shall be regulated by their own statutes. In order to establish the amounts for the transactions on the AML, the Minimum Wage of Distrito Federal (“MWDF”) was employed as reference.

Should there be any failure to comply with the duties imposed by the AML, the subject could be fined and even charged with a crime.

The Definition of the “Vulnerable” Transaction

The AML does not provide a definition for a “Vulnerable” transaction and only identifies certain undertakings and services which in turn are classified as “Vulnerable” only when a specific total value is reached. When someone carries out a “Vulnerable” transaction, the “client” must be identified and therefore its identity and related documents must be stored. If the transaction has a business nature, the client must disclose information on its regular activities, which shall match those registered at the *Registro Federal de Contribuyentes* (Federal Registry of Taxpayers).

Furthermore, the AML imposes a duty to store the documents that support the “Vulnerable” transaction for a five-year period from the date of its execution. .

The AML also details other values (in light of the MWDF) concerning the same “Vulnerable” transactions so that, if such amounts are matched or exceeded, the subject will have an additional duty to inform SHCP of the deal at hand. Such notices must be filed no later than the 17th day of the month following the “Vulnerable” transaction’s date.

Vulnerable Transactions: When is there need to identify and when is the Notice required.

Vulnerable Transaction	Identification (Amounts greater than or equal to, in Pesos) MWDF \$64.76	Notice* (Amounts greater than or equal to, in Pesos) MWDF \$64.76
Sale of tickets, tokens or other vouchers, sweepstakes, contests or sweepstakes and payment of prizes.	\$21,047	\$41,770
Issuance or marketing, habitually or	\$52,131	\$83,216

professionally, of services cards, credit cards, pre-paid cards (not issued by Financial Institutions)	For pre-paid cards \$41,770	For pre-paid cards \$41,770
Issuance or marketing, regularly or professionally, of travelers' checks (not issued by Financial Institutions)	Any amount	\$41,770
Loans or collateral transactions, or loan, with or without collateral (for people or corporations other than Financial Institutions)	Any amount	\$103,939
Rendering construction or real estate development services or intermediating in property transfers or the creation of rights over such property, that involves the purchase or sale of real estate for oneself or for clients of those who offer such services	Any amount	\$519,699
Sale of Precious Metals, Precious Stones, jewels or watches in which there is a sale or purchase of such items	\$52,131	\$103,939 and are paid in cash
Auction or sale of works of art in which there is a sale or purchase of such items	\$156,071	\$311,819
Sale or distribution of vehicles, new or used, whether they be for air, land or sea	\$207,879	\$415,759
Armoring land vehicles, new or used, and for real estate	\$156,071	\$311,819
Rendering transport or custodial services of cash or valuables (except those in which the Bank of Mexico and the institutions dedicated to the deposit of valuables)	Any amount	\$207,879
The rendering of independent professional services in cases in which there are preparations for a client or that are carried out in name and representation of a client of any of the following activities: a) Trading of real estate or transfer of rights over these; b) Management and control of resources, valuables, or any other asset for clients; c) Management of bank accounts, savings or valuables; d) Organization of capital contributions or any other kind of resources for the incorporation, operation, and administration of commercial corporations. e) Incorporation, spin off, merger, operation and administration of corporations, or corporate vehicles, including trusts and purchase or sale of commercial entities.	Any amount	Any amount, and if and when the renderer of services carries out, in name and representation of a client, any kind of financial operation related to the various parts that are listed in this section.
Rendering of Public Notary services that consist in: a) The purchase and sale of real	(a) Any amount (b) Any amount (c) Any amount	(a) \$1,036,160 (b) Whatever the amount may be

<p>estate or the creation or the transfer of rights <i>in rem</i> over property (except collateral that is incorporated in favor of institutions that belong to the financial system or public housing organisms)</p> <p>b) Granting irrevocable powers of attorney for administrative acts or acts of domain</p> <p>c) Creation of corporations, their asset modifications resulting from increases or decreases en capital, merger or spin off, as well as purchase or sale of equity interests.</p> <p>d) The creation of or amendments to guarantee trusts and transfer of title trust deeds relating to real estate, (except for those created to guarantee loans granted by banking institutions or public housing agencies).</p> <p>e) Granting secured and unsecured loans and credits (when the creditor is not a banking or financial institution nor a public housing agency)</p>	<p>(d) Any amount</p> <p>(e) Any amount</p>	<p>(c) \$519,699</p> <p>(d) \$519,699</p> <p>(e) Whatever the amount may be</p>
<p>Services rendered by a public broker consisting in:</p> <p>a) Appraisals of properties;</p> <p>b) The incorporation, change in ownership interests, merger or spin-off of all kinds of business entities and the acquisition and sale of stock or ownership interests of such entities.</p> <p>c) Creating trusts, amendments to and assignment of rights under trusts deeds</p> <p>d) Granting business loans or credits (where the creditor is not part of the banking and financial system)</p>	<p>(a) \$519,699 (value of appraisal equal to or in excess of)</p> <p>(b) Any amount</p> <p>(c) Any amount</p> <p>(d) Any amount</p>	<p>(a) Not required</p> <p>(b) Any amount</p> <p>(c) Any amount</p> <p>(d) Any amount</p>
<p>Receiving donations from non-profit legal entities.</p>	<p>\$103,939</p>	<p>\$207,879</p>
<p>The services rendered by customs brokers or special customs clearance agents under authorization granted by the MFPC to act on behalf of another to have the goods listed below cleared through customs under the different customs regimes provided in the Mexican customs law:</p> <p>(i) New and used land vehicles, aircraft and vessels;</p> <p>(ii) New and used gaming and lottery ticket vending machines;</p> <p>(iii) Equipment and materials used in the production of payment cards;</p> <p>(iv) Jewelry, watches, gems and precious metals;</p> <p>(v) Works of art;</p> <p>(vi) Armored materials for the rendering of armoring services.</p>	<p>(i) Any amount</p> <p>(ii) Any amount</p> <p>(iii) Any amount</p> <p>(iv) When its value equals or exceeds \$31,408</p> <p>(v) When its value equals or exceeds \$311,819</p> <p>(vi) Any amount</p>	<p>They all require notice, regardless of their amounts (the duty to give notice will be considered fulfilled if other legal regulations require the presentation of equivalent information)</p>
<p>The lease of real estate.</p>	<p>When the monthly payment is equal</p>	<p>When the monthly payment is equal</p>

	to or greater than \$39,179	to or greater than \$207,879
		*When activities or operations result in an accumulated sum, over a six month time period, that exceeds the amounts established as requiring notices, it may be considered as an operation subject to such notices.

Prohibition of using Cash and Metals as a method of payment

The AML prohibits fulfilling obligations and, generally, liquidating or paying as well as accepting the payment, through the use of coins and/or bills in local currency or foreign currencies and/or precious metals, in the following cases:

Transaction	Value Equal to or Greater than:
Creation or transmission of property rights of real estate	\$519,699
Property transfer or constituting property rights over land vehicles, new or used, aircraft or vessels.	\$207,879
Transferring the property of watches, jewelry, precious metals and gemstones	\$207,879
Purchasing tickets for gambling, betting, contests or sweepstakes, as well as the delivery or payment of prizes	\$207,879
Installing armor for any kind of vehicle	\$207,879
Transfer or creating any right of any nature over documents representing equity interests or shares	\$207,879
Creating rights of use or enjoyment of real estate or vehicles whether aerial, maritime or terrestrial	\$207,879

The AML also requires attestors to identify in the documents that contain the transactions described in the previous section, the method of payment, when these transactions have a value greater than or equal to \$519,699 Pesos.

Other Relevant Topics

a) The AML visualizes the creation of a special unit of financial analysis that will answer to the *Procuraduria General de la Republica* (Attorney General's Office).

b) The companies that perform “Vulnerable” activities must appoint a representative before the SHCP in charge of fulfilling the obligations under the AML. Until said representative is appointed,, the duties must be fulfilled by the corresponding entity’s board of directors. Individuals have to meet the AML obligations personally and directly.

c) Those who engage in “Vulnerable” transactions must abstain, without liability to its counterpart, from performing the deal in question when their clients or users do not provide the information or documentation required by the AML.

d) The AML establishes fines and identifies crimes and their respective penalties given any failure to comply with the obligations contained in it.

e) The AML establishes that one of the purposes of its regulation is to establish means to facilitate the fulfillment of the duties set forth in it.