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THE IMPORTANCE OF THE COMPLIANCE OFFICER IN REAL ESTATE TRANSACTIONS IN THE DOMINICAN REPUBLIC

In the Dominican Republic, Anti-Money Laundering and Terrorist Financing (PLAFT) practices have acquired critical relevance in the real estate sector. Law 155-17 against Money Laundering and Terrorist Financing, enacted on June 1, 2017, together with its implementing regulations, establishes a robust regulatory framework that regulates the activities of this sector. This framework underscores the mandatory nature of due diligence, assigning a leading role to the compliance officer and obligated entities, such as construction companies, real estate companies, intermediaries and lawyers, in the prevention of illicit activities.

Obligations of Obligated Entities and the Role of the Compliance Officer

Article 32 of Law 155-17 defines non-financial obligated entities, including actors in the real estate sector, and establishes clear responsibilities to ensure transparency in transactions. Among the most relevant obligations are:

1. Customer Identification and Verification: Obligated entities must carry out exhaustive due diligence to know their customers, collecting basic data such as name, address and identity card, as well as financial information that reveals the legal origin of the funds. This process may include consulting international sanctions lists and public databases, such as those provided by the Financial Analysis Unit (UAF).
2. Continuous Transaction Monitoring: It is imperative to monitor real estate operations to detect unusual or suspicious patterns, such as unjustified cash payments or transfers from high-risk jurisdictions.
3. Suspicious Transaction Reporting: According to Article 43 of Law 155-17, any activity that generates indications of money laundering or terrorist financing must be reported immediately to the UAF, under the supervision of the compliance officer

The compliance officer, appointed under section of Law 155-17, acts as the central hub of this system. Their role is not only operational, but strategic, as they must ensure that the company's internal policies are aligned with regulations and that effective procedures are implemented to mitigate risks.





Risk Prevention and Protection of Business Reputation

Due diligence is not only a legal requirement, but a key tool to prevent risks associated with PLAFT. Meticulous and continuous analysis of customers and their transactions allows you to identify potential threats before they materialize. For example, the detection of complex financial structures or the use of front men may be an indication of illicit activities, requiring immediate intervention. This proactive approach has multiple benefits:

- **Reduction of Legal Risks:** Failure to comply with Law 155-17 can result in severe penalties, such as fines of up to 200 minimum wages (Article 62) or even prison sentences of 3 to 10 years (Article 58), depending on the seriousness of the case.
- **Reputation Protection:** The link, even if inadvertent, with money laundering operations can generate irreparable reputational damage. The loss of trust of customers, partners and the market in general could translate into a decrease in business opportunities and difficulties in maintaining solid business relationships.

A practical example would be the case of a real estate agency that, by omitting the verification of the origin of a client's funds, is involved in a UAF investigation. The consequences would not only affect its operation, but also its credibility in the long term.

Complexity of Transactions and Competencies of the Compliance Officer

Real estate transactions are often intricate, involving multiple parties, trust contracts, and sophisticated financing structures. The compliance officer must possess in-depth knowledge of these processes to identify hidden risks. This includes:

- **Document Analysis:** Review of contracts, deeds and payment vouchers.
- **Verification of Funds:** Confirmation that resources come from legitimate sources, such as declared income or bank loans.
- **Pattern Detection:** Identification of unusual operations, such as multiple purchases in a short time with no apparent economic justification.

Given this complexity, the compliance officer requires ongoing training. UAF Resolution No. 01-2018, for example, recommends regular training on new types of money laundering and collaboration with entities such as the National Committee Against Money Laundering (CONCLA) to stay up to date.

Contribution to Economic Stability and Sustainable Development

The work of the compliance officer transcends the business sphere. By preventing the influx of illicit funds into the real estate sector, the integrity of the Dominican financial system is protected, and the country's economic stability is strengthened. A transparent real estate market encourages legitimate investment, sector growth, and international confidence, all of which are essential elements for sustainable development.

Furthermore, the role of the compliance officer in implementing ethical and transparent practices has a direct impact on the attractiveness of the Dominican Republic as a destination for foreign investment. By ensuring rigorous compliance with anti-money laundering regulations, the perception of the Dominican market as a safe and regulated environment is improved. This is particularly vital in a country where tourism and direct foreign investment are key pillars of economic growth. By strengthening these sectors through the promotion of integrity and trust, the compliance officer significantly contributes to sustainable development and the long-term prosperity of the nation.

In conclusion, compliance with Law 155-17 is not only a legal obligation but also an ethical and strategic commitment. The compliance officer plays an indispensable role in ensuring that real estate transactions are safe, legitimate, and reliable. Their work not only safeguards the companies in the sector but also contributes to a more robust and transparent economic environment in the Dominican Republic.

This summary contains only general information about the matters addressed and does not constitute legal advice. We recommend seeking specific legal assistance for each case.

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