



CENTRALE BANK VAN ARUBA

July 8, 2016

To the Managements of all supervised  
financial institutions and  
trust service providers.

LNB/pjj/1.13/INT/4953

**Subject: CFATF Public Statement on Haiti and Suriname**

Dear Management,

With due regard to the requirements set out in the State Ordinance for the Prevention and Combating of Money Laundering and Terrorist Financing (*Landsverordening voorkoming en bestrijding witwassen en terrorismefinanciering*, AB 2011, no. 28) (AML/CFT State Ordinance) and the regulatory requirements set out in the Handbook for the prevention and detection of money laundering and combating the financing of terrorism for financial and trust service providers regulated by the CBA (AML/CFT Handbook), the Centrale Bank van Aruba (CBA) urges all supervised financial and trust service providers to take duly notice of the information contained in this letter and the required follow-up actions that need to be taken.

Pursuant to Article 11 of the AML/CFT State Ordinance, financial and trust service providers must perform enhanced customer due diligence, if and when a business relationship or a transaction by its nature entails a higher risk of money laundering or terrorist financing. The enhanced customer due diligence shall be carried out both prior to the business relation or the transaction, as during the business relationship in any case with natural persons, legal persons, trusts, and comparable entities that originate from countries or jurisdictions which do not or insufficiently apply the internationally accepted standards for the prevention and combating of money laundering and terrorist financing.

Pursuant to Article 13, paragraph 1, subsection a, of the AML/CFT State Ordinance, financial and trust service providers must pay special attention to business relationships and transactions with natural persons, legal persons, trusts, and comparable entities originating from countries or jurisdictions that do not or insufficiently comply with the internationally accepted AML/CFT standards.

According to Article 13, paragraph 2, of the AML/CFT State Ordinance if a financial or trust service provider can reasonably suspect that, amongst others, a transaction with a natural person, legal person, trust or a comparable entity originating from a country or jurisdiction as meant in the first paragraph, does not have an apparent economic or legal purpose, it must investigate the background and the purpose of this transaction and record its findings in writing. These findings must be kept for at least ten years pursuant to Article 13, paragraph 3, of the AML/CFT State Ordinance.

Article 13 of the AML/CFT State Ordinance is related to Recommendation 21 of the Financial Action Task Force on Money Laundering (FATF)<sup>1</sup> which states:

*“Financial institutions should give special attention to business relationships and transactions with persons, including companies and financial institutions, from countries which do not or insufficiently apply the FATF Recommendations. Whenever these transactions have no apparent economic or visible lawful purpose, their background and purpose should, as far as possible, be examined, the findings established in writing, and be available to help competent authorities. Where such a country continues not to apply or insufficiently applies the FATF Recommendations, countries should be able to apply appropriate countermeasures”.*

Pursuant to section 5.2, subsection 13, of the AML/CFT Handbook, it is a regulatory requirement that a financial and trust service provider must, as part of its on-going customer due diligence (CDD) procedures, establish appropriate customer activity and transaction monitoring procedures that scrutinize the activity and transactions of its customers. The monitoring procedures must include those, amongst others, which provide for the identification and scrutiny of business relationships and transactions connected with jurisdictions which do not or insufficiently comply with the international AML/CFT standards, including but not limited to the FATF Recommendations.

Pursuant to chapter 8, paragraph 8.5 subsection 21 of the AML/CFT Handbook, it is a regulatory requirement that a financial and trust service provider must keep adequate and orderly records containing the findings of reviews of activity and transactions connected with jurisdictions which do not, or insufficiently, apply the FATF Recommendations for a period of at least ten years from the date the business relationship ends, or, if in relation to an occasional transaction, for at least ten years from the date that the transaction was completed.

The purpose of this letter is to draw your attention to the Public Statement of the Caribbean Action Task Force<sup>2</sup> dated June 8th, 2016 (enclosure 1), that identified the following countries:

### **Haiti**

In this public statement the CFATF has determined that Haiti has failed to make sufficient progress in addressing its significant strategic AML/CFT deficiencies, including certain legislative reforms. If Haiti does not take specific steps by November 2016, then the CFATF will further consider whether to identify Haiti as not taking sufficient steps to address its AML/CFT deficiencies and whether to take the additional steps of calling upon its Members to consider implementing counter measures to protect their financial systems from the ongoing money laundering and terrorist financing risks emanating from Haiti.

### **Required action**

The purpose of this letter is to ensure that senior management of regulated entities is informed of these important issues and to request that it emphasizes the importance of this communication to its compliance officer and informs its management team of the risks associated with business involving this jurisdiction.

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<sup>1</sup> On February 16, 2012 the FATF published the revised FATF Recommendations which can be found on the website of FATF: [www.fatf-gafi.org](http://www.fatf-gafi.org). However, the jurisdictions mentioned in the FATF Public Document and Compliance Document of February 16, 2012 have been reviewed based on the prior FATF Recommendations. Therefore, specific references made to the FATF Recommendations refer to the prior recommendations.

<sup>2</sup> The Caribbean Financial Action Task Force (CFATF) is an organization of twenty seven jurisdictions of the Caribbean Basin Region, which has agreed to implement the international standards for Anti-money Laundering and Combating the Financing of Terrorism (AML/CFT) Financial Action Task Force Recommendations (FATF Recommendations). In order to protect the international financial system from money laundering and financing of terrorism (ML/FT) risks and to encourage greater compliance with the AML/CFT standards, the CFATF identified jurisdictions that have strategic deficiencies and works with them to address those deficiencies that pose a risk to the international financial system.

In addition to this important awareness raising, the CBA requires that financial and trust service providers take the following specific actions with regard to Haiti:

- a) Review their client base to identify relationships or transactions with Haiti by **July 31, 2016**.
- b) Conduct enhanced due diligence on the identified relationships.
- c) Re-evaluate its risk assessment of the relationship taking this new and any other information held into account.
- d) Document its risk assessment and monitoring/mitigation strategy and have the document available should the CBA wish to evaluate it.
- e) Record the progress of compliance with this action (or otherwise) in the board minutes.

**DEADLINE:** Please conclude the review of your client base by **July 31, 2016**. It is not necessary to send the results of your findings to the CBA. However, supervisory examinations by the CBA are likely to check that the work has been carried out within the stipulated time-frame. Non-compliance will be treated seriously.

#### **Suriname**

The CAFTF acknowledges the significant progress made by Suriname in improving its AML/CFT regime and notes that Suriname has established the legal and regulatory framework to meet its commitments in its agreed Action Plan regarding strategic deficiencies that the CFATF had identified. Suriname and the CFATF should continue to work together to ensure that Suriname's reform process is completed, by addressing its remaining deficiencies and continue implementing its Action Plan.

Notwithstanding the progress made by Suriname, service providers must continue to undertake enhanced due diligence on higher risk transactions with persons and entities from Suriname until the reform process has been completed to the full satisfaction of the CFATF.

Furthermore, please note that this letter relating to money laundering and terrorist financing matters, is also placed under the link "Supervision", titled "(C)FATF" on the CBA's website [www.cbaruba.org](http://www.cbaruba.org).

Finally, regulated entities should consider their obligations to report unusual transactions to the MOT.

If you have any questions or comments regarding this letter, please contact Mrs. L. Buckley of the Integrity Supervision Department at telephone number (297) 5252-219 or by e-mail, [l.buckley@cbaruba.org](mailto:l.buckley@cbaruba.org).

Sincerely yours,

  
Charlene M. Buyson  
Centrale Bank van Aruba

Enclosure: 1

**CFATF - Public Statement – Montego Bay, Jamaica, June 8<sup>th</sup>, 2016**

Montego Bay, Jamaica, June 8<sup>th</sup>, 2016 - The Caribbean Financial Action Task Force (CFATF) is an organisation of twenty-seven jurisdictions of the Caribbean Basin Region, which have agreed to implement the international standards for Anti-money Laundering and Combating the Financing of Terrorism (AML/CFT), Financial Action Task Force Recommendations (FATF Recommendations). In order to protect the international financial system from money laundering and financing of terrorism (ML/FT) risks and to encourage greater compliance with the AML/CFT standards, the CFATF identified jurisdictions that have strategic deficiencies and works with them to address those deficiencies that pose a risk to the international financial system.

*Jurisdiction with strategic AML/CFT deficiencies that has not made sufficient progress in addressing the deficiencies or has not complied with the Action Plan developed with the CFATF to address these deficiencies. The CFATF calls on its members to consider the risks arising from the deficiencies associated with each jurisdiction, as described below.*

**Haiti**

Pursuant to the mandate of the CFATF, the CFATF undertook a High Level Mission (HLM) to the Republic of Haiti on Monday 27<sup>th</sup> of April 2015. Thereinafter, a letter from the CFATF Chair, was sent to Haiti on the 17<sup>th</sup> of September 2015, making reference to the decision by the CFATF's XLI Plenary Meeting, which was held in Port of Spain, Trinidad and Tobago, May 27<sup>th</sup> and 28<sup>th</sup>, 2015, that Haiti would remain in the second stage of enhanced of follow-up, with no additional sanction measures being taken, but would need to demonstrate progress in non-legislative measures (such as developing a freezing mechanism for terrorist assets) by November 2015. At the CFATF Plenary in November 2015, Haiti demonstrated some progress on non-legislative measures. Plenary determined that Haiti should remain in the status quo and demonstrate to the May 2016 Plenary substantial compliance with both non-legislative and legislative requirements. Haiti has taken steps towards improving its AML/CFT compliance regime with non-legislative actions, including providing training to FIU, Police officers, Prosecutors and Magistrates; and taking steps to join the Egmont Group. With regard to legislative actions, some progress was indicated, including an update of the Central Bank Guidelines to strengthen CDD measures, which is in force; and drafting additional amendments to the Bill on UCREF to allow the exchange of information with counterpart agencies under condition of reciprocity.

However, the CFATF has determined that Haiti has failed to make sufficient progress in addressing its significant strategic AML/CFT deficiencies, including certain legislative reforms.

If Haiti does not take specific steps by November 2016, then the CFATF will further consider whether to identify Haiti as not taking sufficient steps to address its AML/CFT deficiencies and whether to take the additional steps of calling upon its Members to consider implementing counter measures to protect their financial systems from the ongoing money laundering and terrorist financing risks emanating from Haiti.

*Jurisdiction with strategic AML/CFT deficiencies that has made significant progress in addressing these deficiencies.*

**Suriname**

The CFATF acknowledges the significant progress made by Suriname in improving its AML/CFT regime and notes that Suriname has established the legal and regulatory framework to meet its commitments in its agreed Action Plan regarding the strategic deficiencies that the CFATF had identified. Suriname and the CFATF should continue to work together to ensure that Suriname's reform process is completed, by addressing its remaining deficiencies and continue implementing its Action Plan.