

NATIONAL RISK ASSESSMENT
(ON) MONEY LAUNDERING
CURAÇÃO 2020

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Introduction

The Government of Curaçao is committed to continually improve its understanding of money laundering (ML) and Terrorist Financing (TF) risk in Curaçao by strengthening Curacao's AML/CFT framework and developing policies and strategies to effectively mitigate the risks.

With this first National Risk Assessment (NRA), the Government of Curaçao implements the Financial Action Task Force (FATF) Recommendation One that states: *Countries should identify, assess, and understand the money laundering and terrorist financing risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively. Based on that assessment, countries should apply a risk-based approach (RBA) to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified.*¹

Competent authorities and private sector representatives have been actively involved in the assessment outlined in this report. This involvement has enabled all participants in the assessment to further their knowledge and understanding of Curacao's ML risks. Curaçao will conduct another risk assessment to assess the national TF risk.

Curacao's Geographical Context

Curaçao has an area of 444 square kilometres and is located in the Southern Caribbean approximately 60 kilometres off the coast of Venezuela. Curaçao is 60 km long, 11 km wide at its widest point, and 2-3 km wide at its narrowest point. Sint Christoffelberg, at 372 meters on the western end of the island, and Tafelberg, at about 182 meters near the eastern end, are the most prominent geographical features. Tafelberg has provided limestone for the construction industry for several years and now resembles a stepped mesa. Numerous small and large bays indent the island's southern coast. The largest of these, which comprises the inner harbor known as the Schottegat, is surrounded by the city of Willemstad. Curacao is a part of the Windward Islands (southern) group.

Curaçao has a relatively small open island economy with tourism as its main economic pillar. The Island's geographical location, tourism, relatively easy logistical accessibility, and high mobility of goods and services pose threats in terms of illegal activities like drug trafficking and money laundering (ML).

The current population of Curaçao is 165,409 as of June 20, 2022, based on Worldometer elaboration of the latest United Nations (UN) data. Curaçao's 2020 population was estimated at 164,093 at mid-year according to UN data. According to World Bank data, the employment to population ratio for Curacao was 45.6% in 2020.²

¹ FATF, 2022.

² <https://data.worldbank.org/indicator/SL.EMP.TOTL.SP.NE.ZS?locations=CW>

Curaçao's Political and Judicial Context

Curaçao is an autonomous country that forms part of the Kingdom of the Netherlands. The Kingdom of the Netherlands consists of four countries: the Netherlands, Aruba, Curaçao, and Sint Maarten. King Willem-Alexander is monarch of all four countries in the Kingdom. His representative in Curaçao is the Governor of Curaçao.

Curaçao has an internal self-government that exercises a high degree of control over its own affairs, with the exception of the maintenance of independence and the defense of the Kingdom; foreign relations; Netherlands citizenship; the arrangement of the orders of chivalry, as well as of the flag and coat of arms of the Kingdom; the regulation of the nationality of ships and the setting of requirements with regard to the safety and navigation of sea-going vessels flying the flag of the Kingdom, with the exception of sailing ships; the supervision of the general rules regarding the admission and expulsion of Netherlands nationals, setting general conditions for the admission and expulsion of foreign nationals, and the extradition. The mentioned items are handled by the Government of the Kingdom.

Article 39 of the constitution of the Kingdom of the Netherlands stipulates that the civil and commercial law, civil procedure, criminal law, criminal procedure, copyright, industrial property, the notarial office, as well as provisions regarding weights and measures must be regulated in a corresponding manner (concordantie beginsel) in the Netherlands, Aruba, Curaçao, and Sint Maarten as much as possible.

The government system is based on the trias politica, which means a clear division between powers of the executive, legislative, and judicial systems. The legal system used in Curaçao is based on civil law (and not common law).

The Prime Minister, who chairs the Government, together with the Council of Ministers form the executive power of the Government of Curaçao. The Prime Minister and other ministers are appointed for four-year terms. Legislative power is shared by the Government and the Parliament. The Parliament comprises 21 members elected by direct popular vote to serve 4-year terms.

Curaçao's court system is a 3-tiered court system composed of a court of first instance, a court of appeal, and one supreme court (which is the country's highest court). Laws are codified.

Curacao's AML/CFT Framework

The National Anti-Money Laundering, Counter Financing of Terrorism and Counter Financing of Proliferation Committee (AML/CFT/CFP Committee) acts as point of contact and coordinating body between international and regional organizations for combatting money laundering, the financing of terrorism and proliferation, and the Government of Curaçao. The AML/CFT/CFP Committee plays a key role in coordinating and developing relevant national policies, framework, and program.

In Curaçao, national cooperation and coordination takes place through various mechanisms such as the AML/CFT/CFP Committee, recurring meetings between the AML/CFT supervisory authorities and public authorities, and the handling of mutual legal assistance requests.

Legal Instruments Description

The Charter of the Kingdom of the Netherlands and Charter Amendments

The Charter is the highest Constitutional law in the Kingdom of the Netherlands and supersedes all other laws. Relations between Curaçao and the other countries of the Kingdom of the Netherlands are governed by this Charter. The document regulates, among other things, the conduct of Kingdom affairs, the mutual assistance, consultation, and cooperation, and the constitutional organization of the member countries. The current Charter was enacted in 1954 and has been amended several times since its enactment due to, among other things, constitutional reforms (1975: independence Suriname; 1986: separation of Aruba from the Netherlands Antilles; 2010: dissolution of the Netherlands Antilles).

Kingdom Acts and Executive General Measures for the Kingdom (Rijkswet and Algemene maatregel van Rijksbestuur)

These laws/measures supplement the Charter by detailing subjects that are dealt with only generically in the Charter itself. Kingdom Acts and Executive General Measures of the Kingdom are permissible only in relation to those subjects expressly authorized by the Charter (article 14 of the Charter). They neither interfere with the Charter text itself, nor become an integral part of the Charter. Kingdom Acts that affect two or more Kingdom countries are enacted by consultation and approval by those countries and are thus more difficult to enact than other laws.

Cooperation Agreements (Samenwerkingsregeling)

Article 38 of the Charter also provides for the possibility for Kingdom countries to enact cooperation agreements. For historical and practical reasons, Curaçao cooperates with Aruba and with Sint Maarten on various issues, including most notably immigration and monetary and financial supervision legislation.

Constitution (Staatsregeling)

Each country within the Kingdom has its own Constitution (Grondwet or Staatsregeling). The basic rights of citizens, the institution and separation of the judicial, legislative, and executive branches, the organization of government and its tasks and obligations, along with related subjects are regulated in the Constitution of Curaçao. The Constitution can be amended by a National Ordinance; however, a National Ordinance containing such amendment needs to be approved by the Parliament by a majority vote of $\frac{2}{3}$. Such amendment also needs the approval of the Government of the Kingdom of the Netherlands (article 44 of the Charter).

National Ordinances

National Ordinances are the primary and formal legislative instruments on a national (country) level that are issued by the Government and the Parliament jointly, and enacted by the Governor. Proposals for National Ordinances can be made by either the Government or the Parliament. In actuality, they are usually proposed by the Government because they serve, among other things, as a basis and framework for policy and, related to this, as an instrument to regulate behavior. A National Ordinance can delegate the legal authority to further regulate a subject to the Government.

National Decrees (containing general measures)

National Decrees are delegation instruments enacted by the Government (executive power). National Decrees are classified as either National Decrees Containing General Measures or National Decrees which are directed to specific purposes/persons. The National Decrees Containing General Measures regulate subjects mentioned in the National Ordinances. The purpose of a National Decree is often to discipline/regulate/detail an enacted law. For example, the administrative sanctions of the National Ordinance on the Reporting of Unusual Transactions are supported/further detailed by the National Decree regarding Penalties and Fines Reporting Unusual Transactions. These decrees can be issued or amended easily by the Government without the approval of the Parliament.

Ministerial Decrees (with general operation)

Ministerial Decrees are legislative instruments issued by one or more Ministers with competence on the subjects regulated in those decrees. The authority to issue such decrees is delegated to the Minister by a National Ordinance.

Provisions and Guidelines

The AML/CFT regulators by means of the AML/CFT National Ordinances can issue Provisions and Guidelines for the (financial) institutions and, respectively, Designated Non-Financial Business and Professions under their (AML) supervision.

Provisions and Guidelines are classified as regulation and are enforceable. If these Provisions and Guidelines are not adhered to by the institutions, sanctions can be imposed.

Minimum Internal Control Standards (MICS)

The Minimum Internal Control Standards are guidelines issued by the Gaming Control Board for the casinos under its supervision. The competence/authority to do so is delegated by the legislator. The MICS are classified as regulation and are enforceable.

Other Instruments

Court rulings (jurisprudence), general principles of good governance and even common practice are also sources of law.

Scope, General Methodology, and Key Terms

The process to realize the first National Risk Assessment (NRA) for Curaçao was initiated by national decree providing for the establishment of a National Working Group, NRA, responsible for presenting the findings and recommendations. The NRA Steering Group (SG) was established to supervise the process and coordinate the activities. The SG consists of the head of the Financial Intelligence Unit (FIU) and the chairman and the secretary of the AML/CFT/CFP Committee.

The assessment was carried out by five sub-working groups with the help of the National Risk Assessment Tool of the World Bank, a methodological tool that offers a systematic approach to the analysis of threats and vulnerabilities. A sixth sub-working group was established to assess the ML/TF risk of financial inclusion products. However, the World Bank tool could not be used for this assessment as the required data were not available. Hence, a different methodology was used, and the results of the financial inclusion assessment will be presented in a separate report. (See Appendix IV for a list of the members that comprise each sub-working group.)

One of the core objectives of the NRA is to assess and determine the money laundering risks and the threats Curaçao. The National Working Group consisted of representatives of 15 government agencies that play an important role in combating money laundering, including the LEAs, the ministerial departments, and the supervisory authorities.³

The assessment was carried out from 2018 to 2021. Initially, the intention was to cover the period January 2012 until December 2017. However, due to unforeseen delays in the process, it was decided that where possible, the period would be extended for the sectoral vulnerability assessment in principle until December 2020.

A large number of research methods were employed in conducting this NRA. These included literature reviews, group discussions and meetings with representatives of the public sector, interviews with experts and public or private stakeholders, and analysis of data. Performing this risk assessment has been a valuable exercise. It has provided a clear insight into what the country of Curaçao and all parties involved have to undertake to fight money laundering even more effectively. (However, due to several factors, such as the limited human resources of organizations combined with the limited availability of data within organizations, it was not possible to obtain all the data and statistics that the World Bank Tool requires to conduct a thorough money laundering assessment. When statistics were not available, conclusions were based on the extensive experience, knowledge, and expertise of the members of the working groups.

³ The working group consisted of the Centrale Bank van Curaçao en Sint Maarten, the Gaming Control Board (GCB), the Financial Intelligence Unit (FIU), the Customs Authority, the Tax Authority, the National Security Agency (VDC), the Public Prosecutors Office (PPO), the Ministry of Finance, the Ministry of Justice, the Ministry of General Affairs, the National Central Bureau of INTERPOL Curaçao (NCB-IPC), the Special Police Taskforce (RST), the Government Foundation for Tax Audits (SBAB), Sector Fiscal Affairs, the Directorate of Foreign Relations (DBB), the Curaçao Police Force (KPC BFO, KPC GB), the Coast Guard, KMAR, the Department of Legislation and Legal Affairs (WJZ), the Chamber of Commerce, and the Central Bureau of Statistics (CBS).

(separate the first line below and make it part of the text, not part of the table.)

The definitions used in this report can be found in the table below. ⁴	
Definitions Used in Curaçao NRA	
Threats	groups, persons, objects, or activities with enough potential to cause harm to states, societies, economies, and other key elements of countries or regions. ⁵
Vulnerability	characteristics of a country, sector, or product that make it attractive for money laundering and terrorist financing.
Consequence	impact or the harm that money laundering or terrorist financing might cause, including the effect of the underlying criminal and terrorist activity on financial systems and institutions.
Risk	a function of threat, vulnerability, and consequence. Inherent risks can be weighed against mitigating factors to assess net risks.
Money laundering	concealing or disguising the origin of illegally obtained funds. Money laundering is preceded by another form of crime, the so-called predicate offence.
Predicate offence	any offence as a result of which proceeds have been generated that can be laundered.
Unusual Transaction Report	report of a transaction that can be considered as unusual because it meets objective or subjective indicators. ⁶

⁴ FATF Guidance (2013). National Money Laundering and Terrorist Financing Risk Assessment.

⁵ Within the context of anti-money laundering (AML) and the countering of terrorist financing (CTF) efforts, the definition of threat includes perpetrators, terrorist groups, facilitators, and funds used in money laundering and terrorist financing activities.

⁶ Contrary to other jurisdictions where suspicious transactions are reported, the reporting system in Curaçao is centered around unusual transaction reports from reporting entities in Curaçao. Reporting entities are not required to conduct an in-depth investigation to substantiate suspicion before reporting. It is the task of the FIU to determine if an unusual transaction should be deemed suspicious.

1. Summary: Money Laundering Risk at National Level

Money Laundering risk is a function of threat and vulnerability. The money laundering threat rating for Curaçao is *MEDIUM-HIGH*, and the ML vulnerability rating is also assessed as *MEDIUM-HIGH*, resulting in a ML risk level of *MEDIUM-HIGH*.

M	M	MH	H	H
M	M	MH	MH X	H
ML	M	M	MH	MH
ML	ML	M	M	M
L	ML	ML	M	M

Threat Assessment

The overall level of national money laundering threat in Curaçao is MEDIUM-HIGH.

Many organizations responsible for tackling money laundering and predicate offenses struggle with a shortage of staff and resources. Nevertheless, law enforcement agencies have managed to successfully investigate and prosecute several Money Laundering cases each year. Some of the cases were related to tax evasion, fraud, or to an unidentified predicate offence, but in most Money Laundering cases, the predicate offence was illegal international drug trafficking with criminal activity taking place both in Curaçao and abroad. Curaçao serves predominantly as a transit country, and to a much lesser extent as an end destination. A *HIGH* direct and potential money laundering threat for Curaçao originates mainly from the United States, Venezuela, and the Netherlands. The threat from Sint Maarten, the Dominican Republic, and Colombia is deemed *MEDIUM-HIGH*. Curaçao in turn presents mainly a money laundering threat to the Netherlands, the United States, Colombia, Aruba, and Sint Maarten.

Trafficking in illegal drugs poses the highest money laundering threat in Curaçao, followed by illegal gambling, tax evasion, and fraud. Human trafficking and human smuggling, illicit trade in gold, and corruption and bribery are crimes that constitute a *MEDIUM* to *HIGH* threat. The illicit arms trade is rated as a *MEDIUM* threat. During the review period, Curaçao saw an increase in illegal migration combined with human trafficking and migrant smuggling. Organized property crime, counterfeiting of currency, and smuggling of cash are also believed to be rising.

Sectors in Curaçao facing a *HIGH* money laundering threat are the banking sector, the money transfer sector, the E-zone sector, and the gambling sector. The high threat sectors are followed by *MEDIUM-HIGH* threat sectors like the real-estate sector, the trust sector, dealers in vehicles, dealers in building materials, and notaries. Jewelers, accountants, tax consultants, and lawyers belong to sectors with a *MEDIUM* money laundering threat. They are in turn followed by the insurance and the securities sectors, the investment institutions, non-profit organizations, and administrative offices. Finally, among the sectors associated with a *LOW* threat are the credit union sector, the factoring sector, and the funds administrators. The online gambling sector, real estate agents, money transfer companies, and dealers in high-value goods are among the sectors that might be more exposed to money laundering in the near future

Vulnerability Assessment

The overall level of national money laundering vulnerability in Curacao is MEDIUM-HIGH.

The national vulnerability assessment was hampered by a lack of information and statistics. There is no doubt about the political commitment to fight money laundering but, in practice it is not always given a high priority. Several laws and regulations that are part of the ML framework have been amended. However, the legislative process in Curaçao takes a long time. The money laundering crime definition and the comprehensiveness of asset forfeiture laws are considered strengths as the Penal Code of Curaçao contains all the necessary offences and provisions.

The quality of FIU intelligence gathering and processing is a strength, although capacity and technical facilities are lacking. The same applies to LEAs. They are understaffed and underfunded, and the capacity and resources for financial crime investigations are a weakness. In principle more funds and staff are available for criminal prosecutions, although sometimes they are allocated to higher priorities. Judicial processes, the integrity and independence of financial crime investigators and judges, and of financial crime prosecutors are strengths.

Even though Curaçao is a transit country for transnational organized crime and resilient borders can be important in combating this phenomenon, the quality of border controls is a weakness. Moreover, the Customs authority's awareness of money laundering is not well developed, and enforcement of the relevant laws seems inadequate. For this reason, the Customs regime on cash and similar instruments is also a weakness.

Several examples were found of fruitful cooperation between organizations combatting money laundering on a national level. However, some of these forms of cooperation were temporary and once the project or team is disbanded, the acquired knowledge and experience dissipates. Sharing of information between organizations is not yet self-evident and structures are needed to ensure that exchange takes place. Tackling money laundering is not always given the priority it needs. As to international cooperation, improvements have been made in the processing of financial requests for legal assistance. Furthermore, Curaçao was rated largely compliant in the last round of peer review assessments on the standards for the international Exchange of Information on Request (EOIR).

The Civil Code of Curaçao includes some general rules on external audits, and state-owned enterprises and foundations are subject to the *National Ordinance regarding Corporate Governance* and the *Corporate Governance Code Curaçao*. Audits in Curaçao are conducted in accordance with Generally Accepted Auditing Standards (GAAS), but a code of conduct for accountants and an audit oversight body are lacking. In the area of transparency in Curaçao on financial matters, quite a few steps still need to be taken, for example, with regard to disclosure rules and government transparency. Curaçao does not have a harmful tax regime. The country is ranked 96th on the 2020 Financial Secrecy Index and 22nd on the Corporate Tax Haven Index 2019. As to the effectiveness of tax enforcement, there is no balanced program of tax audits, and tax offences are not often prosecuted. As for the level of formalization of the economy, the informal sector saw a growth from 32.5 percent in 2014 to 39.8 percent in 2017, due to the recession Curaçao has experienced in recent years.

Information sources and identification systems are scarce in Curaçao. From a technological point of view, steps remain to be taken. The same can be said about awareness and knowledge on the importance of identity verification and the risks of identity fraud. Curacao does not yet have a government instituted central credit registration. Although some progress has been made since the review period with respect to the availability and access to beneficial ownership information, an actual UBO registry has yet to materialize, and the intended registry will be accessible only to the PPO, the CBCS, the FIU, and the Tax Authority and not to supervised entities or the public.

SECTORAL ML RISK as a Function of Threat and Vulnerability

The sectors in Curaçao that were assessed at a *HIGH* money laundering threat level are banking, money remittance, e-zone, and gam. The NRA rated Curaçao overall sectoral money laundering vulnerability as *MEDIUM*.

In the heatmap below, the ML threat and vulnerability are projected and this is indicated by sector. Each sector is represented by a letter.⁷ The size of the letters represents the volume of the concerned sector. The largest sector is online gambling, and the smallest is credit union sector.

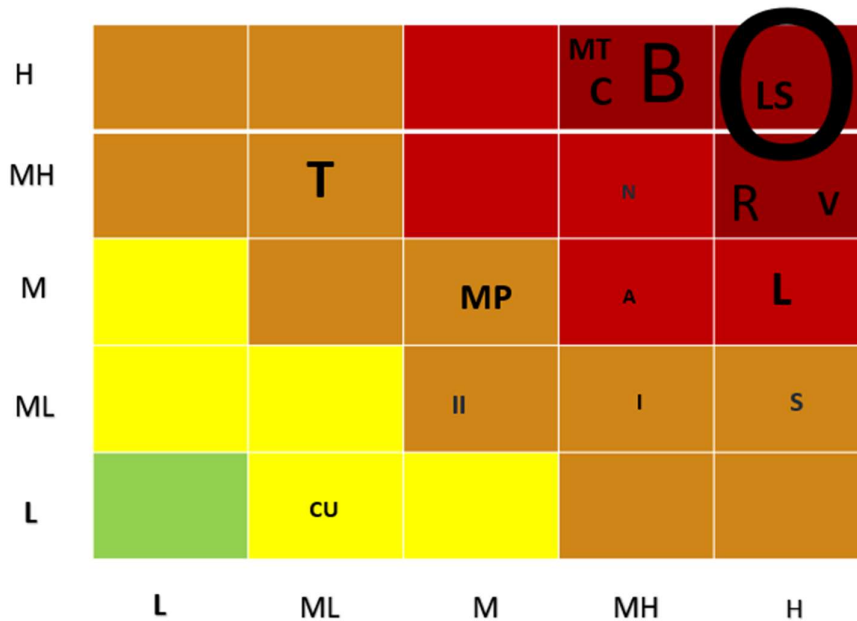
The ML vulnerability could not be rated for sectors that were too small to ensure confidentiality or due to limited participation in the NRA.

The colors in the heatmap indicate the level of ML risks: green is low risk, yellow is medium-low risk, orange is medium risk, light red is medium-high risk and dark red is high risk.

⁷B = banking, N = civil law notaries, MP = microfin./pawn shops, T = TCSPs, I = Insurance, L = lawyers, E = Ezone

MT = mon. transf comp, F = factoring comp, NR, S = sec. int. & asset man. II = investment institutions,

A = accounting sector, AO = admin. offices, NR, J = jewellers, NR, R = real estate sector, V = vehicle dealers, BM = building mat. dealers, NR, LS = lottery sector, C = land-based casinos, O = online gambling sector, CU = Credit Unions, NR = no vulnerability rated.



Heatmap: ML threat and vulnerability by sector

During the assessment, certain actions were taken based on the (preliminary) outcomes of the NRA.

The AML/CFT legislation, the NOIS, the NORUT, and indicators are currently being updated by the NOIS/NORUT working group to address the identified gaps with the FATF Recommendations and the NRA Assessment.

The CBCS has updated the Provisions and Guidelines of several sectors under its supervision after consulting with the financial sector. These Provisions and Guidelines will be issued in 2022. In addition, questionnaires and statistical information forms have been drafted by the CBCS and will be sent to the sector.

A new *National Ordinance* for the regulation and supervision of the online gambling sector in Curaçao is currently in the legislative process.

2. National Money Laundering Threats

Curaçao has a relatively low crime rate compared to many other countries in Latin America and the Caribbean region. The main domestic concerns are burglaries and robberies. In past years, the country has been associated with fatal gang violence. This type of murder does occur in Curaçao, but from a regional perspective, the murder rate is not particularly high. Curaçao, however, does have its share of transnational organized crime due to its geographical location close to the coast of Venezuela, the long coastline, and the excellent connections to Europe and the United States. Although Curaçao is primarily a transit country for drugs, it also has a local market for drugs, weapons, and smuggled or trafficked migrants. All the necessary organizations to tackle crime are present on the island, and the

independence and quality of the national justice system is legally safeguarded. Curaçao boasts several law enforcement agencies (LEAs). Crimes are solved and successfully prosecuted regularly, and criminal assets are seized.

In past years more effort has been devoted to the fight against money laundering. A substantial proportion of the capacity of the LEAs is allocated towards high-impact crimes that directly affect the public and the sense of safety. As a consequence, the departments responsible for detecting and investigating money laundering and terrorism financing are struggling with a structural lack of human capital and other resources. Adding to this is the fact that although the criminal justice system in Curaçao advances in the area of information management, there is still a long way to go before all organizations can reap the benefits of systematic gathering and register of information and information sharing. Nevertheless, LEAs manage yearly to conduct several money laundering investigations and to bring about convictions.

Predicate Offences that Generate Proceeds of Crime

Curaçao does not have a threshold approach, which means that all crimes can be predicate offenses for money laundering. During the review period, 86 money laundering cases (investigations, prosecutions, and convictions) took place, 36 of which were cash smuggling cases. During the review period, Curaçao saw a total of 75 ML investigations, 35 prosecutions (including out-of-court settlements,) and 13 cases that have led to a conviction. In the 13 cases, a total of 19 persons were convicted for money laundering. Two of the prosecutions during the review period led to convictions in 2019 and 3 are still pending trial or a ruling at the time this report was written. In addition, approximately 5 money laundering investigations that started during the review period were still ongoing at the end of the review period. No exact data are available regarding the amount of proceeds confiscated and or seized.

High-threat predicate crimes

The main illicit flows in Curaçao originate from illicit drug trafficking, illegal gambling, tax evasion, and fraud. The threat these crimes pose is assessed as *HIGH*.

I. Drug trafficking

According to information from LEAs, Curaçao serves as a meeting point from which drug shipments are arranged by, among others, Colombian, Venezuelan, and Jamaican criminal organizations in cooperation with local groups. These local groups are paid for their services with drugs, firearms, and cash. Being primarily a transit country, Curaçao does not seem to reap large profits from the drug trade as the highest profits are usually made in supply or demand countries.

Number of narcotics confiscated ⁸							
Type	2012	2013	2014	2015	2016	2017	Total
Cocaine*	367,440	155,275	309,278	133,228	132,958	133,541	1,231,720
Hash*	10,395	7,020	3,010	24,075	11,214	5,525	61,239
Marijuana*	36,285	39,100	21,236	141,440	27,208	3,917	265,660
Ecstasy pills	0	0	140	5,024	115	0	5,279
*In grams							

Agencies responsible for combating drug trafficking in Curaçao seized approximately 1,232 kg of cocaine, 61 kg of hash, 266 kg of marijuana and 5.279 ecstasy pills in the period of January 2012 to December 2017.⁹ During the review period, 52 investigations into organized drug trafficking were carried out. The Public Prosecutors Office (PPO) prosecuted 1,380 persons for drug-related crimes; almost half of them were suspected of trying to smuggle drugs in or out of Curaçao via the airport. The number of convictions for drug-related crimes, and the proceeds confiscated or seized related to drug trafficking during the review period is unknown. The working group concluded that drug trafficking is the most prevalent proceeds-generating crime in Curaçao.

Threat level:

Based on the number of criminal investigations related to organized drug trafficking conducted by LEAs and the proceeds this predicate offence is believed to generate, the threat level is rated HIGH.

Rizinia

During a high-profile murder case a suspicion emerged from wiretaps that the suspect, together with a number of other persons connected to the case, was involved in drug trafficking and money laundering. Over a period of five years, he was engaged in the export of cocaine from Curaçao to the Netherlands using couriers carrying so-called bolitas in their stomachs. Bolitas are capsules filled with cocaine that are swallowed by the couriers. The payment for the drugs was sent by several different accomplices via money transfers from the Netherlands to an accomplice of the suspect in Curaçao. The accomplice used to bring the Western Union money transfer form to the suspect who filled in the necessary details. The accomplice then collected the money from a Western Union branch. The public prosecutor demanded a prison sentence of 24 months, but according to the judge, this sentence would be too lenient to do justice to the nature and seriousness of the facts and the circumstances under which they were committed and sentenced him to 30 months' imprisonment.¹⁰

II. Illegal gambling

Illegal gambling comprises two main types. Either the game is forbidden, or the provider of the game does not have the permit or license needed to operate in accordance with the legislation in this area. Illegal gambling can therefore encompass illegal variants of legal games as well as games that are banned altogether.

⁸ Sources include Annual reports PPO, 2012 – 2017, and reports from the Customs Authority, Curaçao Police Force Safety Development, received 29 March 2019; Curaçao Police Force KPC annual reports; open sources/publicly available information.

⁹ Annual Report PPO, 2012-2017 and reports from the Customs Authority.

¹⁰ ECLI:NL:OGECAC:2015:17.

The Curaçao Gaming Control Board (GCB) has detected a significant number of games of chance being offered with or without the required permit or license. The main forms of illegal gambling detected in Curaçao are illegal lotteries. They are offered by license holders as well as non-license holders. In the past, both the GCB and the organizer of the daily number lottery, *Fundashon Wegá di Number Kòrsou* (FWNK), have expressed their concerns about the scale of illegal lottery tickets sales in Curaçao. In 2014, an investigation into the illegal sale of lottery tickets was conducted by the Ministry of Economic Development. Approximately NAf 200 million is being spent on illegal tickets annually. This stands in stark contrast to the barely NAf 50 million yielded yearly by legal sales of lottery tickets.¹¹

Nonetheless, only one money laundering case related to illegal lotteries was found during the review period. This case, involving a major lottery operator and license holder who laundered the proceeds of illegal games, illustrated the many ways in which the lottery sector can be misused for illegal practices.

Besides illegal lotteries, one known investigation was conducted involving the confiscation of illegal gambling machines by the Curaçao Police Force KPC. Moreover, indications were found of illegal gambling houses or casinos. However, based on the limited number of investigations during the review period, it is difficult to indicate the nature and extent of this form of illegal gambling in Curaçao.

Threat level: *Illegal gambling is an exceptionally profitable activity on Curaçao. The need for organizers of illegal gambling to launder the proceeds to avoid paying taxes, for instance, creates a serious money laundering threat. For this reason, the threat level for illegal gambling is assessed as HIGH.*

Bientu

In January 2008, the FIU (then called Unusual Transactions Reporting Center or MOT) reported a large number of financial transactions to the judicial authorities. A criminal investigation against a well-known lottery operator started in January 2011. This was the beginning of a years-long high-profile investigation which has caused a considerable amount of controversy in Curaçao and has led to political pressure on behalf of the suspect. Ultimately it resulted in a conviction. The lottery operator was sentenced to two years of suspended imprisonment and two years of probation for tax evasion, forgery, and money laundering. A total amount of NAf 72.5 million was confiscated. In this case the predicate offences consisted mainly of tax fraud and the sale of illegal lottery tickets on a large scale. The illegal money flows were channeled through the banking system from Curaçao and Sint Maarten to Curaçao, the United States and Sint Maarten. Hundreds of transactions and eight banks were involved. Use was made of personal banking, corporate banking and transactional banking. The amount of money detected was NAf 49,761,701.¹²

III. Tax evasion

Curaçao has 4 major tax sources: sales tax, income tax, profit tax, and wage tax. Tax evasion is the illegal circumvention of those taxes by individuals, corporations, and trusts. Tax avoidance is the legal use of tax laws to reduce tax burdens. Adding to the threat of tax evasion by nationals is the threat of foreigners evading taxes in their home jurisdiction while using the financial system of Curaçao to launder the proceeds. Therefore, Curaçao has a significant number of multilateral and bilateral arrangements relating to the exchange of tax information with other countries. During the review

¹¹ Knipselkrant, 23-01-2016.

¹² ECLI:NL:OGEAC:2016:4.

period, 259 tax information exchange requests or so-called requests for Exchange of Information (EOIs) were received and processed.

The publication of the *Panama Papers*¹³ in 2016 mentioned 124 residents of Curaçao and 64 international legal entities. The Tax Authority is tasked with the detection of tax offences. Its investigations are conducted by a criminal fiscal investigation team, known as TIO. During the review period, 46 investigations into tax evasion were completed. All cases involved incorrect or inaccurate filing of tax return and non-compliance with retention obligations. These cases have been dealt with administratively. The tripartite consultation consisting of the Tax Authority, Customs Authority, Directorate of Fiscal Affairs, and the PPO discussed another 43 cases. These cases concerned concealment of revenue, intentionally applying the law incorrectly, and noncompliance with retention obligations.

In the Panama Papers, it was indicated that illicit proceeds were laundered through, among other sectors, the real estate sector, trust and company services providers, and investment institutions in Curaçao. The banking sector was also mentioned.

During the review period, Curaçao saw a total of 47 investigations related to tax evasion, one prosecution, and no conviction. The limited number of tax evasion cases prosecuted is due to several factors. One of the main factors is that violent crimes and high-profile cases are given a higher priority. Investigations related to tax evasion are conducted by a criminal fiscal investigation team, known as TIO. During the review period, 46 investigations into tax evasion were completed. All cases involved incorrect or inaccurate filing of tax return and noncompliance with retention obligations. These cases have been dealt with administratively. The tripartite consultation consisting of the Tax Authority, Customs Authority, Directorate of Fiscal Affairs, and the PPO discussed another 43 cases. These cases concerned concealment of revenue, intentionally applying the law incorrectly, and noncompliance with retention obligations.

Besides the Tax Authority, other agencies such as the *Special Police Taskforce* (RST) also investigate tax evasion, and they have also conducted a money laundering case. This case resulted in a conviction for money laundering, tax evasion and fraud. Approximately NAf 72.6 million was forfeited and a fine of NAf 75,000 was imposed against the legal entities involved. Part of the proceeds were moved to the United States. Nevertheless, more than 30 million USD of assets could be ‘frozen’ as a result of the cooperation between the governments involved.

Threat level: *Tax evasion by nationals is classified as one of the mayor proceeds-generating crimes in Curaçao. Domestic tax crimes are thus assessed to represent a HIGH threat of money laundering. Tax evasion by non-residents while using the financial sector or other sectors in Curaçao is assessed as a MEDIUM threat.*

¹³ In April 2016, the International Consortium of Investigative Journalist published the leak of 11.5 million documents, concerning more than 214,488 offshore entities from the database of the world’s fourth biggest offshore law firm and corporate service provider, Mossack Fonseca in Panama.

IV. Fraud

Several types of fraud were detected and investigated during the review period. For the purposes of this National Risk Assessment, fraud includes embezzlement, forgery, deception, purchasing of goods without paying, fraud concerning import duties, and skimming and harvesting of bank cards or credit cards. The last two types of fraud are also known as forms of payment fraud. In the case of skimming, the magnetic strip of a payment card is copied. Harvesting is fraud involving the use of fraudulent cards. The last two crimes stood out during the review period. In 2013, the police in Curaçao reported several cases of skimming. In general, the perpetrators were part of organized groups from Latin America and Eastern Europe. These crimes have transnational dimensions. So-called 'skimming tourists' arrive in small groups, sometimes in possession of counterfeit banknotes. In the past, this phenomenon has been predominant in the region and in Curaçao where cases were reported in the beginning of 2019. It is also mentioned in the *CFATF Risk, Trends and Methods Group report of 2018*.

Criminal offences like these are investigated by the Curaçao Police Force (KPC), mainly by the Financial Investigations Team (TFO) and the high-volume crime unit (VVC), but also by the Special Police Task force (RST) and the Customs Authority. TFO conducted 56 fraud investigations during the review period involving approximately NAf 11.7 million. Most of these cases concern embezzlement at the workplace. Of the 10 cases handed over to the PPO, 8 were related to modern types of payment fraud. However, the number of investigations during 2014 and 2015 was not available. The RST carried out 5 fraud investigations during the review period, and the National Detectives agency (LR) was responsible for 19 fraud investigations involving civil servants. Statistics on the number of fraud investigations by KPC were not available, but the number of cases TFO received, and the number of cases sent to the PPO can be found below.

Number of cases of fraud TFO received versus number of cases sent to the PPO							
Cases	2012	2013	2014	2015	2016	2017	Total
Number of cases received	31	6	-	-	2	17	56
Number of cases sent to PPO	1	0	-	-	1	8	10

Obtaining accurate data on skimming and harvesting has proven difficult as they are registered at the PPO under forgery or the general category of theft. However, the working group managed to ascertain that approximately 50 persons were arrested for skimming or harvesting during the review period. Most of these cases have been prosecuted. The number of convictions and the amount of money involved is unknown. In addition, 3 money laundering investigations were conducted with fraud as the underlying predicate offence. In 2 of the cases, the perpetrators have been prosecuted and convicted. The third prosecution took place in 2019. LEAs indicated that almost 100 fraud investigations were carried out during the review period. It is unclear how many of these cases were sent to the PPO and prosecuted. According to the PPO, more than 200 persons received a summons to appear in court for fraud and skimming cases as often more than one suspect is involved. The total sum of the proceeds obtained through fraudulent schemes could not be determined.

Threat level: *The money laundering threat for fraud is assessed as HIGH because of the high number of investigations and arrests for fraud.*

Medium-high threat predicate crimes

Besides offences that pose a high threat, the working group could discern several crimes that pose a medium-high threat, namely, human trafficking and human smuggling, illicit trade in gold, and bribery and corruption.

V. Human trafficking and human smuggling

The United Nations defines human trafficking as *'the recruitment, transportation, transfer, harboring or receipt of people through force, fraud or deception, with the aim of exploiting them for profit'*.¹⁴ Exploitation, by using force, fraud, or coercion is central to this concept. Human smuggling is the facilitation of unauthorized entry, transit, or residence. It is not focused primarily on exploitation, and it is almost always transnational in the sense that it typically, but not necessarily, involves cross-border crime. Human trafficking and human smuggling are related phenomena since smuggled persons can end up in a situation of exploitation if they cannot repay their debt to the smuggler.

Curaçao was classified as Tier 2 in the United States Department of State Trafficking in Persons report (TIP-report) of 2018. According to the report, 'the government does not fully meet the standards for the elimination of trafficking, but it is making significant efforts to do so'. Furthermore, the report classifies Curaçao as a transit country and a destination country for women, children, and men subjected to sex trafficking and forced labor. Vulnerable groups include local citizens as well as foreign citizens from the Caribbean region, South America, India, and China, who are being exploited in construction, agriculture, mini-markets, retail shops, and restaurants.

Deportation figures include migrants who have entered Curaçao illegally, as well as those who entered legally but whose permit expired. The latter are called 'over stayers'. Most of the migrants in Curaçao are from the Caribbean region, like the Dominican Republic, Haiti, and Jamaica, or from Colombia and Venezuela. In 2012, slightly less than 1,000 deportations took place. By 2017 this number has risen to more than 1,500. In the years 2015 to 2017 many deportees were from Venezuela. In September 2018, the Minister of Justice indicated that approximately 16,000 undocumented migrants from Venezuela were living in Curaçao.

Number of undocumented migrants deported from Curaçao

	2012	2013 ¹⁵	2014*	2015	2016	2017	Total
Number of migrants	977	636	616	717	929	1,532	4,771

The human trafficking investigations conducted during the review period show a trend of sexual exploitation of women from predominately the Dominican Republic, Colombia, and Venezuela. During various inspections by a multidisciplinary team, led by the Inspection of MEO, undocumented and exploited migrants from India have been found. During the review period, more than 25

¹⁴ <https://www.unodc.org/unodc/en/human-trafficking/human-trafficking.html>

^{15*} The statistics for 2013 and 2014 contain solely undocumented migrants from Colombia, the Dominican Republic, Haiti, Jamaica, and Venezuela. The statistics regarding the total number of amount of deportees in these 2 years was not obtained.

investigations regarding human trafficking or human smuggling were conducted. LEAs indicate that human trafficking is often interrelated with corruption and bribery. Based on the statistics provided by the LEAs, the PPO, and a report of the Law Enforcement Council,¹⁶ it can be concluded that the number of human smuggling cases in Curaçao have increased significantly in the last 3 years of the review period, in comparison to the years before. In 2017, the PPO handled 14 cases, and 42 persons were prosecuted for human trafficking (16) or human smuggling (26) and summoned to appear before the court. The total number of investigations or convictions could not be determined. The same goes for the proceeds generated or the assets seized or confiscated. It appears that no money laundering cases have been pursued with human trafficking or human smuggling as underlying predicate offences.

Prosecuted cases of human smuggling ¹⁷				
Case Disposition	2015	2016	2017	Total
Prosecuted cases	3	2	9	14
Cases dismissed (sepot)	1	0	0	1
Cases pending trial/ongoing	0	0	5	5

Threat level: It can be concluded that *the threat that human trafficking and human smuggling pose increased during the review period. The money laundering threat is therefore assessed as MEDIUM-HIGH.*

VI. Illicit gold trade

Gold is a metal with a high intrinsic value, which makes it ideal for money laundering. Predicate offenses can occur in the mining, recycling, refinement, retail, and investment of gold. Gold has a couple of features that make it attractive for criminal organizations as a means to move value. It can be transported illicitly, but trading in gold or buying gold with illicit funds are also possible. According to the 2015 FATF report *ML/TF risk and vulnerabilities associated with gold*, the gold trade is popular for laundering purposes for 2 main reasons. Tracing the origins of gold is not an easy matter and cash-for-gold businesses are a lucrative way to acquire illegal revenues. Gold can be traded anonymously, and transactions are difficult to trace, according to the FATF.¹⁸

According to interviewed experts, Curaçao is used as a hub to legitimize illegally mined gold or gold bought with illicit proceeds. The experts have described the phenomenon of *maleteros di oro*: couriers who transport gold in bags from Venezuela through Curaçao to other destinations by air. Gold mainly arrives in Curaçao as cargo, where it is transported from one plane to another or temporarily stored. This process is facilitated by companies in the E-zone. Most of the gold transported in the review period, originated from Venezuela and was destined for Switzerland, the United States, Saudi Arabia, and Trinidad. However, companies often use faulty coding when filling in the country of origin, making it appear that the gold originated from Curaçao.

¹⁶ Raad voor de rechtshandhaving. (2018). *Aanpak illegale migratie van Venezolanen*. p. 27-29.

¹⁷ Sources: Law Enforcement Council report, May 2018; Amigoe, 22-01-2018.

¹⁸ FATF, 2015.

The FIU disseminated 6 case files related to money laundering in connection to the (illegal) trade in gold during the review period. A total of 239 unusual transactions reports, with a value of almost NAf 500 million were deemed suspicious. Two money laundering cases with gold smuggling as an underlying predicate offence, so-called gold laundering, were prosecuted. One of these cases was investigated before the review period but led to a conviction on appeal in 2016. As a result of this verdict, 31 gold bars, the total balance on several bank accounts, and an airplane were forfeited.¹⁹ The case concerned gold smuggling from Venezuela via Curaçao and Aruba to Belgium and the Netherlands. From December 2008 to September 2009, 864 kg gold was transported through Aruba and 1,300 kg through Curaçao. Those involved were prosecuted for money laundering and forgery, for exporting Venezuelan gold without the necessary export license, for bribery, and for the transportation of gold out of the sight of authorities.

On January 5, 2018, the Venezuelan President Maduro, closed the borders with Aruba, Curaçao, and Bonaire claiming that the islands neglected to act against the smuggling of gold, copper, and other raw materials from Venezuela. Since then, several studies and statistics have been published. Some researchers claim that Curaçao exported approximately NAf 967 million in gold in 2015.²⁰ Other sources state that Curaçao annually imports and exports gold at a value of approximately 500 million USD (NAf 897 million).²¹ Furthermore, it is estimated that 130,000 kg of gold was transported via Curaçao to the United States, the United Arab Emirates and Switzerland.²² Second only to oil, gold is purported the most important export product of Curaçao.²³ On the 20th of December 2019, when a new law took effect, the government of Curaçao banned the import, export, and transit of gold from Venezuela as the gold mining trade appears closely related to illegal mining, capital flight, oppression and exploitation, and transnational crime.²⁴

Threat level: *The illicit gold trade is a profitable business with clear links to Curaçao. The money laundering threat level is assessed as MEDIUM-HIGH.*²⁵

Dirty Gold Laundering

In January 2022, a former CEO of a South Florida company that transported gold, cash, and other valuables by armored trucks, pled guilty to submitting false customs documents that hid the true origin of gold being imported into Miami as part of a 140 million USD transnational illicit gold smuggling operation. He facilitated the import of thousands of kilograms of gold being flown into the United States from Curaçao, while knowing that the Customs paperwork represented the gold's origins falsely. Rodriguez's co-conspirators were buyers who earned volume-based commissions by procuring gold for a United States precious metals refinery with policies in place to combat money laundering, including not buying gold from Curacao,

¹⁹ Annual report Attorney General, 2016, p.14.

²⁰ Antilliaans Dagblad, 14-03-2018.

²¹ Atlas.media.mit.edu.

²² Ebus, 2018.

²³ www.trademap.org/.

²⁴ Landsbesluit in-, uit- en doorvoer verbod Venezolaans goud, P.B. 2019 no 82.

²⁵ In late 2019, Venezuela closed its border with Curaçao, Aruba, and Bonaire, and Curaçao banned the import, export, and transit of Venezuelan gold. It remains to be seen what this means for the illicit gold trade. According to InSight Crime, gold would still be entering the islands (<https://insightcrime.org/news/us-curacao-gold-smuggling-highlights-strategic-caribbean-passage/>).

a country with no gold mines, known to be used in gold smuggling schemes. The suspect agreed to forfeit 267,817 USD dollars as part of his guilty plea. The amount represents the estimated increase in value to the business as a result of his conduct and almost all of his personal earnings from the scheme.²⁶

VII. Corruption and Bribery

Corruption is a catch-all term for certain types of integrity violations or unethical behavior and covers all actions performed by civil servants in violation of their official duties whether in exchange for payment or not.²⁷ The commonly used definition of corruption refers to the abuse of public power for private gain. Both the 2013 report of *Transparency International (TI)* and the 2018 *International Narcotics Control Strategy Report (INCSR)* elaborate on the topic of corruption and bribery in Curaçao. The INCSR concluded that domestic public corruption poses a money laundering threat to Curaçao. An academic study into the root causes of fraud and corruption in the public sector in the Dutch Caribbean shows that from the year 2000 until 2015, a total of 22 cases were brought before the Joint Court of Justice, involving public officials like ministers, commissioners, and public officers.²⁸

The main agencies responsible for the detection and investigation of corruption are the Curaçao Police Force (KPC), the National Detectives agency (LR), and since 2016, a Dutch anti-corruption team (TBO) that later became part of the Special Police Task force (RST). The LR registered almost 80 criminal investigations or fact-finding investigations during the period under review. Of the 80 investigations, 21 of them concerned bribery and corruption and 19 had to do with fraud, possibly committed by a government official or public servant. According to the LR, the number of civil servants caught up in criminal offences like drug narcotic violations seems to increase. The RST and TBO have conducted 4 investigations into corruption. One money-laundering investigation with corruption as one of the underlying predicate offences, resulted in a conviction. Investigations carried out by KPC, and their division of Internal Affairs should also be included for an overall view. In 2016, the Internal Affairs Division of the KPC conducted almost 40 investigations, one of which was prosecuted, and in 2017, 30 investigations were conducted. Disciplinary actions were taken in 2 of the cases in 2017. Statistics before 2016 were not available.

Type of Case	2012	2013	2014	2015	2016	2017	Total
Corruption and bribery	6	5	3	1	3	3	21
Fraud	4	8	1	2	4	0	19
Other	7	5	11	3	4	9	39
Total	17	18	15	6	11	12	79

²⁶ <https://www.justice.gov/usao-sdfl/pr/ceo-south-florida-armored-transport-company-pleads-guilty-committing-customs-fraud-part>

²⁷ Law Enforcement Council, 2014.

²⁸ Schotborgh, 2019.

²⁹ Sources include Annual reports PPO, 2012 – 2017 and reports Customs authority Curaçao Police Force Safety development, received 29 March 2019; Curaçao Police Force KPC annual reports; open sources/publicly available information.

Several high-profile corruption cases were investigated and prosecuted during the review years. At least 11 corruption and bribery cases were prosecuted, and one case was dismissed. Among the investigated crimes were cases concerning bribery in exchange for confidential information or issuing of permits, embezzlement of public funds, and turning a blind eye. The total number of convictions is unknown as some cases still had to go to trial after the review period ended. Illegal proceeds connected to the crimes investigated ranged from NAf 366,000 to NAf 1.7 million. How much was confiscated, seized, or forfeited is not clear. One of the factors hindering insight into the nature and extent of these crimes is the dark number. Experts believe the dark number for bribery and corruption is large because of the secrecy surrounding the offences and the fact that both parties involved have nothing to gain by filing a police report against the other. It is estimated by the LEAs that the actual number of these crimes could be double the number of investigations currently handled.

Threat level: *Considering the aforementioned the ML threat for bribery and corruption is assessed as MEDIUM-HIGH.*

Babel

In 2017, the Court of Appeal ruled in appeal in the case of a former prime minister of Curaçao. He was sentenced to imprisonment for a term of 3 years with deduction of pre-trial detention. He was also deprived of the right to be elected in the States for a period of 5 years. His life partner was sentenced to a prison term of 15 months with deduction of 6 months' suspension. The politician was found guilty of official bribery, forgery, and money laundering. He provided services as prime minister to a businessman friend. The friend in question was an Italian owner of most of the casinos in Saint Martin. In doing so, the politician falsified invoices. He received payments for those services and laundered those payments. The friend gained political influence in Curaçao and had a say in important government decisions. Approximately 2 million ANG (800,000 USD) of illegally gotten gains were transferred through the banking system from Curaçao, Sint Maarten and the United States to Curaçao via Switzerland, Cyprus, Lithuania, and the Isle of Man. The predicate offence was bribery. The bribes were deposited in Sint Maarten on an account belonging to the politician's life partner who drew up false invoices to account for the sums of money and to serve as paper trail. Subsequently, the funds were withdrawn from an American account of the partner via checks and deposited into a Swiss bank account, belonging to a foundation based in the Marshall Islands, of which the politician is the beneficiary. After the Swiss bank informed the subject that his bank account should be closed due to his status as a politician (PEP), the money was diverted through the intervention of offshore company bank accounts in Cyprus, Lithuania, and Isle of Man. Eventually the funds were deposited as a donation to a domestic foundation of which the politician is the sole beneficiary. The trigger for this investigation was a letter from the Italian Attorney General in January 2013 addressed to the Head of the National Detectives Agency that included the assignment for a national criminal investigation into unusual transactions.³⁰

Medium-threat predicate crimes

The category medium-threat predicate crimes contain only one type of crime, namely, illegal trafficking in weapons. It is possible that other lucrative crimes were committed that should have a place in this category or in the previous categories, but these crimes have not been included because of insufficient information or because they are crimes with a large dark number.

³⁰ ECLI:NL:OGHACMB:2017:251.

VIII. Illicit arms trafficking

Little is known about the nature of illegal gun markets in the Caribbean region and the trafficking flows between source, transit, and destination countries. What is known is that in most instances they involve small arms and ammunition transported for criminal purposes by small boats from South America. LEAs suspect that in the past, guns might have been smuggled to Curaçao in small quantities on fruit and vegetable boats from Venezuela.³¹ In its annual report of 2017, the Dutch Caribbean Coastguard noted an increase in the number of arms and the ammunition intercepted, compared to previous years. The Coast Guard also reported a rise in smuggling of more powerful arms. Intercepted arms are predominately from Venezuela and are often transported in combination with drugs and undocumented persons. LEAs reported 24 investigations into illicit arms trafficking during the review period.

Number of arms confiscated ³²							
	2012	2013	2014	2015	2016	2017	Total
Number of Arms	60	-	525	84	111	152	932

Around 400 weapons were turned in by the public in 2014 as a result of the PPO's *initiative Entrega / Desarma Kòrsou* making it possible to voluntarily exchange firearms for NAf 100. Adding to that, the LEAs confiscated more than 100 firearms in that year during checks. In its annual report of 2015, the PPO continues to express concerns over the increase in use of automatic firearms. Between 2015 and the end of 2017, another 350 firearms were confiscated by the police. As a result of an increase in gun violence and assassinations, the Information Centrum Curaçao (ICC) was established in 2017 with the goal of sharing information on illegal firearms. Despite the rise, it should be noted that compared to other forms of trafficking, arms trafficking presumably happens on a much smaller scale. One of the reasons could be that firearms are durable goods, and the trade is therefore not as intensive and profitable as other illicit trades.

Threat level: *In comparison to drug trafficking, the proceeds generated by firearms are modest, but the trade could still be quite lucrative. The money laundering threat for arms trafficking is therefore assessed as MEDIUM.*

³¹ Maguire, 2014, p.15.

³² Sources include Annual reports PPO, 2012 – 2017 and reports of the Customs Authority, Curaçao Police Force Safety development, received 29 March 2019; Curaçao Police Force KPC annual reports; open sources/publicly available information.

MONEY LAUNDERING THREAT - PREDICATE OFFENCE BREAKDOWN

Type of offence	High	Medium-high	Medium	Medium-low	Low
Organized drug trafficking	X				
Illicit arms trafficking			X		
Human trafficking/smuggling		X			
Illicit gold trade		X			
Bribery and corruption		X			
Illegal gambling	X				
Tax evasion	X				
Fraud	X				

Other predicate offences

Several predicate offences should be further investigated in the upcoming years: illicit trafficking or the import of counterfeit goods, counterfeiting of currency, illicit smuggling of other goods, armed robbery, and car theft. Some of these predicate offences are further outlined below.

IX. Illicit trafficking of counterfeit goods

Illicit trafficking of counterfeit products can be linked to transnational organized crime and could well be more lucrative than illegal drugs trafficking.³³ Possession and selling of counterfeit products was criminalized in Curaçao in 2011. Only one prosecution for import of counterfeit goods took place during the review period. In this case, the Customs Authority together with KPC started an investigation into hundreds of counterfeit items of clothing and hundreds of boxes with counterfeit cigarettes imported through the E-zone. However, it could not be proved that the alleged perpetrator was aware that the goods were counterfeited, and he was acquitted.

LEAs and stakeholders have stated that the limited number of investigations and prosecutions by no means reflects the actual extent of this predicate offence. They call the quantity of readily available counterfeited goods worrisome. Each year the Health Inspection for instance, participates in an international operation targeting counterfeit and illicit pharmaceuticals. The Customs Authority and the PPO started a campaign in 2017 to combat the import of counterfeited goods, mainly footwear and clothing. In addition to this, the Curaçao Industrial and International Trade invests effort into limiting counterfeited products entering the E-zone. The stakeholders work together in the International Anti-Counterfeit Coalition (IACC).³⁴ Despite these efforts, counterfeit and pirated goods are still abundant in Curaçao. In 2018, a clandestine factory was found where products like counterfeit soap and laundry detergent were wrapped in forged packaging to make them look like the original.

³³ UNODC, 2014; Alberto, 2015.

³⁴ <https://www.iacc.org/membership/members>.

X. Illicit smuggling of commercial goods

Besides narcotics, firearms and humans, criminal groups also smuggle other goods or livestock to or from Curaçao. This phenomenon is called commercial smuggling. Among the goods smuggled are gasoline, tobacco, and pharmaceuticals. Open sources reported on the confiscation of almost 20,000 Viagra pills in 2017 by the Customs Authority. Due to limited available information, the scale is of these types of commercial smuggling remain unclear. The statistics obtained solely contain information received from the Customs Authority located at the airport. Confiscated amounts of goods at the airport vary per year. In 2014 more than 3,000 cartons of tobacco were found, and in 2017 almost 9,000 pharmaceuticals were seized. The number of goods confiscated at the harbor or other locations is unknown. The amount of illegal proceeds is difficult to estimate because neither the purchase price, nor the selling price, is known.

Number of tobacco and pharmaceuticals confiscated by the Customs authority at the Airport³⁵

Type	2012	2013	2014	2015	2016	2017	Total
Tobacco (cartons)	70	74	3,318	162	86	170	3,880
Pharmaceuticals (pieces)	495	743	1,129	476	335	8,827	12,005

XI. Armed robbery and car theft

Between 2012 and 2017, armed robbery or theft (3,597) and car theft (2,033) were the most prevalent local offences. The proceeds generated per robbery, may vary greatly since the category includes robbery of businesses, and also residential premises. If the proceeds are small, it is likely the money was spent rather than laundered. Indications are that organized crime groups are involved in these types of crimes. Further investigation and analysis are needed to determine the money laundering threat arising from these two predicate offences.

In the past, vehicles were stolen mostly for the purpose of joyriding. In recent years, this has developed into organized vehicle crime with an increase in the number of vehicles stolen and stripped for parts to be sold. Groups involved are linked to clandestine car service stations that are believed to make considerable profits. It is difficult to substantiate these claims with statistics since the value of the cars or the parts stolen is not registered. To determine the level of money laundering threat that these offences pose, some questions must first be answered. These questions include, for instance, the number of offences in Curaçao, the involvement of organized crime networks, and the size of the generated proceeds.

³⁵ Source: Customs Authority

Breakdown of statistics per LEA 2012-2017									
Predicate offense	Investigations per agency					Total	ML investigations		
	KPC	RST	LRC	TFO	Cust.		KPC	RST	Total
Theft with violence/armed rob.	3,597					3,597	1		1
Car theft	2,033					2,033		0	0
Illicit trafficking in narcotics	28	24				52			
Illicit arms trafficking	7	17	-	-		24			
Human trafficking/smuggling	18					18			
Illicit gold trade	0	0	0	1	0	1			
Commercial smuggling	0	0	0	0	0	0			0
Bribery and corruption	3+	4	21	0	0	29+			1
Illegal gambling	1	0	0	0	0	1			0
Counterfeiting goods		1				1			0
Tax evasion		1		46		47	0	1	1
Fraud (total)	56	5	19	0	15	95	1	3	4

Money Laundering Threat on National Level

During the review period from January 2012 until December 2017, several high-profile money laundering and predicate crime investigations were conducted in Curaçao, and several officials were convicted. A total of 86 money laundering cases were investigated, 36 of which concerned cash smuggling cases. The PPO has launched 35 prosecutions, including out-of-court settlements. Of these prosecutions, 13 have led to a conviction for money laundering and 19 persons have been found guilty of money laundering. In 4 of the 6 cash smuggling cases brought before a judge, the PPO managed to obtain a conviction for money laundering in combination with a drug violation. In the other 2 cases, the alleged perpetrators were prosecuted for violating the *National Ordinance on Reporting of International Transportation of Currency or Monetary Instruments* together with an opium violation.³⁶

³⁶ National Ordinance 2002, no. 74, Official Gazette 2012, no. 9, and Official Gazette 2014, no. 90.

Breakdown of cash smuggling cases 2012-2017³⁷	
Type	Number of cases
Cases to trial	6
Cases (conditionally) dismissed	12
Settlement (without going to trial)	5
Unknown	13
Total cases	36

If the cash smuggling cases are taken out of the equation, 40 money laundering investigations are left. In 24 of them a prosecution ensued, resulting in 9 convictions. Included in this number are cases in which a settlement was reached. Two of the remaining prosecutions led to convictions in 2019, while 3 others were awaiting trial or a ruling at the time this NRA report was written. In addition, approximately 5 money laundering investigations are still ongoing.

Breakdown of money laundering cases 2012-2017 (excluding cash smuggling cases)	
Type	Number of cases
Investigations	40
Prosecutions (including settlements)	24
Convictions	9
Pending to go/went to trial after review period	3
Ongoing investigations	5
Total cases	83

As sample of 25 cases was ta selected for more in-depth analysis The factors considered during the analysis included the sectors involved, the number of bank accounts, the financial products involved, the proceeds detected, seized, and confiscated, the number of (non-)citizens involved, the regions involved, the techniques and methods used to launder money, the circumstances that led to the investigation, and the result of the investigation. Starting points of the investigations included case files disseminated by the FIU, information stemming from other criminal investigations, and Mutual Legal Assistance requests (MLA requests) from foreign jurisdictions.

As concluded earlier, the main sources of illicit proceeds in Curaçao are illegal drug trafficking, tax evasion (by nationals and non-residents, fraud, and bribery and corruption. Not surprisingly, the majority of money laundering cases during the review period is assumed related to illicit drug

³⁷ Source: Customs Authority.

trafficking. The drug trade is a cash-intensive business, and criminal organizations must overcome several obstacles to successfully launder and, spend their ill-gotten gains, like moving them from point A to B, placing the proceeds into the formal banking system and disguising them as legitimate earnings. To avoid detection, perpetrators employ a variety of strategies.

Avior

In 2016, a start was made with a money laundering investigation designated as 'Avior'. Central to this investigation was the important role several entrepreneurs in Curaçao played in the world of underground banking. Large criminal organizations use these underground networks to move (drug) funds from Europe and North America to South America. A network of shops and companies like supermarkets, auto repair services, convenience stores or minimarkets, hotels, shopping malls and hardware stores in the destination countries and the origin countries, made it possible to transfer money without physically relocating it. Clients wanting to transfer funds from the Netherlands to Curaçao could pay cash at a store in the Netherlands. The store would then contact a counterpart in Curaçao and ask them to pay a certain sum to a client in Curaçao and vice versa. Outstanding debts between stores eventually balance out or the rest of the debt is paid by sending goods to the counterpart.

Avior was aimed at dismantling this prominent underground network and apprehending the main suspects. The investigation led to the arrest of the main suspect and the searches of a dozen premises and residential addresses in Curaçao and the Netherlands in 2017. Property and capital with a combined value of NAf 15 million were seized. The results of the criminal investigation confirmed the suspicion that in the period from 2011 to 2017 intentional money laundering took place. In addition, the business of credit institution and money remittance office was carried out without a license from the Central Bank of Curaçao and Sint Maarten. Moreover, the main suspect used so-called ABC transactions to launder money. Due to the long duration of the investigation and personal circumstances of the suspect the Public Prosecutor offered a transaction to the main suspect avoid further criminal prosecution. The transaction agreement was concluded in 2020 and entailed, among other things, payment of a sum of money of NAf 250,000 and relinquishment of a number of immovable goods, including various commercial sites and premises, balances on bank accounts, and amounts of money seized during the search.³⁸

Proceeds of Crime

In 7 major money laundering cases combined, a total of NAf 126,7 million of illegal proceeds was detected.³⁹ The availability of statistics on the exact proceeds detected, confiscated, or seized during the review period relating to the money laundering cases and other criminal investigations was however limited. Therefore, the working group could not estimate the total value and volume of money laundering activity in Curaçao. However, some statistics were found. In September 2015, a special team, known as the *Afpakteam*,⁴⁰ was formed with the sole purpose of confiscating illicit money and criminal assets. From 2015 until 2017, this team managed to confiscate or seize large amounts of cash and properties. In the table, left-adjust the NAf and right-adjust the numbers

³⁸ Jaarverslag RST 2017.

³⁹ A (NAf 1,8 million), B (NAf 72,9 million), C (NAf 11.5 million), D (NAf 11.5 million), E (NAf 20 million), F (NAf >9 million), G (118.500 USD + NAf 64.500 + Audi A5).

⁴⁰ In Dutch 'afpakken' means 'to take away'.

Proceeds confiscated or seized by the Afpakteam and the Customs Authorities, 2015 - 2017	
Confiscated cash	
September 2015 - December 2015	NAf 340,442
January 2016 - December 2016	NAf 1,336,863
January 2017 - December 2017	NAf 2,045,923
Total cash	NAf 3,723,228
Frozen bank accounts	
20 bank accounts	NAf 2,175,149
2 bank accounts	EURO 838,737
6 bank accounts	USD 830,065
Property seizures	
48 properties/real estate seized	NAf 34,463,171
Movable property seizures	
89 motor vehicles	NAf 3,356,323
13 vessels	NAf 525,600
1 aircraft	NAf 1,350,000
Total value Of movable property seized	NAf 5,231,923

In addition to the Afpakteam activity, the Customs Authority has confiscated a total of Euros 1 million, 373,950 USD and NAf 3,694, related to the cash smuggling cases mentioned earlier. In addition, the financial investigation team of the KPC confiscated a total of approximately NAf 7.2 million during the review period. However, this amount could not be traced back to specific cases or predicate offences.

It is possible that proceeds of crimes committed elsewhere in the world are laundered in Curaçao. In this case, international cooperation with foreign jurisdiction is paramount to combat money laundering. It is therefore necessary to identify patterns in the origin of proceeds of crimes. As to the location of the origin, there are four options: domestic, foreign, both domestic and foreign, and origin unknown. In the majority of money laundering cases in the review period, the predicate offense was illegal international drugs trafficking with criminal activity taking place both in Curaçao and abroad. Curaçao is predominantly a transit country, and to a much lesser extent an end destination. Most of the profits from the drug trade are reaped in the destination countries, for instance, in the United States and Europe. The other money laundering cases were mainly related to tax evasion, fraud, or to an unidentified predicate offence.

Amount of money confiscated by the Team Financial investigation (TFO)							
Type	2012	2013	2014	2015	2016	2017	Total
NAf	70,629.41	268,618.00	241,702.90	1,000,574.86	165,683.01	849,393.56	2,596,601.74
AWG ⁴¹	4,825.00	0.00	0.00	915.00	1,025.00	0.00	6,765.00
USD ⁴²	57,010.67	236,516.00	190,163.00	600,309.64	196,288.00	125,261.80	1,557,810.91
EURO ⁴³	277,426.39	90,335.00	57,943.00	105,165.00	27,045.00	37,595.00	765,314.39

⁴¹ Aruban Guilders, an exchange rate of 1.012 was used to convert the amount to NAf.

⁴² The official exchange rate of the Bank of 1.82 was used to convert to NAf.

⁴³ An exchange rate of 2.3 was used to convert the amount to NAf.

Cross-border Threat Analysis

Due to its geographical location, Curaçao is exposed to external threats from various countries. Both its territory and its financial system are misused as a transit point or hub for a variety of illegal activities, such as the transportation of contraband. To assess the cross-border threat, a selection was made of jurisdictions with the most significant criminal, cultural, economic, or financial links with Curaçao. Added to this list, were the top 5 trading partners according to the Customs Authority, the most prevalent countries mentioned in MLA requests, and the countries featuring in money laundering cases and FIU requests. Based on all of this information combined it was possible to compose a list of top 24 countries: Aruba, Argentina, Belgium, the Caribbean Netherlands,⁴⁴ the British Virgin Islands, Canada, China, Colombia, the Dominican Republic, Ecuador, France, Germany, Hong Kong, Italy, Malta, Panama, Sint Maarten, Spain, Sweden, Switzerland, The Netherlands, the United Kingdom, the United States, and Venezuela. Using quantitative and qualitative indicators the cross-border threat was determined. Included in the assessment were various strategic routes used by traffickers to move contraband and money between source and destination countries.

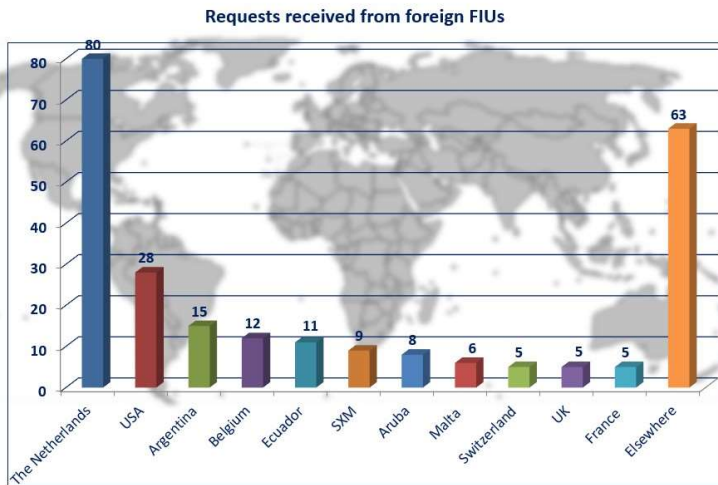
During the review period, the PPO received more than 1,000 MLA requests. The majority is from the Netherlands (629), followed by the Caribbean Netherlands (154). It is unknown how many of them involved money laundering is unknown. However, the PPO stated in its annual report of 2016 that financial MLA requests are on the rise. Outgoing MLA requests were not registered at a central point during the review period, but the PPO estimates that approximately 60 MLA requests were sent to the Netherlands (between 30 and 40), the United States (10), Suriname, the Caribbean Netherlands, Canada, St. Kitts, and Aruba.

FIU Curaçao received almost 300 requests from foreign FIUs, and 250 requests from 51 countries were processed. Most requests originated from the Netherlands (80), followed by the United States (28), Argentina (15), Belgium (12), and Ecuador (11).

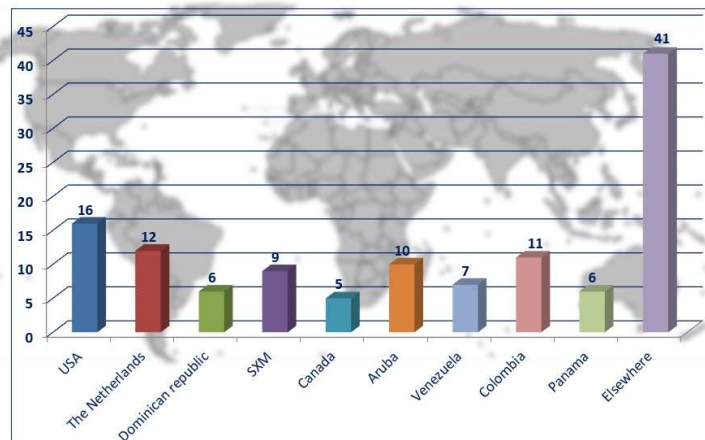
Added period (.) to NAf at the end of each FN below because they are complete sentences.

⁴⁴ The Caribbean Netherlands consists of Bonaire, Saint Eustatius, and Saba. The FIU of the European part of the Netherlands is responsible for these islands.

In return FIU Curaçao sent 123 requests for information (RFIs) to foreign FIUs, namely, to the United States (16), the Netherlands (12), Colombia (11), Aruba (10), and Sint Maarten (9). When comparing the requests for information sent and information received, it seems that the relevant authorities of Ecuador (11), Switzerland (5), France (5), and Spain (4), see or suspect flows of illicit funds to or from Curaçao, while no requests for information based on investigations of the FIU or the local LEAs have been sent to these countries. The analysis of countries suggests that the money laundering threat

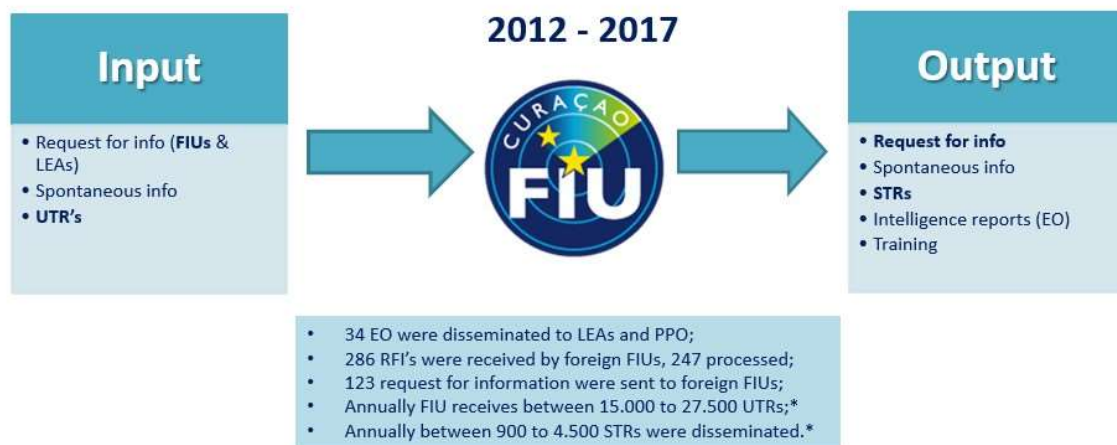


from Ecuador, Spain, and France to Curaçao possibly flows in one direction only. tax information requests received from Spain and France, perhaps their nationals are using Curaçao to evade taxes. More investigation is needed to conclusively determine the exact direction of this money laundering threat.



Outgoing Requests from FIU Curaçao per Country

Based on the different quantitative and qualitative indicators available, it can be concluded that a *HIGH* direct and potential money laundering threat for Curaçao originates mainly from the United States, Venezuela, and the Netherlands. The threat from Sint Maarten, the Dominican Republic, and Colombia is deemed *MEDIUM-HIGH*. Aruba, China, Germany, and the UK pose a *MEDIUM* threat. The main threat from these countries is likely related to drug trafficking and human trafficking. Argentina, Belgium, the Caribbean Netherlands, the British Virgin Islands, Canada, Ecuador, France, Italy, Panama, and Spain are *MEDIUM-LOW* threat jurisdictions. Finally, the threat from Hong Kong, Sweden, Switzerland, and Malta is *LOW*. Curaçao in turn mainly presents a money laundering threat to the Netherlands, the United States, Colombia, Aruba, and Sint Maarten. This conclusion is based only on the data available in Curaçao



Threat level: *The domestic cross-border money laundering threat is assessed as MEDIUM-HIGH and the foreign or external threat as MEDIUM. The overall cross-border threat for Curaçao has been assessed as MEDIUM-HIGH.*

Troja

In September 2019, the Court of First Instance in Curaçao ruled in the Troja case. Shortly before that, a verdict was handed down in the Netherlands against the leaders of the family that is suspected in the parallel ongoing investigation, Cymbal. In the Troja case, the co-defendants who were only active in Curaçao were prosecuted. The suspects laundered hundreds of millions of USD through a lingerie shop and later also through other companies by swiping Venezuelan debit and credit cards in exchange for cash and/or non-cash payments. The suspects used fake invoices and fake receipts, which made it look as if clothes or other goods were being sold. In reality debit and credit cards were swiped for hard currency. The court considers it proven that the six suspects in the Troja case were guilty of money laundering, forgery, using false documents, and acting as a money transfer office without a license over a period of four and a half years and illegally acquired assets were confiscated. In the Dutch Cymbal investigation, the suspects were convicted of, among other things, money laundering. The court in Curaçao imposed suspended prison sentences on the 6 suspects, varying from 3 to 24 months, depending on the amount laundered. Illegally acquired assets were confiscated.⁴⁵

⁴⁵ Jaarverslag OM 2019.

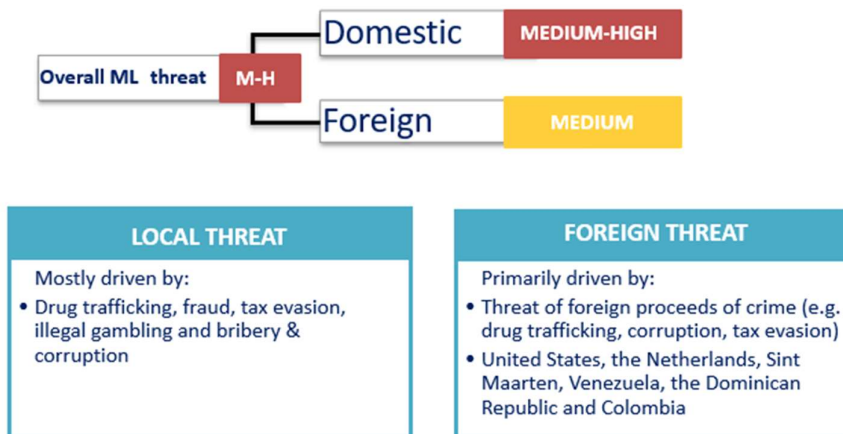
Summary of Sector-Specific Analysis of Money Laundering Threats

In addition to assessing the money laundering threat on the national level, the NRA working group assessed the money laundering threat on a sectoral level. An overview is presented in the table below. It was determined that the sectors facing *HIGH* money laundering threats are the banking sector, the money remittance sector, the E-zone sector, and the gambling sector. The high threat sectors are followed by *MEDIUM-HIGH* threat sectors like the real-estate sector, the trust sector, car dealers, traders in building materials, and notaries. Dealers in precious metals and stones, auditors and accountants, tax consultants, and lawyers or attorneys belong to sectors with a *MEDIUM* money laundering threat. They are in their turn followed by the insurance and securities sectors, the investment institutions, non-profit organizations, and administrative offices. Finally, among the sectors associated with a *LOW* threat are the credit unions, the factoring sector, and the fund administrators.

As shown in the overview below, the majority of the so-called gatekeepers' sectors are rated with a medium to medium-high threat. Gatekeepers like tax advisors, accountants, notaries, and lawyers can be valuable to money launderers as they possess the necessary expertise to disguise the nature, source, location, ownership, control, origin, or destination of funds, and they can help to avoid detection. It would be logical to assume that gatekeepers face a high threat, but the number of money laundering investigations involving gatekeepers is limited. One of the reasons could be that the role of gatekeepers is investigated only in large money laundering cases.

High	Medium-high	Medium	Medium-low	Low
<ul style="list-style-type: none"> • Banking • Remittance • E-zone companies • Land-based Casino • Online gambling • Lotteries 	<ul style="list-style-type: none"> • Real-estate agents • Car dealers • TCSPs • Dealers in building mat. • Notaries 	<ul style="list-style-type: none"> • Dealers in precious metals and stones • Auditors and accountants • Tax consultants • Lawyers and attorneys 	<ul style="list-style-type: none"> • Insurance • Securities • Investment institutions • Non-profit organizations • Administrative offices 	<ul style="list-style-type: none"> • (secondary) Credit unions • Factoring companies • Fund-administrators.

NATIONAL RISK ASSESSMENT CURAÇAO: KEY FINDINGS



Recommendations from the Money Laundering Threat Assessment

1. Develop regulations and guidelines for keeping statistics in accordance with the NORUT and the FATF guidance on AML/CFT related data.
2. Establish a systematic and strong framework for future data collection to contribute to data-driven policies, monitoring, and future analysis of money laundering trends and to prove the effectiveness of AML/CFT policies.
3. Conduct strategic crime analysis regularly, including in-depth research into money laundering, terrorist financing, and the underlying predicate offences.
4. Conduct continuing sector-specific interagency risk assessments on a national level to help identify gaps in the existing AML/CFT regulatory framework and use the results as input for an overall AML/CFT strategy to enhance risk-based supervision.
5. Develop a national AML/CFT strategy based on the threats and vulnerabilities identified in the National Risk Assessment.
6. Increase human resources and other resources of agencies responsible for investigating and prosecuting money laundering offences and underlying offences.

7. Ensure that financial investigations become a standard feature of proceeds-generating criminal cases and that key objectives include, among others, identifying the proceeds of crime, tracing of assets, uncovering financial structures, identifying facilitators, and sharing this knowledge with appropriate parties.
8. Acquire financial and digital expertise to assist law enforcement agencies and the FIU to investigate money laundering and terrorist financing especially for TIO and TFO as these areas of expertise are currently missing.
9. Obtain the necessary expertise and IT tools to investigate cases involving new technologies like cryptocurrencies.
10. Increase cooperation and information sharing on money laundering and terrorist financing by organizing periodic meetings for the relevant stakeholders to discuss developments and trends.
11. Strengthen the cooperation between the LEAs, FIU, and other competent authorities in Curaçao with their partners in the Dominican Republic, Colombia, Sint Maarten, the United States, and the Netherlands to successfully disrupt illicit financial flows from predicate crimes with a high to medium-high cross border threat.

1. National Vulnerability to Money Laundering

The main objectives of the national vulnerability assessment are to determine the overall vulnerability of Curaçao to money laundering, to identify weaknesses and gaps in the ability to combat this phenomenon, and to prioritize actions to strengthen anti-money laundering (AML) controls on a national level.

Quality of AML Policy and Strategy

The coalition agreement of the government at the time of the assessment, stated that the Ministry of Finance strives for financial integrity and is committed to an integrated, balanced, and responsible financial, fiscal, and monetary policy. The Ministry of Finance also pursues an effective and balanced policy on compliancy in finance and tax matters and an effective approach in combating money laundering. However, the Ministry of Justice has not stipulated an AML policy in the coalition agreement for the judicial authorities. Combatting money laundering has not been a particularly high priority compared to crimes like burglaries, armed robberies, and other violent crimes, which are perceived to have a more direct impact on society.

As mentioned, the AML/CFT/CFP Committee is the national coordination committee of Curaçao. The AML/CFT/CFP Committee members consist of governmental bodies, such as the Public Prosecutors Office, the Department of Legislation and Legal Affairs, the Department of Justice, and the Directorate of Foreign Relations Affairs; the private sector can also be involved for consultation purposes.

Money Laundering Crime Definition and Asset Forfeiture Laws

In the Penal Code of Curaçao, the crime of money laundering is applicable to all serious offences to ensure the widest range of predicate offences. Money Laundering offences in Curaçao are in large part in accordance with international conventions like the Vienna Convention and the Palermo Convention, although the criminalization of possession of equipment, materials or substances listed in the Vienna Convention were still in the legislative process at the time of the NRA.

Money laundering is a separate offense in Curaçao, but it is also considered an ancillary offence to a predicate offence and extends to those who launder the proceeds of their own crimes. The criminalization of money laundering encompasses intentional money laundering, habitual money laundering, and culpable money laundering. Furthermore, the Penal Code is clear in its application to residents of Curaçao who have committed offences abroad. The Penal Code is also applicable when proceedings are being transferred for trial in Curaçao based on a treaty with the State in which the offence was committed. However, it is not clear if the laws of Curaçao allow for the prosecution of all serious money laundering offences committed abroad that are also punishable in Curaçao in a similar way. The broad definition of money laundering covers all kind of facilitating and counseling behavior. Participation in a criminal organization is criminalized, and providing facilities for money laundering is a form of participation. Criminal offences in Curaçao can be committed by natural and legal persons. If the offences are committed by legal persons, criminal liability may also be attached to the natural person who ordered or directed the offence.

In the Penal Code for intentional money laundering, the penalty of twelve years imprisonment has been reduced to 6 years, and the fine of NAf 1 million lowered to NAf 100,000. For habitual money laundering the penalty has been reduced from 16 years to 9 years imprisonment, and the fine of NAf 1.2 million lowered to NAf 100,000. For culpable money laundering, the penalty remains the same: 4 years imprisonment or a fine of NAf 25,000.

Curaçao has comprehensive asset forfeiture laws to seize, freeze, and forfeit proceeds and instrumentalities of crime. These laws provide an effective legal framework for asset forfeiture. The grounds for seizure are set out in articles 119 and 119a of the Penal Procedures Code. All objects and claims that can serve to reveal the truth or to prove unlawfully obtained benefit are susceptible to seizure, and confiscation or withdrawal from circulation can be ordered. In 2015, a multidisciplinary Asset Forfeiture Team, in Dutch called the *Afpakteam* was established. Together with the Customs Authorities, the team managed to confiscate a total of NAf 3,723,228. in the period from September 2015 through December 2017. Despite its success, the *Afpakteam* was officially disbanded on the first of January 2022.

Quality of FIU Intelligence Gathering and Processing

The FIU of Curaçao is an administrative FIU. Curaçao has been an active member of the CFATF Heads of FIUs Forum and the Egmont Group since 1998. The analysis department of the FIU serves as the central national agency responsible for, among other things, collecting, registering, processing, and analyzing reported unusual transactions and transmitting disclosures on unusual transactions that are found suspicious by the competent authorities. Another function of the FIU is to conduct research into developments in the field of money laundering and financing of terrorism.

In Curaçao the FIU falls directly under the Minister of Finance, is housed separately, and is not part of another authority. The Minister of Finance annually allocates to FIU its own budget, which is controlled by the head. The head is autonomous in spending this budget, but the Ministry must approve the expense, and budget cuts in public spending can also apply to the FIU budget. As administrator of its transactions database, the head of the FIU can disseminate data from the database without requiring authorization of other agencies or parties. In the NORUT it is stipulated that the database is accessible only to FIU personnel with authorization of the head.

According to article 8 of the NORUT, the Minister of Finance in joint consultation with the Minister of Justice is authorized to appoint, suspend, and remove the head of the FIU. When it comes to other staff, the head of the FIU can present candidates to the Minister of Finance for approval and appointment. Hiring and firing of FIU personnel is, however, not controlled by the FIU itself. All functions at the FIU are by law deemed positions of trust; therefore, all (candidate) personnel of the FIU undergo by law a thorough integrity screening by the National Security Agency (VDC), which must be repeated every 3 years. Staff members are required to be educated at a higher vocational bachelor level at minimum. They receive additional appropriate training and are for instance obliged to follow the CAMS training by ACAMS. The FIU's workforce includes employees with expertise in a wide range of fields, such as the legal field, ICT, finance, law enforcement, and security. The CFATF third-round Mutual Evaluation Report of Curaçao concluded that the current quota of 21 FTEs in the FIU must be expanded for the FIU to carry out all its tasks effectively. A formal request to this end was submitted in 2018.

During the review period, from 2012 to 2017, a total of 34 self-initiated investigations were conducted. Self-initiated investigations can be triggered by news items, subjective reports, and information from LEAs. The results were disseminated to the LEAs and the PPO. In total, 286 Requests for Information (RFIs) were received by foreign FIUs, and 123 RFIs were sent to foreign FIUs. Between 2012 and 2017, the FIU of Curaçao annually received between 15,000 and 27,500 Unusual Transaction Reports (UTRs) and disseminated 900 to 4,500 Suspicious Transaction Reports (STRs). Several issues related to STRs merit attention. Not all entities with a reporting obligation are registered at the FIU, nor do all entities report transactions. The threshold amount of NAf 1 million as the objective indicator for wire transfers for banks is believed too high to be effective. For TCSPs, an objective indicator for wire transfers is lacking all together.

UTRs are received mostly online. A last issue that must be raised is that although article 5 of the NORUT grants the FIU authority to obtain information from databases of other organizations directly, the FIU does not have actual direct access to databases yet. Some organizations do provide a periodic data dump and others provide information upon written request only, on a case-by-case basis. This is not in line with the confidentiality required for FIU investigations, as investigated subjects must be disclosed.

Disseminated Intelligence Reports FIU

Sector	Percentage of cases
Banking	94%
Credit Unions	2.9%
Secondary credit institutions	TBD
Insurance	2,9%
Remittance	17,6%
Factoring	0%
Securities	TBD
Real estate	5.9%
Auditors and accountants	TBD
Attorneys	2.9%
Notaries	11.8%
Tax advisors/ consultants	0%
Trust and company service providers	11.8%
Administrators	0%
Car dealers	TBD
Traders in building & construction materials	2.9%
Casinos (land based)	2.9%
Online Casinos (in the e-zone)	2.9%
Lotteries	TBD
(companies) in Freezone	TBD
Non-profit Organizations (NPOs)	TBD
Dealers in precious metals and stones (Jewelers and pawn shops)	8.8%

Capacity and Resources in the Criminal Justice Chain

Capacity and resources are allocated to forms of crime that in the short run have a more direct impact on the population. Those crimes are more visible and have an immediate effect on the perception of safety and security among citizens of Curaçao. Money laundering is still not high on the priority list. LEAs are structurally understaffed and chronically underfunded. More funds are needed to recruit and train financial crime investigators.

For public prosecutors to function effectively and to ensure that financial crime cases can be conducted effectively, it is necessary to dedicate more capacity and resources to financial crime. A focal shift in policy may be needed to put financial crimes and money laundering in a more prominent place on the agenda. As mentioned, two public prosecutors were appointed during the assessment period specifically for prosecuting financial crimes and money laundering cases. These prosecutors did have the educational background and skills necessary for prosecuting financial crimes like money laundering. They also had knowledge on the flow of proceeds of crime and knew how to present such cases to the court. However, this information is now outdated. When this report was finalized in 2022, no officer with knowledge of money laundering was left.

The Joint Court of Justice has available judges to try criminal cases in general.

Integrity and Independence in the Criminal Justice Chain

Safeguards are in place to preserve the integrity of investigators within the Kingdom of the Netherlands. A code of conduct has been implemented, and an updated version is issued yearly.

Investigations into possible money laundering offences by LEAs seemed to be generally conducted without interference, political or social pressure, corruption, intimidation, or abuse of office, but incidences of intimidation have occurred. Several high-profile cases targeted powerful members of society, and high-profile criminals were investigated or prosecuted for money laundering, but there is no reason to doubt that they were conducted in an objective and professional manner.

As to the integrity and independence of financial crime prosecutors, money laundering prosecutors enjoy sufficient operational independence and autonomy, display high professional standards, and act with integrity, even though the level of political and societal pressure experienced by the Public Prosecutors Office (PPO) is high. Several high-profile cases were brought to court during the assessment period.

Necessary steps are taken to preserve the integrity and independence of the judiciary. An example is that judges are appointed by Royal Decree. No integrity breaches were registered in the assessment period nor have there been any to date.

Border Controls and Customs

Smuggling of goods, people, illicit drugs, weapons, and cash occur frequently, as the money laundering threat assessment has shown. As mentioned earlier, Curaçao is a transit country for transnational organized crime and resilient borders can be key in combating this phenomenon. The Customs Authority plays an important role in tackling cross border money laundering as it is responsible for levying, checking, collecting, and tracing the various import duties. Another task of Customs is the supervision of compliance with legislation on economics, health, environmental issues, and safety, as well as economic order and financial integrity. In addition, Customs trace the import, export, and transit of prohibited goods, and it checks goods that must comply with special requirements, like drugs, medicines, and protected animals and plant species. Customs also ensures the correct levy of excise duties.

When determining the priorities of Customs, the Ministry of Finance has for decades focused on tax duties. Combatting money laundering is not a high priority and a risk-based approach has not yet been adopted. Furthermore, the level of awareness of customs officers about the risks of money laundering is minimal. For instance, not all employees are aware of the risks of trade-based money laundering. Room for improvement also exists regarding the cooperation and sharing of knowledge and information between LEAs and Customs. Another issue is that the country's two X-ray container scanners, one at the airport and one at the seaport, were not operational at the time of the assessment, a situation that increases vulnerability and risks considerably. Hence, border controls are a weakness, which adds to the vulnerability of Curaçao and is worrying considering the geographic location of Curaçao and the fact that Curaçao is an island.

As for the Customs regime with respect to cash and similar instruments, laws⁴⁶ are in place. False declarations or disclosures are criminalized in the Penal Code and smuggling of cash can be prosecuted on money laundering charges. In practice, the legal system is not applied effectively since it does not appear to be enforced consistently or on a structural basis at entry points other than the public airport. Customs is aware of its obligation to report cross-border value transport to the FIU, but training and education in this area are lacking.

Reporting of cross-border value transport seems to be implemented only at the public airport and not at the other entry points, which is a significant vulnerability. There is no clear overview on incoming or outgoing financial activity at seaports or at the E-zones. The reporting during the review period was done via paper reports, which the FIU had to key into its own system. The FIU invested in a dedicated custom reporting portal in accordance with the needs of customs; however, it is not used at all entry points, and it also seems to be used inconsistently due to lack of resources. Enforcement of laws regarding the smuggling of cash/value and detection of false declarations seem inadequate, in part because the Customs Authority is structurally understaffed. A risk-based approach is applied, at least at the airport, when dealing with high-risk flights from high-risk areas related to narcotics.

At the time this report was finalized, several initiatives were being undertaken to strengthen the borders of Curaçao. On February 4, 2021, the *Protocol on Strengthening Border Control* in the

⁴⁶ *National Ordinance on the Obligation to report Cross-border Money Transportation* (P.B. 2002, no. 74, as amended by P.B. 2014, no. 90). In Dutch called: *Landsverordening aanmeldingsplicht van grensoverschrijdende geldtransporten*.

Caribbean countries in the Kingdom of the Netherlands was signed.⁴⁷ In this Protocol it was agreed that the Kingdom will make additional funds available for border control of the countries Aruba, Curaçao, and Sint Maarten for at least the next 7 years. The Protocol noted that cross-border crimes such as smuggling of narcotics, weapons, and human beings, human trafficking, and money laundering undermine the rule of law in societies in the Caribbean part of the Kingdom. The Protocol also noted increased pressure on the border control of Aruba and Curaçao due to the worrying social situation in Venezuela. The purpose of the Protocol is, therefore, to strengthen border control by investing in the Caribbean countries and by improving cooperation between organizations in the countries as well as between the countries themselves. Initiatives like these give confidence that border control will improve significantly in the coming years.

Effectiveness of Cooperation

On a national level, several forms of cooperation between LEAs including the FIU have been identified that contribute to fighting money laundering.

Regarding cooperation between AML supervisory authorities, the three authorities – FIU, CBCS, and GCB – have quarterly meetings called ‘the structured consultation’⁴⁸ during which they discuss topics of mutual interest.

During the review period, Curaçao saw several examples of successful domestic cooperation, like the Afpakteam and Duradero.

With regard to international cooperation, the PPO receives many requests for legal assistance and it always cooperates. Organizations like KPC and RST have pointed out that they maintain good contacts with foreign partners and organizations.

The FIU is also active in the area of international cooperation, e.g., through its membership of the Egmont Group. The FIU sends and receives many Requests for Information (RFI). The FIU cooperates with other FIUs worldwide and participates in several initiatives within the Kingdom of the Netherlands. One of these initiatives is the Working Group on Harmonization of Integrity Supervision (WG-HIT).⁴⁹ Participants are the FIUs and the Central Banks of the kingdom.⁵⁰

As to international cooperation in tax matters, Curaçao is a party to the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters of 1988 as amended by the 2010 Protocol*.⁵¹ Curaçao is also one of the 160 members of the Global Forum on Transparency and Exchange of Information for Tax Purposes.⁵²

⁴⁷ <https://www.rijksoverheid.nl/documenten/rapporten/2021/02/18/tk-bijlage-protocol-versterking-grenstoezicht>.

⁴⁸ In Dutch called: Structureel overleg.

⁴⁹ In Dutch called: Werkgroep Harmonisatie Integriteit Toezicht. This working group was established by the Technical Committee of the College of Kingdom Supervisors. The latter guides the mutual cooperation between the financial supervisory authorities of the Kingdom of the Netherlands, being De Nederlandsche Bank, the Centrale Bank van Aruba, the CBCS, and the Autoriteit Financiële Markten based on a memorandum of understanding.

⁵⁰ FIU-Nederland, 2019.

⁵¹ OECD and Council of Europe, 2011 (<https://dx.doi.org/10.1787/9789264115606-en>).

⁵² <https://www.oecd.org/tax/transparency/who-we-are/about/>.

Financial Integrity and Formalization of the Economy

The obligation for companies to arrange for an external audit of their financial statements, is laid down in article 121 of Book 2 of the *Civil Code* of Curaçao. This requirement only applies to so-called large companies.⁵³ Curaçao also has a *National Ordinance regarding Corporate Governance*⁵⁴ and a *Corporate Governance Code Curaçao*⁵⁵ in place, which are applicable to state-owned enterprises and foundations. Chapter 5 of the code contains rules for auditing and financial reporting

Pursuant to provisions in the different supervision ordinances, institutions supervised by the CBCS are required to make use of the services of external auditors against whom the CBCS has no objection. To provide guidance in the assessment of auditors engaged by the supervised institutions the CBCS has issued the *Policy on the issuance of a Declaration of no Objection to Auditor of supervised institutions*.

Audits in Curaçao are conducted in accordance with *Generally Accepted Auditing Standards* (GAAS), a set of principles that auditors follow when reviewing a company's financial records. Usually, the Dutch or the United States GAAS are used. Only large companies are required to prepare their financial statements in accordance with the *International Financial Reporting Standards* (IFRS)⁵⁶ as adopted by the *International Accounting Standards Board* (IASB).

As to the integrity of auditors or accountants in Curaçao, there have been a few integrity breaches. As mentioned, state-owned enterprises and foundations in Curaçao are subjected to the *National Ordinance regarding Corporate Governance* and the *Corporate Governance Code Curaçao*. Although Curaçao's legislative framework covers many relevant aspects of corporate governance, there is no corporate governance code for the private sector that is equivalent to the code introduced for the public sector.⁵⁷

Financial integrity is also about financial transparency which means, among other things, disclosure of the financial performance of companies. Only large companies⁵⁸ have an obligation to make their financial statements available to their stakeholders.⁵⁹ Article 15, Book 2 of the *Civil Code* contains rules regarding administration, financial statements, and the retention obligation of certain documents. All legal entities – including (private) foundations – must maintain a proper administration and prepare financial statements, containing at least an annual balance sheet, a profit and loss account, and explanatory notes. Domestic banking institutions, insurance companies, investment institutions,

⁵³ According to article 119 of Book 2 of the *Civil Code* a company qualifies as a large if the company has at least twenty employees, its value of assets exceeds NAf 5 million and the net turnover during the fiscal year amounts to more than NAf 10 million.

⁵⁴ Landsverordening Corporate Governance (December 29, 2009, A.B. 2010, no. 86 en A.B. 2010, no. 87)

⁵⁵ Landsbesluit Code Corporate Governance Curaçao (January 10, 2014, no. 14/0033).

⁵⁶ IFRS are a set of accounting rules that determine how transactions and other accounting events are required to be reported on in financial statements.

⁵⁷ Schotborgh-van de Ven & Van Velzen, 2013.

⁵⁸ A large company has at least 20 employees, the value of the assets exceeds NAf 5 million, and the net turnover during the fiscal year amounts to more than NAf 10 million (article 119, Book 2, *Civil Code*).

⁵⁹ Schotborgh-van de Ven & Van Velzen, 2013.

administrators, securities intermediaries, and asset management companies have to publish a summary of their financial statements.⁶⁰

According to the Tax Justice Network (TJN),⁶¹ Curaçao ranks 96th in the 2020 Financial Secrecy Index.⁶² Curaçao is a member of the *Inclusive Framework Base Erosion and Profit Shifting (BEPS)*.⁶³ This term refers to ‘tax planning strategies used by multinational enterprises that exploit gaps and mismatches in tax rules to avoid paying tax.’ One of the so-called BEPS actions is countering harmful tax practices. The BEPS country monitor states that Curaçao does not have a harmful tax regime.

Curaçao has a comprehensive legal framework in the area of taxes, including the provision of adequate powers for obtaining information and an appropriate regime of sanctions to deter and penalize non-compliance with tax laws. The ‘ground rules’ on taxes in Curaçao can be found in the *General National Taxes Ordinance*.⁶⁴ Investigations are conducted by the criminal fiscal investigation team (TIO).⁶⁵ During the review period, 46 investigations into tax evasion were completed. Information on these cases has already been discussed in chapter 2. Based on several money laundering investigations during the review period, there are indications that tax is evaded on a large scale in Curaçao. The limited number of prosecutions can be attributed to several factors, the most important that violent crimes and high-profile cases were given more priority.

A balanced⁶⁶ program of tax audits does not exist in Curaçao. Tax audit programs are not sufficiently funded or staffed by persons with appropriate training. There is a code of conduct for civil servants based on the *National Ordinance Civil Service*⁶⁷ and training on this code has been provided.

After the review period, progress was made in this area. Curaçao suffered heavily economically from the COVID-19 pandemic and funds were made available by the Kingdom, the so-called liquidity support. The Kingdom set conditions for this liquidity support. Implementation of the measures is in the hands of the Caribbean Body for Reform and Development (COHO).⁶⁸ A number of reform initiatives regarding the Tax Office have been initiated or are in progress, such as the project ‘compliance to increase the tax revenue’.⁶⁹

In the recent years Curaçao has considerable efforts in the area of international cooperation in tax matters, but more work remains to be done. As mentioned, Curaçao participates as a member in the OECD BEPS. The recent *Peer Review Report on the Exchange of Information on Tax Rulings* concluded that ‘the information gathering process is still underway in Curaçao with respect to past and future

⁶⁰ Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, Central Bank of the Netherlands Antilles (now the CBCS), January 2010.

⁶¹ Tax Justice Network (TJN), is an independent international network, launched in 2003, focused on research, analysis, and advocacy in the area of international tax and financial regulation, including the role of tax havens (<https://www.taxjustice.net/>).

⁶² Tax justice network, 2020.

⁶³ <https://www.oecd.org/tax/beps/about/>.

⁶⁴ In Dutch called: Algemene landsverordening Landsbelastingen (P.B. 2001, no. 89).

⁶⁵ In Dutch called: Team Inlichtingen & Opsporing.

⁶⁶ According to the OECD ‘Revenue bodies should aim to achieve a balanced program of audits—one that balances ‘coverage’, ‘audit quality’, and ‘overall deterrent’ considerations (Forum on Tax Administration Compliance Sub-group, 2006).

⁶⁷ In Dutch called: Landsverordening Materieel Ambtenarenrecht (A.B. 2010, no. 87).

⁶⁸ In Dutch called: Caribisch Orgaan voor Hervorming en Ontwikkeling (coho-ac.s.com).

⁶⁹ In Dutch called: Project verhoging (belasting-)opbrengsten.

rulings in scope of the transparency framework and the classification of these rulings under each category, Curaçao is recommended to finalize its information gathering process for identifying all past and future rulings as soon as possible.

Concerning the Level of formalization of the economy, Curaçao has been in 'a recession since 2016 mainly due to continued spillovers from the Venezuela crisis, and the Real Gross Domestic Product (GDP) contracted by an estimated 2 percent in 2019. The unemployment rate increased to 21.2 percent in April 2019, which is among the highest in the region.⁷⁰ Over the year 2017, the Central Bureau of Statistics (CBS) noted a 1.7 percent decline in the economy, just as in 2016.⁷¹

Availability of Identification Information and Infrastructure

The lack of a reliable identification infrastructure is a weakness. No statistics are available on how many inhabitants of Curaçao lack proper ID documents.

The quality of the security features of the passport is much better than those of the *sédula* or the driver's license of Curaçao.

Curaçao lags behind in terms of technological possibilities in the field of information systems and digitalization of data

Independent information sources in Curaçao are scarce, and not all existing sources are easily accessible. The register with information on companies of the Chamber of Commerce (CoC) in Curaçao is accessible through their website.⁷²

The NOIS⁷³ and the provisions and guidelines require supervised institutions and companies to identify the beneficial owners of the legal persons they conduct business with, and to keep records of this. Currently, there is no ultimate beneficial owner register (UBO registry) in Curaçao to which competent authorities have direct access.

⁷⁰ IMF, 2020.

⁷¹ 240618-persbericht-economische-ontwikkeling-curacao-2017, CBS.

⁷² <https://www.curacaochamberofcommerce.com/>

⁷³ The *National Ordinance of the 23rd of November 2015 amending the National Ordinance on Identification of Clients when Rendering Services-NOIS*.

Recommendations from Assessment of National Vulnerability to Money Laundering

1. Ensure that the Ministry of Justice and the Ministry of Finance assign a high priority to combatting money laundering, reflected in the allocation of resources for human capital and investments in IT and technical capacity to all judicial and intelligence organizations that fall under these ministries.
2. Task the AML/CFT/CFP Committee officially with the drafting of national AML policy and strategy and with the coordination and monitoring of the AML/CFT/CFP Committee.
3. Include the FIU (Supervision and Analysis), the VDC, the KPC, the Gaming Control Board, and the Customs Authority as members of the AML/CFT/CFP Committee in an amended *National Decree* AML/CFT/CFP Committee and assign current private sector members an advisory role.
4. Develop and implement regulation and guidelines for keeping statistics in accordance with the NORUT and the FATF guidance in this area.
5. Increase penalties for money laundering and terrorist financing more in line with the penalties in the region.
6. Ensure that the draft national decree regarding opiates is in accordance with the Vienna Convention.
7. Transform the multidisciplinary Asset Forfeiture Team into a permanent task force and form a closer cooperation with the FIU.
8. Expand the formation of the FIU substantially in order to enable the FIU to perform its legal tasks more effectively.
9. Eliminate barriers, if any, and provide the FIU (Analysis) with direct digital access to databases of other governmental organizations, like those of the Civil Registry Office, the Tax Authority, the Chamber of Commerce, MEO, the LEAs and Customs, in accordance with art 5 of the NORUT.
10. Review and reassess the effectiveness of objective indicators, especially on wire transfers for banks and TCSPs.
11. Increase awareness within the criminal justice chain to ensure that not only predicate offences are tackled, but that the financial components are also taken into account in prosecution procedures.
12. Provide more financial and human resources to LEAs and mitigate the structural understaffing problem, for example, by twinning initiatives locally and internationally.
13. Train local LEA personnel within the Dutch Kingdom and make better use of facilities, tools, knowledge, and expertise available within the Dutch Kingdom.
14. Invest in the money laundering knowledge of the Court, for instance, by investing in comprehensive training for judges.
15. Introduce the profession of judges as positions of trust obliged by law to be screened (and rescreened every three years) to further safeguard the integrity of the profession.
16. Improve the detection of money laundering at borders by strengthening the responsible organizations, such as Customs and LEAs, and their mutual cooperation and their cooperation with the FIU, and by developing more intelligence-based typologies to keep them informed of trends .
17. Guarantee that tackling money laundering becomes a genuine priority and that the responsible organizations are allocated the necessary resources.

18. Keep money laundering and the need for domestic cooperation on the government agenda and ensure that information sharing, coordination, and domestic cooperation take place on a structural basis and not only in the form of projects.
19. Let the AML/CFT/CFP Committee play a more active role in stimulating and facilitating cooperation between organizations.
20. Complete the legislative process for the *National Decree on Structured Consultation of Financial Investigation and Information Services* (GOFO partners), guarantee the legality of information exchange between the GOFO partners, and revive the GOFO.
21. Formalize the cooperation between supervisory authorities.
22. Ensure that attention continues to be paid to the processing times of financial requests for legal assistance.
23. Further reduce response time for answering EOIRs.
24. Allocate more resources to the FIU to enable the FIU to effectively execute all its tasks as stated in the law.
25. Encourage the non-financial supervisors to form or join a consultative body within the Kingdom of the Netherlands.
26. Draft a code of conduct for auditors in Curaçao and consider establishing an audit oversight body to help regulate auditors.
27. Introduce a code of conduct on good governance for the private sector as a whole.
28. Find ways to improve transparency of private companies, for instance, by disclosure rules or guidelines.
29. Ensure that the relevant organizations like the Tax Authority provide for a balanced program of tax audits.
30. Award the investigation and prosecution of tax evasion a higher priority as it is a high threat predicate crime.
31. Comply with the recommendations of the OECD with regard to rulings and the use of enforcement provisions.
32. Educate the public on their duty to pay taxes.
33. Design and implement adequate systems for the Tax Authority to help tackle tax evasion more effectively.
34. Perform research into the driving factors behind the growth of the informal economy in Curaçao.
35. Design comprehensive policies to address the problems caused by labor informality.
36. Enhance the security features of the sédula.
37. Raise awareness of the public on the subject of identity fraud and the fact that using a fake or false identity document is a criminal offence and will be prosecuted.
38. Investigate identity fraud and determine the origin of fake or false identity documents.
39. Stimulate the use of a document scanner (supervisory authorities and supervised entities).
40. Establish a central credit registration bureau .
41. Ensure the UBO register is actually realized as soon as possible.
42. Consider making the registry more broadly accessible.
43. Expand the legal possibility for the FIU to request UBO information from all reporting entities .

1. Banking Sector

The banking sector in Curaçao is well developed for a small island and includes 7 domestic commercial banks, 21 international banks, 1 savings bank, and 4 specialized credit institutions. The ML risk of the banking sector is *HIGH* as a result of the *HIGH* ML threat and the *MEDIUM-HIGH* overall ML vulnerability of the sector.

Banks in Curaçao provide personal banking services, private banking services, and corporate banking services, and offer a range of products within each category. Corporate banking products and services are mainly provided by the international banks. International banks are not permitted to bank residents. They can only have non-residents as clients. These non-resident clients are from various geographic regions, including Europe, Latin America, and the Caribbean. Domestically operating banks can have both residents and non-residents as clients. On September 30, 2021, the total deposits in the banking sector amounted to NAf 64 billion and the total assets amounted to NAf 106 billion.

Number of Credit Institutions										
Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Local banks	8	7	6	7	5	7	7	7	7	7
Intern. banks	32	32	30	30	29	29	28	27	26	26
Credit inst.	4	4	4	4	4	4	4	4	4	4
Savings banks	1	1	1	1	1	1	1	1	1	1
Total	45	44	41	42	39	41	40	39	38	38

Line up years above the columns of number

Assessment of Sectoral Money Laundering Threats

This NRA has concluded that as the principal sector granting access to the financial system, the banking sector plays an important role in the laundering of illicit proceeds through other sectors in Curaçao. Therefore, the money laundering threat level for the banking sector, is rated *HIGH*. In almost a third of the money laundering investigations and in nearly all disseminated FIU case files, the perpetrators at some point used the banking system to hold or move funds. During the review period, there were 19 money laundering investigations involving the banking sector. These investigations resulted in 9 prosecutions with 5 convictions. One investigation was stopped and dismissed, while 3 investigations resulted in settlements with the concerned banks, one of them in 2022. One investigation was still ongoing. The analysis of a sample of money laundering cases shows that a wide variety of products and services are misused, from wire transfers, cash deposits at ATMs, POS terminals,⁷⁴ and credit cards to personal or corporate checks and foreign-exchange services.

⁷⁴ A Point-of-Sale (POS) Terminal is a hardware system processing card payments of retail locations.

Assessment of Sectoral Money Laundering Vulnerabilities

The overall banking sector vulnerability rating is *MEDIUM-HIGH*. Although many general AML controls are in place, there were some important deficiencies noted, such as the effectiveness of supervision procedures and practices, and the effectiveness of unusual transactions monitoring and reporting. Laws and regulations regarding AML preventive measures and AML supervision of the banking sector are very comprehensive with respect to recordkeeping, licensing, customer due diligence, and internal controls, foreign branches, and subsidiaries. However, the requirements relative to compliance programs for financial groups can be improved. An important strength are also the entry controls. A license issued by the CBCS is required for banks to operate in or from Curaçao. Candidate (co-) policymakers of supervised institutions, including banks, must be subjected to a ‘fit and proper’ test by the CBCS. The same applies to ultimate beneficial owners (UBOs) owning 10 percent or more of the shares of the institution. However, data collection regarding entry controls should be improved.

Annually, the CBCS performs a risk assessment of the banks. The money laundering risk is assessed on a general level, based on, among other things, sources of information, examination findings, and the follow-up performed by the institutions based on the results of the findings. The frequency, intensity, and risk areas to be covered during onsite inspections are determined according to the results of the assessment. Additionally, the CBCS performs a limited risk assessment specifically for the AML/CFT area using statistics and results of previous AML/CFT examinations. Accordingly, supervised institutions are rated low, medium, or high concerning the ML/TF risks. CBCS should enhance its risk assessment of banks by requiring banks annually to submit data such as the client base, the volume and nature of the products provided, the transaction patterns, and the cross-border nature of transactions.

During the period of January 2018 – September 2021, the CBCS conducted examinations at 4 local banks and 34 international banks. However, the examinations conducted in 2021 were off-site examinations (desk review). The deficiencies that several banks are dealing with relate, to among other things, non-compliance with the identification requirements and transaction monitoring systems. Throughout the years, the CBCS has encountered fewer deficiencies in the areas of recordkeeping and policies and procedures. The CBCS is continuously informed by the banking sector on the actions taken relative to the shortcomings determined during previous examinations in the area of AML/CFT. The CBCS also regularly provides feedback and follow up related to the information received from these institutions.

With regard to the integrity of the staff of the institutions, banks’ compliance programs are required to include adequate screening procedures to ensure high standards when hiring employees. Moreover, possible incidents of integrity failure are addressed in the *Policy Rule on Integrity Testing* and the *Policy Rule for Sound Business Operations in the Event of Incidents and Integrity-Sensitive Positions*. Incidents are being reported by banks, third parties, or supervisory staff. However, statistics on incidents related to the integrity of staff were not readily available.

As to the AML knowledge of staff, banks are required to include a permanent training program for employees in their compliance program. The CBCS provides guidance on the topics that must at least be addressed in the training to specific employees and staff. During each on-site examinations, the CBCS tests compliance with its

training requirement. Moreover, the compliance officer of each institution is expected to attend additional (regional or international) trainings bi-annually.

The on-site examinations revealed that 95 percent of the banks have an adequately staffed compliance department.

The information systems used by the banks to facilitate monitoring of clients' transactions are tested by the CBCS against the size and risk profile of the bank. Automated systems for monitoring are used by more than 90 percent of the institutions. However, statistics from the FIU indicate that institutions focus more on objective unusual transactions and less on subjective unusual transactions that require more investigation by the compliance department and more tailoring of the transaction monitoring system. Moreover, the objective unusual transaction reports contain the bare minimum of information. The banks should receive more guidance from the FIU and the supervisor to enhance their reporting of subjective unusual transactions.

The total number of UTRs from banks reported in the table ranged per year from 1,302 to 13,382. International banks UTR reporting ranged per year from 3,427 to 22,075. Local banks and international banks made substantial numbers of subjective reports. The lowest number for local banks was 145 reports in 2014 and the highest number of 1,400 reports in 2016. International banks made almost 800 subjective reports in 2012. In the following years, the number of subjective reports ranged from 50 to 88. The FIU was not able to provide a qualitative analysis of the unusual transaction reports filed by the banking sector during the review period. These analyses were not readily available. The FIU should allocate sufficient resources to perform its assigned tasks more effectively.

Unusual Transaction Reports by the Banking Sector										
Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Banks	8,272	8,032	7,379	9,675	12,344	12,511	13,382	1,302	10,076	102,595
Banks Int.	3,775	3,427	6,534	5,233	4,075	4,179	27,381	17,775	22,075	96,367
Suspicious Transaction Reports by the Banking Sector										
Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Banks	172	415	3,585	530	1,151	1,170	1,859	1,728	445	12,968
Banks Int.	666	6	323	18	202	58	729	1036	84	3,529

The level of market pressure on banks to ensure an effective AML compliance function is evident as de-risking by correspondent banks is certainly an issue for the sector.

spacing

Besides the AML controls, the inherent money laundering vulnerability of products and services offered by the banking sector of Curaçao was assessed. Banks in Curaçao provide personal banking services, private banking services, and corporate banking services, offering a range of products within each category.

The limited data provided by banks were analyzed to establish the risks present in the sector and to understand the likelihood and vulnerability of criminals misusing the specific products or services for

money laundering. This assessment was followed by an evaluation of the mitigating factors to calculate the net risk in each area. Money laundering risk in the banking sector is spread across the different sub-segments of financial services examined, that is, personal banking, private banking, and corporate banking services.

The characteristics of personal banking, such as the ease of access, volume of transactions, frequency of transactions, speed of transactions, and diversity of services make this sub-segment particularly vulnerable to money laundering. When looking at the volume, frequency of transactions, and average amounts per transaction in this sub-segment, it was noted that mortgages and wire transfers, inflows, and outflows are the products more vulnerable to money laundering.

Concerns with money laundering through real estate transactions has been on the rise and mortgages are becoming more popular as a vehicle. Criminals can obtain a mortgage to purchase a property and then use the repayment of mortgages to mix illicit and legitimate funds. Another technique that can be used is the rapid payoff without considering service fees, penalties, or additional charges. Real estate activities can be attractive to criminals. The purchase of real estate allows for the movement of large amounts of funds all at once as opposed to single transactions. Besides, criminals can manipulate property values through either over-valuation or under-valuation.

The vast majority of all banking products and services provided are concentrated in the corporate banking products and services, specifically wire transfers inbound and outbound, which represent, respectively, 55.22 percent and 42.36 percent of the total value of banking products. These transactions typically involve large sums of money which makes it easier to disguise high volumes of illicit funds.

The AML controls in place for the above-mentioned products with a high inherent vulnerability lower their vulnerability from *HIGH* to *MEDIUM-HIGH*.

The private banking sub-segment is negligible in the total value of banking products but still presents a ML risk due to the more complex structures that may exist and the use of intermediaries and advisors. The relatively low total value affected the overall inherent vulnerability of private banking, resulting in an overall rating of *MEDIUM-HIGH* despite the high-risk client base profile. The vulnerability of private banking decreased from *MEDIUM-HIGH* to *MEDIUM* due to the controls in place.

Specific Recommendations for the Sector

1. Provide more guidance to the banks for them to focus on analyzing and reporting subjective unusual transactions that require more investigation and more tailoring of the transaction monitoring system.
2. Require banks to submit annual data on variables such as the volume and nature of the products provided, the transaction patterns, and the cross-border nature of transactions to enable the CBCS to enhance its risk assessment of banks.

3. Include all requirements for financial groups to implement group-wide programs against ML/TF in accordance with the Interpretive Note to FATF Recommendation 18 in the provisions and guidelines.

2. Credit Unions

There are 7 credit unions in Curaçao. Credit unions in Curaçao conduct their activities domestically, and they provide services to a closed group of members, not to the public at large or to corporate clients. Credit Unions offer only time deposits, savings, and consumer loan products and no mortgages or credit cards. The allowed amount of deposits and loans is capped, cash deposits and withdrawals are limited or not permitted, and funds cannot be received from or transferred to third parties on behalf of the members. The ML risk of the credit union sector was rated *MEDIUM-LOW*.

As to the general AML controls, credit unions are supervised and monitored by the CBCS in the same way as other supervised credit institutions (i.e., banks), and the AML legal framework is the same.

The credit union's sector is assessed to have a *LOW* level of residual risk after taking mitigations and other relevant factors into account.

Assessment of Sectoral Money Laundering Threats

The money laundering threat for the credit union sector was assessed and can be rated as *LOW*. No peculiarities were noted regarding money laundering.

Assessment of Sectoral Money Laundering Vulnerabilities

The credit union sector is assessed to have a *MEDIUM LOW* level of money laundering vulnerability.

Deficiencies encountered during the NRA in the credit union sector include a low level of AML knowledge of staff. Most credit union staff are not trained on AML. To be able to detect possible cases of money laundering, the staff of the credit union should be trained on identification and mitigation of money laundering associated risks. It was also noted that most credit unions are not registered in the automated reporting system ('goAML') to be able to report unusual transactions to the FIU.

Generally, credit unions do not have the necessary AML policies, procedures, monitoring processes, and internal controls in place. The majority of the credit unions comply insufficiently with the requirements for an effective compliance function.

Credit unions to a large extent rely on the KYC performed by their members' employers and banks. It is, however, crucial for credit unions to gain an understanding of their members, classify their members in risk categories, and implement a risk-based approach.

The CBCS has the necessary legal powers to conduct supervision of the sector but allocates resources where the risks are higher, resulting in a very small number of AML examinations conducted in the credit union sector.

Sector-specific factors were also considered, when assessing the money laundering vulnerability of the credit union sector.

This sector is less vulnerable to money laundering due to factors such as the total size of the sector, client-base profile, and the level of cash activity. The size of the sector is small, in terms of the number

of members utilizing the products and services offered and the assets of the credit unions. Membership in credit unions is closed, and the level of cash activity in credit unions is low. Hence, the risk of misusing the products and services offered by credit unions for money laundering is limited. Additionally, funds are received and sent by bank transfers making it difficult to disguise the source and destination of funds.

Specific Recommendations for the Sector

1. Credit unions should draft and implement AML/CFT policies, procedures, systems, and controls in accordance with the AML/CFT Provisions & Guidelines.
2. Credit unions should register in goAML to be able to report unusual transactions to the FIU and should be trained on AML/CFT reporting.

According to art. 1 of the NORUT, the duty to report unusual transactions also applies to credit unions. Credit unions should be trained on AML/CFT reporting, identification, and mitigation of ML/TF associated risks. For subjective indicators, red flags should be suggested.

3. Adequate AML training of the staff in the credit union sector should be arranged.

3. Fund Administrators

Investment institutions pool or bundle funds from their clients and invest those funds into different investment types, also called asset classes, like shares, property, or growth investments. In Curaçao, this sector can be divided into local and foreign investment institutions, which are licensed or exempted investment institutions. Investment institutions can be self-administered or administered by a Fund Administrator. Investment institutions that are not self-administered often have contracted third parties to operate all the different functions of the institution, including directorship, administration, investor relations, investment management.

The licensing body for investment institutions and fund administrators is the CBCS and the supervision of the investment institutions and fund administrators is regulated by the *National Ordinance on the Supervision of Investment Institution and Administrators Securities (NOSIIA)*.⁷⁵

As per December 31, 2021, Curaçao had only one licensed local investment institution, 10 foreign investment institutions, 59 local exempted investment institutions, and 20 foreign exempted investment institutions. The latter two categories are fully exempted from provisions of the NOSIIA and must inform the CBCS only of changes that may impact the exemption obtained. These investment institutions are not exempt from the NOIS, the NORUT, or other legal requirements.

The 9 foreign investment institutions in 2019 are located on the Cayman Islands or in Trinidad and Tobago, their activities in Curaçao are limited, and they have proper AML/CFT procedures in place. Therefore, the impact of the foreign investment institutions licensed in Curacao for the NRA is limited. Four of them have around 20 investors in Curaçao and earn a revenue of less than 15,000 USD in Curaçao.

The 27 local exempted investment institutions had a total net asset value of approximately 26 billion USD as per December 31, 2018. As per December 2021, there were 12 local exempted administrators, 8 foreign exempted administrators, and 10 local licensed administrators.

⁷⁵ P.B. 2002, no. 37.

Number of Investment Institutions			
Type	2019	2020	2021
Local Licensed Investment Institutions	1	7	1
Foreign Investment Institutions	9	10	10
Local Exempted Investment Institutions	52	52	59
Foreign Exempted Investment Institutions	20	20	20
Total	82	89	90

Number of Fund Administrators			
Type	2019	2020	2021
Local Licensed Administrators	11	11	1
Foreign Exempted Administrators	8	8	8
Local Exempted Administrators	33	33	12
Total	52	53	30

Assessment of Sectoral Money Laundering Threats

In the money laundering threat assessment, no distinction is made between types of institutions in the securities sector. From 2012 until 2015, one UTR was made by this sector each year. In 2016 and 2017 no UTRs were made. The sector as a whole poses a *MEDIUM-LOW* threat. The FATF has aimed to raise awareness of money laundering risks in the securities sector in several reports.⁷⁶ Investment schemes provide numerous opportunities for money laundering. However, information on the misuse of the sector in Curaçao was limited. The LEAs suspect that the securities sector might be used for laundering of proceeds of crime, but cannot determine if this actually takes place in Curaçao. As far as the working group tasked with the threat assessment could establish, no money laundering cases in Curaçao with a relationship to the securities sector have taken place. In addition, the sector does not feature in STRs. One case was reported on in open sources in 2016. A foreign PEP from South Asia used two investment funds established in Curaçao with accounts in the Netherlands. The PEP transferred more than one billion USD into these investment funds and immediately transferred the money to another account belonging to him, thereby creating a diversion.

⁷⁶ Money Laundering and Terrorist Financing in the Securities Sector, FATF, 2009.

Assessment of Sectoral Money Laundering Vulnerabilities

The sectoral ML vulnerability is *MEDIUM-HIGH*.

According to a FATF report, some of the characteristics of the securities sector may create money laundering risks, like the high level of interaction, the high volume of transactions, and the speed with which the transactions are carried out.⁷⁷ Other risks concern the use of intermediaries, certain products or payment methods, and types of clients. Although the NORUT does require it, investment institutions had not yet registered themselves at the FIU at the time of the assessment and information on the sector was scarce. Therefore, it was difficult to assess the inherent vulnerabilities of the securities sector in Curaçao.

There are no self-administered investment institutions licensed by the Central Bank. The structure of the investment institution has different parties involved, such as the fund administrator, registrar and transfer agent, the board of directors, the investment manager, the investment advisor, the brokers, etc. The Fund Administrators must ensure that the services provided on behalf of the investment institutions are in accordance with the rules and regulations applicable to the investment institutions.

Exempted administrators are allowed to provide administrative services exclusively to supervised or exempted local investment institutions under the NOSIA.

The exempted investment institutions and administrators are fully exempted from supervision under the NOSIA but must inform the CBCS of any changes that may impact the exemption obtained from the CBCS. However, they are not exempted from AML/CFT supervision. The latter could result in insufficient compliance monitoring carried out by the supervisory authorities related to AML/CFT.

Fund administrators conduct CDD on the investment institution, including its board of directors, and management shareholders before accepting the investment institution as a client. Fund administrators have a department responsible for investor relations, which conducts CDD on investors and is also responsible for transaction monitoring when accepting applications and paying redemptions. The transactions of investment institutions are mostly international wire transfers which use mostly foreign bank accounts are used.

The AML legal framework for investment institutions is comprehensive. Supervision of this sector is entrusted to the CBCS. Only investment institutions licensed or exempted by the CBCS are allowed to raise or obtain pecuniary means or other property for the purpose of participating in investment institutions or to offer participating interests in such an institution in or from Curaçao.

The CBCS has issued provisions and guidelines for this sector, but they have to be updated to include updates of FATF recommendations made after 2012 and to assure that the requirements are in accordance with the amendments of the NOIS and the NORUT.

Furthermore, limited AML & CFT offsite activities were conducted, considering that there are no requirements for investment institutions or fund administrators (licensed or exempted) to submit periodic reports on their compliance with AML & CFT rules and regulations to the CBCS.

⁷⁷ Risk Based Approach Guidance for the Securities Sector, FATF, 2018.

No AML violations were identified during the review period. However, administrative sanctions have been imposed in the past for violations other than noncompliance with AML rules and regulations. In addition, for the violations of AML/CFT requirements encountered during on-site examinations in the first half of 2018, formal instructions were given with requests to take corrective measures within a provided time frame. The available administrative sanctions are deemed sufficient to positively influence the behavior of institutions.

Furthermore, no incidents regarding the integrity of staff of fund administrators have been reported to the Bank, or criminal cases taken against staff members. With regards to the AML knowledge of staff of fund administrators, we observed that most administrators had training programs in place and that periodic compliance training was provided to the staff members who are dealing directly with clients. Currently, compliance of exempted investment institutions with the NOIS and the NORUT is only assessed by the CBCS during conducted on-site examinations with licensed fund administrators that service exempted investment institutions. Fund administrators provide administrative services to the investment institutions.

Currently, the CBCS only assesses whether licensed administrators comply with the NOIS and the NORUT when servicing local exempted investment institutions. For exempted investment institutions that are managed by exempted administrators, no proper supervision is done on their compliance with the NOIS and the NORUT.

The investment institutions supervised by CBCS during the review period did not have their own compliance organization or compliance officer but relied on the services of their administrators. Often, investment institutions have an administrator responsible for investor relations and accounting, managing directors that are responsible for the compliance with statutory requirements. Compliance officers of the administrators are not involved in the screening of investors or in the monitoring of the transactions of the investment institutions. In addition, they do not report unusual transactions on behalf of the investment institutions, but they do have proper information systems in place for monitoring transactions, and they do ask for underlying documentation before accepting or releasing funds of the investment institutions.

Specific Recommendations for the Sector

1. Finalize the update of the provisions and guidelines for the sector, including updates of FATF recommendations made after 2012, and assure that the requirements are in accordance with the amendments of the NOIS and the NORUT that took place in 2016.
2. Issue specific provisions for exempted investment institutions and administrators to promote compliance with the requirements in the NOIS and the NORUT.
3. Introduce a requirement for the registration of compliance officers specifically for investment institutions to ensure compliance with the requirements applicable to the sector under the NOSIA, the NOIS, and the NORUT.
4. Provide for specific procedures in the provisions and guidelines on AML/CTF matters for investment institutions that are not self-administered with specific requirements for monitoring of transactions of investment institutions by their administrators.
5. Ensure that exempted investment institutions managed by exempted administrators are properly supervised on their compliance with the NOIS and the NORUT.
6. Provide for specific procedures in the provisions and guidelines on AML/CTF matters for investment institutions that are not self-administered with specific requirements for monitoring of transactions of investment institutions by their administrators.
7. Ensure that exempted investment institutions managed by exempted administrators are properly supervised on their compliance with the NOIS and the NORUT.

4. Securities Intermediaries and Asset Managers

A securities intermediary is any person that conducts a business as an intermediary and performs activities aimed at the establishment of transactions in securities on the account of a client.⁷⁸ Security accounts are accounts that hold financial assets. An asset manager is defined as any person that conducts a business pursuant to an agreement, other than as management company of an investment institution, and on a discretionary basis, manages securities belonging to a client or means for the

⁷⁸ https://cdn.centralbank.cw/media/legislation_guidelines/20191016_pb_2016_no_79_eng.pdf.

investment in securities belonging to a client, including the carrying out or having carried out securities transactions on the account of the client with whom the agreement was entered into.

Number of Securities Intermediaries and Asset Managers			
Type	2019	2020	2021
Licensed Asset Managers	7	9	10
Licensed Securities Intermediaries	2	5	6
Asset Manager with Dispensation	1	1	1
Registered Securities Intermediaries	1	2	3
Total	11	17	20

Curaçao had 10 licensed asset managers, 6 licensed securities intermediaries, 1 asset manager with a dispensation, and 3 registered securities intermediaries as of December 31, 2021.

Assessment of Sectoral Money Laundering Threats

The money laundering threat assessment made no distinction between the different types of security institutions. The working group responsible for the threat assessment has not found any money laundering cases related to the securities sector. Since December 2015, the sector falls under the NOIS and the NORUT and has not yet made any UTRs.

The threat for the entire securities sector is assessed as *MEDIUM-LOW*.

Assessment of Sectoral Money Laundering Vulnerabilities

The overall inherent vulnerability of this subset is ranked as *HIGH* and the quality of AML controls *needs to be reassessed for this sector*. The NOSSIAM has only recently entered into force and therefore, a more in-depth assessment should be performed.

At the time this report was written, the CBCS was setting up a comprehensive supervisory framework for this sector.

An AML legal framework for this sector is already in place. However, the definition of the services provided by asset managers and securities intermediaries in the NOIS and the NORUT is not as extensive as the definitions in the NOSIAM. The NOIS and the NORUT refer to services provided by banks and the indicators for this sector are the same as for banks.

The CBCS is entrusted with the supervision of this sector. At the time of the assessment, *Provisions and Guidelines on the Detection and Deterrence of Money Laundering and Terrorism Financing* still had to be drafted and issued by the CBCS. Other policies and procedures, such as a risk assessment policy and reporting requirements have yet to be adopted. A comprehensive supervisory framework is not in place, and several policy rules, like the *Policy Rule on Integrity Testing* and the *Policy Rule for Sound Business Operations in The Event of Incidents and Integrity-Sensitive Positions* do not include a reference to the NOSSIAM.

The NOSSIAM regulates the licensing, dispensation, and registration process. The managing directors, supervisory directors, compliance officers, and persons with a qualified interest in the company must be subjected to a 'fit and proper' test by the CBCS. Additionally, asset managers and securities intermediaries are required to have proper AML/CFT procedures in place.

Specific Recommendations for the Sector

1. Issue *Guidelines* for securities intermediaries and asset managers to contribute to the adequate implementation of the relevant provisions of the NOSSIAM and the implementation of sound internal policies and procedures to detect and deter money laundering and terrorist financing.
2. Amend the definition of the services provided by securities intermediaries and asset managers in the NOIS and the NORUT to include natural persons in line with the definition in the NOSSIAM and to assure compliance with the AML/CFT regulations of all asset managers and securities.
3. Set reporting indicators for securities intermediaries and asset managers.
4. Conduct another assessment to determine the size and the money laundering risks of this sector.
5. Update the *Policy Rule on Integrity Testing* and the *Policy Rule for Sound Business Operations in The Event of Incidents and Integrity-Sensitive Positions* to include references to the NOSSIAM.

5. Insurance Sector

At year-end 2020, the life insurance sector consisted of 10 licensed life insurance companies and 56 life insurance intermediaries. Most of the intermediaries mediate in both life insurance and indemnity insurance and can be seen as an extension of the insurance companies for which they mediate. Like life insurance companies, they are required by law to report unusual transactions. In Curaçao the AML/CFT legislation and indicators are only applicable to life insurance companies and insurance intermediaries. Other types of insurance companies, like indemnity insurers, captive insurers, and professional reinsurers are not subjected to this legislation and, therefore were not included in the assessment. The ML risk of the life insurance sector is *MEDIUM* based on the assessment of the ML threat and ML vulnerability of the sector. (did you want this sentence to be in bold?)

At year-end 2020, the sector, excluding one entity under emergency arrangement accounted for a total of NAf 1.8 billion in assets and the net profit recorded amounted to NAf 27 million. The average insured amount per policyholder for the life insurance sector was approximately NAf 100,000 at year-end 2020. The products offered by the life insurance companies are mostly whole life insurance, endowment insurance, term life insurance, savings insurance, and annuity insurance.

Number of Licensed Insurance Sector Entities									
Sector	2012	2013	2014	2015	2016	2017	2018	2019	2020
Insurance Brokers	44	45	48	48	46	49	56	57	56
Captive Insurance	13	12	10	10	10	10	8	7	7
Prof. Reinsures	1	2	2	3	3	3	3	3	2
Life Insurance	11	11	11	11	11	11	10	10	10
Total	69	70	71	72	70	73	77	77	75

Assessment of Sectoral Money Laundering Threats

The overall money laundering threat for the insurance sector is assessed as *MEDIUM-LOW*. During the review period there was one money laundering investigation and one prosecution involving the insurance sector. This constitutes just 2 percent of the total number of money laundering cases. The insurance sector does not feature prominently in disseminated FIU intelligence reports either. Only 3 percent of all unusual transaction reports (UTRs) feature this sector. UTRs of the insurance sector are scarce. During the period 2012-2020, a total of 43 reports were submitted to the FIU by insurance companies (insurance brokers) and 27 reports by life insurance companies. Descriptions in the UTRs were vague, namely, 'surrender policy' or 'withdrawal policy' above NAf 50,000. The latter could be an indication of money laundering, but it was not reported as such.

The existing typologies and the academic literature on this sector mainly highlight the possibility of laundering money through life insurance by overpaying on a policy or by an early termination of a policy. However, the LEAs noted various indications that money laundering threats could be more substantial for non-life insurance products, such as car insurance. An example of a scenario would be

if a perpetrator buys cars with illicit funds, then subsequently starts a car rental company, and pays the insurance for all these cars at the same time with cash. Although LEAs have their suspicions of such misuses of insurance products, there is little or no information to verify this.

Assessment of Sectoral Money Laundering Vulnerabilities

The overall insurance sector's vulnerability is *MEDIUM*, which is supported as follows. The AML legal framework is comprehensive, but some deficiencies have been noted. These include the update and implementation of the *Provisions and Guidelines* that will be issued as general binding guidelines. The CBCS is clearly identified as the supervisory body for the insurance sector. The effectiveness of supervision procedures and practices is also a strength. However, the impact is softened because the number of the life insurance companies in comparison to other types of institutions under supervision is relatively small. Besides, several rules and regulations are in place to ensure that the supervisory powers of the CBCS are carried out on an impartial basis.

The on-site examinations conducted by the CBCS also included AML inspections at life insurance companies and brokers. The on-site findings included noncompliance with the AML/CFT legislation, missing documentations in client files, and no screening of employees on criminal records. Off-site AML monitoring should be enhanced to complement on-site examinations conducted in the insurance sector.

All applicable laws contain sanctions in case of noncompliance. The CBCS can for instance impose administrative fines. Prospective insurance companies and intermediaries require a license from the CBCS to conduct business in Curaçao. Managers, supervisory board members, and shareholders with a qualifying interest of more than 10 percent are subjected to an integrity test, which is repeated every 3 years.

Most insurance companies and insurance brokers have adopted a screening procedure for their employees, and they provide continuous AML trainings. They also have mechanisms in place for reporting unusual transactions and avoiding tipping off clients. Through surveys and on-site visits, it was determined that life insurance companies and intermediaries in Curaçao are aware of the importance of the role of their staff in preventing money laundering and have mechanisms in place to monitor this. Staff members know and understand their AML duties and responsibilities. Most life insurance companies have an effective compliance function that is well-resourced and independent. Finally, it could be determined that market forces exert pressure on life insurance companies in Curaçao to meet AML standards. This is especially true for insurers who are part of financial conglomerates that also include commercial banks.

Specific Recommendations for the Sector

1. Finalize updating of the provisions and guidelines for the insurance sector and issue them as general binding guidelines.
2. Implement additional questionnaires to enhance off-site monitoring.

6. Factoring Companies

Factoring companies specialize in financing invoices from businesses with cash flow problems due to slow-paying customers. They purchase invoices from their clients and make a profit when the invoice is paid by the customers of their clients. During the assessment period, 2 institutions rendered factoring services in Curaçao. One of them ceased operations during the review period, the other one ceased operation in February 2021. For reasons of confidentiality, only general deficiencies of the AML regulatory framework were addressed in the assessment and institutional information was not included. Consequently, an institution-specific rating for variables could not be assigned. Financial information is not disclosed, but it is safe to say factoring only represented a very small percentage of the financial sector in Curaçao. Based on the absence of operational factoring companies at the time of the NRA Report, the ML risk of the sector is nonexistent.

Assessment of Sectoral Money Laundering Threats

The money laundering threat for factoring companies is *LOW*. During the review period, no money laundering investigations relating to this sector were conducted, nor did the sector feature in FIU case files. No UTRs were made by the sector.

Assessment of Sectoral Money Laundering Vulnerabilities

For reasons of confidentiality, the ML vulnerability of the sector could not be determined.

Specific Recommendations for the Sector

1. Provide for a legal basis for market entry for factoring companies.
2. Finalize and implement provisions and guidelines for the sector.

7. Money Transfer Companies

Money Transfer Companies (MTCs) are a sub-set of the so-called Money Services Businesses (MSBs). MSBs can be defined as any person doing business, whether on a regular basis or as an organized business concern, in one or more of the following capacities: currency dealer or exchanger, check casher, issuer of traveler’s checks, money order, or stored value, and money transmitter.⁷⁹

MTCs in Curaçao are solely authorized to transfer money. During the review period, alternately 2 to 3 institutions offered money transfer activities in Curaçao. The ML risk of the sector is *HIGH*. This sector features prominently in money laundering investigations and in UTRs. Countries involved in the transactions are high-risk jurisdictions for drug trafficking. However, the supervisory authority and the sector are well aware of the risks and take appropriate AML/CFT measures.

In 2020, the total assets of the sector amounted to NAf 18 million, and transactions handled had a combined value of approximately NAf 167 million. The top jurisdictions sending money transfers to Curaçao were the Netherlands, the United States, Aruba, and other Caribbean jurisdictions. On the receiving end of money transfers are the Dominican Republic, Colombia, and other Caribbean jurisdictions, primarily Jamaica, followed by Haiti.

Number of Money Transfer Companies										
Sector	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
MTCs	2	2	2	2	3	2	2	3	3	3

Assessment of Sectoral Money Laundering Threats

The overall ML threat of the sector is *HIGH*. MTCs are often used by immigrants to send part of their earnings to their families in the home countries. Based on the ethnic composition of Curaçao’s population and the different cultural ties, it is logical that the above-mentioned countries are the top jurisdictions. However, it is possible that there are other reasons because these jurisdictions are considered high-risk for drug trafficking.⁸⁰

Almost 10 percent of all UTRs filed by this sector during the review period were based on subjective indicators, and the total value of these transactions amounted to NAf 1.7 million. Because of the cash intensive character of the sector⁸¹ and the fleeting nature of relationships with customers, among other reasons, it is believed that there could be a high level of undetected money laundering activity

⁷⁹ According to the FATF, Money or Value Transfer Services (MVTS) refer to financial services that involve the acceptance of cash, cheques, other monetary instruments, or other stores of value, and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network to which the MVTS provider belongs. Transactions performed by such services can involve one or more intermediaries and a final payment to a third party and may include any new payment methods. Sometimes these services have ties to particular geographic regions and are described using a variety of specific terms, including hawala, hundi, and fei-chen.

⁸⁰ These countries are either source countries (Colombia, the Dominican Republic, Jamaica) or destination countries (Netherlands and the U.S.) for drug trafficking via Curaçao as transit country.

⁸¹ It is not possible to pay with a debit card as MTCs only accept cash.

in this sector. Almost 11 percent of the reported transactions representing a total value of almost NAF 5 million have been deemed suspicious by the FIU. Intelligence reports were disseminated to the PPO and LEAs.

Transaction Reports by Money Transfer Companies										
Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UTRs	916	1,101	1,180	748	846	950	1,125	1,210	1,312	12,192
STRs	11	41	52	138	347	23	21	83	48	1,049

From 2012 to 2020, a total of 12,192 UTRs were reported to the FIU and a total of 1,049 STRs were disseminated. The number of UTRs fluctuated yearly between 748 and 1,312 and STRs from 11 to 347.

MTCs apply lower thresholds than the regulatory reporting threshold of NAF 5.000. In addition, one MTC limits the amount of money that a customer can send per day or per week. The sector encounters a lot of structuring or smurfing, which means that customers send several small transactions scattered over a period or over different persons or straw men at different MTCs to avoid raising suspicions or to avoid customer identification requirements by keeping the amount below the reporting threshold.

This sector featured in 17.5 percent of the money laundering investigations and 17.6 percent of the disseminated FIU case files during the review period. These investigations illustrate, among other things, the use of this sector to transfer proceeds of drug trafficking from destination countries like the Netherlands to Curaçao. Disseminated case files by the FIU indicate that the sector is also utilized to send proceeds from the illegal gold trade and from crimes like skimming and harvesting to a number of Caribbean countries.⁸²

During interviews and in academic reports, the presence of underground banking networks was mentioned. Cash-intensive businesses purportedly operate as unlicensed MTCs, facilitating money transfers to countries like Venezuela and China.⁸³ This practice also became evident in two money laundering investigations during the review period. Some of these illegal money transfer companies also facilitate foreign currency exchange, mainly in EURO or USD.

Jordan

In this case a suspect was arrested for not having reported that he had brought 43,700 USD in cash with him when traveling from the Netherlands to Curacao. During the subsequent investigation, it appeared that the suspect had made money transfers regularly to Jordan amounting to 2 million NAF. On another occasion the suspect was stopped on the street with 12,000.00 ANG in cash. The suspect claims the money came from his own business, namely the export of unclean oil. The request for information at the FIU, resulted in more than

⁸² As illustrated in the CFATF risk, trends & methods group (CRTMG) report 2018 (CFATF, 2018, pp. 11-13).

⁸³ Veiligheidsbeeld BES 2018, pp.35-37.

200 suspicious transaction reports at a total of 2 million NAF. The majority of these reports were from money remitters and casinos.

Assessment of Sectoral Money Laundering Vulnerabilities

The sector vulnerability is *MEDIUM-HIGH* as a result of *HIGH* inherent product vulnerability and *MEDIUM-HIGH* specific AML controls.

To establish an MTC in Curaçao a license from the CBCS, the supervisory authority is required on the basis of the *National Ordinance on the Supervision of Money Transfer Companies (NOSMTC)*.⁸⁴ The CBCS has issued provisions and guidelines for MTCs to provide guidance. Furthermore, MTCs are subject to the requirements in the NORUT and the NOIS. MTCs are cash-intensive and pose a higher risk in terms of threats and vulnerabilities to the financial sector of Curaçao.

There is ample legal basis for the supervision of MTCs. Although the supervision department of the CBCS is understaffed, on-site examinations have been tailored to match the business models of this high-risk sector. During the on-site examinations, compliance with rules and regulations is verified by performing, among other things, file reviews, analysis of risk classifications, and review of client transactions and reporting behavior to the FIU. During examinations it was revealed that MTCs are not always in compliance with the NOIS and/or have inadequate controls in place to detect unusual transactions that may be subject to reporting. These examinations were performed in close cooperation with the off-site department responsible for ongoing monitoring of identified deficiencies.

With regard to the effectiveness of entry controls, in the relevant regulations, the CBCS is clearly identified as the licensing body of MTCs and has been exercising its supervision mandate. A written request must be submitted to the CBCS when applying for a license. Included in the framework of the CBCS is screening of managing directors and supervisory directors or candidate policymakers by conducting 'fit and proper' tests. The integrity of the staff is a strength. Disciplinary action is taken in case of integrity breaches and there are procedures to safeguard staff against bribery and corruption. There were 4 incidents of integrity failure involving staff members whereby one of the cases was reported to the authorities (Police Department) and in the other 3 cases, the employment contracts were terminated. Incidents related to money laundering are reported to the relevant authorities such as the FIU and the PPO.

MTCs provide ongoing training programs and their staff have knowledge of the specific risks and the local and international AML requirements applicable to the sector. There is room for improvement on awareness of the risk of conducting business with PEPs.

MTCs dispose of adequate comprehensive and risk-based compliance functions, and they deploy appropriate tools to identify money laundering and terrorist financing risks. MTCs do not always gather information on the expected activity of clients as part of the CDD. During the on-site examinations it was observed that MTCs do not always have adequate controls in place to mitigate

⁸⁴ P.B. 2014. No 86.

the risk of smurfing or structuring techniques. As a consequence, some transactions were not reported to the FIU.

Specific Recommendation for the Sector

1. MTCs must enhance their control to mitigate the risk of smurfing or structuring techniques.

8. Micro Finance Companies and Pawn Shops

In 2021, Curaçao had 22 micro lenders and micro finance companies and 4 pawn shops operating with the necessary dispensation from the CBCS. The ML risk of the sector is *MEDIUM*. Both micro financiers and lenders, and pawn shops are subjected to the NOIS and the NORUT. Micro financiers offer only one product: short-term loans ranging between NAf 500 and NAf 25,000. They provide services to persons or businesses with little or no access to banks or with a high debt ratio at banks. In general, the interest rates of micro lenders are higher than those of local banks. Pawn shops offer secured loans to people, using personal items as collateral. While many items can be pawned, pawnshops in Curaçao typically accept jewelry or precious metals. Terms of the loan and interest rates are governed by law and by pawn shop policies. If a loan is not paid or not extended on time, the pawned item will be offered for sale. According to the *Quarterly Report 2019-II* from the CBCS in 2019, the total outstanding loans in this sector amounted to NAf 42 million. Micro finance companies accounted for more than NAf 37 million and pawn shops accounted for NAf 4 million.

Number of Licensed Entities in Microfinance and Pawn Shop Sector

Type	2019	2020	2021
Micro Lender	23	22	22
Pawn Shop	4	4	4

Assessment of Sectoral Money Laundering Threats

The ML threat for the sector is *MEDIUM*. For local jewelers and pawn shops in Curaçao the ML threat mainly pertains to persons pawning or selling stolen jewelry in exchange for cash. It is also possible that they are involved in the trade in illegally mined gold from South America or gold bought with proceeds of crime. During the review period, the FIU disseminated 6 case files to the LEAs and the PPO, containing almost 250 UTRs with a total value of approximately NAf 500 million. These cases indicate that, among other things, the jewelers and pawn shops sector is exploited for currency conversion. LEAs have found high-end watches, golden necklaces, and other expensive jewelry during police raids, but they believe that most of the jewelry bought by local criminals to launder money is purchased abroad. As to the threat emanating from the micro finance sector, no information has been found on the possible misuse of this sector in Curaçao, but in reports of international organizations and academic literature there are references to these types of businesses, especially in relation to terrorist financing.

Assessment of Sectoral Money Laundering Vulnerabilities

The sector vulnerability is *MEDIUM* based on the overall inherent vulnerability of *MEDIUM* and *LOW* quality of the AML controls.

As indicated, little information is available about micro finance businesses and pawn shops being used for money laundering purposes in Curaçao. Considering the literature on this topic and the fact that this sector features in several case files of the FIU containing a significant number of transactions, it seems reasonable to assume that this sector has its share of inherent vulnerabilities. The assessment of some of the banking sector AML control variables is also applicable to the micro finance business and pawnshops. These include the comprehensiveness of the AML legal framework and the effectiveness of supervision and oversight activities. However, the framework should be enhanced by introducing AML/CFT provisions and guidelines of Financial Institutions tailored to the micro finance and pawn shops sector. The remaining variables are discussed below.

The availability and effectiveness of entry controls is as follows. The CBCS is clearly identified as the licensing body for the micro finance and pawn shops sector. Institutions wishing to apply for a dispensation must submit a written request along with an application form to the CBCS. Candidate (co-)policymakers are subjected to a 'fit and proper' test. This also applies to ultimate beneficial owners (UBOs) owning 10 percent or more. If an entity operates without authorization from the CBCS, the CBCS has the authority to file a complaint with the PPO. The AML/CFT conditions are not included in the dispensation if this was provided in the past before the NOIS and the NORUT became operational. However, the NOIS and the NORUT are directly applicable to this sector.

The legal protection of staff against negative consequences resulting from reporting of unusual transactions to the FIU is covered by the NORUT. Possible incidents of integrity failure are addressed in the *Policy Rule on Integrity Testing* and the *Policy Rule for Sound Business Operations in the Event of Incidents and Integrity-Sensitive Positions*. Little or no vetting of staff takes place, and training is not provided. Furthermore, because the companies possess little knowledge on how their staff might be used by criminals to undermine AML controls, they do not acknowledge the need for training in this area. Statistics on integrity breaches, if recognized, are not kept. The integrity of staff and the AML knowledge of staff is a weakness. For instance, there is no awareness of reporting procedures or of the legal consequences of failure to report. Another point, and this is specifically related to the pawn shops sector, is that staff members are reluctant to work with LEAs because of the nature of the business and their insufficient awareness of the rules and regulations. The staff members perceive that they are being treated harshly by the LEAs.

Another weakness relates to the effectiveness of the compliance function. Almost none of the organizations participating in the assessment have developed a compliance function and there is no awareness of AML/CFT obligations. This greatly affects the effectiveness of unusual activity monitoring and reporting. Even though companies are obliged to register with the FIU Analysis Department, not all companies with a dispensation have done so and therefore they cannot use the reporting tool of the FIU Analysis Department. During the assessment it became apparent that transactions are not monitored. Several participants shared their opinion that there is no need for monitoring since they use the banking system for most of their transactions and banks already do the monitoring.

As to the product and service vulnerability factors, micro finance companies and pawn shops in Curaçao offer only one product. Pawn shops offer credit to a maximum of NAf 5,000 and micro finance companies, depending on the dispensation, to a maximum of NAf 25,000. The total size or the value of the product can be calculated based on the total outstanding loans. As stated, this amounts to NAf 42 million. Pawn shops only account for a small percentage. The client base of the sector is highly dominated by local clients. Agents are not used. Because the pawn sector is cash based and precious metals can be used to move value easily, it could be a vulnerable sector. This is mitigated by the fact that it is a small sector, and the maximum amount allowed is only NAf 5,000 per transaction. Micro finance companies prefer to work with checks; therefore, the level of cash activity is limited. None of the businesses provide international transactions and anonymous use of the product is not possible. It is not difficult to trace transaction records because all businesses have a proper back office. The use of the product in fraud or tax evasion schemes is also limited. Money laundering typologies are for instance, in relation to the purchase of portable valuable commodities like precious metals or specific loans provided to renovate buildings. No product-specific AML controls are in place.

Specific Recommendations for the Sector

1. Draft and issue AML/CFT provisions and guidelines of Financial Institutions tailored to the micro finance and pawn shops sector.
2. Request additional information from the sector in order to supervise, to monitor and to analyze data more efficiently.
3. Organize sessions with law enforcement agencies and pawnshops to eliminate the current feeling of mistrust on the part of the sector.

9. Trust and Company Service Providers

The Trust and Company Service Providers (TCSP) sector belongs to the so-called Designated Non-Financial Businesses and Professions (DNFBPs) and is regulated in Curaçao by the *National Ordinance on the Supervision of Company Trust Service Providers* (NOST).⁸⁵ According to the NOST, trust services are:

1. Establishing an international company or causing it to be established;
2. Acting as the local representative or the managing director, residing or established within Curaçao, of an international company;
3. Making natural persons or legal persons, residing, or established within Curaçao available as the local representative or the managing director to an international company; and
4. Winding up an international company or causing it to be wound up.

TCSPs are considered gatekeepers. According to the NOST, TCSPs cannot provide trust services in Curaçao without the authorization of the CBCS through a license or a dispensation. In accordance with articles 6 and 7 of the NOST, the CBCS adds to the license of a legal person, respectively, an exhibit “A” and “B”, on which the names of legal person(s) and natural person(s) is/are placed that provide services under the responsibility of the holder of the license. Only aforementioned persons are authorized to provide trust services to international companies on behalf of the service provider.¹²¹ The (natural or legal) person that is granted a dispensation⁸⁶ from the CBCS is authorized to only provide trust services to the international companies placed on the exhibit to its trust dispensation document. Therefore, in essence only regulated business or professions may render these services.

In 2021, the sector consisted of 170 entities. This number comprises 79 licensed legal persons and one licensed natural person, 12 legal persons, and 78 natural persons with a dispensation.

⁸⁵ PB 2019, no. 93.

⁸⁶ According to article 2 paragraph 3 of the *National Ordinance on the Supervision of Trust Service Providers and pursuant to the issued “Policy Guidelines on Dispensation for Trust Service Providers”* by the Bank, a natural or legal person can be granted a dispensation if the person meets the following criteria:

- (i) the number of international companies to which the trust service provider provides trust services in a calendar year does not exceed ten (10), and
- (ii) the number of natural persons involved in providing the trust services does not exceed one (1), and
- (iii) the trust service provider’s income from providing the trust services, does not exceed 50,000 USD per calendar year, and
- (iv) the trust service provider that is a legal person has only one director being a natural person who is the sole shareholder and ultimate beneficial owner (UBO) of the trust service provider.

Note space between 2020 and 2021 is larger than between other years

Statistics on Trust and Company Service Providers									
Type	2013	2014	2015	2016	2017	2018	2019	2020	2021
Licensees Legal Person	94	92	88	88	86	83	81	79	79
Licensees Natural Person	1	1	1	1	1	1	1	1	1
Dispensation Legal Person	7	9	10	11	12	16	12	12	12
Dispensation Natural Person	106	101	96	95	89	89	89	79	78
Total	208	203	195	195	188	189	183	171	170

In the event that the CBCS has reasons to believe⁸⁷ that a legal or natural person is possibly providing trust services without the authorization of the CBCS, the CBCS will formally draw the respective person’s attention.

Assessment of Sectoral Money Laundering Threats

The money laundering threat for the TCSPs sector is assessed as *MEDIUM-HIGH*.

During the period under review, there were 2 money laundering cases in which employees of TCSPs were investigated for their possible involvement in money laundering schemes. These cases were however dismissed. The TCSP sector seems to have been implicated in 4 money laundering cases in the review period. Additionally, 2 major money laundering cases in which millions of NAf were laundered, have shown that this sector and notaries are misused to set up private foundations (SPFs) locally and abroad to place illegal proceeds and to conceal the beneficiaries. In the same period, foreign LEAs investigated a trust company established in Curaçao. Open sources indicated that the owner of the trust company was prosecuted and convicted for, among other things, fraud and money laundering.

The FIU has received UTRs from this sector, varying from 20 in 2014 and 97 in 2015, but the latter year is an outlier. A record of almost 12,000 objective UTRs were made in 2015. The TCSPs reported transactions based on the objective indicator of the previous national decree (P.B. 2010, no. 27), being wire transfers in the amount of NAf 1,000,000 or more. As a result of an on-site examination performed in 2015, a TCSP used a query to detect all transactions equal to or exceeding a certain amount and to report said giro-based transactions to the FIU. This is the reason for the drastic increase in UTRs as confirmed by the FIU.

⁸⁷ The CBCS periodically cross checks the information in its database on licensed TCSPs and/or TCSPs with a dispensation with the information at the registry of the Chamber of Commerce (to see if, for example, the objective of the registered legal person is to operate as a trust service provider, the legal or natural person appointed as managing director of an international company is unknown to the CBCS, or the name of the company suggests that the company might be providing trust services) and also cross checks with the information at its internal registry of the Foreign Exchange Department with respect to the issued dispensations from the provisions of articles 10-16 of the *Foreign Exchange Transactions Regulation*. Discrepancies are investigated and unlicensed TCSPs are addressed accordingly as described.

The amended Decree Indicators for Unusual transactions entered into force on November 24, 2015. With the amendment of this decree, the objective indicator related to the reporting of wire transfers exceeding the amount of NAF 1,000,000 was removed from the TCSP sector.

STRs from this sector range from zero to 7 with the year 2019 as an outlier. In that year, 83 STRs were made.

Transaction Reports on Trust and Company Service Providers										
Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UTRs	55	97	20	1,185	36	26	67	53	24	1,743
STRs	-	7	2		4	3	11	83	4	119

Assessment of Sectoral Money Laundering Vulnerabilities

Supervision of the sector is regulated in the NOST and the CBCS is clearly identified as the supervisory authority. Staff of the supervisory authority, the CBCS, are sufficiently trained and have knowledge of TCSP services that they provide and their clients. All clients established in Curaçao and serviced by the TCSPs should be subjected to the NOST, NORUT, and NOIS.

(Co-) policymakers must meet the educational and professional certification requirements and relevant work experience mentioned in the NOST. These requirements concern integrity and expertise, but requirements on the suitability of (co-) policymakers have yet to be introduced. TCSPs are obligated to continuously inform the CBCS on matters relating to requirements in the CBCS Policy Rule for Sound Business Operations in Cases of Conflict of Interest, Incidents, and Integrity-Sensitive Positions.

The CBCS monitors whether TCSPs provide and their staff receive AML training. During the assessment it became apparent that awareness of AML obligations could be improved for some of the TCSPs. TCSPs with dispensation were not registered with the FIU. Some were not completely aware of the requirements of the AML/CFT legislation. It should be noted that not all TCSPs have registered with the FIU. This could in part be due to a lack of awareness on the obligation to register even though all TCSPs were notified by CBCS to do this.

It is not a requirement to pre-approve the appointment of a compliance officer by a TCSP. Requirements regarding the integrity, expertise, and suitability assessment of candidates for compliance functions have not been introduced. Furthermore, TCSPs are not required to submit the annual independent AML/CFT testing to the CBCS. This is however recommended.

The inherent vulnerability of the products of the clients of the TCSPs is assessed as well. The total size and the volume of the business is classified as *MEDIUM*. TCSPs provide the CBCS with information on the total number of the various types of international companies, which are companies incorporated in Curaçao with foreign UBOs and which have obtained a foreign exchange exemption. In 2017, the number of limited liability companies (LLC) serviced was 5,141. This constitutes almost half of the serviced entities in the sector. In the same year 1,258 private limited liability companies (PLLC) were

serviced, which amounts to 12 percent. With 2,940, the private foundations take up a share of 28 percent. The remaining 11 percent is placed in the category 'other'. In general, it can be stated that the volume of legal entities has remained stable for the period.

Client identification is legally required for all entities serviced by TCSPs. In December 2020 amendments to Book 2 of the Civil Code came into force that no longer allow issuance of bear shares certificates and the existing ones need to be converted to registered shares.

Add a period to the end of each recommendation

Specific Recommendations for the Sector

1. Amend NOIS and NORUT to enforce compliance with AML/CFT requirements when rendering services to local clients
2. Ensure dedicated attention to AML supervision of (local) client companies that fall outside the scope of the NOST but not outside the scope of the NOIS and the NORUT
3. Extend off-site monitoring through periodic reporting and management meetings with on-site examinations and increased supervision to ascertain compliance with all AML requirements and provisions (CBCS).
4. Follow up on the obligation for TCSPs to register with the FIU and take disciplinary actions based on the NORUT in case of failure to comply
5. Include in the provisions and guidelines the requirement that TCSPs should submit the results of the independent AML/CFT testing yearly to the CBCS
6. Include information related to geographical breakdown of the clients and the clients' main transactions and an overview of jurisdictions and clients categorized as high-risk in the periodic reporting forms that are submitted yearly to the CBCS by including this information, for example, in the Statistical Information Reporting Form which has to be submitted annually to the CBCS
7. Introduce the requirement to keep statistics with information on client base profile, preferably in a central database to facilitate reporting of this information to the CBCS, together with the periodic reporting information in the near future
8. Remove the cash indicator of NAF 20.000 from the legislation and include the wire transfer indicator

10. Lawyers

The legal sector forms part of the group of so-called gatekeepers mentioned in earlier chapters. The legal sector has a MEDIUM-HIGH ML risk. Legal professionals can perform an important role in money laundering schemes and therefore, they can also play an important role in tackling money laundering. It is estimated that in 2016, more than 1,600 people were employed in the legal sector in Curaçao. More recent statistics were not available during the assessment. Two types of lawyers can be discerned: attorneys, and other legal advisors. The services of other legal advisors may be included in **chapters 12, 14, 15, and 16** Legal advisors not captured in those earlier chapters were not assessed. However, it is expected that this group is not substantial. In this chapter the attorneys are assessed. According to the CoC, the number of attorney offices in 2017 amounted to close to 300. Until recently 36 attorney offices were registered at the FIU Analysis Department and 18 had registered themselves at the FIU Supervision Department. Depending on the size of the business, the number of partners, and the number of employees, the gross turnover of attorney offices varies between NAf 200.000 and NAf 17 million yearly. Participation of the sector in the Assessment was limited. The NRA survey was sent to a little over 200 lawyers. Only 6 of them responded.

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Number of Attorneys						
	2012	2013	2014	2015	2016	2017
Number	221	228	240	260	261	278

Assessment of Sectoral Money Laundering Threats

The money laundering threat for the broader group, meaning attorneys and legal advisors, is deemed *MEDIUM*. This sector can provide a number of services, like helping clients to set up international structures that are prone to misuse for ML purposes. Under the NOIS and the NORUT, legal professionals are only obliged to report unusual transactions when they perform specific services, like those services related to buying or selling of real estate and the establishing or managing of legal entities. It is believed that the money laundering threat for attorneys in Curaçao is connected to two types of situations. The first situation involves the acceptance of cash fee payments that might be derived from criminal activity. They are however not obliged to report cash payments to the FIU received for services for which no reporting obligation exists, like defending a client. The second situation can occur when services are rendered in the area of devising legal arrangements or structures. In this situation they do have a reporting obligation. During the period from 2012 to 2020, the sector reported a total of only 8 UTRs, mainly linked to unusual activity related to real estate and possible forgery of checks.

Assessment of Sectoral Money Laundering Vulnerabilities

The limited participation of the subgroup attorneys in the assessment was especially problematic for assessing the inherent vulnerabilities. Information on important variables was missing, like the size of transactions or the occurrence of money laundering typologies. In theory, additional information can be gleaned from UTRs but due to the very limited number of reports that was not possible either.

Assessment of the anti-money laundering controls in the sector has brought to light several problems that influence the results. The AML legal framework is comprehensive, but the AML/CFT supervisor, the FIU, has no authority to conduct 'fit and proper' tests. There is a Council of Supervision for Attorneys, but this council only handles complaints from civilians related to the services provided by attorneys. Another organization for attorneys is the Bar Association. The 'Bar' deals with issues affecting the legal profession. Membership in the Bar is not mandatory. Currently, no legal basis exists for the Council nor for the Bar to deal with integrity issues proactively and neither of them focusses on AML issues. They can only react after incidents have occurred. A draft adaptation of the professional legislation for this sector that addresses integrity issues was prepared many years ago, but it seems there is no progress in the legislative process.

Attorneys wishing to try cases in court in Curaçao must register with the Court of Justice according to the *National Ordinance for Attorneys*.⁸⁸ Together with the Council of Supervision for Attorneys, the Court of Justice thus enforces certain entry controls for this sector, but these controls are not applicable to other legal practitioners mentioned in the NOIS and the NORUT. Registration with both departments of the FIU, being the FIU as supervisory authority and the FIU as the national entity receiving UTRs, is obligatory. Failure to register with either may result in administrative sanctions imposed by the supervisor, the FIU. It is also possible for the FIU to file a complaint with the PPO in order to administer criminal sanctions.

Effectiveness of supervision is hindered by the fact that the supervisor struggles with a shortage of human resources. On-site examinations are not conducted as much as they should be considering the size of the sector. A risk-based approach has yet to be implemented by the FIU as well as by the sector. AML awareness is not what it should be and neither is the level of AML knowledge in the sector. They are gatekeepers, but some are unaware of this role and this is a cause for concern considering the vulnerability of their services for money laundering. Other weaknesses relate to the effectiveness of the compliance function and the effectiveness of unusual transaction monitoring and reporting. One of the reasons for non-reporting could be a lack of confidence that the information will be kept confidential since the identity of the reporting entity might end up in court case files. Furthermore, the sector purportedly experiences a conflict of interest, and it is believed that reporting is at odds with the principle of attorney-client privilege. The conflict-of-interest issue boils down to the fact that attorneys operate in a small community, they have a commercial stake in delivering the services that might be of a dubious nature, and they could, in theory, be asked to represent the client they reported on if a court case ensued.

⁸⁸ N.G. 1985, no. 142.

Specific Recommendations for the Sector

1. Amend the *National Ordinance for Attorneys* and other relevant legislation, if necessary, to allow for a more active involvement of the *Bar Association* and the *Council of Supervision of Attorneys* as professional organizations for attorneys in the area of AML/CFT, and include stipulations on entry controls, AML integrity 'fit and proper' tests, screening requirements, compliance and education and training
2. Include accepting cash money for services rendered as services under the NORUT and the NOIS
3. Establish a collaboration between organizations for attorneys and the AML/CFT supervisory authority to safeguard the integrity of the legal profession
4. Organize an information meeting for the sector in collaboration with the Bar Association and the other stake holders in this sector like legal counsellors or legal advisors to discuss perceived conflicts of interest when UTRs have been made

11.Civil-Law Notaries

With 9 civil law notaries and 9 candidate civil law notaries, this sector is small compared to many of the other gatekeepers' sectors. All notary offices have officially registered at the supervision department and the analysis department. It is estimated that this sub-sector counts between 80 and 90 employees. Depending on the size of the business, the gross turnover varies between NAf 50,000 and NAf 4,000,000. Participation of the notaries in this assessment was not without issues. Some notaries found it difficult to reconcile their professional confidentiality obligations with the obligations resulting from AML regulations. The ML risk of the civil-law notaries sector is *MEDIUM-HIGH*.

Assessment of Sectoral Money Laundering Threats

Notaries are rated with a *MEDIUM-HIGH* level of money laundering threat. During the review period, the number of UTRs ranged from one to 8 per year, which seems low considering the large number of services this sector renders. To address the low level of reporting, the FIU started a non-reporting project together with the PPO in 2018. One notary was fined by the PPO in 2018 for not complying with the NORUT and the NOIS. During the data collection period, 5 money laundering investigations with links to the notary sector, took place. Two of these cases were major money laundering cases involving complex structures and several jurisdictions. Notaries were misused to set up private foundations (SPFs) locally and abroad to place illegal proceeds and to conceal the beneficiaries. One of the cases involved suspects who placed their criminal funds in SPFs. They bought 16 sites in the period from 2011 to 2017 and also laundered a considerable sum of money. In another case, illicit money flows were identified to an investment account in Switzerland from a SPF established by a notary with opaque constructions managed by a trust company. During the review period 7 suspicious case files featuring this sector were disseminated by the FIU to the LEAs and the PPO. In one of them the escrow account⁸⁹ of a notary was possibly misused. Participants from the sector have indicated that the use of escrow accounts is a point of concern because local banks do not specify the necessary client details.

⁸⁹ An escrow account is an account where funds are held in trust while two or more parties complete a transaction (<https://www.escrow.com/what-is-an-escrow-account>).

Civil law notary case

On Friday 20 August 2021, a civil-law notary stood trial in the Court of First Instance in Curaçao. He was suspected of having transferred sums of money from his office to his private account without a legal basis and of having used these sums for private purposes. The amounts paid into the trust account were sums belonging to clients of the notary's office. According to the civil-law notary himself, the money was not used for any other purpose. However, the Public Prosecutor believes that this is irrelevant, and the money should have been returned to its rightful owners. The characteristic of a trust account is that funds belonging to others are kept in that account by the notary on behalf of those others and may not be used for one's own benefit. The investigation has shown that money from the trust account was used for private purposes for many years. The court considered it proven that the accused has embezzled a total amount of money of NAf 1,452,000. He transferred this money from the trust account of the Foundation of his notary office, among others, via his mother's bank account into various tranches and at various times to various bank accounts at various banks belonging to himself, giving incorrect descriptions like 'loan' or 'real estate transaction', thus concealing the fact that these were funds withdrawn from the trust account. The funds were used to purchase luxury goods and daily living after which these funds disappeared from the sight of those entitled to them. By doing so he concealed the criminal origin of these funds, making him guilty of habitual money laundering. The statements made by the accused regarding what he considered to be the legal origin of the money, was not considered plausible by the court. The long duration and frequency of the money laundering operations justified the opinion that this was a case of habitual money laundering. The accused was sentenced to 18 months' imprisonment and disqualified from holding the office of notary public or other related professions for 5 years.⁹⁰

Assessment of Sectoral Money Laundering Vulnerabilities

The sectoral ML vulnerability is *MEDIUM-HIGH*. The AML legal framework for civil-law notaries is comprehensive. Taking into consideration the location of Curaçao, the services related to registered goods like sea vessels and aircrafts should be included in the NOIS and the NORUT. The FIU as supervisory authority has conducted several on-site examinations and has held joint information sessions, but a risk-based AML supervisory program is not in place yet. Participants have indicated that they would welcome more sessions, for instance, on money laundering typologies relevant for their sector. A problem in this area is the fact that the FIU is struggling with a shortage of staff.

Notaries are appointed by the Governor of Curaçao in the name of the King of the Kingdom of the Netherlands, in which Curaçao is an autonomous country. Supervision on professional and disciplinary matters is in the hands of the Supervisory Board for civil law notaries. Based on the *National Ordinance on the Notarial Profession*,⁹¹ the Supervisory Board has formulated the requirements for notaries and candidate notaries who wish to establish themselves in Curaçao. This profession is protected by law and there is a fixed number of 10 seats available for notaries in Curaçao and a limited number for candidate notaries.

It is mandatory by law for notaries to register with the Board, the supervisory department of the FIU and the analysis department of the FIU. Notaries must submit a so-called declaration of good conduct to the Supervisory Board when entering the profession as part of the appointment procedure, but this is not deemed sufficient for or aimed at AML purposes. An integrity test should be part of the screening procedure. Compliance obligations resulting from the NOIS and the NORUT are not

⁹⁰ ECLI:NL:OGEAC:2021:161.

⁹¹ P.B. 1994, no. 6.

reiterated In the *National Ordinance on the Notarial Profession*, which might mean that the Supervisory Board is not authorized to act in case of non-compliance in that field, but this has not been tested yet.

With regard to the integrity of staff, supervision on professional and disciplinary matters is in the hands of the Supervisory Board for civil law notaries. Guarantees of secrecy and privacy are guiding concepts for notaries. Confidentiality, trustworthiness, and accountability are competencies required for notaries by law. This could conflict with meeting AML requirements. Furthermore, combating money laundering is not seen as a priority and AML knowledge could be better developed.

Notaries are also aware that they should do more in the effectiveness of unusual activity monitoring and reporting. Only a handful of transactions were reported during the evaluation period and the notaries know this number should be higher, given their services. Unusual requests from clients are discussed with senior management. If it is decided that the requested services will not be provided, the client will be informed of this without mentioning the real reason, but the intended transaction is not reported to the FIU. Even though notaries have legal privilege, they evaluate the reputational risks they could face if they report and this becomes known. Other shortcomings noticed were not having a *Customer Due Diligence* policy in place, not having an internal compliance policy, and not applying a risk-based approach for frequent clients based on the core business of their clients. Most notary offices do not make use of a client transactions monitoring system. They were instructed by the FIU to install such policies within a certain time frame.

Access to beneficial ownership information is mostly accomplished through the client or through third parties. The sector would welcome the introduction of a UBO register. The Civil Registry Office *Kranshi* is currently the main source for verification of the information of local civilians. The *National Ordinance on the Notarial Profession* requires the notary firms to verify personal information at the Civil Registry Office and at the Land Register (Registry?) office. The availability of a reliable identification system is lacking because verification is time-consuming, and the service offered by *Kranshi* was deemed minimal. The Land Register Office's services are satisfactory. Most of the local civil-law notary offices do not have an automated system with which to screen their foreign and local clients. They perform their CDD with the use of open sources on the internet. Digital systems or written office policy documents are mostly absent or not available.

Concerning the inherent vulnerabilities of this sector, the escrow account is a point of concern because the local banks do not specify the necessary details of the person or entity who does a transfer to or deposits on their escrow account. Several persons/entities could deposit amounts on the account on behalf of a client, which could go unnoticed by the notary. The escrow account has also been misused as an instrument for money laundering, for instance, by sending amounts on purpose and requesting the notary to refund the money, making it look like a legitimate transfer.

During the review period, one civil law notary office received a fine from the PPO in 2018 for not complying with the NORUT and the NOIS. During the review period there were 5 money laundering investigations where this sector was (presumably) involved. Also, in the FIU case files disseminated to the LEAs and PPO in this period, there were several cases where this sector was involved. In these cases, escrow accounts were (mis)used. The CBCS should obligate and stimulate banks to provide

more complete information as a standard in case of transfers to or from or deposits on escrow accounts. To this end, the provisions and guidelines for the banking sector might need to be adapted.

The fact that legal arrangements civil-law notaries have provided for can easily change owner, beneficial ownership, and shareholders without any involvement of civil-law notaries is a problem. The risk that these structures could be used to hide the beneficial owner is well known. \

Specific Recommendations for the Sector

1. Adapt the *National Ordinance for Civil-Law Notaries* to incorporate integrity issues related to money laundering and terrorist financing and to reiterate the need for compliance with the NOIS and the NORUT.
2. Include the registration of all registered goods such as sea vessels and airplanes as a service to which the NOIS and the NORUT are applicable.
3. Clarify the definition of the term services rendered and services managed in the P&G for the sector.
4. Enhance the transparency of the appointment process of civil notaries and introduce a screening procedure.
5. Strive for more uniformity in the sector by focusing for instance on a shared code of conduct within the sector as part of a standard manual for the working process of the notary firms.
6. Build trust between the sector on the one hand and FIU and stakeholders like the PPO and the LEAs on the other hand.
7. Oblige local banks to provide more detailed information when transferring to escrow bank accounts and if necessary, adapt the provisions and guidelines for the banking sector on this matter.
8. Include civil-law notaries in the sectors that have direct access to the relevant databases of the Civil Registry by law.

12.Accounting Sector

The accounting sector is part of the group of gatekeepers. This sector provides services that can be valuable in money laundering schemes. Accountants record business transactions for companies, report on company performance, and issue financial statements, to name a few of the services. They play an important role in safeguarding the integrity of the economic and financial system. Another important group in this sector is formed by the tax advisors whose services include advice on payment of taxes or on compliance with tax laws and preparation on tax returns. Accountants and tax advisors share many similarities, which is why they are grouped together for this National Risk Assessment. The ML risk of the sector is *MEDIUM-HIGH*.

According to the Dutch Caribbean Accountancy Association (DCAA), Curaçao has approximately 200 local Accountant Administrative Consultants (AACs). In addition, there are nearly 250 Certified Public Accountants (CPAs). Tax Consultants are a smaller group with 54 offices. They are organized in the Association of Antillean Tax Advisors in Dutch called the *Vereniging Antilliaanse Belastingadviseurs* (VAB). During the review period, the number of accounting firms registered at the CoC varied between 35 and 40. The number of tax firms fluctuated as well, from 42 to 54. According to the CBS this sector counts over 1,600 employees.

In total 150 surveys were disseminated for the NRA, but only 11 responses were received. The low number of replies is not without consequences for the representativeness of the survey results. Another consequence is that insight into the sector is limited.

Assessment of Sectoral Money Laundering Threats

Auditors, accountants, tax advisors, and tax consultants are classified as posing a *MEDIUM* sectoral money laundering threat. Tax evasion is one of the predicate offences that generate a high threat.⁹² Tax advisors can be instrumental in this by devising constructions. Accountants, in turn, can be crucial in detecting money laundering and terrorism financing schemes. The threats are obvious, but there have only been two money laundering cases involving this sector. This could be in part because the sector did not report unusual transactions during the review period.

After the review period, the PPO did impose a fine of 38,000 EUR on an accounting firm that prepared annual accounts for a company without conducting a compliance check of the submitted data. The company in question was prosecuted for laundering millions of dollars. Several suspects were convicted in the 2 ensuing court cases in the Netherlands and in Curaçao.

The involved gatekeeper was not convicted for money laundering. In May 2020, the PPO issued a press release stating that the accounting firm and the person in charge had accepted a transaction from the PPO, because the firm never reported the sizeable 'dollar activities' in the annual accounts while being aware of it, nor did it insist on mentioning the stealthy 'dollar washing' in the annual reports of the company. By doing so, the accounting firm seriously neglected its gatekeepers'

⁹² As mentioned in chapter 2, (if chapters are renumbered, be sure this is correct) tax evasion is the illegal circumvention of taxes by individuals, corporations, and trusts. Tax avoidance is the legal use of tax laws to reduce tax burdens.

function, according to the PPO.⁹³ The transaction sum for the firm was NAF 140,000 and for the person in charge NAF 65,000. In addition, the publication of the press release is part of the transaction.

Assessment of Sectoral Money Laundering Vulnerabilities

The ML vulnerability for the accounting sector is *MEDIUM-HIGH*. Not all services provided by this sector are included in the NOIS and the NORUT. For instance, auditing and advising clients on tax matters are not included.⁹⁴ At the time the legislation passed this was not a requirement. Since 2016, the sector is obliged to formally register with the supervisory department of the FIU and with the analysis department of the FIU. Only a small number of firms comply; awareness is lacking. Regarding the effectiveness of supervision and oversight activities, there is a shortage of human resources for the FIU, and the FIU does not carry out a risk-based supervisory program.

There are no license procedures, and no AML entry controls for tax advisors nor for accountants. Only CPAs and chartered accountants, in Dutch called register accountants (RA), are 'name-protected' by the Civil Code and are subject to integrity requirements. The AML supervisor, the FIU, has no authority to conduct entry controls, nor do representative organizations like the DCAA and the VAB have a role in this.

No unusual transactions were reported by the sector during this period. Participants from the sector argued that the indicators for reporting are not clear to them and that this does not stimulate reporting. They have also indicated that discussing integrity matters is not part of the culture within this sector and does not match the way in which business is conducted in Curaçao. There is a reluctance to conduct in-depth inquiries into clients. AML knowledge of staff depends in part on the size of the firms. Small firms invest less in training than large firms. The latter group is also more likely to have appointed a compliance officer. Large firms' internal general compliance programs are usually required by the parent company. The global head office provides online client acceptance procedures, client monitoring procedures, checklists for dealing with risk-based client profiles, and client acceptance systems. Decisions about reporting to the FIU are made by a partner or a director. Compliance officers are only responsible for the administrative process of reporting, which effectively means there is no independent compliance officer.

As to the inherent vulnerabilities, information on the specific products of these sectors or information on the gross turnover were not provided because of the confidentiality agreements at stake. Due to the lack of information not all inherent vulnerabilities factors could be rated by the working group. However, to obtain the sector's overall vulnerability rating, those variables were rated based on the expertise of the supervisory authority and the analysis department of the FIU. What is clear is that the vulnerability is impacted by the involvement of the sector in management of complex transactions such as buying, selling, and merging of entities and complex entity structures. Furthermore, they give tax-related advice and there is exposure to high-risk customers like PEPs and to legal entities or legal arrangements in which the identification of the beneficial owner can be difficult. On the other hand,

⁹³ Antilliaans Dagblad, 21-01-2019; Talk finance, 23-01-2019; Koninkrijksrelaties, 22-01-2019.

⁹⁴ FATF RBA Guidance for Accountant Professions, 2019.

as participants remarked, this sector is characterized by long-term relationships with clients. This should lead to an increased ability of professionals to detect unusual transactions or behavior.

Specific Recommendations for the Sector

1. Incorporate major sector services like auditing and tax advice, including advice on tax declarations, as services covered by the NOIS and the NORUT and amend the reporting indicators for these sectors accordingly.
2. Amend the legislation applicable to this sector by introducing a 'fit and proper' test and other entry controls.
3. Consider assigning the Tax Court the responsibility for entry controls in this sector and involve the representative organization DCAA in the stipulation of entry controls to safeguard the integrity and the quality level of the sector.
4. Enhance cooperation between the supervisory authority, the FIU, and representative organizations including the DCAA and the VAB.

13. Administrative Offices

Administrative offices comprise professionals that handle the financial part of conducting business. They record financial transactions like sales, purchases and costs and they produce financial statements. In Curaçao, this sector is not considered part of the accounting sector, but it does belong to the group of so-called DNFbps. The ML risk of the sector could not be rated because of lack of data to rate the inherent vulnerability. According to statistics of the CoC, the number of administrative offices has increased, from 351 in 2012 to 477 in 2017. Since 2016, they are obliged to register formally with the supervision department and the analysis department of the FIU. The total number of administrative offices known in the database of the FIU amounts to 50, but only 4 of them are formally registered at the supervision department and 13 at the FIU analysis department. As the numbers show there is a substantial gap between the figures of the CoC and those of the FIU. Although the total turnover could not be calculated, it is believed that it could be quite substantial. In the last couple of years this seems to have changed though due to, among other things, an unstable economic situation and increased competition.

This sector can roughly be divided into 3 groups. The first group consists of the regular administrative offices. They are primarily focused on rendering administrative services, compliance with tax regulation and handling business administrations. This group consists of large or medium size organizations, sole proprietors, or administrative offices who are affiliated with large accountancy firms. The second group also comprises administrative offices, but in addition to the above-mentioned services, they also provide guidance to foreign entrepreneurs from China, Colombia, or India, for instance. Mostly they help with translating official documents since their clients experience a language barrier in Curaçao. It is a diverse group and many of them are sole proprietors. The third and last group also comprises sole proprietors. Professionals in this group handle business administrations for local natural persons, small foundations, or other types of small organizations. All 3 groups were analyzed in the NRA. The services they provide could make them vulnerable for clients who use them for tax evasion or money laundering purposes.

Number of Administrative Offices

	2012	2013	2014	2015	2016	2017
Number	351	397	429	427	466	477

Assessment of Sectoral Money Laundering Threats

The money laundering threat for the sector was deemed *MEDIUM-LOW*. During the review period, this sector was involved in one money laundering investigation, one prosecution, and one conviction. From 2012 until 2015 this sector made one UTR per year. In 2016 and 2017 no UTRs were made. The number of UTRs in the period between 2017 to 2019 varied from 2 to 5 bringing the total to 24. Information on the use of this sector in money laundering schemes is scarce. Considering the services this sector renders, it is not unthinkable that professionals encounter money laundering practices in the course of their activities. This has not yet been translated into STRs.

Assessment of Sectoral Money Laundering Vulnerabilities

For the analysis of administrative offices, only information derived from examinations by the supervisory authority is used. Consequently, no ratings were assigned by the working group. However, to obtain the sector's overall vulnerability rating, those variables were rated based on the expertise of the supervisory authority and the Analysis department of the FIU. Concerning the comprehensiveness of the AML legal framework: this group is mentioned separately in the NOIS and the NORUT, and it has its own specific indicators. After the amendment of the reporting indicators in 2015, however, this sector was no longer explicitly mentioned in the current legislation's sectoral annexes. As a result, unclarity arose as to which indicators would be applicable. Participants also pointed out that the current stipulated threshold of NAf 20,000 for services rendered by this sector is too high. Fees paid in cash or by check usually amount to NAf 2,000 or 3,000. It would be reasonable to lower the threshold to somewhere between NAf 3,000 and 5,000.

Many sole proprietors believe there is no obligation for them to register with the FIU since they do not render the services mentioned in the NOIS and the NORUT. The administrative services to comply with tax regulation or handling business administration for clients are not included in the law. Requirements for this group were set out by the FATF in 2012 and modified in 2018. The aim was to extend reporting requirements for this group because they engage in inspection of books and financial transactions for their clients, and these financial transactions might well be related to tax evasion or negligence of tax responsibilities. If they would be required to report unusual transactions, this would help with identifying money laundering schemes. The FATF recommends adaptation of the local legislation in this respect, which for this sector would mean amendment of the NOIS and the NORUT to include business administration for clients, or administrative services.

The FIU conducted at least 7 examinations in the sector during the review period. This sector has not yet adopted a risk-based approach to AML. As to the availability and effectiveness of entry controls, there are no specific entry controls to safeguard the integrity and the quality level of the sector. As it is for any other type of business in Curaçao, everyone who wishes to start a business in this sector must apply for an establishment permit at the Ministry of Economic Development (MEO) and register with the CoC subsequently. Locals only have to register their business at the CoC. Control on establishment permits is lacking, and it cannot be proven that the sole proprietorship owners are qualified or have the necessary financial background to be able to render their services. The registration or application information is not shared automatically with the FIU supervision department, nor is registration at the supervision department and the analysis department of the FIU

a prerequisite. The small number of registrations might also be because, as stated above, only a limited number of services are included in the AML law and this does not make it easy to discern which entities need to register with the FIU.

The integrity of staff leaves room for improvement. There is a lack of awareness as well as a lack of willingness to focus on the risks of money laundering. Origins of the assets of clients are not identified. A client profile policy is often lacking, there are often no proper customer due diligence measures in place, nor is a risk-based policy applied, and a limited number of 7 unusual transactions was reported by this sector during the entire review period. In general, it can be concluded that this sector fails to comply with the current AML legislation.

Many of the inherent vulnerability variables are not rated due to a lack of statistics, but there are some other vulnerabilities worth mentioning here. The fact that this sector reports hardly any transactions can be ignorance or willful blindness, but it can also be because only a limited set of services in this sector fall under AML laws, and not the main services. Currently, acceptance of cash money is common business in this sector but at a lower threshold.

Specific Recommendations for the Sector

1. Add business administration and administrative services to the services in the NOIS and the NORUT, amend the reporting indicators accordingly, and consider whether lowering the reporting threshold to an amount between NAF 3,000 and NAF 5,000 is opportune.
2. Establish qualification restrictions and exercise more control on establishment permits in this sector.
3. Ensure that more awareness presentations are given by the FIU Analysis Department and the FIU Supervision Department, carry out more audits, and impose fines for noncompliance with the law to improve reporting behavior.

14. Jewelers

The FATF term for the sector discussed in this chapter is dealers in jewelry, precious metals, and stones. In Curaçao, this sector is referred to as jewelers, which is the term used in this chapter. Jewelers are assessed as a subgroup in the category DNFBPs. Insight into the jewelers sector is limited. There are no statistics on the yearly turnover, the number of employees, or the number of goods sold. According to the CoC of Curaçao, the number of jewelers varies from year to year between 48 and 63. Over the years the number of so-called high-end jewelers was significantly reduced due to the fact that business has been slow and the economic situation in Curaçao has been unfavorable. Many jewelers have left this sector in Curaçao.

For this assessment, a distinction was made between 3 groups of jewelers. The first group, the 'regular' jewelry shops, is the large majority. They are supervised by the FIU. The second group consists of jewelers who also serve as pawnshops. Their supervisor is the FIU for the jeweler services, and the CBCS for the pawn shop services. The third group comprises jewelers located in an E-zone, which is an economic area and border territory where goods may be received and stored without payment of duty. The supervisory authority for this group is the FIU. In this chapter only the first group, the regular jewelers, supervised by the FIU, are addressed. It is not yet possible to differentiate between the threat levels of the different groups mentioned. This would require improvements in information sharing between the FIU and the CBCS, the two regulatory supervisory authorities involved with the sector. Due to lack of information, it was difficult to assess the ML vulnerability of the sector. Hence the ML risk of the sector could not be rated.

Assessment of Sectoral Money Laundering Threats

The money laundering threat for the local jewelry sector is assessed as *MEDIUM*.

Several academic reports indicate that preferred money laundering methods include the purchase of real estate and other tangible high-value goods like vehicles and jewelry.⁹⁵ However, the money laundering threat for local jewelers and pawn shops seems to consist mostly of customers selling or pawning stolen jewelry in exchange for cash. It is believed that these customers could also be involved in the trade in gold from South America that might be illegally mined or bought with proceeds of crime. During examinations conducted by the FIU, information was received from shop owners that some clients sell gold, silver, and precious stones brought to Curaçao from abroad and are being paid by check. This could point to money laundering, but the origin of the goods is not verified. Supposedly the gold bought by jewelers is sent to companies in the United States and, in turn, jewelers receive their payments on foreign bank accounts.

⁹⁵ Maguire, 2014; US Department of State 2012 – 2018.

Assessment of Sectoral Money Laundering Vulnerabilities

Due to a lack of information, it is difficult to assess the vulnerability of the sector. As a result of this shortage of information, only the general AML controls could be assessed. Ratings were not assigned. There are no statistics on client profiles as jewelers in general have no client profile policy in place. Clients are either tourists or locals. The first group consists mainly of cruise passengers visiting downtown businesses and paying with credit cards. The second group, the local clients, typically pay with a debit card or cash. Depending on the type of client and the location of the shop, cash activity can be intensive. For example, in shops located in populated areas and frequented by local clients, more cash activity takes place compared to a location in a tourist area.

Audits by the FIU have shown jewelers do not always comply with the legislation and the provisions and guidelines issued by the supervisor. Failure to register with the FIU and the absence of a risk-based approach are common breaches. Only 7 jewelers are registered at the analysis department of the FIU. There are also other problems: this sector lacks a representative organization in Curaçao, and the supervisor is not adequately equipped with resources.

Regarding the availability and effectiveness of entry controls: entry controls are limited and not specifically aimed at preventing criminals from entering the market. Organizations involved in the process of starting any business in Curaçao are the CoC, and the Ministry of Economic Development (MEO). Anyone wishing to start a business in this sector must apply for an establishment permit at MEO and then they must register at the CoC. This means that local entrepreneurs have no entry controls whatsoever. Jewelers do have to register at the supervisory department of their AML supervisor, the FIU, as well as at the analysis department, but the FIU has no authority to execute entry controls like 'fit and proper' tests. Information from the CoC and MEO is not passed on to the FIU. Consequently, the FIU is not alerted to new entrants to the sector. At the time of the assessment, only one jeweler has formally registered at the supervision department of the FIU and 7 at the analysis department. In the current situation, information exchange between the FIU, the CoC, and MEO could be improved.

During audits by the FIU, it became evident that the cash flow in the sector is substantial and intensive. This is not reflected, however, in reporting behavior. Some jewelers have demonstrated a lack of awareness of the risk of being involved in money laundering schemes and a lack of willingness to focus on these issues. Reporting behavior could also be affected by the small size of the community in Curaçao. Everybody knows everybody and fear of repercussions might influence willingness to report. It might also be due to insufficient knowledge of legal requirements. It seems this sector is largely unaware that the AML legislation is applicable to them. The sector is in general not compliant with the AML legislation and the requirements in the provisions and guidelines. Many AML controls, like a client profile policy or proper CDD measures on transactions above the threshold of NAf 20,000, appear not to be in place. There is still significant work to be done before this sector can effectively control its money laundering risks.

Specific Recommendation for the Sector

1. Improve information sharing between the FIU, the CoC and the MEO, but also between the FIU and the CBCS.

15. Real Estate Sector

The real estate agents are DNFBPs and are obliged to register with the FIU. During the review period, almost 140 real estate agents or firms were known at the FIU, of which 32 were registered at their supervisory authority, the FIU, at that time. In reality, the number of real estate firms is assumed to be higher than the number known at the FIU. This means that a significant number of real estate firms was not registered at the CoC, nor at the FIU. Statistics obtained from the Central Bureau of Statistics (CBS) show that the real estate sector counted more than 500 employees in 2012, and by 2016, this number had risen to a little over 600. During the review period, the total turnover amounted to approximately NAF 140 million per year. These figures represent the entire real estate industry, but the definition of real estate services in the NOIS and NORUT is more limited. For instance, project developers and dealers in real estate who are not intermediaries are not covered by the AML legislation. The ML risk of the real estate sector is *HIGH*.

Size of the Real Estate Sector

Numbers	2012	2013	2014	2015	2016
FTE	528	564	595	596	606
Turnover	143,377,000	136,857,000	138,465,000	140,928,000	148,773,000

Assessment of Sectoral Money Laundering Threats

During the review period, 5 money laundering investigations involving real estate were conducted. The number of unusual transactions reported ranges from 0 to 30. The total number of UTRs is 47. No STRs have been made. Apart from the real estate sector itself, there are several other sectors involved in transactions in relation to real estate who are also obliged to report unusual transactions, like notaries and dealers in building materials. These sectors as well as the real estate sector are classified with a *MEDIUM-HIGH* money laundering threat.

Assessment of Sectoral Money Laundering Vulnerabilities

The level of supervision and oversight activity for the real estate sector is a weakness. The participants in the focus group indicated a need for more training and guidance from the FIU. It is estimated that at least 70 percent of the real estate agents are not registered at the FIU.

Although the FIU is understaffed, 13 examinations were conducted during the review period. In 2018, the FIU initiated a project in cooperation with the PPO and the analysis department of the FIU to raise awareness of the fact that the real estate sector, among others, has an obligation to register at the two departments of the FIU. Two years later, at the beginning of 2020, the Court of First Instance convicted 5 companies following an official complaint by the FIU. A fine of NAF 2,500.00 was issued for failure to register at the FIU. Three of the companies in question were real estate firms. Furthermore, the PPO imposed over 40 fines of about NAF 1,500.00 on real estate agents and car dealers for not registering. The number of registered companies has increased significantly because of the campaign.

Entry controls for this sector do not suffice from the viewpoint of money laundering control. To start a real estate business, it is obligatory to apply for a business license with the Ministry of Economic Development (MEO), as well as register at the CoC and at both departments of the FIU. However, there are also real estate agents operating illegally without a business license in which case they are not registered at the CoC and not registered at the FIU. Those agents could be more vulnerable for money laundering.

Supervision in the sector is perceived as fragmented by the sector because there are 2 stakeholders with a task in the area of compliance with legislation. The MEO solely supervises adherence to establishment permits or business licenses while the FIU solely supervises whether real estate agents abide by the NORUT and the NOIS. The profession is not protected by law; hence, anyone can call themselves a real estate agent.⁹⁶ This might not only affect the image but also the level of integrity of the sector. The sector is considering the introduction of a trademark and would welcome a competent authority or a self-regulatory body for the protection of the integrity of the sector in a broader sense than purely for AML regulations. An association for real estate agents does exist but was not active at the time of the assessment. AML knowledge of staff is a weakness. In principle, the tasks of the compliance officer are performed by the manager or the director.

The Land Registry (Kadaster) does not acknowledge the prominent role it could play in detecting money laundering. Kadaster is the only entity that has the resources and the information to map the manipulation of prices of real estate, for instance, by keeping track of owners and the number of times real estate property is sold. It is a shortcoming that the services provided by the Kadaster are not included in the NOIS and the NORUT.

It was difficult, however, to assess the inherent vulnerabilities as not all real estate agents have registered at the FIU, and statistics on the sector are lacking. The regulation of this sector and the AML controls implemented by the sector leave room for improvement.

⁹⁶ Protected by law means that real estate agent is not a protected title.

Specific Recommendations for the Sector

1. Include project developers, rental of real estate properties and dealers in real estate who are not intermediaries and dealers in legal entities containing real estate as service providers in the NOIS and the NORUT (AML/CFT/CFP Committee, Minister of Finance, and WJZ).
2. Encourage an active involvement of an association for real estate agents in combating money laundering
3. Take measures to increase registration of real estate agents with the FIU
4. Implement checks and balances to ensure the integrity of staff
5. Tackle the attitude of employees who regard compliance with AML/CFT as an inconvenience
6. Amend the NOIS and the NORUT to include the relevant services provided by the land registry 'Kadaster' and ensure that it takes a more prominent role in detecting money laundering, for instance, by maintaining an up-to date online system to keep track of owners and the number of times that a property has been sold.
7. Let the *Kadaster* provide online access to the system cited in #6 to relevant stakeholders (AML/CFT/CFP Committee, *Kadaster*, Minister of Finance, and WJZ).

16. Dealers in Vehicles

The sector of dealers in vehicles consists of car and motorcycle dealers; however, in the NRA only the car dealers were assessed. A little over 20,000 cars were imported during the review period and the total Customs value amounted to almost NAf 250 million. According to the CoC the number of car dealers in Curaçao ranged from 134 in 2012 to 157 in 2017.⁹⁷ The number of active car dealers that have registered themselves at the FIU is substantially lower, namely, 34 have registered at the analysis department of the FIU, and only 11 have registered at the supervisory department in 2017. There is at least one interest group for dealers in new cars, called the Car Dealers Association (CCDA). When reference is made to car dealers or to the participants in this chapter, it concerns the car dealers who took part in the assessment. The ML risk of the car dealer sector is HIGH.

Number of Dealers in Vehicles						
	2012	2013	2014	2015	2016	2017
Number	134	132	132	132	146	157

Assessment of Sectoral Money Laundering Threats

The total number of 442 unusual transactions were reported by car dealers, including 12 subjective reports from 2012 to 2020. Fifteen of them were deemed suspicious by the FIU and disseminated to the PPO. Car dealers pose a *MEDIUM-HIGH* money laundering threat for Curaçao. The high value of cars and the level of cash activity in this sector, make the sector attractive for money launderers. Eight money laundering investigations involving this sector took place during the period 2012 - 2017. These investigations illustrate that the car dealers sector is one of the preferred sectors for investment of proceeds of crime. It is not uncommon to buy high-end cars with large amounts of cash.

Another popular money laundering method entails the start-up and exploitation of a car rental company. It is not only fairly easy to use illicit money to buy the rental cars, but also the cash-intensive rental business provides opportunities to mix legal and illegal money. This particular type of company featured in 9 money laundering investigations, 6 prosecutions, and 3 convictions. However, car rental companies do not fall under service providers in the NOIS and the NORUT, and neither do car lease companies or car parts companies. Another sector similar to the car dealer sector and very relevant for an island like Curaçao is the boating sector. Dealers in boats, jet skis, boating parts, and engines are not included in the NOIS and the NORUT.

⁹⁷ It is not clear if this number is accurate, since it is believed that not all car dealers have registered at the CoC.

Assessment of Sectoral Money Laundering Vulnerabilities

More than a third of the total cars in Curaçao are imported from the United States, closely followed by Japan. A fifth is imported from Europe and a small number from South America. Legal persons and natural persons are assigned a tax identification number (TIN), with which it is possible to check the number of cars imported per person. In total 5,590 TINs were registered. The vast majority of TINs belong to natural persons. From 2013 until 2014, a total of 66 TINs imported more than 3 cars against 210 TINs over the period from 2015 to 2017. The revenues in this sector could be substantial, but besides the total customs value, statistics were not available. Many inherent vulnerability factors could not be assessed due to a lack of information. It was possible, however, to assess the money laundering controls.

Natural and legal persons that imported cars 2013 - 2017

Category	Number of TIN numbers
Legal persons	799
Natural persons	4,791
Total	5,590

A comprehensive legal and regulatory framework is in place. The supervisory authority, the FIU, does apply a risk-based approach when conducting examinations. but the FIU is not well resourced. A total of 10 examinations were conducted during the review period. Participants claim not to be fully aware of the FIU being their supervisory authority and the fact that they are required to register with the FIU. They also indicated during the assessment that they are largely unaware of their obligation to adhere to AML legislation and provisions and guidelines for their sector. To enhance compliance, the FIU launched a campaign in 2018 in cooperation with the PPO. In 2020, the Court of First Instance convicted 5 companies, among them 2 car dealers, for failure to register with the FIU. A fine of NAf 2,500.00 was imposed. Subsequently, the PPO issued over 40 fines to car dealers (and real estate agents). Substantial publicity was given to the campaign. Subsequently, the number of registrations has increased.

According to the CoC, individuals born outside the Netherlands Antilles, but who have lived in the Netherlands Antilles for longer than 5 years, need a business license in order to establish a so-called one-man business. For natural, local, persons there are no requirements. Hence, a group of natural persons dealing in vehicles exists who are not subject to any entry controls whatsoever. There is an informal circuit of importers of the so-called *right-hand drive cars* (RHD). The financial flows in this circuit may escape supervision.

The AML knowledge of the staff is a weakness. Employees experience their AML obligations as an inconvenience. Most of the car dealers have no AML policy in place, nor do they employ a compliance officer or perform AML audits. Overall, this sector reports not as many unusual transactions as it should, according to the FIU. A last point worth mentioning here is that when private individuals import cars for others with money from others, the Customs Authority will not always be able to get a clear picture of who is involved in this process.

Specific Recommendations for the Sector

1. Include car rental and car lease companies, dealers in boats, personal watercrafts, and boat engines in the NOIS and the NORUT and add the services they provide.
2. Include an obligation to disclose the UBO of imported cars to the Customs Authority in the legislation and facilitate cooperation between Customs and the supervisor.
3. Discuss AML/CFT issues in meetings of the Curaçao Car Dealer Association to create awareness in this sector.
4. Assess the motorcycle dealers' sector to determine its ML risk.

17. Dealers in Building Materials

Dealers in building materials belong to the group of DNFBBPs. This sector was included in the NOIS and the NORUT in 2015. The CoC applies a definition of dealers in building materials that is different from the legal wording in the NOIS and the NORUT. This is reflected in statistics. In 2017, there were around 100 dealers in Curaçao according to the CoC, but the supervisory authority, the FIU, counted 269 dealers, of which 10 are formally registered at the FIU. The ML risk of the sector could not be rated as a consequence of insufficient data to rate the sector ML vulnerability.

Number of Dealers in Building materials

	2012	2013	2014	2015	2016	2017
Number	105	102	93	98	92	100

Assessment of Sectoral Money Laundering Threats

Threats for this sector in Curaçao result from exposure to cash intensive activity and the possibility that this cash is derived from illegal activities and poured into real estate projects. There are also a couple of other problems associated with this sector. In 2014, a moratorium was placed on mini markets and small shops, called *tokos* in Curaçao. With this, the government aimed to address irregularities like tax evasion and illegal lottery sale.

As to the statistics concerning this sector, 12 UTRs were filed by the sector from 2016 to 2020. The sector featured in one money laundering investigation and one prosecution, and one case was awaiting trial at the time of the assessment. In addition, this sector was involved in one disseminated FIU case file. The money laundering threat that dealers in building materials present for Curaçao is *MEDIUM-HIGH*.

Assessment of Sectoral Money Laundering Vulnerabilities

Assessing the money laundering vulnerabilities for this sector has proven difficult. Statistics relating to the sector are largely unavailable. As a result, inherent vulnerabilities could not be assessed. Therefore, only the general money laundering controls are discussed. Ratings are not assigned.

Since 2016, all dealers in building materials must register their business at the supervisory department and the analysis department of the FIU. There are no entry controls for this sector. The FIU applies a risk-based approach when conducting examinations, but resources are stretched. In the review period, a total of 17 examinations were conducted by the FIU. It seems that the sector is not yet fully aware that the FIU is their AML supervisory authority and that they must adhere to AML legislation and to provisions and guidelines. On the one hand, according to the dealers, their supervisory authority, or the Analysis Department of the FIU, could provide more training, guidance, and help to create awareness. On the other hand, the FIU has held several information sessions, but participation from the sector was low.

Awareness of the importance of staff integrity could be improved. Training is not provided regularly. The dealers who participated in the assessment have no policies on AML matters, like a risk-based policy for CDD or for PEPs. A compliance function is often not in place. None of the participants has

performed an internal AML audit. With regards to the effectiveness of unusual activity monitoring and reporting, the system to report is working, but reports seem to be lagging. According to the participants it is difficult to launder money in their sector. Cash transactions amounting to NAf 20,000 or more are not common in their view. However, it is common that cash money is accepted at a lower threshold. According to the participants, the reporting threshold should therefore be lowered and should include wire transfers as these are used in this sector.

Specific Recommendations for the Sector

1. Adapt the current threshold to an amount of NAf 5000 for the services rendered as services in the NOIS and the NORUT.
2. Assess the dealers in the building materials sector to determine their ML risk, but also consider the need to differentiate within the sector.
3. Establish an interest group for this sector to, among others, discuss AML/CFT issues with the members and to create awareness in this sector.

18. Lottery Sector

For the purposes of the National Risk Assessment the gambling sector has been divided into 3 sectors with their own characteristics, threats, and vulnerabilities: the lottery sector, the land-based casino sector, and the online gambling sector. In this chapter only the lottery sector is discussed, which is dominated by the lotteries. The ML risk in this sector is *HIGH*. In March 2017, the supervisory authority, the Gaming Control Board (GCB), was mandated with the responsibility to issue licenses for the lottery sector. On February 15, 2019, the GCB was officially appointed as the AML/CFT regulator for the gambling sector. This appointment is retroactive to January 1, 2016. The GCB aims to issue AML/CFT regulations and guidelines for the lottery sector in the end of 2022 or the beginning of 2023.

As stated in Chapter 2, gambling is very popular in Curaçao, especially the daily number lottery, known as the *Wega di Number Kòrsou* (WNK). Lotteries are regulated through 2 ordinances: the *Lottery Ordinance of 1909* and the *National Lottery Ordinance of 1949*.⁹⁸ The first ordinance states that 4 types of lottery licenses can be issued, of which the WNK is one. The WNK is currently the only lottery organized for profit. It is regulated by the *Lottery Ordinance of 1909*. All other daily number lottery tickets which are being sold in Curaçao are not in accordance with the *Lottery Ordinance of 1909*. The government foundation *Fundashon Wega di Number Kòrsou* (FWNK) conducts a lottery draw nearly every day. Prizes are usually paid out in cash or check.

In 2017, Curaçao counted 26 license holders and 362 selling points. Only 5 license holders had more than 30 selling points. In 2020 the license holders decreased to 20. Smaller license holders with a few selling points (1-5), can only sell 0.5, 1, or 2 series of the so-called Pick 4 drawing⁹⁹. This means that players can only have a maximum win of NAF 1,500, 3,000, or 6,000, respectively. Therefore, the money laundering risk for most license holders is not high.

The National Lottery is regulated by the *National Lottery Ordinance of 1949*. This lottery is operated by a Public Law Entity, in Dutch called the *Landsloterij*, under the responsibility of the Minister of Finance. Only authorized resellers are allowed to sell the pre-printed tickets. Almost all lottery license holders have registered themselves at the FIU. Half of them is registered in goAML in the beginning of 2022. Reliable statistics on this sector were lacking during the review period. The CoC provided information in which the lottery and online gambling sectors were merged. Furthermore, the statistics from the CoC diverge from the information of the GCB.

The lottery of goods, the lotto, and the scratch lottery are the other 3 lottery products mentioned in the *Lottery Ordinance of 1909*. They may be organized solely for the purpose of raising money for good causes. No licenses were issued for the lotto and the scratch lottery during the review period. Lotteries of goods are not assessed because this type of lottery is not particularly vulnerable for money laundering. Besides the legal lottery businesses, a significant number of illegal games of chance are being offered by license holders as well as non-license holders. It is estimated that approximately NAF

⁹⁸ In Dutch the *Lottery Ordinance 1909* is called the *Loterijverordening 1909* (P.B. 1965, no 85 z.g). and the *National Lottery Ordinance 1949* is called the *Landsloterijverordening 1949* (P.B. 1965, no. 122).

⁹⁹ PICK 4 is a daily Lottery game that pays 5,000 to 1 on a straight play when you match the winning Lottery numbers in either the PICK 4 day or PICK 4 evening games (<https://www.palottery.state.pa.us/Draw-Games/PICK-4>).

200 million is spent on illegal tickets annually. In sharp contrast, the legal sale of lottery tickets yearly yields barely NAf 50 million.

Total value in NAf of transactions from Lottery Sector					
	2013	2014	2015	2016	2017
Number	44,929,947	41,772,117	42,836,888	46,078,828	50,010,070

Assessment of Sectoral Money Laundering Threats

The money laundering threat for the gambling sector as a whole is *HIGH*. This is in part because, as stated above, a significant number of illegal games of chance are offered in Curaçao. The threat from the illegal gambling sector is higher than for the legal sector. The number of money laundering cases in the review period involving the gambling sector was limited, but there has been one money laundering investigation in relation to the lottery sector which has led to a conviction for money laundering, tax evasion, forgery, and participation in an organized criminal group. The perpetrator was ordered to pay NAf 72.5 million. The lottery license holder in question organized legal games as well as illegal games. He laundered the illicit proceeds of the illegal lottery sales by keeping them in a safe deposit box, after which they were funneled through bank accounts of several other companies of that lottery license holder in bank and investment accounts abroad. Incidentally, the perpetrator was not convicted for illegal selling of lottery tickets. The reasoning behind this was that illegal lottery tickets are sold on such a large scale in Curaçao that it can be deemed common practice. Many illegal lottery products are offered by licensed as well as unlicensed operators for the purpose of evading taxes and license fees. The illegal sales relate to drawings from other countries like Sint Maarten, the Dominican Republic, and Venezuela.

One of the reasons for the limited number of criminal investigations is that the current legislation is outdated and hinders law enforcement agencies from effectively investigating and confiscating proceeds of illegal gambling. A second reason is they impede the effective regulation, supervision, and the imposition of sanctions. For example, only a few minor changes were made to the *Lottery Ordinance 1909* that regulates the *Wega di Number* lottery after 1909. Based on this law, possibilities for supervision and enforcement are limited because the law was not sufficiently adapted and only covers petty offences or violations. Because the *Lottery Ordinance* does not classify selling of lottery tickets without the required permit as a misdemeanor or offence, it is not possible to construct a money laundering offence and confiscate the proceeds.

As to the unusual transactions reported by the lottery sector, the number of objective reports ranged from 112 in 2012 to 489 in 2020 with a total of 2,217. The total number of STRs amounts to 35.

Assessment of Sectoral Money Laundering Vulnerabilities

The ML sector vulnerability is *HIGH*. The lottery sector is incorporated in the comprehensive anti-money laundering legislation in Curaçao. However, initially there was no ML supervisor or regulator for the sector as the GCB was not appointed until 2019. Consequently, controls were not in place. There is still some work to be done in the area of implementation of money laundering controls. Procedures and guidelines for the sector have not been issued yet. The licensing process is not AML-oriented, and the *Lottery Ordinance 1909* does not include effective entry controls to reduce money-laundering vulnerabilities and to ensure a higher level of compliance with AML requirements. Currently, the GCB is working on a licensing procedure that encompasses AML components, such as the requirement to submit an organizational structure that provides insight into all financially interested parties and the UBO. Other weaknesses include the integrity and knowledge of staff and the effectiveness of the compliance function. With the appointment of the GCB, it is believed that this will change in the coming years.

Lottery Licenses granted Lotteries (Wega di Number) ¹⁰⁰				
	2017	2018	2019	2020
Number	26	24	23	20

Several results of the analysis of inherent vulnerability variables are worth mentioning. The total number of providers and the volume of the business are categorized as *HIGH* since there are 20 license holders and licensed as well as unlicensed operators offering many illegal lottery products. All the number lottery sales are paid in cash or via SMS, so-called lotteries. This practice came under scrutiny in relation to the above-mentioned court case. In 2013 the government declared SMS lotteries illegal. Pay-out can be in cash or in the form of a check, depending on the amount. Theoretically, one number costs 1 Naf excluding taxes, but sellers may charge other amounts and the corresponding prize is calculated pro rata.

It is possible to buy tickets anonymously, but when prizes above a certain amount are paid out, the customer must provide an identification document. The threshold varies per license holder. At the time the assessment took place there was no adequate infrastructure to facilitate verification. It is difficult or time-consuming to trace records for CDD/EDD purposes in this sector because clients are not required to present an ID or are reluctant to do so, except when having won a prize. Although some organizations are automated, most of them still use paper tickets.

In general, transaction records are not easy to trace because most organizations do not keep adequate records on a structural basis and controls were lacking. Typologies for the WNK include co-mingling of illegal proceeds in lottery sales and manipulating records post-drawing to finalize the laundering process through the disbursement of fake prizes. The usage of the sector in tax and fraud schemes is another weakness. The conviction of a former license holder for, among others, tax evasion, illustrates this.

¹⁰⁰ Source: GCB.

Specific Recommendation for the Sector

1. Install a committee consisting, among others, of representatives of TIO, the GCB, the FIU, and the Department of Legislation & Legal affairs (WJZ) to revise the various laws governing the gambling sector as they are outdated and hinder law enforcement agencies and supervisory authorities. For instance, amend the *National Lottery Ordinance 1909* to include effective entry controls that help to reduce money-laundering vulnerabilities and ensure a higher level of compliance with AML requirements.

19. Land-based Casino Sector

The ML risk of the land-based casino sector is *HIGH*. In Curaçao land-based casinos are subject to the *National Ordinance Casino Sector Curaçao*, known in Dutch as the *Landsverordening Casinowezen Curaçao* (LCC)¹⁰¹. A casino is defined in the LCC as a place or establishment that is connected to a hotel in which games of chance are organized commercially. As a result of the negative outcome for the casino sector of the 2nd Mutual Evaluation in 1998 by the Financial Action Task Force (FATF), the Gaming Control Board (GCB) was established. Since November 1999, the GCB has been tasked with the regulation of the casino sector and since February 15 of 2019 the GCB is the officially appointed supervisory authority for AML/CFT compliance for the whole gambling sector. The casinos offer 2 main products: slot machines (around 1,750) and table games (around 65). Together they account for a turnover of roughly NAF 75 million per year.

Total Value in NAF of Transactions in Land-based Casino Sector			
Year	Net win (sales -/- payout)	Drop	Payout
2017	70,171,486	311,423,197	241,251,711
2016	74,013,509	324,362,528	250,349,019
2015	76,036,377	324,988,506	248,952,129
2014	74,702,373	293,761,840	219,059,466
2013	78,999,221	289,212,624	210,213,403
2012	108,040,342	431,994,427	323,954,085

Assessment of Sectoral Money Laundering Threats

The money laundering threat for the casino sector has been classified as *HIGH*. This sector featured in 2 money laundering investigations during the review period. Almost 17,000 UTRs were filed by this sector. Only 10 of them were based on subjective criteria. The FIU disseminated more than 1,000 UTRs to the PPO and the LEAs. The UTRs mention substantial winnings and purchasing or cashing out of chips or tokens. The rating of the money laundering threat for this sector in Curaçao is primarily based on the cash-intensive nature, the possibility to misuse the sector to exchange currency¹⁰² or to change small denominations into large denominations, and the possibility to wager criminally obtained funds and to extract the funds as credits or cash out the chips or other credits, hereby concealing the true origin of the funds. According to the GCB, the problem is not so much that criminal money is being wagered, but that the money is converted into chips which are then converted back into money without having been played with. A problem in this sector is the poor quality of the UTRs which makes it difficult to investigate them. More investigation and research are needed to accurately determine to what extent this sector is used to launder money and what the exact methods are.

Assessment of Sectoral Money Laundering Vulnerabilities

¹⁰¹ AB 1999, no. 83

¹⁰² In casinos in Curaçao you can play with dollars. Therefore, they exchange local and foreign currencies into dollars.

The sector’s final ML vulnerability is *MEDIUM-HIGH*. The AML legal framework is comprehensive. Land-based casinos are included in the legislation. However, the supervisory authority was appointed only in 2019, affecting the effectiveness of supervision and oversight activities. Supervision has been taking place since 2018. Based on its authorities under the LCC, the GCB issued AML regulation for the land-based casino sector as an integral part of the casino license requirements on October 1, 2010. The land-based casinos sector needs more specific guidelines and monitoring. The current AML/CFT Minimum International Standards (MICS) of the GCB have yet to be amended and guidelines had not yet been issued at the time this report was written.

As to the availability and enforcement of administrative sanctions, no fines were imposed during the review period. A fine system to deal with non-compliance of supervised entities was implemented in the NORUT in 2021. The introduction of a fine system in the NOIS is expected in 2022. Casino license conditions include AML stipulations. Violations can lead to suspension or revocation of the casino license. The GCB has incorporated strong AML/CFT measures in the casino license application process. Prospective license holders must provide complete transparency and insight in the organizational and company structures, and in the investors, policymakers, and the UBOs. UBOs of legal entities are identified. The license requirements are in accordance with the FATF Recommendations. Personal licenses are issued to all financial stakeholders, legal and natural persons, and are always linked to a specific casino license. This is one of the reasons that the availability and effectiveness of entry controls is a strength. Another reason is the fact that different instruments of entry controls are used to mitigate risks of money laundering. All relevant parties are screened using internal and external tools to assess their eligibility to hold a personal license related to a specific casino license. If the applicant is found ineligible, the personal license as well as the casino license is denied. Casino licenses are issued for 3 years and are only issued for casinos that are part of a hotel complex. The LCC does not provide for license extensions. Every license application, even those from active casinos, is considered a new application.

Licenses granted to Land-based Casinos				
	2017	2018	2019	2020
Number	6	-	1	1

Vetting programs for staff are not in place. A small percentage of casino owners do not believe their sector is a high-risk sector for money laundering. Therefore, they do not try to enhance awareness or train their staff regularly, but they have their manuals in place. In most of the casinos, staff is trained on a regular basis. Some owners assume that applying *Know Your Customer* principles may adversely affect their clients and compliant casinos will have a competitive disadvantage compared to noncompliant casinos as customers will shift to the latter. Only one licensed casino has appointed a compliance officer.

As to the inherent vulnerability variables, Casinos undertake high-volume and high-speed financial activities in an entertainment context. The variety, the frequency, and the volume of transactions make the casino sector particularly vulnerable to money laundering. Several specific characteristics contribute to vulnerability in Curaçao. The small scale of the country, for instance, can lead to a limited willingness to disclose illicit activities. Everyone knows everyone and nothing remains unseen, which can result in a culture of fear, silence, and conflicting interests. These factors may also limit the willingness to report unusual transactions.

Another point noted by the FATF in the mentioned report is that the casino sector is a *HIGH* ML risk sector by definition because of the high volumes of cash. The sector offers a large number of products. Some products are more easily monitored than others. Slot machines for instance have so called 'soft meters' with which the underlying transactions can be monitored, and most casinos have an online slot monitoring system that connects slot machines and registers transactions centrally. Slot machines can process thousands of small transactions every day. Table games are at a higher ML risk than slot machines. Each chip purchase counts as a transaction and the number of transactions may vary significantly per table. Information on the total number of clients is not available since customers are not registered at the casino entrance. Only the 2 casinos that use player card systems for gambling on slot machines can indicate the number of clients for this particular product.

Client-based profiles could not be analyzed because of lack of data from the sector. There is no information available to determine if clients are domestic or international PEPs or if they are non-residents from high-risk jurisdictions, high net-worth individuals, clients with foreign businesses or personal interests, or clients with business links to high-risk jurisdictions. According to empirical data from the GCB, the majority of the clients are locals in almost all casinos, with the exception of one casino, which has an estimated ratio of 50/50. There were local PEPs playing in the casinos and also clients with businesses that are also high risk with regard to ML. According to the GCB regular locals do not pose a money laundering risk. The level of cash activity is *HIGH*. Credit cards are rarely accepted or only at a substantial cost. Although some casinos do have player clubs and make use of player cards, anonymous casino play is possible. Below a certain threshold, clients are not required to identify themselves. Tracing records is difficult or time-consuming.

Activities of Gaming Control Board in the Casino Sector

Year	Audits	Casinos
2022	Onsite AML/CFT interviews, examinations, reports (May/June)	8
	Follow-up examination, reports (October/November)	8
2021	Follow-up examinations, reports	8
2020	Follow-up examinations, reports	8
	Limited follow-up examinations, reports	4
2019	Onsite AML/CFT interviews, examinations, reports	8
	Follow-up examination, report	8
2018	Onsite AML/CFT interviews	7

Add periods after each recommendation.

Specific Recommendations for the Sector

1. Amend the current AML/CFT Minimum International Standards (MICS), and issue guidelines to meet the need. for more specific guidelines and monitoring in the sector.
2. Ensure the GCB can dispose of sufficient resources in order to perform its tasks effectively.

20. Online Gambling Sector

The ML risk of the online gambling sector is *HIGH*. Although the online world has changed significantly in the recent decades, the main legislation dates back to 1993, the year the *National Ordinance on Offshore Gaming* (LBH) was enacted.¹⁰³ In those days the World Wide Web was still in its infancy and online games were rudimentary. Nowadays, the online gambling business is a booming industry. According to information from the PPO and a number of foreign gambling authorities, Curaçao is among the top 3 countries where the most servers of online gambling sites are located. Online gambling licenses have been issued by the Minister of Justice by national decree, but since December 2019, the Minister of Finance was assigned the responsibility for issuing licenses and regulation of this sector. AML/CTF supervision of this sector has been entrusted to the *Gaming Control Board* (GCB) in February 2019.

To enter this market, a license is required as stipulated in the LBH. In the 1990s, around 30 online gambling licenses, also known as *master-licenses*, were issued by the government, of which presumably only 4 or 5 were active during the review period. The holders of these licenses do not operate online gambling sites themselves. Instead, they provide so-called *sub-licenses* to other entrepreneurs. There are two kinds of sub-licensees: businesses that service players (B2C), and businesses that service other businesses within the online gambling world (B2B) via so-called Information Provider Contracts (IP-contracts). Statistics on the number of sub-licenses during the review period were not available. At the time this report was written, the GCB was conducting an inventory of the online gambling landscape. The master-licensees were asked to provide insight into the number of sub-licenses. More than 600 sub-licensees have been reported. Registrations at the FIU and the CoC by no means reflect this number.

Assessment of Sectoral Money Laundering Threats

The money laundering threat for Curaçao presented by the online gambling sector is *HIGH*. This is not yet visible in the number of investigations. Even though there are no known money laundering cases in which online gambling was involved, several Mutual Legal Assistance requests (MLAs) and requests for information were received by the FIU and INTERPOL during and after the review period. These requests indicate that legal entities with a sub-license from Curaçao are utilized by transnational criminal organizations to launder millions of dollars. In a number of newspaper articles published in 2018, it was claimed that criminal organizations from Russia and Italy launder their money in this sector, specifically through internet casinos with a sub-license from Curaçao. Websites are fake, prizes are not paid out, and sites are instantly taken down when someone wins.¹⁰⁴

¹⁰³ In Dutch this ordinance is called the *Landsverordening buitengaatsse hazardspelen*, PB 1993, no. 63.

¹⁰⁴ National Police of the Netherlands, 2017.

The fact that online gambling is a cross border activity without any real borders makes this sector even more attractive to money launderers, because of the opportunities offered to misuse the legislative, administrative, and judicial differences between countries to continue criminal activities regardless of actions taken by governments. In 2018 and 2019 the FIU saw an increase in the number of spontaneous information reports received on legal entities operating in this sector. Possibly, more entities will try to obtain a sub-gambling license in Curaçao to continue their operations, now that a number of foreign gaming authorities, for example, in Italy, Malta, and Denmark, are taking stricter measures against this sector.

Online gambling case 2021

In 2021, a major investigation into illegal gambling and money laundering in the Netherlands led to the arrest of 6 suspects who appeared to be involved in an online casino operating from Curaçao. They are suspected of violating the Dutch Gaming Act, money laundering and of participating in a criminal organization. Over 100 million euros worth of art, real estate, vehicles, bank accounts and investments were seized. Premises in the Netherlands as well as in Belgium, Luxembourg, Sweden, Malta, Curaçao, Austria, and Switzerland were searched. The police force of Curaçao also searched premises on Curaçao at the request of the FIOD. The suspects presumably offered online casino services on the Dutch market. At the time of the investigation, online gambling was prohibited in the Netherlands. With the advent of a new gaming act (*Wet Kansspelen op Afstand*) on 1 October 2021, online gambling with a licensed provider will be legal. The suspects, aged between 45 and 66, operated partly from abroad, so that they could remain out of sight of the Dutch authorities for a long time. The Public Prosecutor suspects that the organization has earned over 250 million euros from the online gambling services and has subsequently laundered this money.¹⁰⁵

Assessment of Sectoral Money Laundering Vulnerabilities

The vulnerability of this sector in Curaçao is exacerbated by the practice of sub-licensing without any regulatory oversight. Transparency is lacking and the sector was de-risked many years ago. The inherent vulnerability as well as the final vulnerability are assessed as *HIGH*. From the viewpoint of AML controls, this sector is a blind spot.

The online gambling sector operating from Curaçao is believed to be a thriving sector, although both the sector size and the annual revenue are unknown. It is speculated that substantial amounts are generated by online gambling. The trust and company service providers' sector plays a prominent role in providing local or international clients with an internet gambling sub-license and in the creation and management of these legal entities.

Curaçao has comprehensive AML legislation in which online gambling is incorporated. There is discussion, however, on the scope of the definition of gambling services in the NOIS and the NORUT. Representatives of the sector are of the opinion that this definition excludes sub-licensees from AML supervision. The GCB is of the opinion that the way the online gambling sector is structured in Curaçao is irrelevant and that the definition in the NOIS and the NORUT covers the full online gambling ecosystem, because only the eco system as a whole makes this service possible. But to eliminate any doubt, the GCB has proposed to add 'direct or indirect' to the definition of the service.

¹⁰⁵ <https://www.om.nl/actueel/nieuws/2021/06/24/ruim-100-miljoen-beslag-in-onderzoek-naar-illegaal-gokken-en-witwassen>.

There was no AML supervisory authority appointed for the online gambling sector during the review period. Specific AML guidelines are expected to be issued. Another weakness is the license system. It only covers the master licenses, all of which were issued initially some 20 years ago. In principle, licenses are valid for a period of 5 years but it is possible to apply for an extension. As indicated above, the master licensees provide sub-licenses, and the government has no control over this process. In addition, the GCB has recently discovered that several sub-licensees offer aspiring online gambling operators the opportunity to acquire a license within 2 weeks. Effectively, this means that ‘sub-sub-licensing’ takes place. This practice increases the lack of transparency and the risk that criminals enter the online gambling space via Curaçao.

In the online gambling industry in Curaçao, 3 types of companies can be identified: master licensees, sub-licensees, and sub-sub-licensees. Moreover, the Trust and Company Service Providers (TCSP) cater to the online gambling industry. Although they are dependent on each other in the Curaçao online gambling ecosystem, they operate independently, and each type of company has its own level of money laundering risk. Because of the absence of a supervisory authority during the review period, the integrity of the staff of the mentioned 3 types of companies could not be assessed. The TCSP sector is assessed separately, and the findings are discussed in **Chapter 9** Other weaknesses include the availability and access of beneficial ownership information for sub-sub-licensees and for sub-licensees not operating under a TCSP.

With regard to the inherent vulnerability factors, internet-based businesses offer non-face-to-face services by definition. The same can be argued for the possibility for clients to remain anonymous. Clients are usually foreigners and there is no comprehensive reliable public information system to assist with the verification of client details. Records are not available. Companies in the online gambling sector in Curaçao do not operate domestic bank accounts. They usually have a related company in countries like Cyprus that handles the funds. To create an account, players have to submit a copy of their identity document and a copy of a utility bill. Some use modern identification methods.

It is important to distinguish online gambling from online gaming. The latter refers to playing video games online. This is not deemed to be a game of chance but a game of skill. However, a specific aspect of ‘gaming’ that might be problematic is the ‘loot box’ that can be gained in online gaming. Loot boxes are a type of treasure chest that are built into a growing number of games.¹⁰⁶ Although the outcome of games is determined by skill, the outcome of loot boxes is often determined by chance. Players usually have to pay for a loot box and the prize they can win with loot boxes may also have a monetary value. It is unknown whether the online gambling industry also provides online gaming products.

¹⁰⁶ <https://kansspelautoriteit.nl/english/loot-boxes/>.

Money laundering typologies exist, and the online gambling sector is used in tax or fraud schemes. Local de-risking of the online gambling industry has already occurred. Since 2006, most local banks no longer conduct business with the online gambling industry as a result of restrictions imposed by American correspondent banks. Significant amounts of money seem to be flowing through this industry without much visibility. A total of 153,871 UTRs were made by the sector, the vast majority in the year 2020. The total number of STRs amounts to 41. All of them stem from 2014.

Transaction Reports from Online Gambling Sector										
Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UTRs	249	779	562	705	580	8,121	8,670	6,373	127,832	153,871
STRs	-	-	41	-	-	-	-	-	-	41

Specific Recommendations for the Sector

1. Clarify the definition of gambling services in the NOIS and the NORUT by adding 'direct or indirect' to the wording of the definition of the underlying service as the GCB has proposed to the AML/CFT/CFP Committee.
2. Incorporate the necessary enforcement tools in the online gambling legislation to enable effective supervision of the sector.
3. Prohibit the issuance of sub-sub-licenses and void the existing unknown licenses via legislation.
4. Introduce a comprehensive and AML-compliant licensing mechanism for all service providers in this sector.
5. Issue guidelines and best practices on how to perform proper CIP/CDD/EDD in the online gambling space and take all necessary measures to banish anonymity within this sector and train AML professionals.
6. Provide clearer insight into the number of active (master-) licensees and keep proper and readily accessible documentation on the licensing process.
7. Find a structural solution for the de-risking dilemma posed by the fact that the de-risking of the online gambling industry by local banking institutions in 2006 has resulted in significant amounts of money flowing through this industry with little visibility.
8. Take all necessary measures to gain insight in the cash flows related to this sector until re-risking by local banks is realized.

21.E-zones

In recent decades, Free Trade Zones (FTZ) or E-zones have been established at a high rate to attract new businesses and foreign investments. The purpose of E-zones is to facilitate trade and economic growth by eliminating tariffs, quotas and other taxes and by minimizing bureaucratic requirements such as customs procedures and disclosure requirements. As a result of the proliferation of E-zones in the dynamic context of globalization, they have come to play a central role in economies. In April 2017, Curaçao had 15 E-zones. Due to an amendment of the *Economic Zones Ordinance 2000*,¹⁰⁷ passed on 1st of July 2018, legal entities are no longer allowed to provide services while operating in an E-zone. As a result, the E-zone licenses or permits expired at year-end 2018 and the e-zones status ceased to exist. Therefore, only the 2 E-zones managed by the Curaçao Industrial and International Trade Development Company N.V. (Curinde) are assessed. Curinde is a non-governmental organization responsible for E-zone Koningsplein at the harbor and E-zone Hato at the airport. Those two E-zones comprise a total of 144 companies.¹⁰⁸ They serve as distribution centers and distribution points and are the only E-zones where goods that have not yet been cleared can be stored and traded.

The types of industries found in these E-zones can be divided into the following categories: high-value goods, pharmaceuticals, white goods, clothing and shoes, car parts, excise goods like tobacco and alcohol, and other goods like coffee, gourmet food, and building materials. The type of goods a company may import is based on the type of license acquired. Some goods are forbidden, such as absinthe, copper, bronze, or nickel coins, gunpowder, non-liquid mixtures of nitroglycerin, and animals. Import, transit, and export of gold from Venezuela has been prohibited since June 2019.¹⁰⁹

During the review period, the total value of goods entering and leaving the E-zones varied from a little over NAf 500 million to NAf 2.5 billion per year. The economic situation in Venezuela and the closing of borders between Venezuela and Curaçao has had a significant impact on the E-zones. Furthermore, the bankruptcy of the local airline resulted in a decrease in connectivity of Curaçao and other countries in the Caribbean, which had a direct impact on sales. The ML risk in the E-zones is *HIGH*.

Inflow and Outflow Cash Value in the E-Zones						
Type	2012	2013	2014	2015	2016	2017
Inflow	1,413,073,972	2,523,875,316	1,510,293,574	504,632,645	776,710,949	1,155,034,741
Outflow	1,412,966,692	1,702,094,075	1,607,318,583	531,761,234	822,485,399	1,190,993,077

¹⁰⁷ *National Ordinance on Economic Zones 2000*, P.B. 2001, no. 18 and PB 2018, no. 33.

¹⁰⁸ According to the website of Curinde, curinde.com/free-economic-zones/faq

¹⁰⁹ Ministerial Regulation PB 2019, no. 25; P.B. 2019, no. 82.

Assessment of Sectoral Money Laundering Threats

E-zones are designed to attract and promote international trade and commerce by offering incentives. These special tax and administrative arrangements available to exporters and export service providers can create money laundering. The money laundering threat for the E-zones is ranked as *HIGH*. Two predicate offenses in Curaçao have a relation to the E-zones. The first is the illegal gold trade which is rated with a high money laundering threat. Curaçao serves as a hub for legal and illegal gold from South America, mainly Venezuela, a process which is facilitated by companies established in the E-zones. There is no gold mined on the island and the gold that is routed via Curaçao does not really enter Curacao, so it is not registered as an import. The second offense is illicit trafficking of counterfeited goods, listed as an offense to which attention should be paid in the coming years.

In the review period for the current assessment, 5 money laundering investigations involving companies in the E-zones took place. E-zone businesses were used to launder money as part of an underground banking network, to pay a debt abroad, or to co-mingle illicit funds with legitimate funds.

Venezuelan gold

In 2018, the Supreme Court ruled in a case involving the illegal export of gold from Venezuela to Curaçao and Aruba. The conviction by the lower court concerned aiding and abetting habitual money laundering and participating in a criminal organization. The main question was whether bars and rolls of gold, illegally exported from Venezuela to Aruba and Curaçao, can be regarded as originating from any crime. According to the Supreme Court, objects can, in principle, only be regarded as 'originating from any crime' if they originate from a crime committed prior to the criminal conduct mentioned therein. Objects with respect to which a crime has been committed are not therefore already 'originating' from any crime. The export of the gold in question from Venezuela took place without an export license, while the export involved the creation and use of forged documents in order to circumvent the export license. The accused accompanied several of these transports. The Court of Appeal ruled that the gold 'originated from any crime' because the export of Venezuelan gold had taken place in a punishable manner, because crimes were committed in order to circumvent the export license required for the transport of the gold, and under the repeated supervision of the accused, which makes it a matter of habitual money laundering. In view of the above and taking into account that the Court has only established that the gold originated from Venezuela, the Court's opinion that the bars or rolls of gold originated from a criminal act was not sufficiently substantiated.¹¹⁰

¹¹⁰ ECLI:NL:HR:2018:327.

Assessment of Sectoral Money Laundering Vulnerabilities

The overall ML vulnerability was rated *HIGH*. The vulnerability of the E-zones is exacerbated by the lack of AML/CFT regulations for entities established in the E-zones, with the exception of jewelers and dealers in building materials. Furthermore, AML vulnerabilities or preventive measures are not included in the laws governing E-zones like the *Economic Zones Decree 2000*. Curinde has prepared an AML/CFT manual and shares it with companies in the E-zones managed by Curinde. The guidelines described in this manual cover a number of measures in line with the NOIS and the NORUT, but these guidelines are not legally binding for E-zone companies that fall outside the scope of the AML legislation. Another problem is that the *National Ordinance on the Obligation to Report Cross-Border Money Transportation* does not clearly state that an E-zone is also considered a national border and that when cash enters or exits an E-zone, it is in fact a cross-border transportation and should be reported to the FIU.

The level of supervision and oversight activities and the availability and enforcement of administrative sanctions represent weaknesses. Several authorities do in one way or another have tasks in relation to the E-zones: the Ministry of Economic Development (MEO), the Customs Authority, the Tax Authority, and the FIU. The latter organization is the AML/CFT supervisor for jewelers and dealers in building materials. Several administrative sanctions are available to the different authorities that are responsible for the supervision and enforcement of the *Economic Zones Ordinance 2000*. MEO can revoke a license in case of breaches or violations, but the sanctions are solely related to fraud and tax evasion. It is difficult to accomplish a revocation because the MEO is dependent on information from other organizations and the possibilities to exchange information are limited. Other organizations are not allowed to provide confidential information to the MEO. During the review period, the FIU had not yet conducted on-site examinations in the E-zones. The Customs Authority is physically present in the E-zones at the harbor and the airport for the purpose of oversight and enforcement of the laws regulating the trade and the in- and outflow of goods in the E-zone, but this organization struggles with a shortage of staff. Adding to this is a lack of knowledge, for instance, on counterfeiting of goods and intellectual property rights infringements. The focus of the Customs Authority is mainly directed to the import of goods. These circumstances are ideal for trade-based money laundering to take place. As mentioned, the purpose of E-zones is to minimize bureaucratic requirements such as customs procedures. The minimized customs procedures make it impossible or difficult for the customs authorities to provide an accurate supervision on the movement of goods. This is also considered as a risk, for instance, for the trade-based money laundering in counterfeit goods.

Companies wishing to establish themselves at the E-zone are required to register at the CoC and must apply for an establishment permit at the MEO as well as for an E-zone license. Once the initial process has finished, hardly any due diligence is conducted. There are many requirements for an E-zone license and the MEO monitors compliance with entry conditions. An external agency conducts screenings of directors and shareholders on behalf of Curinde. Several large entities located in the E-zone do not perform background checks before hiring new staff. No disciplinary sanctions were taken against staff members during the review period. AML training for E-zone staff is not common, nor do all companies have AML-related policies.

Regarding the inherent sectoral vulnerabilities, several findings need mentioning. Many companies cater to natural persons or legal entities from other parts of the Caribbean. Among the payment

methods used are banker's checks or bank drops, cash, and wire transfers. Although the latter is the most common method, cash activity is also significant. In addition, some financial institutions have reported unusual transactions relating to a high level of cash deposits noted on the accounts of legal entities in the E-zone which might point to commingling of illicit funds with legitimate funds to hide proceeds of crime. As a result of de-risking and increasing demands of corresponding banks, local banks are reluctant to open bank accounts for new legal entities in the E-zone and accounts of a number of already established legal entities were closed. This might force legal entities to utilize other channels, which in turn may lead to money flows outside any regulatory scope.

Non-face-to-face dealings with offshore shell companies, transfer parties, carriers, and third parties result in a heightened risk for transactions that may not have legitimate purposes. Furthermore, the funds that are associated with cross-border transactions are substantial and E-zones in Curaçao might be vulnerable to trade-based money laundering. Its geographic location makes Curaçao ideal as a transshipment point or hub for drug trade from South America to the United States and Europe thus creating the possibility of commingling of funds.

Another vulnerability factor is the types of goods traded. Based on information obtained from the LEAs, open sources and different money laundering typologies, gold, jewelry, alcohol, and cigarettes, were considered the most vulnerable types of goods being traded in the E-zones of Curaçao.

Bulk cash smuggling

During the assessment period, 6 cash smuggling cases were tried in court. In the majority of the cases the money was derived from drug trafficking. Detected amounts of cash varied from a couple of thousand euros to 800,000 USD in total. In the latter case, money was brought by couriers, who carried around 8,000 USD per trip, from the Dominican Republic to Curacao, where the money was collected by a dental technician and then transported to different companies in the E-zone where it was then blended with legally acquired funds. In another case, the banknotes were hidden in the soles of shoes or in handbags and pants. Usually, the schemes are detected during customs controls at Hato, the international airport of Curaçao.

Specific Recommendations for the Sector

1. Adopt rules and regulations that protect legitimate international trade through E-zones against criminals. use and guarantee the transparency and integrity of the E-zones.
2. Evaluate whether the AML preventive measure and obligations, such as a reporting obligation, should be applicable to or introduced for all legal entities and appoint an AML/CFT supervisory authority for the legal entities operating in the E-zones that do not yet fall under the scope of the NOIS and the NORUT.
3. Bring clarity as to whether an economic zone is considered a (national) border in the relevant legislation to determine if transactions concerning cash entering or exiting an E-zone are considered cross-border transportation and should be reported to the FIU (government). Reevaluate the entry controls and the due diligence procedures for entities that wish to establish themselves at the E-zone and monitor periodically whether entities operating in the E-zone still comply with the requirements after they have received their licenses (government).
4. Enhance domestic cooperation and information exchange between agencies and investigative authorities to improve oversight and enforcement and ultimately disrupt illicit trade and associated crimes and develop basic protocols for information sharing between E-zone administrators and the national authorities responsible for regulation (government and LEAs).
5. Strengthen cooperation and information exchange between the FIU Analysis Department, the Customs Authority, and where necessary the Tax Authority to improve monitoring of the good and cash flows in the E-zones to identify potential anomalies indicative of Trade-Based Money Laundering (TBML) or other possible predicate offences (FIU and stakeholders).
6. Implement measures for identification and control of the transboundary movement of cash and negotiable instruments related to activities in those areas (government and supervisory authorities).
7. Provide transparency with regard to the flow of goods and money in and out of the E-zone by increasing the number of administrative examinations and controls by the Customs Authority and the Tax Authority/ Tax Audit Department (government).
8. Provide training for all stakeholders to create more awareness of money laundering, especially TBML, and of counterfeiting (supervisory authorities and stakeholders).
9. Issue guidelines on warning signs and typologies for legal entities operating in the economic zone, as well as other reporting institutions and stakeholders (supervisory authorities).
10. Strengthen the monitoring of this sector by banks under the supervision of the CBCS, as well as by gatekeepers like accountants, tax consultants, and administrative offices under the supervision of the FIU and stimulate them to report unusual transactions (CBCS and FIU).

22. Shared findings

The previous chapters have focused on each of the supervised sectors and the general AML controls. However, there are findings on several general AML control variables that are the same for many sectors. They relate to among other things, the basic AML legal framework, the availability and enforcement of criminal sanctions, and the availability of independent information sources. In this chapter, shared findings related to chapters **4 to 20** are outlined.

AML Legal Framework

Curaçao has comprehensive AML laws and regulations in place that properly comply with international standards. The AML laws are the same for all sectors, whereas the regulations vary depending on the type of business and profession. In general, the FATF recommendations have been included in the *National Ordinance on Identification when rendering Services (NOIS)*,¹¹¹ the *National Ordinance on the Reporting of Unusual Transactions (NORUT)*,¹¹² other legislation, and the *Provisions and Guidelines on AML & CTF*.

The supervisory authorities are clearly defined in the legislation. There are, however, some deficiencies concerning the NOIS and the NORUT. The PEP definition in the NOIS does not include prominent functions within international organizations. Furthermore, the ministerial decree that should define direct family members, close associates, and the period during which the qualification of PEP shall remain valid from the moment a public office is no longer held, is not in place yet. Moreover, the AML laws and regulations are not applicable to the majority of the entities in the E-zones.

Administrative Sanctions

As to the availability and enforcement of administrative sanctions: Curaçao utilizes a range of effective, proportionate, and dissuasive administrative sanctions that are applicable to both natural or legal persons in cases of noncompliance with AML laws and regulations by financial institutions and DNFBPs, with the exclusion of the service providers in the E-zones, the lottery sector, and the online gambling industry. For the latter 2 sectors, administrative sanctions were not possible during the review period as only recently was an AML supervisory authority appointed for these sectors. For the E-zones, administrative sanctions are solely related to fraud and tax evasion. Sanctions range from burden under penalty, administrative fine, publication of the penalty or the fine, instruction, and withdrawal of license. However, since 2016 sanctions could not be imposed anymore due to lack of implementing legislation on the basis of the NOIS and the NORUT. The amounts of the burden under penalty and the administrative fines must be stipulated by national decrees containing general

¹¹¹ P.B. 2017, no. 92.

¹¹² P.B. 2017, no. 99.

measures. This national decree regarding the NORUT came into force June 2021. The draft national decree regarding the NOIS is in the legislative process. Enforcement of these decrees enables the different supervisory authorities to impose sanctions.

Criminal Sanctions

As with administrative sanctions, Curaçao disposes of a range of effective, proportionate, and dissuasive criminal sanctions that can be applied to natural and legal persons in case of noncompliance with AML laws and regulations. Penal provisions and penalties are provided for in the Penal Code, the NOIS, and the NORUT. Criminal sanctions are also possible for ancillary offences to money laundering. Violations of legislation like the NORUT and the NOIS committed intentionally are considered criminal offences and can be punished either with a prison sentence of 4 years at maximum, or with an administrative fine of the sixth category, or with both. If the violation is not intentional, it is considered a minor offense and punishable with imprisonment for one year at most, an administrative fine of the fifth category, or both.

It was not always possible to obtain information on the enforcement of criminal sanctions in the different sectors. For some sectors it was clear that no sanctions were imposed, but in other sectors fines have been issued by the PPO for nonreporting, noncompliance, and nonregistration. Most sectors are duly aware of the criminal sanctions in force in case of noncompliance with AML/CFT obligations. Lack of information from the PPO on criminal enforcement actions regarding noncompliance with AML requirements and other financial crimes made it difficult to assess the enforcement perception. In some sectors, criminal sanctions are seen as sufficiently dissuasive and positively influencing reporting behavior. However, there is also the perception in some sectors that not all criminal actions in their sector are reported to the authorities for criminal enforcement to take place.

Beneficial Ownership Information

The NOIS and the provisions and guidelines require that supervised institutions and companies identify the beneficial owners of the legal persons they conduct business with and that they keep records of this information. Currently Curaçao has no ultimate beneficial owner register (UBO registry) to which competent authorities can have direct access. However, in 2018, the law establishing the UBO registry came into force, the *National Ordinance for the repair of preferential tax regimes*.¹¹³ A national decree containing general measures must provide more detailed rules on the form and content of the register and on how the information should be reported. Only the PPO, the CBCS, the FIU, and the Tax Authority will be able to access the UBO register. Further discussion to determine which other competent authorities should have access to the UBO register is required.

For some sectors, beneficial ownership information is a prerequisite for doing business; for others it is hardly relevant. For some sectors, like the real estate sector, TCSPs, the banking sector, the investment sector, and the insurance sector, it is easy to obtain information on beneficial ownership; for others it can be difficult, like for DNFBSs such as car dealers, dealers in building materials, and the lottery sector. They conduct business with natural persons but also with legal persons. Via its

¹¹³ Landsverordening reparatie preferentiële belastingregimes (A 2018, no. 83).

supervisory role, the CBCS – and other competent authorities via a court order – can request and gain access to these records from financial institutions, fund administrators, and TCSPs. The FIU experiences limitations in gaining access to such records due to the limited formulation of its powers in article 12 of the NORUT.

Reliable Identification Infrastructure

A good identification infrastructure exists, and information is deemed available if AML-regulated institutions can rely on the country's identification infrastructure. Curaçao is lagging somewhat behind in terms of technological possibilities in the field of information systems and digitalization of data. For instance, AML-regulated institutions do not have direct access to the national identification system. Information systems are not always interconnected with other systems. The Civil Registry does not have access to the driver's license system, because its basic administrative system is not linked to the system for ID documents, and the ID documents system is not linked to the passport system. There are differences in the security features of the ID documents of Curaçao. The quality of the security features of passports is superior to those of identity cards and the driver's licenses. Therefore, the risk of forgery of the latter two is higher. Other problems in this respect are the fact that *sédula* and driver's licenses issued in Curaçao are not available in the so-called International Electronic Databases and the absence of a reliable public information system that can assist in the verification of client information. Addresses can be notoriously hard to find. For some sectors, especially for the gambling sector, the availability of reliable identification infrastructure is a weakness.

Independent Information Sources

Independent information sources in Curaçao are scarce. Curaçao does not have a credit bureau and credit rating information is not publicly available, which hampers transparency on the financial background of clients. The CoC however does provide information on incumbency. If the client is a regulated entity, information on the type of license and consolidated financial highlights of the domestic banks and the insurance companies is obtainable. Furthermore, a certificate of good conduct can be required from a natural person to verify criminal history.

Shared Recommendations

1. Issue a ministerial decree, in accordance with article 1, paragraph 5 of the NOIS, in which direct family members and close associates of PEPs are defined as well as the period during which the qualification of PEP shall remain valid from the moment a public office is no longer held; include prominent functions within international organizations in the definition of PEPs in the NOIS (AML/CFT/CFP Committee /Minister of finance/WJZ).
2. Finalize the draft national decree containing general measures for the implementation of a registry for Ultimate Beneficial Owners, the so-called UBO-registry
3. Reconsider granting access to the UBO – Registry to all AML/CFT authorities
4. Ensure that systems for identification are linked together, for instance link the Civil Registry's basic administrative system to the system for ID documents and link the ID documents system to the passport system
5. Consider whether all (legal) persons and entities registered at the CoC should submit their financial statement annually to enhance transparency ¹¹⁴
6. Test the accuracy and the actualization of the information available at the CoC
7. Establish a government owned or regulated credit bureau or a similar institution to improve transparency on the financial background of local clients

¹¹⁴ The legal authority of the CoC in this regard must be confirmed/arranged.

23.Recurring Recommendations

Shared findings were discussed in the previous chapter along with a number of recommendations that recurred in almost all the reports of the working groups. These recommendations address a lack of resources and capacity among supervisory organizations, and/or they point to certain activities that these organizations and their supervised entities should perform better or more frequently. Furthermore, the recommendations relate to the omission of certain topics in the regulations or the lack of awareness on money laundering activities among supervised entities. And finally, they address the need for information sharing and cooperation of all organizations that can play a role in combating money laundering.

Get rid of extra white space in some of the following lists (p. 124; add period at end of each recommendation)

Recurring Recommendations

Resources

1. Dedicate more budget to the Financial Intelligence Unit (FIU) (both departments) tasked with the fight against money laundering
2. Allocate more and readily available resources to the FIU (Supervision), such as well-equipped and well-trained personnel with the necessary skills and up-to-date knowledge, budget, and tools, to perform more full comprehensive on-site examinations, carry out supervisory activities effectively and to ensure a more visible presence in the supervised sectors
3. Allocate more and readily available resources to the FIU (Analysis Department), such as well-equipped and well-trained personnel with the necessary skills and up-to-date knowledge, budget, and tools, to perform more effective analysis
4. Dedicate more budget to increase the number of employees in the CBCS divisions responsible for supervision as well as furthering more in-depth AML/CFT knowledge of the off-site staff members to create sufficient capacity to perform AML/CFT oversight tasks more effectively

Legislation and Regulation

5. Amend the NOIS and the NORUT or draft national decrees to subject new services and products to the AML/CFT regime
6. Stipulate, assess, and amend indicators for the existing and new services and products.
7. Consider lowering the reporting threshold for cash transactions and amend the *Ministerial Decree Indicators Unusual Transactions*.
8. Enact the national decrees containing general measures in accordance with article 9a, paragraph 7 and article 9j, paragraph 2 of the NOIS to determine the monetary amount related to the fines and the penalties that the CBCS, the FIU, and the GCB can impose by virtue of the NOIS
9. Amend the NORUT to include a reporting obligation (or reporting right) for the Tax Authority, the Collector's Office, the CoC, the Ministry of Economic Development, the Car Inspection Department, and the Government Foundation for Tax Audits, Customs, and Land Registry for unusual activity they encounter and waive their legal confidentiality obligations
10. Consider whether the NOIS and the NORUT stipulations (including legal protection) should be applicable to service providers in case of high value goods in general irrespective of the sector.
11. Ensure that the implementing legislation required by the NOIS and the NORUT are drafted/ updated and implemented
12. Issue generally binding requirements with regard to integrity, business conduct, financial securities, and reporting (CBCS).
13. Revise the CBCS Guideline on Incident Reporting to ensure reporting of all incidents by all supervised entities and clearly communicate to the sector what the consequences are in case of failure to comply with this requirement
14. Require in the provisions and guidelines from supervised entities that they develop better internal procedures on the frequency of updating the PEP list, that they describe in their procedures whom they consider PEPs, and that they add PEPs from international organizations
15. Require in the provisions and guidelines from supervised entities that they develop better internal procedures on the frequency of updating the PEP list, that they describe in their procedures whom they consider PEPs and that they add PEPs from international organizations (this is duplicate of #14; remaining numbers are off by one)
16. Adopt policy documents regarding a risk-based approach and enhanced due diligence when dealing with PEPs (should be #15, etc.)
17. Sharpen the requirements in the provisions and guidelines for the position of compliance officers to assure that they possess essential skills
18. Introduce a policy concerning the 'fitness' of directors and co-policymakers of supervised entities, with details on requirements of knowledge, skills, and professional behavior, including continuing education requirements, work experience, and competences
19. Draft a risk assessment policy and include the criteria for assessment

20. Issue requirements for the compliance policy that should be implemented in the organizations of specific sectors, regardless of the size of the business
21. Develop and implement regulations and guidelines for keeping statistics in accordance with article 24 of the NORUT and the FATF guidance on these matters
22. Create awareness of the responsibility and accountability of supervised entities to comply with the NOIS, the NORUT, and the provisions and guidelines of the FIU, and let the FIU provide more training and typologies
23. Create awareness of the consequences of a failure to report incidents to the CBCS by organizing information sessions on the CBCS regulation on incident reporting
24. Promote awareness of the necessity of an effective compliance function and emphasize the consequences of breaches in case of noncompliance with compliance policies in the provisions and guidelines
25. Provide awareness training or sessions to increase awareness of the importance of effective unusual activity monitoring and reporting through profiling customers and of the risks of conducting business with local and foreign PEPs
26. Provide training for supervised entities on transaction monitoring, the relevant reporting indicators, and the quality of UTRs
27. Stimulate inclusion of awareness on compliance in the curriculum of local and foreign universities and focus on 'Learning about compliance' when educating trainees
28. Create more awareness of compliance, for instance, by introducing a module 'Learning about compliance' in the first year of traineeships as part of the program for trainees

Control

29. Make the legal obligation to register at both departments of the FIU a requirement for granting a business license or registration at the database of the CoC
30. Investigate whether all parties required to register with the FIU Analysis Department have done so and if not, impose administrative sanctions).
31. Enhance the regulation of relevant sectors via stipulation of entry controls to safeguard the integrity and the quality level of the sectors
32. Proactively investigate whether only authorized actors operate in regulated sectors.
33. Initiate or increase AML/CFT on-site examinations in the sector, take measures to improve off-site monitoring of compliance with AML/CTF rules and regulations, impose administrative sanctions in case of noncompliance, and introduce periodic reporting requirements on compliance with the AML/CFT rules and regulations
34. Ensure that more on-site examinations are conducted to assess continuing compliance with AML/CFT obligations and to be able to enforce administrative sanctions
35. Carry out a risk-based AML supervisory program, apply a risk-based approach, increase the number of on-site examinations, and impose sanctions to help realize effective oversight and to ensure a more visible presence of the supervisory authority
36. Build trust between the supervised entities and the FIU, especially when it comes to confidence in the safeguard procedures which the FIU follows after a report has been made by a supervised entity
37. Ensure that the sectors report unusual transactions and that records are kept in line with the NOIS and the provisions and guidelines of the supervisory authority
38. Implement checks and balances to ensure the integrity of staff
39. Increase awareness of money laundering risks in the sectors, invest in appropriate AML training programs and materials for personnel, and tackle the attitude of employees who regard compliance with AML/CFT as an inconvenience
40. Adopt the legal obligation to register at both departments of the FIU a requirement for granting a business license or registration at the database of the CoC
41. Investigate whether all parties required to register with the FIU have done so and if not, impose sanctions

Information Sharing and Cooperation

41. Stimulate cooperation and enable data exchange between all government agencies tasked with combatting money laundering and organizations that can play a role in the detection of money laundering practices, for instance, the FIU, the CBCS, the GCB, the Ministry of Economic Development, Customs Curaçao, the Car Inspection Department, the Tax Authority, the CoC, and the Curaçao Police Force
42. Facilitate sharing of information, including registration information to the FIU by the CoC of Curaçao, the Tax Authority, the Ministry of Economic Development, the Land Registry, the Civil Registry, the Social Security Bank, and the Police Force
43. Increase and facilitate information sharing between the CBCS and the supervision department of the FIU, and between the analysis department of the FIU and Customs

Appendix I Glossary of Acronyms

AA	Accountant Administratieconsulent
ACOC	Action Center Undermining Curaçao
ALL	National Ordinance on General National Taxes (NOGNT)
AML	Anti-Money Laundering
AML/CFT/CFP Committee	National Committee on Anti-Money Laundering/ Countering Financing of Terrorism/ Countering Financing Proliferation
ATF	Anti-Terrorist Financing
AVIUD	General Ordinance import, export, and transit of 1908
BNI	Bearer Negotiable Instruments
CBA	Crime Analysis Report
CBA	Curaçao Banks Association
CBCS	Central Bank of Curaçao and Sint Maarten
CBS	Central Bureau of Statistics Curaçao
CDD	Customer Due Diligence
CFATF	Caribbean Financial Action Task Force
CFT	Counter financing of terrorism
CIFA	Curaçao International Financial Services Association
CIGA	Curaçao Internet Gaming Association
CoC	Chamber of Commerce
COHO	Caribbean Body for Reform and Development
CPA	Certified Public Accountant
CSP	Corporate Service Providers
Curinde	Curaçao Industrial and International Trade Development Company N.V.
DCAA	Dutch Caribbean Accountants Association
DCSX	Dutch Caribbean Securities Exchange
DEA	U.S. Drug Enforcement Administration
DNFBPs	Designated non-financial businesses and professions
EFTs	Electronic Funds Transfers
EOIR	Exchange for information on Request
EU	European Union
FATF	Financial Action Taskforce
FIU	Financial Intelligence Unit
FT	Financing of Terrorism
FTF	Foreign Terrorist Fighters

FTZ	Foreign Trade Zone
FWNK	Fundashon Wegá di Number Kòrsou
GCB	Gaming Control Board
GDP	Gross Domestic Product
IAD	Internal Audit Department
IBA	International Bankers Association
Icc	Information Centrum Curaçao
ICC	Intelligence Center Curaçao
IFC	International Financial Centre
INSCR	International Narcotics Control Strategy Report
KPC	Curaçao Police Force
LBH	National Ordinance on Offshore Hazard Games
LCC	Landsverordening Casinowezen Curaçao
LEA	Law Enforcement Agencies
LR	National Detectives Agency
LRO	Land Registration Office
MEO	Ministry of Economic Development
ML	Money Laundering
MLA	Mutual Legal Assistance
MoU	Memorandum of Understanding
MSB	Money Services Providers
MTC	Money Transfer Company
MVTS	Money Value Transfer Systems
NCB-IPC	National Central Bureau – INTERPOL Curaçao
NDSP	National Decree Penalties and Fines Service Providers
NDUT	National Decree regarding Penalties and Fines Reporting Unusual Transactions
NGO	Nongovernmental organization
NOIS	National Ordinance Identification when Rendering Services
NOOCMT	National Ordinance on the Obligation to Report Cross-Border Money Transportation
NORUT	National Ordinance Reporting Unusual Transactions
NOSIIA	National Ordinance on the Supervision of Investment Institutions and Administrators
NOSSIAM	National Ordinance on the Supervision of Securities Intermediaries and Asset Managers
NOST	National Ordinance on the Supervision of Company Trust Service Providers
NPFRUT	National Decree containing general measures on Penalties and Administrative Fines
NPO	Non-profit organization
NRA	National Risk Assessment
NV	Limited Liability Company
OECD	Organized & Economic Crime Department

PEP	Politically Exposed Person
PF	Proliferation Finance
PIOD	Customs Investigation Service
PPO	Public Prosecutors Office
RA	Register Accountant (Dutch registered accountant)
RST	Special Police Taskforce
SAR	Suspicious Activity Report
SBAB	Government Foundation for Tax Audits
SER	Social Economic Council
STR	Suspicious Transaction Report
SVB	Social Insurance Bank
TBML	Trade-based money laundering
TBO	Anti-Corruption Taskforce
TCSP	Trust and Company Service Provider
TF	Terrorist financing
TFO	Financial Investigations team, previously BFO
TFS	Targeted Financial Sanctions
TIEA	Tax Information Exchange Agreement
TIO	Criminal fiscal investigation team
TIRP	Terrorist incident response plan
TSP	Trust Service Provider
UBO	Ultimate Beneficial owner
UN	United Nations
UNSCR	United Nations Security Council Resolution
US	United States
US FOL	U.S. Air Force Forward Operating Location
UTR	Unusual Transaction Report
VAB	Association of Antillean Tax advisors
VDC	National Security Service Curaçao
VVC	Department of Curaçao Police Force responsible for investigating high-volume crimes
WB	World Bank
WG	Working Group
WJZ	Department of Legislation and Legal Affairs

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Appendix III Laws and Regulations

- ✓ Amendment to the General National Ordinance on National Taxes (P.B. 2018, no. 30).
- ✓ Book 2 Civil Code.
- ✓ Book 3 Civil Code.
- ✓ Book 6 Civil Code.
- ✓ Central Bank Statute.
- ✓ Code of Criminal Procedure.
- ✓ Ministerial Decree on Indicators for Unusual Transactions (P.B. 2015, 73).
- ✓ National Ordinance containing new stipulations for the commercial register (P.B. 2009, no. 51).
- ✓ National Ordinance Identification when rendering Services (P.B. 2017, no. 92) consolidated text.
- ✓ National Ordinance on the Reporting of Unusual Transactions (P.B. 2017, no. 99) consolidated text.
- ✓ National Ordinance for the repair of preferential tax regimes (P.B. 2018, no. 33)
- ✓ National Ordinance on Supervision of Banking and Credit Institutions (P.B. 1994, no. 4) as amended by the
- ✓ National Ordinance on Actualization and Harmonization (P.B. 2015, no. 67).
- ✓ Penal Code.
- ✓ Policy Rule for Sound Business Operations in Cases of Conflict of Interest.
- ✓ Policy Rule on Integrity Testing.
- ✓ Provisions and Guidelines on the Detection and Deterrence of Money Laundering and Terrorist Financing for Credit Institutions.
- ✓ Sanctions National Ordinance (P.B. 2014, no. 55).
- ✓ Algemene Landsverordening Landsbelastingen (P.B. 2013, no. 53) - National Ordinance on General National Taxes (P.B. 2001, no. 89) after incorporation of the amendments, the latest one being the one published in P.B. 2013, no. 53. (Zie Engelse vertaling <http://www.dutchcaribbeanlegalportal.com/legal-documents/laws-ordinances/finish/345-translations-tax-legislation/1326-general-national-taxes-ordinance-translation-september-2013>).

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- ✓ Algemene landsverordening in-, uit- en doorvoer 1908 (P.B 1949, no. 62) - General Ordinance import, export, and transit of 1908 (P.B. 1949, no. 62).
- ✓ Landsverordening Vrije Zones 1975 (P.B. 1975, no. 211) + memorie van toelichting.
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- ✓ Richtlijnen vestigings- en directievergunning d.d. 27-10-2011 – Guidelines on establishment and management permit/license of 27th of October 2011.
- ✓ Landsverordening aanmeldingsplichtsplicht van grensoverschrijdende transporten- National Ordinance on the Obligation to Report Cross-Border Money Transportation (MER 2016) of National Ordinance on the Obligation to Report International transportation of currency or monetary instruments (MER 2012) (P.B. 2002, no. 74, P.B. 2012, no. 9 C.T., P.B. 2014, no. 90 and explanatory notes).
- ✓ Instellingsbesluit E-zone commissie juli 2016 - National decree of the establishment of the E-zone commission on the 22 July 2016, no. 16/2016.
- ✓ Landsverordening reparatie preferentiële belastingregimes (P.B. 2018, 33), zie artikel II, p. 9 – National Ordinance for the repair of preferential tax regimes (P.B. 2018, no. 33).
- ✓ Tijdelijke regeling in-, uit-, en doorvoerverbod Venezolaans goud (P.B. 2019, no. 25) -Ministerial regulation on prohibition of the import, transit, and export of gold from Venezuela P.B. 2019, no. 25.
- ✓ Landsbesluit in-, uit-, en doorvoerverbod Venezolaans goud (P.B. 2019, no. 82) – National Decree on prohibition of the import, transit, and export of gold from Venezuela (P.B 2019, no. 82).
- ✓ Ministeriële regeling reële aanwezigheid (P.B. 2019, no. 56) - Ministerial Decree on Real Presence (P.B. 2019, no. 56).
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- ✓ Landsbesluit E-zone Dokmaatschappij (P.B. 2017, no. 7).

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- ✓ Landsbesluit houdende verlening van toestemming aan het eiland Curaçao tot instelling van een tweede economische zone (P.B. 1996, no. 95)- National Decree second economic zone Hato.
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- ✓ Deviezenregulering 2017 - Foreign exchange regulation 2017 implementation decree of the foreign exchange regulation for Curaçao and Sint Maarten 2010.
- ✓ Memorandum met betrekking tot het wetsvoorstel betreffende wijziging van het E-zone regime d.d. 19-11-2019.
- ✓ National Ordinance on Identification when Rendering Services (NOIS) (P.B. 2010, no. 40 as amended by P.B. 2015, no. 69) (consolidated text P.B. 2017, no. 92).
- ✓ National Ordinance on Reporting Unusual Transactions (NORUT) (P.B. 2010, no. 41 as amended by P.B. 2015, no. 68) (consolidated text P.B. 2017, no. 99).
- ✓ National Ordinance on permits of 1963.
- ✓ Penal Code.

Appendix IV Working groups

(TL = Team Leader)

Team 1: Money Laundering Threat Assessment and Terrorist Risk Assessment

- FIU Curaçao (TL)
- INTERPOL Curaçao
- Tax Inspection
- Police Force
- National Intelligence Unit
- Legislation and Legal Affairs
- Ministry of Finance
- Public Prosecutors Office
- Tax Authority
- Ministry of Justice
- Customs Authority
- Police Team Dutch Kingdom
- Directorate of Foreign Affairs
- Statistical Agency
- Secretary General of the Ministry of General Affairs

Team 2: Money Laundering National Vulnerability Assessment and Terrorist Risk Assessment

- FIU Curaçao (TL)
- INTERPOL Curaçao
- Tax Inspection
- National Intelligence Unit
- Legislation and Legal Affairs
- Public Prosecutors Office
- Tax Authority
- Team Border Surveillance
- Customs Authority
- Police Team Dutch Kingdom
- Secretary General of the Ministry of General Affairs
- Ministry of Justice
- Directorate of Foreign Relations

Team 3: Money Laundering Banking Sector

- Central Bank of Curaçao and Sint Maarten (TL)
- International Bankers Association
- Bankers Association
- Federation of Savings and Credits Cooperatives
- FIU Curaçao

Team 4: Money Laundering Securities Sector/Insurance sector/Other Financial Institutions

- Central Bank of Curaçao and Sint Maarten (TL)
- United Payment Services
- Curaçao Insurance Association
- Factoring Services
- FIU Curaçao
- Curaçao International Financial Services Association
- Securities Exchange
- Curaçao and Bonaire Insurance Association
- Tax Inspection

Team 5: Money Laundering DNFBPs

- FIU Curaçao (TL)
- Gaming Control Board
- Dealer in Building Materials
- Accountant
- Tax Advisor
- Real Estate Agent
- Curaçao Chamber of Commerce
- Lottery Foundation Curaçao
- Car dealer
- Jeweler
- Bar Association
- Casino
- Notary Association
- Tax Inspection
- Central Bank of Curaçao and Sint Maarten
- Curaçao International Financial Services Association

Team 6: Financial Inclusion Product Risk Assessment

- Central Bank of Curaçao and Sint Maarten (TL)
- Bankers Association
- Department of Social Development, Labor and Welfare
- Ministry of Economic Development
- Consumers Association