

FIU

BELIZE



ANNUAL
REPORT

2015



FINANCIAL INTELLIGENCE UNIT

Director

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P.O. Box 2197
Belize City, Belize

July 19, 2016

Rt. Hon. Dean O. Barrow
Prime Minister and Minister of Finance
Office of the Prime Minister
Sir Edney Cain Building
Belmopan

Dear Prime Minister,

Re: Belize FIU Annual Report 2015

I am pleased to present the Belize Financial Intelligence Unit (FIU) Annual Report 2015 for your perusal and consideration. Although this document is referred to as an "annual" report, the reporting period referred to therein covers both 2014 and 2015.

Pursuant to Section 19(1)(b) of the FIU Act, this report should be tabled in both Houses of the National Assembly. The FIU would be grateful for your assistance in facilitating this requirement.

The FIU stands firm in its commitment to stringent monitoring of Belize's financial services sector and the designated non-financial services and professions to detect and prevent abuse of our jurisdiction by opportunistic criminals.

Thank you for your continuing support of the FIU in fulfilling its statutory duties.

Respectfully yours,

A handwritten signature in black ink, appearing to read 'A. Joy Grant'.

Amb. A. Joy Grant
Director



Vision

To add value to analytical, investigative and prosecutorial processes on the national, regional and international levels, while maintaining a high level of confidentiality, integrity and professionalism, in a collaborative effort to combat money laundering and terrorist financing.

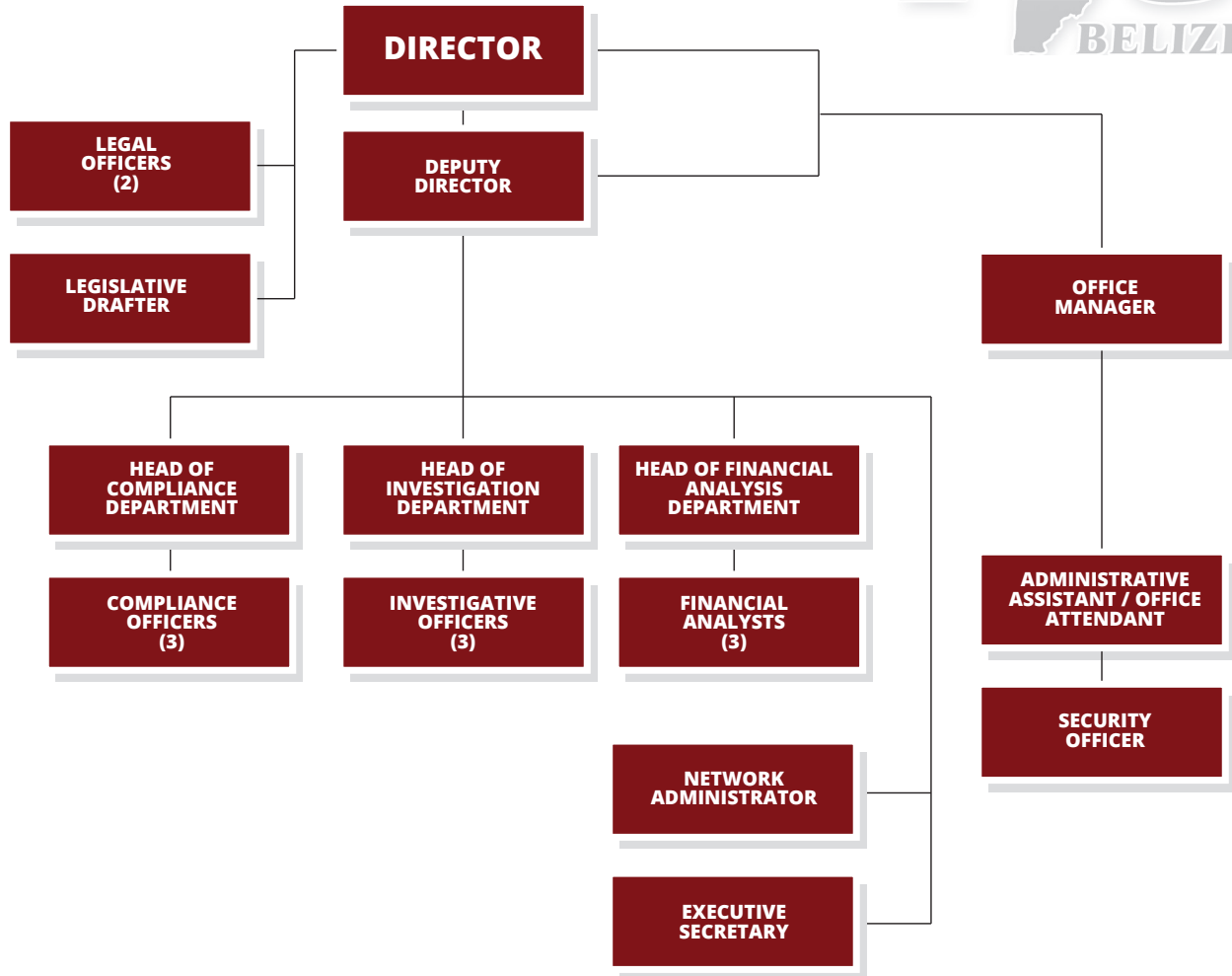


Mission

To contribute to the economic and social stability of Belize by:

- safeguarding its financial system from abuse without obstructing legitimate business;
- engaging in tactical and strategic intelligence gathering and sharing;
- securing compliance with the highest international standards and best practices for combating money laundering and terrorist financing; and
- cooperating with local law enforcement, regulators and international counterparts, to ensure that Belize plays its part in the fight against cross-border financial crime.

FINANCIAL INTELLIGENCE UNIT ORGANIZATIONAL CHART





Contents

List of Abbreviations	1
Director's Message	2
Country Overview	5
The Belize FIU: Who We Are and What We Do	6
<i>Background</i>	6
<i>Core Functions: Meeting International Standards</i>	7
<i>Additional Functions: Meeting the Needs of Belize</i>	7
Coordination and Cooperation	7
Investigation and Prosecution	8
AML/CFT Supervision and Education	9
Achieving a Higher Standard: Strengthening Belize's AML/CFT Framework	10
<i>Domestic Coordination and Cooperation</i>	10
<i>AML/CFT Supervision of Reporting Entities</i>	11
<i>AML/CFT Obligations of Reporting Entities, Including DNFBPs</i>	12
<i>Law Enforcement</i>	12
<i>International Cooperation</i>	13
Analysis and Intelligence	15
<i>Suspicious Transaction Reporting</i>	15
STRs by the Numbers: Reporting Entities	16
STRs by the Numbers: Suspected Offences	17
STRs by the Numbers: Resolution	18
STRs by the Numbers: Value	19



<i>Other Information: Currency Export Reports</i>	20
<i>Indicators, Trends and Typologies</i>	21
Continuing Trends	21
Emerging Trends	21
Typologies	22
Supervision and Enforcement	24
<i>Registration</i>	25
<i>Money Laundering Compliance Officers</i>	26
<i>Compliance Programs</i>	27
<i>On-site Inspections and Enforcement</i>	28
Investigation and Prosecution	30
National and International Cooperation	31
<i>Information Sharing</i>	31
<i>Building a Network</i>	33
Presentations and Training Conducted by the FIU	34
<i>Guest Presentations</i>	34
<i>Training for Reporting Entities</i>	34
<i>DNFBP Outreach</i>	35
Specialised Staff Training and Professional Development	36
Conclusion	37
Appendix 1: FIU's Legislative Mandate under the FIU Act and MLTPA	39
Appendix 2: Measures to Strengthen Belize's AML/CFT Legal Framework	42
Appendix 3: Changes in Obligations of Reporting Entities MLTPA Sections 15 to 19	43
Appendix 4: Information Requests by Country	45
Appendix 5: Training Received by FIU Staff	47



List of Abbreviations

AML/CFT	Anti-money Laundering and Countering the Financing of Terrorism
BZD	Belizean Dollar
CCARP	Caribbean Criminal Asset Recovery Program
CBB	Central Bank of Belize
CFATF	Caribbean Financial Action Task Force
CICAD	Inter-American Drug Abuse Control Commission
DNFBPs	Designated Non-financial Businesses and Professions
EUR	Euros
FATF	Financial Action Task Force
FINCEN	Financial Crimes Enforcement Network
FIU	Financial Intelligence Unit
GBP	British Pounds
GovRisk	The International Governance and Risk Institute
IFSC	International Financial Services Commission
MLCO	Money Laundering Compliance Officer
ML/TF	Money Laundering and Terrorist Financing
ML/TF/ FP	Money Laundering, Terrorist Financing and Financing Proliferation of Weapons of Mass Destruction
MLTPA	Money Laundering and Terrorism (Prevention) Act, 2008
MOU	Memorandum of Understanding
NAMLC	National Anti-money Laundering Committee
NGO	Non-governmental Organisation
NPO	Non-profit Organisation
OAS	Organisation of American States
PEP	Politically Exposed Person
STR	Suspicious Transaction Report
USD	United States Dollars

Director's Message

During the reporting period 2014 to 2015, Belize faced serious challenges in our implementation of international obligations to fight money laundering and terrorist financing (ML/TF). Against the backdrop of heightened scrutiny, Belize put forth a concerted effort and made significant strides in bolstering our legislative and supervisory framework. In addition, progress was made in the areas of stakeholder communication and education as well as strengthening national and international cooperation. Notwithstanding the progress made, the jurisdiction remains committed to continuing strengthening our regime to ensure the integrity of our economy and financial system, and to continue to cooperate with our regional and international counterparts in the global fight against money laundering and terrorist financing.

This is the second annual report of the Belize Financial Intelligence Unit (FIU) since our establishment in 2002. On the heels of the previous annual report in 2013, much focus has been placed on strengthening the legislative framework and addressing the concerns raised by the Caribbean Financial Action Task Force (CFATF). Numerous amendments

were made to the principal legislation for anti-money laundering and countering the financing of terrorism (AML/CFT), namely, the Money Laundering and Terrorism (Prevention) Act, 2008 (MLTPA) and the Financial Intelligence Unit Act (FIU Act). Amendments were also made to other pieces of legislation, including the Companies Act, Domestic Banks and Financial Institutions Act, Gaming Control Act, Trust Act and the Insurance Act. New primary and subsidiary legislation was also introduced, such as the Mutual Legal Assistance and International Cooperation Act, 2014, and the Designated Non-Financial Businesses and Professions Regulations, 2014 (DNFBP Regulations). The timely and extensive legislative review, coupled with other efforts to strengthen institutional cooperation and supervision, resulted in Belize achieving a level of compliance comparable to a rating of largely compliant with all the Recommendations of the Financial Action Task Force (FATF) that are considered "Key and Core". This achievement allowed Belize to exit from the CFATF follow-up process as well as the International Cooperation Review Group (ICRG) review process.

In line with our nature as a hybrid unit, the Belize FIU is charged with supervisory

responsibility for the Designated Non-financial Businesses and Professions (DNFBP) sector. The introduction of the DNFBP Regulations led to a surge in the registration of DNFBPs and application for approval of money laundering compliance officers (MLCOs). The FIU sought to provide support to stakeholders in the sector and carried out training and outreach exercises throughout the reporting period. Support and outreach, however, were not limited only to the DNFBP sector; sensitisation presentations were also made to banks, credit unions, and other financial institutions.

Progress was also made in the area of improving cooperation between domestic and international stakeholders in the fight against ML/TF. The reporting period saw the establishment of the National Anti-Money Laundering Committee (NAMLC), with high-level representation from law enforcement, regulators, supervisors and central government. The committee is charged with ensuring oversight and coordination of a national action plan to ensure coordination among key local stakeholders. Domestic Memoranda of Understanding (MOUs) were signed between the FIU and the Central Bank of Belize (CBB) and the Corozal Free Zone Management Authority. International MOUs were signed between the Belize FIU and the FIUs of St. Maarten, St. Vincent and the Grenadines and Poland.

Analysis remains an integral function of the FIU and, during the reporting period, the number of suspicious transaction reports (STRs) received and analysed increased steadily. While banks continue to dominate STR filings, there have been notable increases in STRs received from international service providers, credit unions, and DNFBPs. In an effort to continue this trend, the FIU, along with our other supervisory partners in the AML/CFT regime, remain committed to providing support and guidance to reporting entities about their role in the fight against ML/TF.

Looking toward the future, developing and emerging jurisdictions face a myriad of challenges born of the fallout from the global financial crisis and the intensified global efforts to combat ML/TF. The Belize FIU remains steadfast in our commitment to ensuring that Belize's AML/CFT regime meets, and where possible exceeds international requirements. To this end, we continue to engage the private sector with training and education and seek to streamline our own internal operations. The FIU also remains committed to continuing working with national and international stakeholders to ensure Belize's economy and financial system provide no safe harbour for those who would seek to abuse it for the purposes of money laundering or terrorist financing.



Country Overview

Belize is a small country located between the mainland of Central America and the Caribbean Sea. The country's population is estimated at 370,300 and the capital city is Belmopan. Belize is a member of the Commonwealth of Nations and the Caribbean Community (CARICOM). The country operates a Westminster style democracy and has a history of free and fair elections. The Belize legal system is based on common law and the final appellate court is the Caribbean Court of Justice (CCJ).

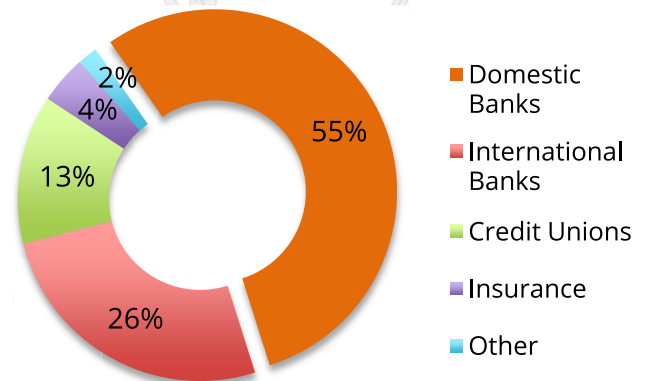
TABLE 1: KEY INDICATORS

Capital City	Belmopan
Population ¹	370,300
Average Inflation ²	0.8%
GDP Per Capita (BZD) ³	\$9,683.47
Unemployment ⁴	10.2%
Exchange Rate (fixed)	BZD2: USD1

The main drivers of Belize's open economy are agricultural production and tourism. Other drivers include aquaculture,

petroleum and service industries. During the five-year period of 2011 to 2015, output grew on average by 2.5% per annum, driven largely by the services sector. The financial system is dominated by banking, with domestic banks accounting for the greatest share of total assets at 55% in 2014, followed by international banks

FIGURE 1: Composition of Financial System⁵



at 26%. Rounding out the top three are credit unions, accounting for the third largest share of total assets at 13%.

¹ Statistical Institute of Belize, Sep. 2015.

² Statistical Institute of Belize average annual inflation, 2011-2015.

³ International Monetary Fund estimate as at 2015.

⁴ Statistical Institute of Belize, Sep. 2015.

⁵ Central Bank of Belize, 2014.

The Belize FIU

Who We Are and What We Do



BACKGROUND

The Belize FIU was established by the FIU Act on September 16, 2002, to meet the need for a central agency to deal with financial crimes, including ML/TF. International standards, as set out in the FATF Recommendations, require that each country establishes such an agency, provides that agency with information gathering powers and specifies certain minimum functions, known as “core functions”, that the agency should undertake.

The specific provisions that establish the FIU’s functions in law are found in both the FIU Act and the MLTPA.⁶ As reflected in those provisions, the functions of the Belize FIU go far beyond what FATF requires as core functions of an FIU. The Government of Belize has made the FIU responsible for a wide range of duties including domestic and international coordination and cooperation, investigation, prosecution, supervision, outreach and education.

⁶ See Appendix 1.

⁷ See: <http://www.egmontgroup.org/about/financial-intelligence-units-fius>

DIFFERENT KINDS OF FIU

A few major considerations shape the creation of the FIUs: anti-money laundering and counter-terrorism financing laws, existing law enforcement, and the need for an authority that will receive, assess and share financial information. There are four models of FIUs: Judicial, Law Enforcement, Administrative, and Hybrid.

- The **Judicial Model** is established within the judicial branch of government wherein “disclosures” of suspicious financial activity are received by the investigative agencies of a country from its financial sector such that the judiciary powers can be brought into play e.g. seizing funds, freezing accounts, conducting interrogations, detaining people, conducting searches, etc.
- The **Law Enforcement Model** implements anti-money laundering measures alongside already existing law enforcement systems, supporting the efforts of multiple law enforcement or judicial authorities with concurrent or sometimes competing jurisdictional authority to investigate money laundering.
- The **Administrative Model** is a centralized, independent, administrative authority, which receives and processes information from the financial sector and transmits disclosures to judicial or law enforcement authorities for prosecution. It functions as a “buffer” between the financial and the law enforcement communities.
- The **Hybrid Model** serves as a disclosure intermediary and a link to both judicial and law enforcement authorities. It combines elements of at least two of the FIU models.⁷

CORE FUNCTIONS

Meeting International Standards

The FATF Recommendations require all financial intelligence units to receive, analyse and disseminate certain information. These are the core functions and they are made a part of the duties of the Belize FIU by section 11(1), paragraphs (a) – (c), of the MLTPA. Those provisions require the FIU to “receive, analyse and assess reports of suspicious transactions issued by reporting entities” and to forward relevant information to law enforcement authorities where there are reasonable grounds to suspect money laundering or terrorist financing. International standards also require the FIU to periodically provide feedback to reporting entities, supervisory authorities and other relevant entities. Belize law imposes this requirement under MLTPA section 11(1)(l).

ADDITIONAL FUNCTIONS

Meeting the Needs of Belize

Coordination and Cooperation

Aside from our core functions, the Government of Belize has made the FIU responsible for ensuring domestic coordination and cooperation between relevant stakeholders, including both public and private sectors, in evolving methods and policies to prevent and suppress financial crimes. This duty is imposed by section 7(1)(c) of the FIU Act. Additional provisions⁹ ensure that the FIU is empowered to assist Police, Customs, Immigration and AML/CFT supervisory authorities.

The MLTPA also contains provisions to enhance domestic coordination and cooperation. In addition to sections that enable the FIU to share information with Belizean authorities,¹⁰ the new section 77B names the Director of the FIU as Chairperson of the NAMLC. This role is consistent with the duties imposed under the FIU Act

ADDING VALUE WITH ANALYSIS: OPERATIONAL AND STRATEGIC

Operational analysis uses available and obtainable information to identify specific targets (e.g. persons, assets, criminal networks and associations), to follow the trail of particular activities or transactions, and to determine links between those targets and possible proceeds of crime, money laundering, predicate offences or terrorist financing.

Strategic analysis uses available and obtainable information, including data that may be provided by other competent authorities, to identify money laundering and terrorist financing related trends and patterns.⁸

⁸ FATF Recommendations 2012, Interpretive Note to Recommendation 29 (Financial Intelligence Units).

⁹ See FIU Act, sections 7(2) and 7(4).

¹⁰ See MLTPA, section 11(1), paragraphs (k), (n) and (o).

discussed above and is critical to advising the Government of Belize on matters related to money laundering, terrorist financing and financing proliferation of weapons of mass destruction (ML/TF/FP). To help the FIU perform this important role, paragraphs (e) and (f) of MLTPA section 11(1) enable the FIU to compile statistics and information, conduct research, make recommendations and advise the Minister of Finance in the area of money laundering and financing of terrorism and improved ways of detecting, preventing and deterring ML/TF.

In addition to our duties at home, the FIU is also responsible for coordination and cooperation at the regional and international level. Regionally, the FIU serves as Belize's Prime Contact to the CFATF, an organisation of 27 states in the Caribbean Basin created to assist member countries to implement effective AML/CFT regimes and facilitate cooperation. Internationally, the FIU Act and the MLTPA both enable the Belize FIU to share information and generally cooperate with foreign FIUs.¹¹ The MLTPA also empowers the FIU to extend legal assistance to foreign jurisdictions.¹² However, section 11(1)(j) of the MLTPA limits the FIU's ability to lend assistance to matters involving

property tracking, monitoring and orders for forfeiture or freezing. The new Sixth Schedule to the MLTPA specifies what the FIU can and cannot do in response to foreign requests for assistance with such orders.

Investigation and Prosecution

The FIU Act requires the FIU to take such measures as may be necessary, including investigation and prosecution, to counteract financial crimes.¹³ Section 7(3) of that Act specifically empowers the Director of the FIU to investigate suspicious transactions or financial crimes. Because of the nature of financial crimes and the ability to transfer funds almost instantaneously, law enforcement must be able to ensure that assets which may represent the proceeds of crime are kept in Belize until court proceedings can be initiated. Accordingly, the MLTPA empowers the FIU to instruct certain entities to take appropriate steps, including freezing funds or other resources.¹⁴ However, this power is limited to investigations or proceedings for money laundering or terrorist financing and any freezing order expires in no more than seven business days, unless a court orders otherwise.¹⁵

¹¹ See FIU Act, section 7(1)(e) and MLTPA section 11(1)(m).

¹² This power should not be confused with powers of the Attorney General's Ministry as Central Authority for formal requests for mutual legal assistance.

¹³ See FIU Act; section 7(1)(a) and (d).

¹⁴ See MLTPA, section 11(1)(d).

¹⁵ See MLTPA, sections 11(1)(d) and 11(2).

AML/CFT Supervision and Education

In 2008, the legal regime for AML/CFT was expanded to include DNFBPs. Since that time, the FIU has been responsible for supervision of their compliance with AML/CFT obligations. The FIU Act, section 7(1)(b), requires the FIU to perform the functions of both the competent authority and a supervisory authority in accordance with the MLTPA. The MLTPA imposes on the FIU the specific supervisory responsibilities set out in section 21.¹⁶ To enable the FIU to meet these responsibilities, section 11(1)(q) of that Act gives the FIU the information gathering, administrative enforcement and other powers specified in the Fifth Schedule to the MLTPA. The FIU is also identified as the competent authority by MLTPA section 2.

In our role as supervisor, the FIU has engaged in extensive training and outreach to various sectors to help business owners understand their role in the international fight against ML/TF and the related requirements under Belize law. This meets the duties imposed under the FIU Act, section 7(1)(f) and the MLTPA, sections 11(1)(g) and (h).

International standards and the laws of Belize require the FIU to perform in multiple capacities. From the core functions related to financial intelligence, to supervision and outreach, the FIU mandate touches on all elements of the national AML/CFT regime. Despite this heavy workload, emerging trends in serious and dangerous crimes require an ever-increasing vigilance and commitment. As the risks and threats associated with ML/TF continue to evolve, so does the effort and resolve of the FIU.

AML/CFT Supervisory Authorities and the Competent Authority

Although the terms “supervisory authority” and “competent authority” are used differently in different contexts, for the purposes of AML/CFT compliance, they have the following meanings:

Supervisory Authority: Agency responsible for oversight of implementation of AML/CFT obligations by reporting entities and administrative enforcement of those obligations.

Competent Authority: Agency responsible for oversight of supervisory authorities, with powers to request information from, or undertake administrative enforcement in relation to, any reporting entity.

¹⁶See MLTPA, section 11(1)(p).

Achieving a Higher Standard

Strengthening Belize's AML/CFT Framework

Since 2013, Belize has made significant strides in strengthening our AML/CFT framework. After being cited by CFATF as having strategic deficiencies, Belize undertook an impressive legislative initiative and bolstered supervisory efforts. As a result of the substantial progress made, Belize achieved a level of compliance comparable to ratings of at least largely compliant with all FATF Key and Core Recommendations and was publicly commended for our efforts by the CFATF.

An AML/CFT regime is complex and involves many elements and the recent legislative measures touch on almost everyone.¹⁷ Key areas of focus include domestic coordination and cooperation, AML/CFT supervision of reporting entities, AML/CFT obligations of reporting entities (including DNFBPs), law enforcement and international cooperation.

Domestic Coordination and Cooperation

Coordination and cooperation among key

domestic stakeholders are crucial for the effectiveness of an AML/CFT system. To strengthen coordination and cooperation, provisions were added to the MLTPA to create the NAMLC. The Committee is tasked, inter alia, with the development, implementation and oversight of a national action plan to enable supervisory and law enforcement authorities in Belize to effectively and efficiently coordinate with each other in the fight against ML/TF/FP. NAMLC is also responsible for advising the Minister of Finance concerning the development and implementation of policies and activities to combat ML/TF/FP. Membership of NAMLC is set out in the new section 77B of the MLTPA and the procedures of NAMLC are prescribed in the National Anti-money Laundering Committee Regulations, 2014.

MEMBERS OF NAMLC

- Director of the FIU, Chair
- Solicitor General
- Financial Secretary
- CEO of Ministry responsible for Police
- Commissioner of Police
- Governor of Central Bank
- Director of Public Prosecutions
- Comptroller of Customs
- Director of Immigration
- Supervisor of Insurance

¹⁷ See Appendix 2.

AML/CFT Supervision of Reporting Entities

As is the case in many countries, the FIU is responsible for AML/CFT supervision of DNFBPs. Amendments to the MLTPA set out the powers and duties of the FIU specific to our role as supervisor of DNFBPs. These powers include the authority to require the production of information, make on-site compliance visits and share information with the Director of Public Prosecutions, law enforcement agencies and other supervisory authorities. The FIU is also empowered to take administrative enforcement actions including issuing directives, appointing investigators, issuing public statements and imposing financial penalties.

The FIU is not the only government agency responsible for AML/CFT supervision of reporting entities. Other supervisors include the CBB, International Financial Services Commission (IFSC), Supervisor of Insurance (SOI) and Ministry of Finance (MOF). Amendments to sections 21 to 22A of the MLTPA clarify the role of all the AML/

CFT supervisory authorities and expand their sanctioning powers in accordance with international standards. The MLTPA amendments also eliminate overlap and inconsistencies that existed in the legislation and provide for a wide range of administrative sanctions, including the power to direct reporting entities to take specified actions and to impose financial penalties. The new MLTPA section 22B addresses natural justice concerns by providing a right of appeal from any decision made by a supervisory authority or the FIU (in our supervisory capacity) made under the MLTPA or any subsidiary legislation.

Amendments were also made to various pieces of regulatory legislation to ensure that each AML/CFT supervisory authority has the powers required to effectively supervise and regulate in their various sectors. The laws amended or enacted for this purpose include those listed below.

-
- *Companies Act*
 - *Domestic Banks and Financial Institutions Act*
 - *Gaming Control Act*
 - *Insurance Act*
 - *International Financial Services Commission Act*
 - *International Foundations Act*
 - *Non-Governmental Organization Act*
 - *Trust Act*
 - *International Financial Services Commission (Licensing) Regulations*
 - *Designated Non-financial Businesses and Professions Regulations, 2014*
 - *Gaming Control (Administrative Penalty) Regulations, 2014*

AML/CFT Obligations of Reporting Entities, Including DNFBPs

An amendment to the MLTPA defines “AML/CFT obligations” of reporting entities as obligations under any law or guidelines relating to money laundering or terrorist financing¹⁸. Some of the most important obligations for reporting entities are found in MLTPA sections 15 to 19. Those provisions were extensively amended, making changes to requirements for:

- Customer due diligence, ongoing monitoring and enhanced due diligence and monitoring;
- Identification of politically exposed persons (PEPs);
- Performance of risk assessments and application of the risk based approach;
- Providing information to the FIU upon request;
- Reporting, both suspicious transactions and threshold transactions;
- Appointment of compliance officers;
- Establishment of procedures and policies and independent audit functions;

- Information that accompanies wire transfers.¹⁹

International standards identify certain non-financial businesses and professions as being at risk for abuse by money launderers. These are the DNFBPs identified under the MLTPA as reporting entities and are, accordingly, subject to AML/CFT obligations.

To assist DNFBPs in understanding their AML/CFT obligations, the FIU has issued guidelines, instructional notes and informational brochures. These documents, as well as links to relevant best practice papers published by the FATF, can be found on the FIU website: www.fiubelize.org.

Law Enforcement

Certain changes were required in the law enforcement elements of Belize’s AML/CFT regime. These changes were made by amendments to the FIU Act, the MLTPA and the Interception of Communications Act. Perhaps the most important change for members of the private sector is the legal protections afforded to persons who make good faith disclosures to the FIU. An amendment to the FIU Act makes it clear that neither a director, officer or employee, nor the company itself, can be

¹⁸ See MLTPA, section 2 for exact definition.

¹⁹ See Appendix 3 for a detailed description of these amendments.



subjected to criminal or civil proceedings by reason of disclosures made to the FIU in accordance with the FIU Act.

Additional amendments to the FIU Act empower the FIU with operational independence and minimise the opportunity for political interference as stipulated by FATF Recommendation 26 and recommendations made by a technical assistance mission from the International Monetary Fund. Specifically, the effects of those amendments include:

- Creating greater security of tenure for the Director;
- Making the Director specifically responsible for the day-to-day management and administration of the FIU;
- Removing the need to seek Ministerial approval of staff employment contracts;
- Eliminating the need to report to the Minister regarding day-to-day operations.

Amendments to the MLTPA enhance the powers of Police, Customs and the FIU. A new section in the MLTPA empowers Police and Customs officers to search any premises where they have reasonable grounds to suspect that there is cash that represents the proceeds of crime or terrorist financing, or was not properly declared when brought into the country.

The application of natural justice to persons affected by the operation of the MLTPA was also enhanced by recent amendments. New sections in the MLTPA address the right to appeal against forfeiture, application of forfeited cash and payment to victims and innocent third party owners from forfeited cash. Previously, the MLTPA was silent on these matters, in contravention of international best practice.

International Cooperation

Fundamental to the global fight against ML/TF is the capacity for international



cooperation. Given the ease with which people and money can cross borders, the ability to give and receive assistance, information sharing and coordination with other countries is more important than ever. A new Act, the Mutual Legal Assistance and International Cooperation Act, 2014, empowers the Attorney General to make and receive formal requests for mutual legal assistance in criminal matters. Such assistance includes service of legal process, providing evidence, obtaining information and offences at sea.

In specific cases of money laundering or terrorist financing, the new Sixth Schedule to the MLTPA fully articulates the procedures to be followed for foreign requests for restraint orders and enforcement of foreign orders. Additional amendments to the MLTPA provide mechanisms by which targeted financial sanctions imposed by the United Nations Security Council may be implemented. These measures make Belize a stronger international partner in the global AML/CFT network.

Analysis and Intelligence

The Belize FIU serves as the national centre for the collection, analysis and dissemination of information regarding money laundering and the financing of terrorism. The FIU receives disclosures from reporting entities as well as information from other sources. These disclosures and information are analysed for trends, patterns and other links that may indicate ML/TF. When appropriate, results of that analysis may be shared with the appropriate domestic law enforcement authorities, including the Belize FIU Investigations Department, and foreign FIUs.

Suspicious Transaction Reporting

If a reporting entity suspects, or has reasonable grounds to suspect, that a transaction, proposed transaction or attempted transaction stems from criminal activity or is related to money laundering, terrorist financing or is linked with a terrorist act, the entity is required to make a suspicious transaction report (STR) to the FIU. The legal requirement to make such a report is provided for under Section 17(4) of the MLTPA. Upon receipt

of the STR, the information is analysed and, if necessary, additional information may be requested. If warranted, the financial intelligence is shared, in the form of an intelligence report, with the appropriate law enforcement authorities or counterparts in other countries for further action. The intelligence report gives an overview of the suspicious activity, the laundering techniques used and traces the movement of the suspicious funds.

REPORTING ENTITIES²⁰

- Domestic and international banks
- Credit unions
- Financial or investment service providers
- Money or value transfer services
- Trust and company service providers
- Insurance businesses
- Moneylenders and pawnbrokers
- Casinos
- Attorneys
- Accountants
- NGOs/NPOs
- Persons who, as a business, deal in:
 - Precious metals or stones
 - Vehicles
 - Real estate

²⁰ See MLTPA, First Schedule, for complete list.

STRs by the Numbers

Reporting Entities

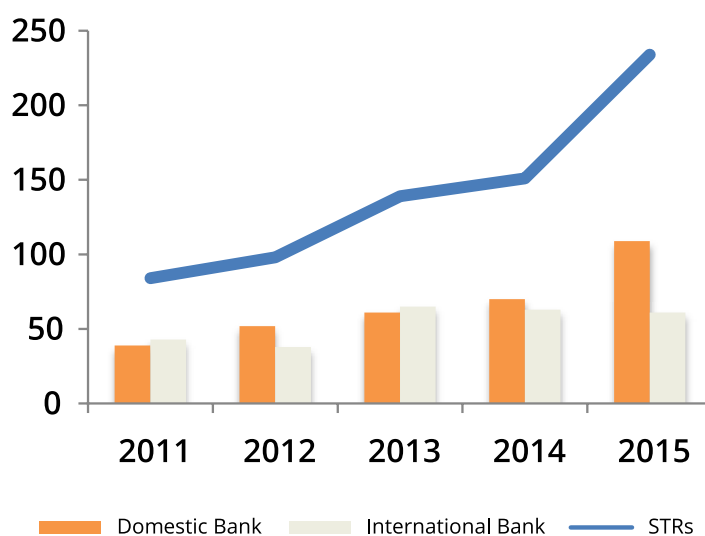
TABLE 2: STRS SUBMITTED 2011-2015

	2011	2012	2013	2014	2015
Domestic Bank	39	52	61	70	109
International Bank	43	38	65	63	61
International Services	2	3	6	7	21
Credit Union	0	1	1	3	12
Other	0	4	6	8	31
Total	84	98	139	151	234

The number of suspicious transactions reported to the FIU increased steadily during the period 2011 to 2015. The highest percentage growth was recorded in 2015, as year-on-year transactions reported increased by 55%. Domestic banks accounted for the lion's share of STRs filed, averaging 47% during the four-year period. International banks accounted for an average of 41% of STR filings; however, their relative share has been on a declining trend since 2013. All other sectors accounted for 12% of STRs filed during the period. Of note, in 2015, the share of STRs reported

by non-financial businesses rose to 22%. This increase is due in large part to the additional emphasis placed on, and support provided for, the DNFBP sector by the FIU.

FIGURE 2: STRs by Reporting Entity



STRs by the Numbers

Suspected Offences

TABLE 3: SUSPECTED OFFENCES 2011 - 2015

	2011	2012	2013	2014	2015
Fraud	31	37	62	62	63
Money Laundering	4	19	18	21	21
Unusual Activity	5	14	10	10	30
Drug Trafficking	0	0	2	2	6
Due Diligence	4	5	21	36	48
Embezzlement	0	5	4	0	3
Unauthorized Currency Exchange	5	4	5	1	8
Large Transaction	7	7	8	6	6
Other	28	7	9	13	49
Total	84	98	139	151	234

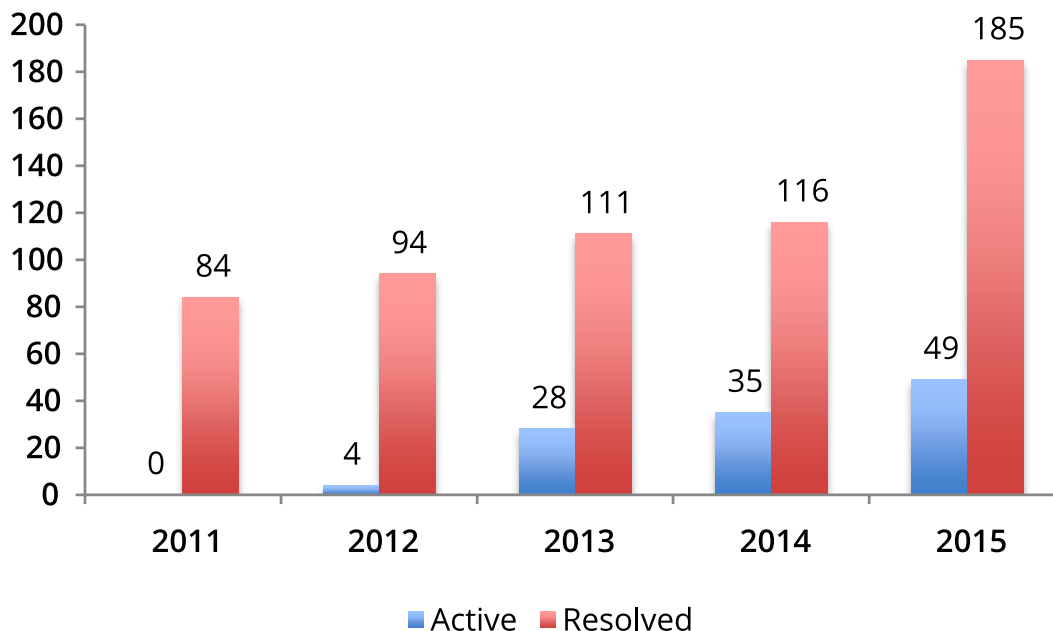
Fraud was the most commonly suspected offence reported during the period. Other suspected activities were related to money laundering, embezzlement, large transactions not consistent with the account profile, other unusual account activity and unauthorized currency exchange. Adverse or incomplete

information discovered concerning clients or parties to a transaction were classified as due diligence issues. Of note, due diligence related STRs increased significantly in 2015, due in part to the continued outreach of the FIU to the various reporting entities.

STRs by the Numbers

Resolution

Figure 3: STR Status



As part of carrying out our core functions, the FIU seeks to analyse and resolve STRs in a timely and definitive manner. Suspicious transaction reports that are classified as “resolved” have been analysed and filed for intelligence. Classification of an STR as “active” indicates that the analysis is ongoing. During the five-year period, the

FIU managed to satisfactorily resolve 84% of STRs. Though the number of suspicious transactions filed with the FIU more than doubled during the period, the FIU was still able to resolve 79% of STRs filed in 2015. Work to increase that percentage is ongoing.

STRs by the Numbers

Value

The requirement to make STRs is not limited by a dollar value. Reporting entities can file an STR in relation to any amount. In fact, moving a large sum of money by breaking it into several low-value transactions is a method known as “smurfing” that is frequently used to avoid the suspicion raised by a single large transaction. The total value of suspicious transactions reported to the FIU during the five-year period, as reflected in Figure 4, was approximately equivalent to BZ\$189 million.

After peaking in 2011 at BZ\$72 million, the value of transactions reported dropped significantly, falling to a low of BZ\$16 million in 2014 and closing at BZ\$29 million in 2015. From a currency perspective, STRs in USD accounted for the largest share during the period at

US\$73.6 million, followed by STRs in BZD, EUR and GBP which amounted to BZ\$29.2 million, €3.6 million and £1.2 million, respectively. The reduction in STR value is partly attributable to declines in the volume and value of transactions reported in the international banking sector. For the purposes of reporting, “transaction” includes any activity that may be conducted by a reporting entity in connection with a customer or client, including attempted transactions. Accordingly, the value of the transaction is not always available due to the type of transaction being undertaken or the point at which the suspicion was formed and reported. Transactions that may not always yield a reportable dollar value include account-opening, use of safe deposit box and attempted transactions.

FIGURE 4: Value Involved in STRs (BZD Millions)

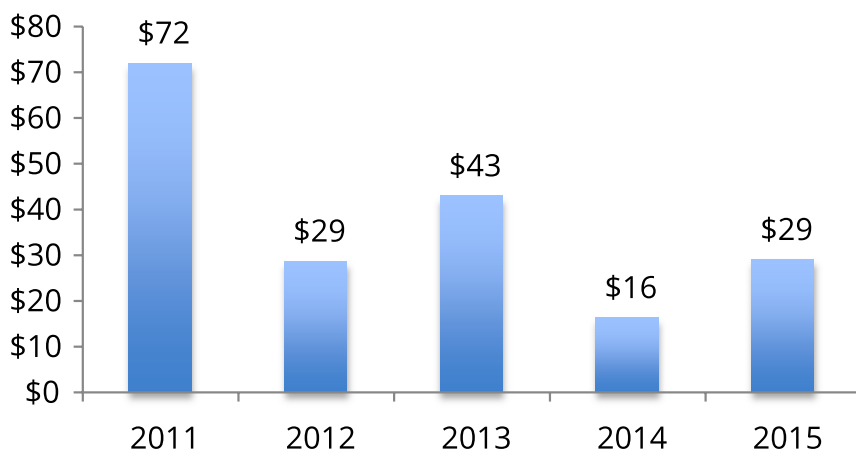


TABLE 4: TYPES OF CURRENCY INVOLVED IN STRS

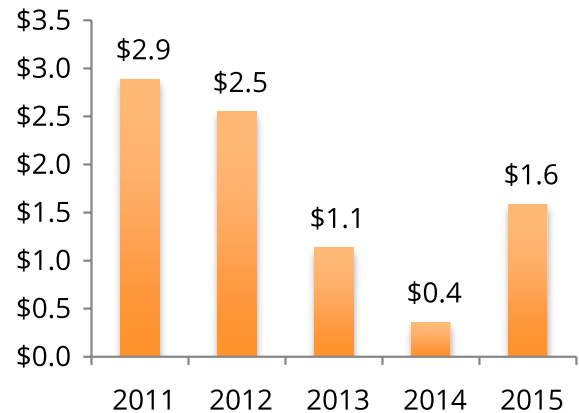
Currency	Value (Millions)
BZD	\$29.2
USD	\$73.6
EUR	€3.6
GBP	£1.2

Other Information

Cash Export Reports

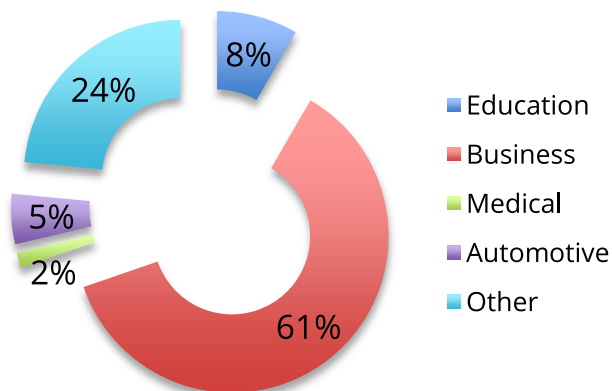
Section 37 of the MLTPA requires any person entering or leaving Belize with more than \$10,000 in cash (in Belize currency or equivalent foreign currency) to make a declaration to an authorised officer of the FIU. For declarations at points of entry, the Customs and Excise Department is the authority designated by the FIU to accept declarations²¹. During the period 2011-2015, total reported cash exports amounted to the equivalent of approximately US\$8.5 million. Cash exports declined steadily during much of this period falling from US\$2.9 million in 2011 to a low of US\$0.4 million in 2014. However, the following year, declared exports increased by 300%, closing the year at US\$1.6 million.

FIGURE 5: Value of Cash Exports US\$ MM



During the five-year period, 251 cash export reports were submitted to authorities. The leading reason for exportation was for the purchase of business supplies, which accounted for 61% of the total exports. Other reasons for exports were education, automotive and medical expenses, which accounted for 8%, 5% and 2% of cash exports, respectively.

FIGURE 6: Reported Reason for Cash Export



MLTPA DEFINITION OF "CASH"

"Cash" includes—

- notes and coins in any currency;
- postal orders;
- cheques of any kind, including travellers' cheques;
- bankers' drafts;
- bearer bonds and bearer shares; and
- such other monetary instrument as the Minister may, by notice published in the Gazette, specify.

²¹ This designation overlaps with the jurisdiction of the Customs and Excise Department pursuant to Regulation 3 of the Customs Regulations Subsidiary Act Rev. Ed. 2003, which provides that every person entering Belize with excess of BZ\$10,000.00 in cash or foreign currency equivalent must report it to Customs Personnel via the declaration form. An amendment to resolve this overlap, and increase the reporting threshold to BZ\$20,000, is anticipated in early 2016.

Indicators, Trends and Typologies

The FIU is the leading authority engaged in efforts to prevent money laundering. Part of this role includes informing stakeholders of the operating methods for ML/TF. By drawing on our analysis, we are able to share information on current practices and behaviour patterns. Based on information provided in STRs, the Belize FIU has identified the following continuing and emerging trends in money laundering techniques and predicate offences:

What is a *Predicate Offence*?

An offence that provides the underlying resources, whether cash or other assets, needed for another criminal act, including money laundering.

CONTINUING TRENDS

- *Unusually large cash deposits in financial institutions*
- *Unusually large cash purchases*
- *Hesitation or ambiguity regarding source of funds declarations*
- *Unusual account activity with no rational or economic explanation*
- *Commingling of funds from various cash intensive businesses*
- *Email fraud*

EMERGING TRENDS

- *Suspicious activity using prepaid cards*
- *Unexplained account transfers*
- *Cross-border cash movement*

TYOLOGIES

Typology: a system used for putting things into groups according to how they are similar; classification based on the comparative study of types.²²

Aside from indicators and trends, the FIU has analysed several case studies to ascertain whether there were any identifiable typologies. Typological analysis involves the classification of reports received, and the conduct described in those reports, according to the characteristics of the transactions. Typologies focus on the recurring characteristics of established operating models that appear to be directed towards money laundering and predicate offences. The typologies help reporting entities to understand the vulnerabilities they face. The following are examples of some of the typologies we have identified.

(1) *Prepaid Card Fraud*

A select group of people, claiming to act for a business with an extremely large client base, establish several corporate accounts at a financial institution. Purported investment income from the business flows into the accounts over a period of time. The funds are then disbursed or “layered” by carrying out complex financial transactions using various other corporate accounts. From these other corporate accounts the funds are then uploaded to an extremely large number of prepaid cards. The cards may be loaded using structured amounts of less than \$10,000 to avoid reporting thresholds. The cards are then provided for the use of a comparatively small, select group of people in other countries.

In addition to their abuse in money laundering schemes, prepaid cards are

known to have been used to provide funds to individual terrorists for travel and other expenses related to terrorist attacks.

RED FLAG INDICATORS

- Frequent attempts to overload the cards;
- Ordering uploads to the same cards in rapid succession;
- Uploads to the card in small amounts to avoid any applicable due diligence measures or threshold reporting;
- Use of multiple prepaid cards to obscure the identity of the beneficial owner.

²² See <http://www.merriam-webster.com/dictionary>.

(2) *Social or Electronic Media Fraud and Cuckoo Smurfing*

The term 'cuckoo smurfing' originated in Europe because of similarities between this typology and the activities of the cuckoo bird. Cuckoo birds lay their eggs in the nests of other species of birds which then unwittingly take care of the eggs believing them to be their own. In a similar manner, the perpetrators of this money laundering typology seek to transfer funds through the bank accounts of innocent third parties. The essential weakness being exploited by cuckoo smurfing is the lack of identification required of persons depositing funds into third party accounts.

Criminals breach online banking services of their victims and prepare to make unauthorized withdrawals. The criminals then clone social media accounts and send personal messages to the people linked

as "friends" to the cloned accounts. The messages request help in receiving a money transfer and seek personal banking information. Individuals, thinking they are communicating with a friend, provide the requested banking information. The criminal then transfers the funds stolen from the victims' account to the account of the individual who was contacted via social media. The individual then withdraws the money from his or her account using an automated teller machine and sends it to the criminal through money remittance services.

RED FLAG INDICATORS

- Third parties making structured, or otherwise unusual, cash deposits into accounts;
- Rapid withdrawal of amounts deposited.

(3) *Check Fraud*

Person A is in a position of fiduciary responsibility to a company. Person A dishonestly issues a number of checks from the company's accounts and makes them payable to fictitious individuals. The checks are then endorsed, as the fictitious person, over to Person A. Some checks were deposited to Person A's account and others were cashed.

(4) *Email Fraud*

Rogue actors breach individual and corporate victims' email accounts and computer networks to obtain victims' banking information and credentials. The rogue actors then use the information to send emails from victims' legitimate, but compromised, email addresses, or from email addresses that bears striking similarity to the genuine email address, to the victim's financial institution. While impersonating the victims, the rogue actors instruct the financial institution to conduct a wire transfer of funds overseas. The monies are then transferred from the overseas account to a third country and into an account controlled by the rogue actor.

Supervision and Enforcement

In Belize, supervision of reporting entities' compliance with AML/CFT laws and regulations is divided among five Supervisory Authorities. These are the FIU, CBB, IFSC, Supervisor of Insurance (Domestic and International) and the Ministry of Finance.

The Financial Intelligence Unit is responsible for the direct supervision of all DNFBPs as mandated under the

MLTPA and the DNFBP Regulations. DNFBPs include lawyers and accountants who engage in particular activities, real-estate agents, dealers in vehicles, precious stones or precious metals, non-governmental organisations (NGOs), non-profit organisations (NPOs), businesses operating in a free zone and licensed gaming premises, including casinos and online gaming.

TABLE 5: AML/CFT SUPERVISION

SUPERVISORY BODY	ENTITIES SUPERVISED
Financial Intelligence Unit	<ul style="list-style-type: none"> • Designated Non -financial Businesses and Professions
Central Bank of Belize	<ul style="list-style-type: none"> • Domestic and International Banks • Credit Unions • Moneylenders • Money or Value Transfer Services • Other Domestic Licensed Financial Institutions
International Financial Services Commission	<ul style="list-style-type: none"> • International Financial Service Providers • Trust and Company Service Providers
Supervisor of Insurance	<ul style="list-style-type: none"> • Domestic and International Insurance Providers
Ministry of Finance	<ul style="list-style-type: none"> • Pawnbrokers

FIGURE 7: FIU Supervisory Functions

In our supervisory capacity, the FIU is responsible for:

- Registering all DNFBPs;
- Approving applications to appoint MLCOs;
- Reviewing independent audits of AML/CFT policies and procedures;
- Conducting AML/CFT compliance inspections;
- Enforcement of AML/CFT obligations, including imposition of administrative penalties;
- Conducting sector specific outreach and awareness sessions.



Registration

Initially, only persons dealing in real estate, precious metals, precious stones or vehicles were required to register with the FIU. At the end of 2013, only 89 DNFBPs were registered with the FIU. In February of 2014, amendments to section 85B of the MLTPA came into force, requiring all DNFBPs to register with the FIU. It is currently required for all DNFBPs register with the FIU and renew this registration annually. Details of these obligations are set out in DNFBP Regulations.

With the implementation of the MLTPA amendments and DNFBP Regulations, the FIU embarked on a proactive registration campaign. As a result, registration of DNFBPs increased from 89 in 2013 to 355 in 2014. A slight decline was recorded in 2015, with 299 registrations. The majority of registered DNFBPs are businesses operating in a free zone area which, at the end of 2015, accounted for 38% of all registrations.

TABLE 6: REGISTERED DNFbps

ORGANIZATION TYPE	2013	2014	2015	TOTAL
Casinos, Gambling Houses and Online Gaming	0	4	4	8
Real Estate Agents	54	30	28	112
Dealers in Precious Metals or Precious Stones	14	4	8	26
NGOs/NPOs	0	144	26	170
Vehicle Dealers	21	32	31	84
Lawyers and Accountants ²³	0	35	26	61
Businesses Operating in a Free Zone	0	106	176	282
TOTAL	89	355	299	743

Money Laundering Compliance Officers

All reporting entities are required to appoint a MLCO in accordance with MLTPA section 18. Included in the 2014 amendments to the MLTPA are changes to section 18 and addition of the new section 18A. These amendments clarify and more fully articulate the qualifications and functions of a MLCO.

Foremost of the changes regarding MLCOs is the requirement that a nominee

for MLCO must be approved by the supervisory authority as being fit and proper.²⁴ At the FIU, the task of approving MLCO nominees is undertaken by the Compliance Department. Applications are scrutinized against fit and proper criteria, including a background check for previous criminal convictions. A sole trader is the MLCO in respect of his relevant business;²⁵ no application is required.

²³ Lawyers, notaries, other independent legal professionals, accountants, auditors and tax advisers are not required to register unless they prepare for or carry out the following activities for their clients:

- (a) buying and selling of real estate,
- (b) managing of client money, securities or other assets,
- (c) management of bank, savings or securities accounts,
- (d) organization of contributions for the creation, operation or management of companies, or
- (e) creation, operation or management of legal persons or arrangements, and buying and selling of business entities.

²⁴ See MLTPA, section 18A(1).

²⁵ See MLTPA, section 18A(2).

In addition to being fit and proper, a MLCO must have an appropriate level of seniority within the reporting entity. One of the prescribed functions of the MLCO is responsibility for compliance with the reporting entity's AML/CFT procedures and the MLTPA. To meet this responsibility, the MLCO should have some authority over other members of staff. Other responsibilities of a reporting entity's MLCO include:

- Establishing and maintaining the reporting entity's manual of AML/CFT compliance procedures;
- Receive and consider internal reports on unusual transactions and suspicious activities;
- Where appropriate, submit STRs;
- Act as liaison between the reporting entity and the FIU.

Compliance Programs

All reporting entities, as required by the MLTPA, should implement an AML/CFT compliance program. As a part of our supervisory functions, the FIU will, from time to time, evaluate the effectiveness of the DNFBPs' compliance programs. A typical AML/CFT compliance program should, at minimum, entail the following:

- Conduct a Business Risk Assessment: All reporting entities should clearly understand the ML/TF risks for their business and should use that understanding to allocate compliance resources more effectively and mitigate the risks.
- Institute Policies and Procedures: These should be specific to each reporting entity's business and the

risks inherent in each reporting entity's business. Policies and procedures should also be subject to independent review and audit for effectiveness on a regular basis and updated as needed.

- Conduct Customer Due Diligence.
- Establish Source of Funds and Source of Wealth.
- Establish and understand the commercial rationale for the structure or transaction. Lack of logical rationale or discernible business purpose behind a complex structure or transaction is a red flag indicator of a potential money laundering or terrorist financing scheme.

- Risk rate clients and customers (remembering Politically Exposed Persons (PEPs) and country risk): PEPs, especially foreign PEPs, and persons from countries with weak AML/CFT controls may pose a higher risk and require enhanced due diligence or monitoring.
- Appoint an MLCO.
- Train your staff (Board to Receptionist).
- Monitor Transactions and Review files: The MLTPA requires ongoing monitoring of all business relations and enhanced monitoring in cases of higher risk.

- Make Suspicious Transaction Reports.

This is, of course, a highly simplified list²⁶ and practices will vary depending on size of the reporting entity and the type of business activities conducted. This list is designed to assist reporting entities to focus on the first priorities which should be put in place as a matter of urgency.

DNFBPs, and all other reporting entities, pose a risk to the reputation of Belize as a well-regulated jurisdiction when they do not have a proper AML/CFT compliance program in place. Hence, the FIU is working to ensure, through effective supervision, that compliance programs are being implemented.

On-site Inspections and Enforcement

To guide supervision and enforcement efforts, the FIU utilizes a risk-based approach. The FIU's risk assessment of DNFBPs took into consideration regulatory risk, geographic location, the type of products and services offered, coupled with an overall assessment of each sector type. Businesses operating in free zone areas were identified as a priority for outreach and sensitization and were the primary focus of on-site visits and training for the year 2015.

Once the outreach program is completed, we anticipate undertaking administrative enforcement of AML/CFT obligations. Enforcement measures may include the following:

- Written warnings;
- Issue a directive to comply with specific instructions;
- Ordering regular reports from the reporting entity on the measures it is taking;

²⁶ For further information on AML/CFT obligations, see MLTPA sections 15-19 and any applicable Regulations, Codes or Guidelines or seek legal counsel.

- Impose, in such manner as may be prescribed, an administrative penalty in an amount not exceeding \$500,000;
- Barring convicted individuals from employment within the sector;
- Replacing or restricting the powers of managers, directors or controlling owners, including the appointing of *ad hoc* administrator;
- Recommending to the appropriate licensing authority of the reporting entity that the reporting entity's licence be suspended, restricted or withdrawn;
- Such other measure as may be prescribed.²⁷

²⁷ See MLTPA, section 22.

Investigation and Prosecution

The FIU conducts AML/CFT investigations based on financial intelligence obtained from domestic and international sources. The resources allocated to a particular case will depend on the size and complexity of the matter under investigation. Officers, having developed a strategic approach, proceed to gather information in order to build a possible case. Additionally, there may be instances where officers handle evidence and process it in accordance with scenes of crime standards. Evidence collected is kept securely until the determination of the investigation and, in instances where investigations result

in prosecution, evidence is kept until the conclusion of the court's involvement.

Failure to declare or report currency when entering or leaving Belize remains a common matter that is dealt with by the FIU. The offence itself does not constitute money-laundering, but it may trigger a ML investigation when a source of funds inquiry is initiated. Cross-border transport of large sums of cash is often an indicator of money-laundering and the source of funds inquiry helps to reveal whether funds have been legitimately acquired.

TABLE 7: FIU CRIMINAL PROCEEDINGS 2009 TO 2015

Year	Offence	No. of Persons/ Entities Charged	Convictions	Not Guilty/ Dismissed
2009	Money Laundering	8	5	3
	Concealment	1		1
2010	Money Laundering	1	1	
	Failure to Declare	9	6	3
2011	Failure to Declare	3	3	
2012	Failure to Declare	2	2	
2013	Failure to Declare	6	6	
2014	Failure to Declare	2		2
2015	Failure to Declare	1	1	
Total		33	24	9

National and International Cooperation

The FIU cooperates with a broad network of countries, as well as, a number of domestic and international organisations in the global effort to counter ML/TF. Local agencies that the FIU cooperates with include, but are not limited to, the Central Bank of Belize, Ministry of Finance, Corozal Free-Zone Management Authority (CFZMA), Customs Department and the Police Department. Some of the international organizations and agencies that the FIU cooperates with include, foreign law enforcement agencies, Egmont Group of FIUs and Interpol.

INFORMATION SHARING

Establishing a wide and efficient information network is of great importance, considering the transnational scope of ML/TF activities. During the period 2011 to 2015, the FIU received 865 requests for information.

As reflected in Figure 8, the bulk of these requests, some 85%, were from international entities, while the remaining 15% came from local entities. After a fall off in 2012, international requests for information have remained reasonably

FIGURE 8: Foreign & Domestic Information Requests

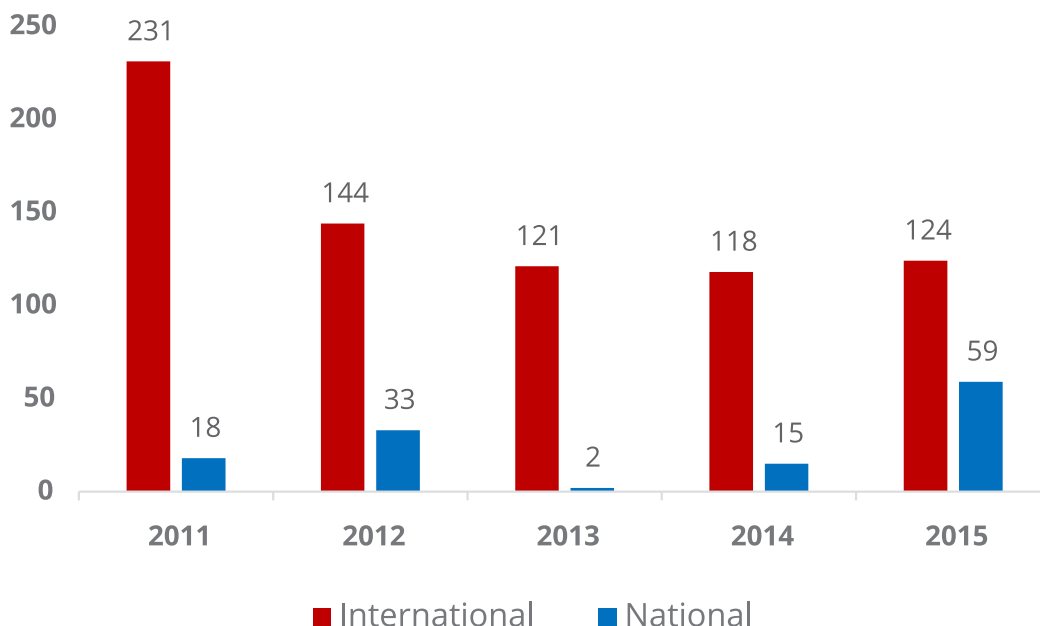


TABLE 8: INFORMATION REQUESTS BY OFFENCE

	2011	2012	2013	2014	2015	Total
Money Laundering	46	39	35	39	60	219
STR	31	47	48	45	38	209
Fraud	103	43	20	17	26	209
Theft	16	3	4	7	5	35
Other	53	45	16	25	54	193
Total	249	177	123	133	183	865

steady for the remainder of the four-year period. During 2015, the FIU focused on building its domestic network. As a result, domestic information sharing increased almost 300% over 2014. The increase, when compared to 2013, is even more dramatic.

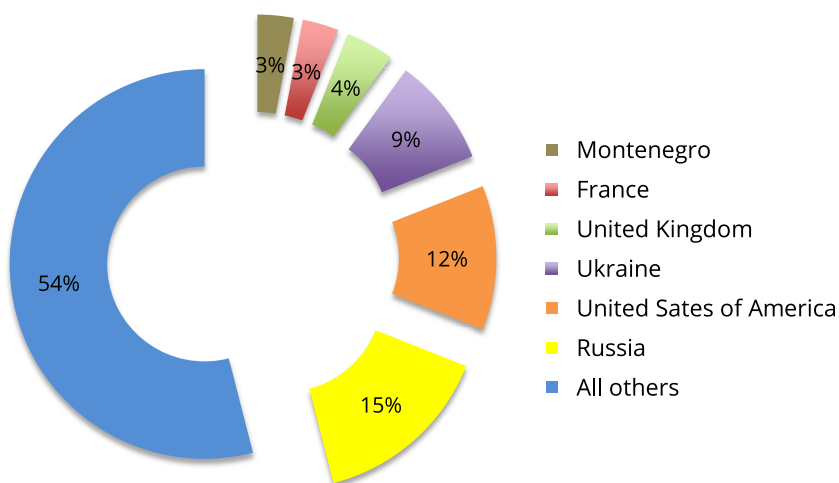
Information requests for suspected money laundering offences were the most common type submitted to the FIU, accounting for a quarter of total requests during the period of 2011- 2015. However, requests associated with suspicious transactions and fraud are close behind,

each accounting for 24% of total requests. Theft is the fourth most common, but only represents 4% of total requests. The remaining 22% of information requests were associated with a wide variety of suspected crimes including, tax evasion, drug trafficking, terrorist financing, corruption and organized criminal activity.

During the period 2011 - 2015, information requests were received from a total of 83 countries; however, almost half of the requests came from only six of those countries. The greatest number of requests was received from Russia: 115

requests accounting for 15% of all international requests received. Other countries most frequently requesting information included the US (12%), Ukraine (9%), the UK (4%), France and Montenegro (both 3%). The other 77 countries collectively accounted for 54% of requests.

FIGURE 9: Information Requests by Country ²⁸



²⁸ See Appendix 4 for details of international requests for assistance.

BUILDING A NETWORK

Collaborative partnerships with domestic and foreign authorities aim to provide timely and effective assistance in the fight against ML/TF. On the national front, the FIU has made efforts to formalize cooperation through the signing of MOUs between itself and key stakeholders such as the Central Bank and Corozal Free Zone Management Authority. Additional

MOUs are being negotiated with the Customs and Excise Department as well as the Belize Police Department. Given the ease with which money crosses borders, international partnerships are critical. Internationally, the FIU has signed MOUs with several foreign FIU and more are anticipated in the near future.

TABLE 9: DOMESTIC MOUS WITH BELIZE FIU

SIGNING PARTNER	DATE SIGNED
Central Bank of Belize	July 7, 2014
Corozal Free Zone Management Authority	March 27, 2015
Customs & Excise Department	Not yet finalized
Belize Police Department	Not yet finalized

TABLE 10 : FOREIGN MOUS WITH BELIZE FIU

SIGNING PARTNER	DATE SIGNED
Netherlands Antilles	November 19, 2007
Honduras	November 22, 2007
Canada	May 25, 2010
Russia	July 11, 2012
Guyana	May 28, 2013
Saint Maarten	November 25, 2014
Poland	January 29, 2015
St. Vincent & the Grenadines	June 11, 2015

Presentations and Training Conducted by the FIU

GUEST PRESENTATIONS

Belize's efforts to strengthen our AML/CFT regime are enhanced by engaging the domestic stakeholders that help to prevent and detect ML/TF. During the period under report, the FIU Director made presentations at several events, including events for domestic banks and international financial service providers.

The FIU Senior Compliance Officer participated in a workshop held by the Supervisor of Insurance on February 26, 2014, providing an overview of AML/

CFT to the insurance sector. The FIU Director presented at the Belize Bankers' Association Quarterly Lecture on the subject of "The Financial Action Task Force & Belize" on 22 July 2014. The presentation provided insight on Belize's international obligations and the international standards. The FIU participated in Belize International Financial Services Association FATCA/AML Seminar held on 19 February 2015. The Director presented on AML/CFT obligations of reporting entities and legislative amendments to the FIU Act and the MLTPA.

TRAINING FOR REPORTING ENTITIES

One of the mandates of the FIU in the MLTPA is to provide training for reporting entities in respect of their AML/CFT obligations. The FIU conducted training for various reporting entities in Belize, including financial institutions, on issues related primarily to making effective

suspicious transaction reports. Making STRs is one of the fundamental AML/CFT obligations of all reporting entities. The FIU's presentations on this subject were augmented by the publication of Instructional Notes on Making Suspicious Transaction Reports, 2014.

TABLE 11: TRAINING PROVIDED FOR REPORTING ENTITIES

TOPIC	VENUE	DATE	TARGET
Suspicious Transaction Reporting and Politically Exposed Persons	Belize Biltmore Plaza, Belize City	August 30, 2014	Credit Unions
Suspicious Transaction Reporting and Politically Exposed Persons	Belize Biltmore Plaza, Belize City	October 8, 2014	Banks
Suspicious Transaction Reporting	DFC, Belmopan City	October 21, 2015	Development Finance Corporation

DNFBP OUTREACH

With the increase in DNFBP registrations, the FIU sought to provide the sector with support through specific outreach programs. During 2015, the FIU Compliance Department facilitated four training sessions, two of which targeted non-profit and non-governmental

organisations, while the others targeted businesses operating in a free zone area. The FIU anticipates more sector specific training as part of our commitment to provide support and education for reporting entities.

TABLE 12: DNFBP OUTREACH 2015

TOPIC	DATE	TARGET	NO. IN ATTENDANCE
ML/Compliance	March 20, 2015	NGO/NPO	25
ML/Compliance	November 18, 2015	NGO/NPO	6
ML/Compliance	February 16-17, 2015	Free Zone Business	130

Specialised Staff Training and Professional Development

During the period January 2014 to December 2015, staff members at the FIU benefited from a number of specialised training courses, seminars and workshops both locally and internationally. In the fight against money laundering and the financing of terrorism and proliferation, the skill base of the FIU is vital. The need for continuing training and development is amplified by the ever-evolving indicators, risks and trends for ML/TF. Consequently, the FIU embraces every opportunity to develop and train our human capital.

In some instances, training opportunities were made possible with the assistance of key international stakeholders. Stakeholders include the Inter-American Drug Abuse Control Commission (CICAD), CFATF, Financial Crimes Enforcement Network (FINCEN), Egmont Group of FIUs, Bureau of International Narcotics and Law Enforcement Affairs, Caribbean Criminal Asset Recovery Program (CCARP),

Organisation of American States (OAS), the International Governance and Risk Institute (GovRisk) and the British High Commission.

Training was provided in the following areas:

- Strategic Analysis
- National Risk Assessment
- Preparation of a Prosecutor's Statement
- Training on AML/CFT
- Gaming Regulation
- Cyber and Information Security
- AML/CFT Compliance
- Financial Crime
- Fraud Rings
- Financial Investigative Techniques
- Illicit Finance and Criminal and Terrorist Networks
- Cash Seizure
- Investigation, Procedure & Implementation of new Criminal Procedure Rules
- Trends in Trade Based Money Laundering

²⁹ See Appendix 5 for details of international and domestic training.

Conclusion

In the period under review, the FIU made significant progress in helping Belize achieve compliance with international standards on AML/CFT by strengthening the legislative framework, improving mechanisms for national and international collaboration and providing support for stakeholders. But without the cooperation of key agencies in the AML/CFT regime and the support of the Government of Belize, such success would not have been possible.

Notwithstanding the significant progress made to date, Belize cannot rest on its laurels. The FIU remains committed to further strengthening the integrity of Belize's financial system and broader economy by protecting it from those who would abuse them for illicit purposes. To serve this commitment, the FIU looks forward to continuing to enhance cooperation and coordination with local, regional and international stakeholders in

the fight against ML/TF. The FIU plans to step up efforts at capacity building within the FIU to enhance our effectiveness as well as strengthening our application of the risk based approach to ensure efficient use of our resources.

The upcoming CFATF 4th Round Mutual Evaluation of Belize will focus on the changes made in response to the evolution of the Revised FATF Standards and effective implementation of our reforms. Moving forward, work will commence to assess the Revised FATF Standards against our AML/CFT systems and take the steps necessary to ensure compliance. These steps will likely include, *inter alia*, additional legislative measures, streamlined administrative procedures and a strong implementation plan. The FIU looks forward to accomplishing these goals with the continuing cooperation of key stakeholders and support of the Government of Belize.

APPENDIX 1:

FIU's Legislative Mandate under the FIU Act and MLTPA

FIU ACT: Functions of the Unit.

7. (1) The Unit shall, subject to the provisions of this Act,
- (a) investigate and prosecute financial crimes;
 - (b) perform the functions of the competent authority, and such functions as a supervisory authority, as may be assigned under the Money Laundering and Terrorism (Prevention) Act; [Act 6 of 2014, s. 6];
 - (c) ensure coordination and cooperation between law enforcement agencies, Government departments, regulatory authorities, private institutions and members of relevant professions in evolving methods and policies to prevent and suppress financial crimes;
 - (d) take such measures as may be necessary to counteract financial crimes;
 - (e) share information and cooperate with foreign financial intelligence units in the fight against financial crimes;
 - (f) inform and educate the public and financial and business entities of their obligations under measures that have been or might be taken to detect, prevent and deter the commission of financial crimes;
 - (g) co-operate with, and provide assistance to, foreign countries, law enforcement agencies and other regulatory or supervisory bodies relating to financial crimes in accordance with the Money Laundering and Terrorism (Prevention) Act, No. 18 of 2008; and; [Act 6 of 2014, s. 6]
 - (h) perform such other functions related to the above as may be assigned by the Minister.
- (2) The Commissioner of Police, Comptroller of Customs, Director of Immigration and any person specified as a supervisory authority under the Money Laundering and Terrorism (Prevention) Act may refer to the Unit, for the purpose of investigation and prosecution, any suspected financial crime. [Act 6 of 2014, s. 6]
- (3) The Director may, on his own initiative, investigate any suspicious transaction or any financial crime.
- (4) The Commissioner of Police, Comptroller of Customs, Director of Immigration and any person specified as a supervisory authority under the Money Laundering and Terrorism (Prevention) Act shall give such assistance to the Director as may be necessary to enable him to discharge his functions under this Act. [Act 6 of 2014, s. 6]

MLTPA: Powers of the Financial Intelligence Unit

11. (1) Without prejudice to its powers and responsibilities under the Financial Intelligence Unit Act or any other provision of this Act, the Financial Intelligence Unit, Cap. 138.02. (*Act 7 of 2014, s.5*)

- (a) shall receive, analyse and assess reports of suspicious transactions issued by reporting entities pursuant to section 17(4) of this Act;
- (b) shall take appropriate action as it may consider necessary or shall forward relevant information to the appropriate law enforcement authorities, if having considered a report or other information, the Financial Intelligence Unit has reasonable grounds to suspect that the transaction involves proceeds of crime or terrorist financing;
- (c) shall send to the appropriate law enforcement authorities, any information derived from the examination or supervision of a reporting entity, if it gives the Financial Intelligence Unit reasonable grounds to suspect that a transaction involves proceeds of crime or terrorist financing;
- (d) may instruct any reporting entity to take such steps as may be appropriate, including the freezing of funds and other financial assets or economic resources of any person or entity, to facilitate any investigation, prosecution or proceeding for a money laundering offence or for terrorist financing, whether in Belize or elsewhere;
- (dd) shall, in consultation with the Anti-Money Laundering Committee and having regard to objective information available on countries that do not, or do not adequately, apply the FATF Recommendations, determine the countries in which an intermediary, introducer or third party that meets the conditions referred to in section 15(7) can be based; (*Act 7 of 2014, s.5*)
- (e) shall compile statistics and records, disseminate information within Belize or elsewhere as provided by law, make recommendations arising out of any information received, issue guidelines to reporting entities and advise the Minister accordingly;
- (f) may conduct research into trends and developments in the area of money laundering and financing of terrorism and improved ways of detecting, preventing and deterring money laundering and terrorist financing;
- (g) may educate the public and create awareness on matters relating to money laundering and terrorist financing;
- (h) shall create training requirements and provide such training for any reporting entity in respect of its AML/CFT obligations; (*Act 7 of 2014, s.5*)
- (i) may consult with any relevant person, institution or organization for the purpose of exercising its powers or duties under paragraph (d),(dd), (e), (f),(g) or (h); (*Act 7 of 2014, s.5*)

- (j) is authorized to extend legal assistance to foreign jurisdictions with respect to property tracking, monitoring and forfeiture or freezing orders;
- (k) shall have the authority to request information from any reporting entities, supervisory authorities, law enforcement agencies and other domestic government agencies, for purposes of this Act without the need for agreements or arrangements as required under subsection (1) (o) of this section;
- (l) shall periodically provide feedback to reporting entities, supervisory authorities and other relevant agencies;
- (m) may disclose any report, any information derived from such report or any other information it receives pursuant to this section to an institution or agency of a foreign state or of an international organization established by the governments of foreign states that has powers and duties similar to those of the Financial Intelligence Unit as set out in this section and sections 13 and 14 of this Act, or in the Financial Intelligence Unit Act, Cap. 138.01, if on the basis of its analysis and assessment, the Financial Intelligence Unit has reasonable grounds to suspect that a report or information would be relevant to investigating proceeds of crime or investigating or prosecuting a serious crime;
- (n) may disclose any report to the supervisory authority for purposes of ensuring compliance with this Act;
- (o) may enter into any agreements or arrangements with any domestic government institution or agency regarding the exchange of information;
- (p) shall, in respect of any reporting entity, exercise the powers set out in section 21 and in relation to this, may enter the premises of any reporting entity during ordinary business hours to inspect any record kept by the reporting entity, and ask any question relating to such record, make notes and take copies of whole or any part of the record; (*Act 7 of 2014, s.5*)
- (q) in performing its functions as a supervisory authority, has the information gathering, enforcement and other powers provided for in the Fifth Schedule to this Act. (*Act 7 of 2014, s.5*)

(2) Every order made by the Financial Intelligence Unit pursuant to paragraph (d) of subsection (1) of this section for the freezing of funds or financial assets of any person shall cease to have effect after seven business days from the making of the Order, unless within such period the Financial Intelligence Unit makes an application to a Judge of the Supreme Court in Chambers for an order for the freezing of such property, and the application shall be heard by the Court as soon as practicable.

APPENDIX 2:

Measures to Strengthen Belize's AML/CFT Legal Framework

New Primary Legislation

Mutual Legal Assistance and International Co-Operation Act, 2014

Primary Amending Legislation

Companies (Amendment) Act, 2013

Companies (Amendment) Act, 2014

Criminal Code (Amendment) Act, 2013

Customs Regulation (Amendment) Act, 2013

Domestic Banks and Financial Institutions (Amendment) Act, 2014

Financial Intelligence Unit (Amendment) Act, 2013

Financial Intelligence Unit (Amendment) Act, 2014

Firearms (Amendment) Act, 2013

Gaming Control (Amendment) Act, 2013

Gaming Control (Amendment) Act, 2014

Insurance (Amendment) Act, 2014

Insurance (Amendment) (No. 2) Act, 2014

Interception of Communications (Amendment) Act, 2013

International Financial Services Commission (Amendment) Act, 2013

International Foundations (Amendment) Act, 2013

Money Laundering and Terrorism (Prevention) (Amendment) Act, 2013

Money Laundering and Terrorism (Prevention) (Amendment) Act, 2014

Non-Governmental Organisation (Amendment) Act, 2013

Trust (Amendment) Act, 2013

New Subsidiary Legislation

National Anti-money Laundering Committee Regulations, 2014

Designated Non-financial Businesses and Professions Regulations, 2014

Gaming Control (Administrative Penalty) Regulations, 2014

Subsidiary Amending Legislation

International Financial Services Commission (Licensing) (Amendment) Regulations, 2014

Guidance, Instructional Notes and Informational Brochures

Designated Non-financial Businesses and Professions Guide to Registration and Overview of AML/CFT Responsibilities and Obligations, 2014

Instructional Notes on Making Suspicious Transaction Reports, 2014

FATF Recommendation 8: Non-Profit Organizations & Non-Governmental Organizations, 2014

Free Zone Business: Overview of AML/CFT Responsibilities and Obligations, 2014

APPENDIX 3:

Changes in Obligations of Reporting Entities MLTPA Sections 15 to 19

MLTPA Section Amended	AMENDMENT
15(2)(b)(i)	Raises the reporting threshold for an occasional transaction (i.e. a transaction outside of a business relationship) from \$15,000 to \$20,000
15(3)(c)	Replaces requirements relating to identification information for legal persons and arrangements
15(3)(d)	Imposes requirement for risk management systems to determine if a customer or potential customer is a domestic or foreign PEP or a family member or close associate of a domestic or foreign PEP. See expanded definitions of “PEP”, “family member” and “close associate” in new section 2A
15(3)(d)(ii)	Expands obligation to obtain senior management approval to cover family members and close associates of PEPs
15(3)(d)(iv)	Deletes reference to “regular enhanced ongoing monitoring”
15(3A) to (3C)	Articulates requirements regarding CDD and ongoing monitoring and application of the risk based approach to same; imposes requirement to be able to demonstrate application of RBA; defines “ongoing monitoring”
15(4A)	Articulates circumstances where, on a risk-sensitive basis, enhanced CDD and enhanced monitoring are required
15(4B) & (4C)	Articulates requirements relating to non-face to face business; defines “enhanced due diligence” and “enhanced ongoing monitoring”
15(5A)	Identifies circumstances where simplified CDD is not permitted
15(6)	Articulates requirements relating to correspondent banking relationships, securities transactions, cross-border transfer of funds, and financing or facilitation of international trade, including prohibition against doing business with shell banks
15(6A)	Imposes obligations related to RBA and circumstances where verification of identification information may take place after establishment of a business relationship, entity is unable to identify or verify identity of customer, or has doubts about veracity or adequacy of identification information
15(7)	Adjustments to requirements relating to reliance on intermediaries or third parties to undertake obligations under sections 15(1), (2) and (3)
15(7A)	Defines terms used in section 15, including “correspondent banking relationship” and “shell bank”
16(4)	Clarifies record keeping requirements
16(4C)	Imposes obligations regarding originator information for cross-border wire transfers ¹⁶⁽⁵⁾

16(5)(c)	Clarifies requirement to comply with guidance or training requirements issued by the FIU
16(8)	Deleted. See new section 22B relating generally to appeals from decisions taken by the FIU or a supervisory authority
17(3)	Deleted. See amended provisions of s. 15 regarding application of RBA, enhanced CDD and ongoing monitoring
17(4A)	Clarifies obligation to make a STR where reasonable grounds to suspect funds derive from any tax related offence and requirement that entity's procedures reflect this obligation
17(8)	Includes new subsection (4A) in list of provisions applicable to DNFBPs
17(14)	Deleted. See new section 22B relating generally to appeals from decisions taken by the FIU or a supervisory authority
18(1)(a) & (b)	Clarifies requirements regarding appointment of compliance officer and internal policies, procedures, controls and systems, including new requirement to guard against risks posed by technological developments (i.e. new payment methods and products including pre-paid cards)
18(1)(c)	Clarifies requirement that audit function to test compliance must be adequately resourced and independent
18(3)	Clarifies requirements regarding compliance officer
18A	Fully articulates requirements regarding AML compliance officers, including imposition of fit and proper standard, appropriate level of seniority, appropriate access, functions of compliance officers, reporting requirements and penalty provision for contravention
19(1)	Clarifies requirements regarding beneficiary information for wire transfers
19(2)	Fully articulates requirements regarding originator information
19(2A)	Fully articulates requirements regarding beneficiary information
19(2B)	Defines "customer identification number"
19(5)	Clarifies offence provision; makes it specifically applicable to directors and senior officers; increases maximum penalty to \$100,000
19(6)	Deleted. See new section 22B relating generally to appeals from decisions taken by the FIU or a supervisory authority

APPENDIX 4:

Information Requests by Country

Countries	2011	2012	2013	2014	2015	Total
Albania, Republic of	--	1	--	--	--	1
Andorra	2	--	--	--	--	2
Anguilla	2	--	--	--	1	3
Antigua and Barbuda	--	--	1	--	--	1
Argentina	3	1	1	2	--	7
Armenia, Republic of	--	1	--	--	1	2
Australia	--	1	--	--	--	1
Austria	5	5	3	5	1	19
Bahamas	--	--	--	--	2	2
Bahrain	1	--	--	--	--	1
Belarus	5	3	1	4	5	18
Belgium	2	3	5	1	1	12
Bermuda	--	--	--	--	2	2
Brazil	1	--	--	--	--	1
British Virgin Islands	--	1	1	--	--	2
Bulgaria	5	4	--	--	--	9
Canada	2	4	1	4	--	11
Chile	--	--	--	--	1	1
China	2	1	--	--	--	3
Costa Rica	1	2	--	--	--	3
Croatia	1	5	4	1	4	15
Curacao	2	--	--	--	--	2
Cyprus, Republic of	2	--	2	5	4	13
Czech Republic	7	--	2	4	--	13
Denmark	--	--	--	1	--	1
Dominica	--	1	--	--	--	1
El Salvador	1	--	--	--	--	1
Estonia	--	--	--	1	--	1
France	4	7	9	4	2	26
Gabon	--	1	--	--	--	1
Germany	14	6	--	1	--	21
Grenada	--	--	--	--	1	1
Hungary	5	3	3	1	3	15
India	--	--	--	--	1	1
Indonesia	--	--	1	--	--	1
Ireland, Republic of	2	2	2	1	--	7
Italy	3	1	1	--	1	6
Ivory Coast, Republic of	--	--	--	--	1	1
Japan	--	2	--	--	--	2
Kazakhstan, Republic of	1	1	--	--	4	6

Korea, Republic of	--	--	--	1	--	1
Kyrgyz, Republic of	6	2	4	2	--	14
Latvia	1	1	--	--	--	2
Lebanon	1	--	1	--	--	2
Liechtenstein	2	--	--	1	--	3
Lithuania, Republic of	2	5	3	5	1	16
Luxembourg	--	--	--	--	3	3
Malaysia	--	1	--	--	--	1
Malta	1	1	2	3	1	8
Mauritius, Republic of	1	1	2	3	2	9
Moldova, Republic of	5	1	10	2	3	21
Montenegro	7	2	6	8	1	24
Netherlands	--	--	1	2	3	6
New Zealand	--	--	--	--	3	3
Nigeria	--	--	--	1	--	1
Norway	1	--	--	--	--	1
Peru	--	--	--	1	--	1
Philippines	--	1	--	--	2	3
Poland	1	1	--	--	2	4
Portugal	1	--	--	--	--	1
Romania	--	1	5	3	5	14
Russia	67	27	7	6	8	115
Saudi Arabia	2	--	--	--	--	2
Senegal	--	1	--	--	--	1
Serbia, Republic of	1	--	--	--	2	3
Seychelles	--	--	1	4	2	7
Singapore	1	1	--	--	--	2
Slovakia	2	2	1	--	2	7
Slovenia, Republic of	--	2	1	1	--	4
Spain	3	5	3	3	2	16
Sri Lanka	--	1	--	--	--	1
St. Vincent and the Grenadines	--	--	2	--	--	2
Switzerland	2	1	--	3	1	7
Syria	--	--	1	--	--	1
Trinidad and Tobago, Republic of	--	--	--	2	--	2
Turkey, Republic of	--	--	--	--	1	1
Turkmenistan	--	--	--	--	1	1
Turks and Caicos Islands	--	1	--	--	--	1
Ukraine	29	9	6	11	13	68
United Arab Emirates	1	--	--	--	--	1
United Kingdom	9	5	6	7	3	30
United States of America	10	16	22	14	28	90
Venezuela	2	--	--	--	--	2
TOTAL	231	144	121	118	124	738

APPENDIX 5:

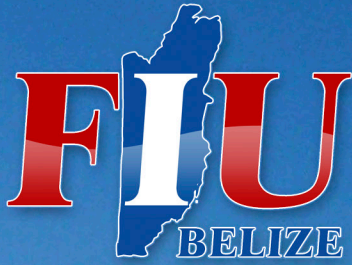
Training Received by FIU Staff

INTERNATIONAL TRAINING

TYPE OF TRAINING RECEIVED	VENUE	DATE	ORGANISER/ SPONSOR
Strategic Analysis Course for Financial Intelligence Units	Crowne Plaza Miami International Airport Hotel, Miami, Florida	March 3 – 7, 2014	CICAD/Egmont/FINCEN
19 th Annual International AML & Financial Crime Conference	Westin Diplomat Hotel, Hollywood, Florida	March 16-19, 2014	ACAMS
Regional National Risk Assessment Workshop	Courtyard by Marriott, Bridgetown, Barbados	March 26-27, 2014	CFATF/World Bank
Proceeds of Crime Practitioners Conference- Prosecutor's Statement	Fort Young Hotel, Dominica	April 9 - 10, 2014	CCARP/DFID
Training for Judges & Prosecutors on AML/CFT	Trinidad and Tobago	December 1-3, 2014	CICAD/OAS
Caribbean and Americas: Gaming Regulation Forum	Miami, Florida	November 11 – 15, 2014	GovRisk Institute
Global APT Defense Summit	Los Angeles, California	February 25, 2015	
10 th Compliance Conference	Regent Palms Resort, Providenciales, Turks & Caicos	March 23-24, 2015	CFATF/FIA in Turks & Caicos
ACFCS 2015 Financial Crime Conference	New York, New York	April 19 – 21, 2015	ACFCS
Financial Investigative Techniques Course	San Salvador	July 6 – 10, 2015	ILEA/US Embassy
Inter-regional Specialized Workshop on Illicit Finance, and Criminal and Terrorist Networks	Crowne Plaza International Hotel, Miami, Florida	August 10-12, 2015	OAS
2015 Caribbean & Americas Gaming Forum	Miami, Florida	November 9 – 11, 2015	GovRisk Institute

LOCAL TRAINING

TYPE OF TRAINING RECEIVED	VENUE	DATE	ORGANISER/ SPONSOR
Caribbean Criminal Asset Recovery Program "Cash Seizure"	Belize Biltmore Plaza, Belize City & FIU's Conference Room, Belize City	May 20 - 21, 2014	CCARP
FICO Teleconference "Busting Fraud Rings"	FIU's Conference Room, Belize City	July 29, 2014	Fair Isaacs Corporation
"Train the Trainer" Workshop on Investigation, Procedure & Implementation of New Criminal Procedure Rules	Belize City	February 16-27, 2015	British High Commission
IT Summit	Radisson Fort George Hotel, Belize City	July 8, 2015	Fultec Systems Limited
ACFCS "Trends in Trade Based Money Laundering" Webinar	FIU's Conference Room, Belize City	October 29, 2015	Association of Certified Financial Crime Specialists



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