



# Anti-money laundering and counter-terrorist financing measures

# **SURINAME**

## Mutual Evaluation Report

January 2023





The Caribbean Financial Action Task Force (CFATF) is an inter-governmental body consisting of twenty-four member states and territories of the Caribbean Basin, Central and South America which have agreed to implement common countermeasures to address money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. For more information about the CFATF, please visit the website: [www.cfatf.org](http://www.cfatf.org)

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## *Executive Summary*

1. This report summarises the AML/CFT measures in place in Suriname as at the date of the on-site visit (February 28 - March 11, 2022). It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Suriname's AML/CFT system and provides recommendations on how the system could be strengthened.

### **Key Findings**

- a. Suriname has a fair but developing understanding of its main ML/TF risks. This understanding was developed through the completion of its first National Risk Assessment (NRA) in October 2021. No other risk assessments were done by the country (sectoral, thematic or otherwise). The NRA did not assess the ML/TF risks in several relevant areas covered under the FATF Methodology, particularly legal persons & arrangements; new technologies; and virtual asset service providers (VASPs).
- b. Suriname's investigative authorities have access to and use financial intelligence and other relevant information to identify investigative leads, develop evidence in support of investigations and trace criminal proceeds in relation to ML and associated predicate offences, but lack the resources to do so on a continuous basis. Concerns exist about the annual decline in requests for financial intelligence from reporting entities and the Financial Intelligence Unit of Suriname (FIUS), brought about by: decline in staffing at the Financial Investigations Team (FOT); the limited access to related sources of government by the FIUS; limited resourcing of the FIUS; the timeframe (two to three weeks) for information requested by the FOT through the Procurator General (PG); and the lack of a feedback mechanism on the usefulness of the FIUS' financial intelligence product.
- c. The FIUS introduced an online digital reporting system (REPSYS) in March 2018 that resulted in significant improvements in the efficiency of the reporting system and the quality of the Unusual Transaction Reports (UTRs) received.
- d. There is no dedicated funding for the FIUS. To obtain funding, increase in staffing and other needed resources, the Director of the FIUS submits a budget to the Minister of Justice and Police, however funding for the FIUS is not prioritised. Legislatively, the Procurator General has supervisory control over the FIUS without a clear demarcation of what those supervisory functions are.
- e. The FOT is unable to properly identify and investigate ML cases. The factors contributing to this conclusion are: Technical deficiencies in relation to R.3 and R.31; lack of basic and ongoing training for members of the FOT; lack of training for the investigators of predicates to ML; no training in the use of financial intelligence; no formal process for identifying and prioritising potential ML cases; low priority given to ML investigations as evidenced by the hierarchical structure of the Major Crimes Division (BCZ); and a general lack of resources for law enforcement agencies (LEAs).
- f. Confiscation is not pursued as a policy objective. The laws of Suriname only permit conviction-based confiscation, seriously limiting the powers, scope and option of the investigations and prosecution authorities when going after the proceeds and instrumentalities of crime.
- g. The Republic of Suriname is a signatory to the United Nations (UN) International Convention for the Suppression of the Financing of Terrorism". However, there are various Articles within the Penal Code and other laws do not meet the requirements as the country has not included all elements of activity required under the FATF Standards.

- h. Suriname has not implemented targeted financial sanctions (TFS) pursuant to UNSCR 1267 and 1373 because the Council on International Sanctions is in its formative stage of development. There are no laws or measures in place to ensure that persons or entities involved in the financing of Proliferation of Weapons of Mass Destruction (PW) are identified, deprived of resources and prevented from raising, moving and using funds for that purpose.
- i. An assessment of foundations has not been conducted to ascertain the nature of the sector and those that are operating as Non-Profit Organisations (NPOs), neither has Suriname identified the subset of foundations or NPOs which fall into the FATF category of NPOs. This has resulted in an absence of adequate mechanisms, including legislation and supervision, to identify and mitigate the risks which may emanate from the sector.
- j. Most financial institutions (FIs) and some Designated Non-financial Businesses and Professions (DNFBPs) have implemented risk-based customer due diligence (CDD) and record keeping measures proportional to the nature, size and complexity of their business activities. FIs have demonstrated a varying understanding of their ML/TF risks and obligations. Most FIs have implemented measures to mitigate their ML risks. The majority of DNFBPs did not demonstrate a good understanding of their ML risks and obligations. Some of the FIs and DNFBPs have a limited understanding of their TF risks and obligations. Some FIs and DNFBPs had inadequate CDD measures with respect to the identification and verification of beneficial owners for their customers. Most FIs and DNFBPs demonstrated their commitment to meeting their reporting obligations to the FIUS.
- k. While Suriname does not prevent or have legislative provisions for VASPs, there are no mechanisms to identify VASPs that may be operating in the jurisdiction and to apply appropriate preventive measures if VASPs are detected.
- l. The Central Bank of Suriname (CBvS), FIUS and the Gaming Supervision and Control Institute (GSCI) do not have the power to supervise FIs and DNFBPs for compliance with CDD, enhanced due diligence (EDD) and record keeping requirements in the Act on the identification requirements for service providers (WID Act). Further, Suriname's FIs and DNFBPs are not being supervised for compliance with targeted financial sanction obligations as the Council on International Sanctions has not yet commenced supervision activities.
- m. The risk-based supervisory framework for FIs is in the developmental stage. The supervisors of DNFBPs (FIUS and the GSCI) are not adequately resourced (financial, human and technological) which has impacted the effectiveness of their supervision (the degree of frequency and intensity) as well as the frequency and quality of feedback provided to entities supervised. Additionally, the DNFBP supervisors have not implemented a risk-based supervisory framework.
- n. There are deficiencies in the measures which are in place for ensuring transparency and accuracy of beneficial ownership information. Suriname has not conducted a risk assessment of legal persons and there are weaknesses in the mechanisms to record and obtain beneficial ownership information on legal persons and arrangements.

## Risks and General Situation

2. Suriname has a small economy that has benefitted from its rich natural resources. The mineral sector, consisting of gold and petroleum together with agriculture products, are the main drivers of the economy. Suriname (officially known as the Republic of Suriname) is one of the smallest independent countries in South America with a land mass of 163,820 km<sup>2</sup>, 94% of which is tropical rainforest<sup>1</sup>, and a population of approximately 612,985 persons. Suriname is one of the least densely populated countries on Earth. It is bordered by the Atlantic Ocean to the north, Brazil to the south, and French Guiana and Guyana to the east and west, respectively. The official language is Dutch. Due to its Dutch colonial history, Suriname has a long-standing relationship with the Netherlands with which it maintains close diplomatic, economic, and cultural ties. Suriname is a member of CARICOM, which is a grouping of 20 countries in the West Indies. It utilises the Suriname dollar (SRD).
3. Suriname has an open economy which is classified by the World Bank as an upper-middle income economy. The estimated Gross Domestic Product (GDP) amounts to USD1.4 billion at the end of 2019.
4. Suriname completed its NRA in 2021. According to the NRA, risks to the private and public sectors arise due to the lack of effective AML/CFT management tools and systems such as laws, regulations, procedures and enforcement systems. Suriname has a national AML risk rating of moderate to high and ML is reportedly linked to criminal activity related to the transshipment of cocaine, primarily to Europe. Whilst the NRA concluded that TF posed no threat to the country and gave it a risk rating of very low. It was however noted that the methodology used for the NRA did not clearly discern a process which focused on TF.
5. Suriname is not considered a financial centre. The financial sector comprises ten banks (nine local and one foreign), insurance companies, investment and pension funds (41 pension funds and five provident funds), 23 exchange offices/cambios, money transfer offices (six) and 25 credit unions. Banking institutions, pension funds, insurance companies and credit unions had joint assets totalling USD 1,512 billion in 2019. The share of the banking sector in that year was 75.9% of the overall financial sector. The balance sheet total of the primary banks as of 2018 was approximately USD 1,063 billion and they made up 75.6% of the financial sector. The other sectors: pensions; insurance and credit unions, made up 12.8%, 11.2% and 0.1% of the total financial sector respectively. It should be noted that the cambios and money transfer offices are not part of the balance sheet total. There are 20 casinos licensed to operate in Suriname.

## Overall Level of Compliance and Effectiveness

### *Assessment of risk, co-ordination and policy setting (Chapter 2; IO.1, R.1, 2, 33 & 34)*

6. Suriname has a fair but developing understanding of its main ML/TF risks. This understanding was developed through the completion of its first NRA in October 2021. However, the NRA did not assess the risk in several relevant areas recommended under the FATF Methodology (NPOs; legal persons; new technologies; and VASPs) and no other risk assessments were done by the country (sectoral,

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<sup>1</sup> Food and Agriculture Organisation of the United Nations, Global Forest Resources Assessment 2015. <https://www.fao.org/3/az343e/az343e.pdf>

thematic or otherwise). The NRA process was impacted by significant data gaps across the public and private sectors and only the banking sector had adequate quality data. Suriname's NRA was widely disseminated, and a sanitised version is available on the CBvS and the FIUS websites and replicated on the websites of other entities. However, some private sector entities were not aware of the finalisation and publication of the NRA. Suriname should ensure that the findings of the NRA are disseminated to all relevant private sector entities (including associations) to ensure a consistent understanding of the ML/TF risks among stakeholders. Also, targeted sectoral sensitisation sessions should be held with entities that fall under the country's AML/CFT framework to make them aware of the risks associated with their sectors. Suriname should also conduct ongoing assessments of its ML/FT risk to identify the level of risk in the country as it evolves.

7. The majority of the AML/CFT competent authorities have a general understanding of their roles and responsibilities. However, the novelty of the NRA process together with resource constraints (both humans and capital resources) have impacted their ability to develop and carry out mitigation activities aligned to the risks identified in the NRA. Suriname should provide AML/CFT competent authorities with the resources necessary to effectively execute their supervisory function.
8. National co-operation and co-ordination measures are largely in place in Suriname. However, Suriname did not demonstrate that mechanisms are in place for co-operation and co-ordination between relevant authorities to ensure the compatibility of AML/CFT requirements with Data Protection and Privacy rules and other similar provisions.

***Financial intelligence, ML investigations, prosecutions and confiscation (Chapter 3; IO.6, 7, 8; R.1, 3, 4, 29–32)***

9. The Suriname Police Force, through the FOT, has a practice of not requesting financial intelligence from the FIUS for all investigations. Of the 415 requests made for financial intelligence and related information by the FOT over the assessment period, 17 or 4% were made to the FIUS.
10. The FIUS receives UTRs from a wide cross section of reporting entities filed on the basis of either objective (threshold based) and subjective (suspicious) indicators. Information provided by the FIUS demonstrates that the UTRs contain relevant and valuable information and the FIUS has used them to advance its functions. The introduction of an online digital reporting system (REPSYS) by the FIUS in March 2018 resulted in significant improvements in the efficiency of the reporting system and the quality of the UTRS received.
11. There is underreporting by some sectors of the DNFBPs and in practice, the FIUS has limited access to sources of government information, which limits the availability of other relevant information that is used to add value to the UTRs being analysed.
12. The FIUS operates independently when carrying out its data collection, research and analysis tasks. The limited number of analysts; lack of human and technical resources; and the limited access to sources of government information all add to the view that the FIUS is operationally unable to perform sufficient and sound analyses on the reports filed.

***ML identification and investigation (Immediate Outcome 7)***

13. Suriname's framework for identifying and investigating ML cases is centred on the Major Crimes Division, subdivision financial investigations team which includes the departments of Fraud and Economic Offences (FED) and the Financial Investigation Team (FOT) and the Public Prosecutors

(OvJ) which instructs the police and lead those investigations. Through this framework, suspected ML cases are mainly identified through predicate offences investigations as well as information shared by the Capital Crimes department and Narcotics Unit. Additionally, STRs sent to the PG from the FIUS are routed to the FOT for investigations after consultation. Parallel financial investigations are not conducted.

14. The FOT takes the lead in ML investigations in Suriname. However, the unit is under resourced and there is insufficient capacity and ML training. This lack of resources also has a direct impact on the FOT's ability to routinely conduct ML investigations.
15. The OvJ is charged with prosecuting criminal offences. The Judiciary consists of the standing magistracy and the sitting magistracy. The OvJ is part of the standing magistracy. The OvJ is responsible for the prosecution policy and is authorised to give instructions to police officers for the prevention, detection and investigation of criminal offences. Examining judges are also being assigned to handle ML cases. They prepare the investigations in co-ordination with the police.
16. The rate of ML prosecutions is low. The data provided by the Authorities show 56 ML cases being investigated up to the first six months of 2021. Two ML cases were successfully prosecuted during the assessment period, and in one of the two cases, the person or persons were sentenced in relation to the charges under the Act on Money Laundering Penalisation. In the other case in 2017, the accused was acquitted of the charges which were in violation of the said Act on Money Laundering Penalisation.

*Confiscation (Immediate Outcome 8)*

17. The Criminal Code provides the legal authority for the confiscation of proceeds and instrumentalities of crime and property of equivalent value. The laws of Suriname only permit conviction-based confiscation, but confiscation is not pursued as a policy objective. Despite having limited resources, Suriname has confiscated property on a few occasions arising from ML/TF investigations. However, confiscation has not occurred in respect to proceeds and instrumentalities of crime, and property of an equivalent value, involving foreign predicate offences, and proceeds located abroad. Additionally, in the event that confiscation occurs while working in partnership with another country, there are no formal arrangements or procedures in place for asset sharing.

***Terrorist and proliferation financing (Chapter 4; IO.9, 10, 11; R. 1, 4, 5–8, 30, 31 & 39.)***

*TF offence (Immediate Outcome 9)*

18. Suriname has acceded to the International Convention for the Suppression of the Financing of Terrorism and has criminalised TF consistent with Article 2 of that Convention. However, all elements of TF, in accordance with the FATF Standards, are not included.. According to the NRA, Suriname has determined that TF poses no threat, and its risk is very low. Notwithstanding this assessment by the jurisdiction, the Assessment Team could not discern a clearly articulated process in the NRA which focused on TF. As a result, the Assessment Team has concluded that the country has a very limited understanding of its TF risk (see IO.1), therefore it cannot be concluded that the absence of TF prosecutions is consistent with the country's risk profile.

*Preventing terrorists from raising, moving and using funds (Immediate Outcome 10)*

19. Suriname has never acted on designations pursuant to UNSCR 1267 and its successor resolutions, and UNSCR 1373. Additionally, the Council on International Sanctions is intended to serve as the primary co-ordinating mechanism in place among competent authorities on the issue of designations pursuant to those UNSCRs. The members of the Council on International Sanctions were appointed in November 2021 and due to financial constraints, have not begun to discharge their responsibility on designations pursuant to those UNSCRs. As a result of the non-functionality of the Council on International Sanctions, there has not been any information and guidelines on TFS issued to FIs and DNFBPs. A risk assessment of foundations has not been conducted to ascertain the nature of the sector and those that are in fact NPOs. As such, Suriname has not taken steps to identify the NPOs operating in the jurisdiction that are vulnerable to TF abuse.
20. Suriname had one prosecution and conviction in 2019 for the offence of Participation in a Terrorist Organisation which resulted in the seizure and confiscation of several objects. However, considering the material facts of this case, this cannot be viewed as a successful demonstration of the deprivation of assets and instrumentalities related to TF activities.

*Proliferation financing (Immediate Outcome 11)*

21. At the time of conclusion of the on-site visit, Suriname did not have any laws or measures in place to address PF. Suriname has therefore not implemented TFS concerning the UNSCRs relating to the combating of PF. However, whilst FIs and DNFBPs have no legal obligation to implement TFS for PF, some FIs and DNFBPs were aware of the international obligation and informally considered the United Nations Security Council Consolidated List when on-boarding new customers.

***Preventive measures (Chapter 5; IO.4; R.9–23)***

22. Most of the FIs have a fair understanding of their ML/TF risks and obligations including reporting requirements to the FIUS. However, the majority of DNFBPs and the smaller FIs do not fully understand their ML/TF risks and obligations. Whilst Banks demonstrated a good understanding of their ML/TF risks, the Exchange Offices (Eos) and Money Transfer Offices do not fully understand their ML/TF risks. Most FIs have implemented measures to mitigate their ML/TF risks such as onboarding and ongoing monitoring measures. Further, most FIs and some DNFBPs demonstrated their commitment to meeting their reporting obligations to the FIUS, albeit at varying degrees of understanding regarding the reporting timeframe for these transactions to the FIUS.
23. While Suriname does not prevent or have legislative provisions for VASPs, there are no mechanisms to identify VASPs that may be operating in the jurisdiction and to apply appropriate preventive measures if VASPs are detected.
24. Most FIs and some of DNFBPs have implemented risk based CDD and record keeping measures proportional to the nature, size and complexity of their business activities. Notwithstanding, some FIs and DNFBPs had inadequate CDD measures with respect to the identification and verification of beneficial owners for their customers. Most of the FIs have a fair understanding of the application of enhanced or specific measures for Politically Exposed Persons (PEPs), correspondent banking, wire transfer rules and higher risk countries. Formally documented EDD procedures are not yet fully in place for some FIs and most DNFBPs. DNFBPs' understanding of the application of enhanced or specific measures was low as it relates to EDD for high-risk customers (including PEPs and persons from high-risk jurisdictions).

***Supervision (Chapter 6; IO.3; R.14, R.26–28, 34, 35)***

25. Suriname's AML/CFT supervisors (CBvS, FIUS and the GSCI) do not have the power to supervise FIs and DNFBPs for compliance with CDD, EDD and record keeping requirements under the WID Act. The authorities are only empowered to conduct AML/CFT supervision pursuant to the MOT Act, which relates to the identification of unusual transactions. Further, Suriname's FIs and DNFBPs are not being supervised for compliance with targeted financial sanction obligations as the Council on International Sanctions has not yet commenced supervision activities. The FIUS and the GSCI are not adequately resourced (financial, human and technological) to effectively supervise the DNFBP sectors. The CBvS, FIUS and GSCI have not adequately applied effective, proportionate, and dissuasive sanctions in cases where the FIs and DNFBPs fail to comply with their AML/CFT requirements.
26. The CBvS is enhancing its risk-based framework for AML/CFT supervision of the Banks, Money Transfer Offices and EOs. Notwithstanding, there is no evidence to demonstrate the frequency and intensity of AML/CFT supervision for the Money Transfer Offices and EOs based on the ML/TF risks present in the country and their ML/TF risks. Further, AML/CFT supervision of the credit union and insurance sectors has not yet commenced. Whilst pension funds are subject to off-site monitoring, the on-site inspections have not commenced. The FIUS and the GSCI have not developed a risk-based supervisory framework for the DNFBPs sector.
27. In relation to FIs, Suriname AML/CFT supervisors generally apply effective licensing and registration measures, although some technical deficiencies were identified. In relation to DNFBPs, players in the sector are not subjected to licensing requirements, they are instead subjected to registration requirements which is usually done by their professional associations. In Suriname, there is no framework in place for licensing, registering and regulating VASPs.

***Transparency and beneficial ownership (Chapter 7; IO.5; R.24, 25)***

28. The Trade Register Act provides that either the owners, managers or board members of all legal persons must cause them to be registered in the trade register kept by the Chamber of Commerce & Industry (CCI). The CCI also maintains the foundation register which contains information on those legal persons that are foundations. The information contained in the trade and foundation registers is publicly available. There are no requirements for beneficial ownership information to be provided to the CCI at the time of the registration of any legal person, and thus is not contained in the trade and foundation registers. FIs and DNFBPs are required to obtain beneficial ownership information during their CDD/EDD processes. However, in relation to clients who are legal persons, this is not achieved as they are required to produce a certified extract from the CCI which does not contain beneficial ownership information. Additionally, Suriname doesn't have mechanisms to ensure that beneficial ownership information on legal persons is obtained and available at a specified location in Suriname, nor are there other mechanisms for that information to be determined in a timely manner by competent authorities.
29. Suriname has not conducted a risk assessment of the ML/TF risks and vulnerabilities of the legal persons existing in the jurisdiction. Nevertheless, by way of legislation, Suriname has implemented measures to prevent the misuse of legal persons and arrangements for ML/TF. However, in light of no risk assessment being done on the legal persons created in Suriname, and the authorities not having a thorough understanding of their vulnerabilities and the extent to which they can be misused for ML/TF,

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a determination was made that the legislative steps taken by Suriname insufficiently and ineffectively protected them from misuse.

30. Additionally, in relation to the adequacy, accuracy and currency of the basic information, the Trade Register Act imposes a requirement on legal persons to report every change of their basic information which is included in the trade register. There is no time frame for this report to be made under the Act and the failure to report a change has not been enforced by the CCI.

***International co-operation (Chapter 8; IO.2; R.36–40)***

31. Suriname can provide Mutual Legal Assistance (MLA) to countries insofar as the request is based on a treaty. Assistance to other countries can also be provided in circumstances where the request is not based on a treaty, but it is reasonable. According to the authorities, reasonableness is determined on the basis that the request is permitted by the laws of Suriname. The Attorney General has been designated as the central authority for MLA matters. The Minister of Justice and Police is responsible for extradition, which can only occur on the basis of a treaty.
32. Suriname has not sought MLA to pursue domestic ML, associated predicates and TF cases with transnational elements within the past five years. The FIUS is the only competent authority with a formal case management system to provide constructive and timely international co-operation for AML/CFT purposes.

## Priority Actions

- a) Suriname should review the Penal Code and MOT Act to ensure the terrorist financing offence includes all elements of TF in accordance the FATF Standards.
- b) Suriname should conduct a risk assessment of the ML/TF risks and vulnerabilities of new technologies, virtual assets and the operations of virtual asset service providers and implement the appropriate measures to mitigate ML/TF risks identified. Further, appropriate mechanisms should be implemented to identify VASPs that may be operating in the jurisdictions and ensure the necessary preventive measures are taken.
- c) Suriname should clarify the role of the Council on International Sanctions and ensure that it is fully resourced so that it can function effectively regarding its supervision of TFS. Further, Suriname should implement UNSCRs in relation to PF, including through the adoption of appropriate laws and the establishment of mechanisms to facilitate their implementation without delay.
- d) Suriname should address the technical deficiencies regarding the transparency of beneficial ownership of legal persons and legal arrangements, assess the ML/TF risks associated with all types of legal persons permitted under the Trade Register Act, implement mitigating measures commensurate with the risks identified, and devise mechanisms to ensure that information on the beneficial ownership of a legal person is available at a specified location in the country, or can be otherwise determined in a timely manner by a competent authority.
- e) Measures should be adopted to protect the NPO sector from abuse and promote a high degree of transparency. Such measures would include addressing the technical deficiencies under Recommendation 8 and conducting a risk assessment to ascertain the nature of the Foundations sector and to identify the feature and types of NPOs in Suriname.
- f) Suriname should remove any obstacles to Egmont membership and consequently to international co-operation arising from this. Further, the structure of the FIUS should be reviewed with a view towards ensuring the full autonomy of the Director. This action should include formally articulating the role, functions and duties of the Director so that there is autonomy to freely deploy the resources, including financial resources, necessary to undertake the operations of the FIUS. The overarching functions of the PG as supervisor of the FIUS should be clarified.
- g) Given the central role of the FIUS as a repository and producer of financial intelligence, adequate human, and financial resources, along with needed technological tools and training, including in the identification of TF, should be made available to the unit so it can adequately execute its core FIU functions, including the analysis of the backlog of UTRs on file.
- h) In order to give effect to Art. 9 of the MOT Act, the administrative and institutional framework should be developed and implemented to enable direct access, and where this is not technically feasible, indirect access, by the FIUS, to the following sources of government information and all other sources of government information relevant to its functions:
  - 1) Immigration service in the Ministry of Justice and Police; 2) Vehicle registration;
  - 3) Registry of convicted persons at the Office of the Attorney General; 4)

Immigration Police, for persons who apply for permits to stay in Suriname; 5) Information from the Suriname Police Force's (KPS) Crime Registry; 6) Tax authority at the Ministry of Finance; 7) Land Registry at Ministry of Natural Resources; 8) Land Management and Forestry; and 9) Ministry of Internal affairs (Civil Registry of Suriname citizens).

- i) Ensure that the investigative capacity for ML is increased by providing ongoing training to the KPS and OvJ. Additionally, adequate resources (both human and technical) should be allocated to the KPS and OvJ to perform their AML/CFT functions.
- j) Develop a clear strategic focus and implement a formal process to be used, including at the OvJ, for identifying and prioritising ML investigations. Prioritise the use of financial intelligence, parallel financial investigations and information from sources like international requests. ML should be identified and investigated consistent with the identified ML/TF risks.
- k) Suriname should pursue confiscation of criminal proceeds, instrumentalities and property of equivalent value as a policy objective. For example, such measures should include within each of the respective competent authorities, the development of internal policies and procedures to prioritize, co-ordinate and streamline confiscatory action.
- l) Suriname should provide more guidance and outreach to smaller FIs and newly supervised DNFBPs regarding their AML/CFT risks and obligations and take steps to ensure that all FIs and DNFBPs (with focus on the higher risk sectors such as Money Transaction Offices, casinos and DPMS) are adequately monitored for compliance with enhanced or specific measures for PEPs, TFS, UNSCR obligations, and high-risk countries identified by FATF.
- m) Suriname should strengthen implementation measures in relation to the identification and approval of PEP relationships, designated persons under TFS, including requiring FIs and DNFBPs to screen customer's names to ascertain PEP/Sanctions designation status prior to establishing business relationships and on an ongoing basis.
- n) Suriname should ensure that all reporting entities are registered with the FIUS, and they understand their reporting obligations pursuant to the MOT Act. This would require the FIUS to implement measures to clarify its guidelines for reporting unusual transactions including resolving the practical issues encountered by the reporting entities when they register, file reports and receive communications from the FIUS. Suriname should continue to provide guidance to reporting entities on identifying TF/PF suspicious activities such as sector-specific typologies.
- o) Suriname's AML/CFT Supervisors for the FIs and DNFBPs should enhance their AML/CFT supervision based on the findings of country and/or sector risk assessments to demonstrate that the frequency and intensity of AML/CFT supervision are based on the ML/TF risks present in the country and ML/TF risks for the FIs that are supervised. The CBvS should subject all FIs including the credit union, insurance and pension funds sectors to risk-based AML/CFT supervision, both off-site and on-site. The FIUS and the GSCI should engage and survey their entities to better understand risks within each sector and across sectors and develop and implement a risk-based supervisory framework.
- p) Suriname should take the necessary measures by the enactment of legislative provisions to give the AML/CFT supervisors powers to supervise FIs and DNFBPs for compliance with the CDD, EDD and record keeping requirements under the WID Act and apply sanctions, where necessary.

- q) The resources (financial, technological and human) available to the supervisors of the DNFBP sectors (FIUS and GSCI and Council on International Sanctions) should be reviewed and enhanced to ensure they are able to adequately supervise the sectors.
- r) Suriname's AML/CFT supervisors should apply effective, proportionate, and dissuasive sanctions in cases where the FIs and DNFBPs fail to comply with their AML/CFT requirements.
- s) Suriname should ensure that the timeline for reporting unusual transactions stated in the Guidelines for Reporting Unusual Transactions and the MOT Act is harmonised according to the FATF Methodology and are consistent. This requirement with clear and consistent timelines must then be communicated urgently to all reporting entities.

## Effectiveness & Technical Compliance Ratings

**Table 1. Effectiveness Ratings**

| IO.1 | IO.2 | IO.3 | IO.4 | IO.5 | IO.6 | IO.7 | IO.8 | IO.9 | IO.10 | IO.11 |
|------|------|------|------|------|------|------|------|------|-------|-------|
| LE   | LE   | LE   | LE   | LE   | LE   | LE   | LE   | LE   | LE    | LE    |

Note: Effectiveness ratings can be either a High- HE, Substantial- SE, Moderate- ME, or Low – LE, level of effectiveness.

**Table 2. Technical Compliance Ratings**

| R.1  | R.2  | R.3  | R.4  | R.5  | R.6  | R.7  | R.8  | R.9  | R.10 |
|------|------|------|------|------|------|------|------|------|------|
| PC   | PC   | PC   | LC   | PC   | NC   | NC   | NC   | LC   | PC   |
| R.11 | R.12 | R.13 | R.14 | R.15 | R.16 | R.17 | R.18 | R.19 | R.20 |
| LC   | PC   | PC   | LC   | NC   | LC   | LC   | LC   | PC   | LC   |
| R.21 | R.22 | R.23 | R.24 | R.25 | R.26 | R.27 | R.28 | R.29 | R.30 |
| PC   | PC   | PC   | NC   | NC   | PC   | PC   | PC   | PC   | PC   |
| R.31 | R.32 | R.33 | R.34 | R.35 | R.36 | R.37 | R.38 | R.39 | R.40 |
| PC   | PC   | LC   | C    | PC   | PC   | PC   | NC   | PC   | PC   |

Note: Technical compliance ratings can be either a C – compliant, LC – largely compliant, PC – partially compliant or NC – non-compliant.

## *MUTUAL EVALUATION REPORT*

### **Preface**

This report summarises the AML/CFT measures in place as at the date of the on-site visit. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of the AML/CFT system and recommends how the system could be strengthened.

This evaluation was based on the 2012 FATF Recommendations and was prepared using the 2013 Methodology. The evaluation was based on information provided by the country, and information obtained by the evaluation team during its on-site visit to the country from February 28th - March 11th, 2022

The evaluation was conducted by an Assessment Team consisting of:

- Keston Abraham, Financial Investigations Branch, Trinidad and Tobago, (Legal Expert);
- Abubakar Nyanzi, Cayman Islands Monetary Authority, Cayman Islands, (Financial Expert);
- Anthony McKenzie, Bank of Jamaica, Jamaica, (Financial Expert);
- Donald Sheckle, Royal Police Force of Antigua and Barbuda, (Law Enforcement Expert);
- Jefferson Clarke, Law Enforcement Advisor, CFATF Secretariat (Mission Leader); and
- Avelon Perry, Financial Advisor, CFATF Secretariat, (Co-Mission Leader).

The report was reviewed by: Mrs. Miglisa Fahie, British Virgin Islands; Mrs. Yonette Romao-Scarville, Guyana; Mr. Bob Wieser, the Netherlands; Mr. Robin Sykes, International Monetary Fund; and the FATF Secretariat.

Suriname previously underwent a FATF Mutual Evaluation in 2009, conducted according to the 2004 FATF Methodology. The March 23rd, to April 3rd, 2009, evaluation and April 18, 2011, to May 31, 2017 follow-up reports have been published and are available at [Suriname \(cfatf-gafic.org\)](http://cfatf-gafic.org).

That Mutual Evaluation concluded that the country was compliant with two Recommendations; largely compliant with three; partially compliant with 15; and non-compliant with 28. Suriname was rated compliant or largely compliant with 15 of the 16 Core and Key Recommendations. Suriname was placed in enhanced follow-up in November 2009 and removed from the follow-up process in May 2017.

## Chapter 1. ML/TF RISKS AND CONTEXT

33. Suriname (officially known as the Republic of Suriname) is a Dutch-speaking sovereign nation on the north-eastern Atlantic coast of South America. Covering an area of 163,820 km<sup>2</sup> (63,037 miles<sup>2</sup>), 94% of which is tropical rainforest, it is the smallest sovereign state in South America. Suriname has a population of approximately 612,985 persons. The Republic of Suriname is a representative democratic republic, based on the Constitution of 1987. The legislative branch of government consists of a 51-member unicameral National assembly, popularly elected for a five-year term by proportional representation per district. The President is the Head of Government elected for a five-year term by a two-thirds majority of the National Assembly. The branches of government are: i) The Executive Branch, headed by the President; (ii) the Legislative branch, consisting of the 51-member National Assembly; and (iii) the Judicial Branch, headed by the President and Vice-President of the Court of Justice. A Cabinet of Ministers, established by the President, is also part of the Executive Branch.
34. Suriname is a civil law jurisdiction with a Judiciary consisting of the President and the Vice-President of the High Court of Justice, the members and the deputy members of the High Court of Justice, the Procurator General of the High Court of Justice, and other members of the Public Prosecutions Department, and of other judicial officers designated by law. The Judiciary is charged with the administration of justice. The supreme court, entrusted with the administration of justice, is called the High Court of Justice of Suriname.
35. At the end of 2019, Suriname's GDP was estimated at USD 1.40 billion representing an increase of 0.4%. Real GDP however contracted by 15.9% in 2020 and was projected to further contract by another 3.5% in 2021<sup>2</sup>. As a developing country, Suriname is classified by the World Bank as a country with a high-middle income which is attributed to activities in the minerals sector (the main economy drivers being gold and petroleum), their spill-over effect and a relatively large government sector. At the end of 2020, the public debt stood at 148% of GDP.
36. The local currency is the Surinamese dollar (SRD) which replaced the Surinamese guilder on January 1, 2004. The USD/SRD rate has depreciated a cumulative 180% since January 2020. In June 2021 the CBvS floated the SRD following steep devaluations in September 2020, March 2021 and May 2021.
37. Suriname is considered a culturally Caribbean country and is a member of the Caribbean Community (CARICOM), which is a grouping of 20 countries stretching from The Bahamas in the north to Suriname and Guyana in South America.

### 1.1. ML/TF Risks and Scoping of Higher Risk Issues

#### 1.1.1. Overview of ML/TF Risks

38. Suriname faces ML threats from proceeds of crime generated domestically and internationally, particularly through its financial, property and retail sectors. Suriname is a cash-intensive, natural resources rich jurisdiction with a regulatory and supervisory regime that is relatively nascent. It has a small mixed undiversified economy that is supported by international donors and foreign investors. The country is currently under the Extended Fund Facility of the International Monetary Fund (IMF).

<sup>2</sup> <https://www.imf.org/-/media/Files/Publications/CR/2021/English/1SUREA2021001.ASHX>

39. According to the National Risk Assessment (NRA), Suriname's geographic location, coupled with its vast open borders, makes it susceptible, as a transshipment point for drugs and t smuggling activities. Robbery, drug trafficking, fraud and kidnapping are, on average, the top categories of crime in Suriname. However, the main threats to the financial sectors were listed as corruption, drug trafficking, tax evasion and illegal trade in gold and timber.
40. The NRA concluded that the threat for TF activities in Suriname is very low. No cases have been registered for terrorist financing and terrorist activities and there are no domestic or international terrorist organizations, groups or individuals, operating within the country.
41. There are no Virtual Assets Service Providers (VASPs) licensed or registered to operate in Suriname.

### ***1.1.2. Country's Risk Assessment & Scoping of Higher Risk Issues***

42. In October 2021, Suriname completed its NRA, covering the period 2015 to mid-2020. The NRA was conducted under the direction and guidance of the Organisation of American States (OAS) and the Inter-American Development Bank (IDB).
43. The methodology for the NRA involved research activities divided into four phases, i.e.: Phase 1 - initial phase of identification of stakeholders and participants from the various sectors (focal points) for participation in the surveys; Phase 2 - quantitative and qualitative data collection and analysis; Phase 3 - technical analysis and analysis of threats and vulnerabilities and Phase 4 - the risk analysis.
44. The process involved the creation of three working groups made up of ten sectors, three of which were from the public sector and seven of which were from the private sector. The process, which was national in scope, was led by the Project Management Team (PMT). The PMT was specifically appointed through a Presidential Resolution and placed under the co-ordination of the CBvS to execute and co-ordinate the process to identify and assess the country's ML and TF risks. Table 1.1 below shows the calculations of AML risks of the private/economic sectors at the national level.

**Table 1.1 Calculation of AML-Risk of the private/economic sector at national level<sup>3</sup>**

| Sectors |                                       | AML risk<br>(0=very low; 1 very high) | Risk classification |
|---------|---------------------------------------|---------------------------------------|---------------------|
| 1       | Banking sector                        | 0.60                                  | Medium              |
| 2       | Money transfers                       | 0.60                                  | Medium              |
| 3       | Cambio                                | 0.61                                  | Medium              |
| 4       | Trust                                 | 0.61                                  | Medium              |
| 5       | Accountants                           | 0.66                                  | Medium              |
| 6       | Lawyers                               | 0.66                                  | Medium              |
| 7       | Notaries                              | 0.66                                  | Medium              |
| 8       | Real estate                           | 0.67                                  | Medium              |
| 9       | Insurance                             | 0.70                                  | Medium              |
| 10      | Car dealers (New)                     | 0.72                                  | Medium              |
| 11      | Pension funds                         | 0.74                                  | Medium              |
| 12      | Credit Unions                         | 0.74                                  | Medium              |
| 13      | Casinos                               | 0.75                                  | Medium/ High        |
| 14      | Dealers in precious metals and stones | 0.79                                  | Medium/ High        |

<sup>3</sup> Suriname's NRA Report, October 2021

45. The NRA was a fair, comprehensive and honest view of the country's main ML/TF risks, recognising that there were limitations in the data maintained by the institutions in the AML/CFT infrastructure and therefore inadequate for the NRA process.
46. In deciding the issues that should be prioritised for increased focus, the Assessment Team reviewed material provided by Suriname, including their NRA, and information from third-parties (e.g. reports from other international organisations) and credible open sources. The following areas were identified for increased focus during the onsite visit.

*Money laundering associated with drug trafficking*

47. According to the NRA, Suriname has long been affected by the effects of drug trafficking, which has been identified in the NRA as one of the top five crime categories, as it poses a high threat and material impact on ML/TF. In addition, there was a high growth in drug trafficking (68%) in 2019. The NRA indicated that drug trafficking poses a high threat to Suriname and mainly emanates from drug-producing countries that use Suriname as a transit hub to export drugs to other countries. The country is an exit point for South American narcotics, primarily cocaine, as traffickers utilise cargo vessels and aircraft leaving Suriname bound for Europe and Africa and, less frequently, the United States. Suriname is also an attractive exit point because it has lightly policed borders and there is limited political will to crack down on the drug trade.
48. The most common method of transshipment is by plane where loads are dropped near the coast or rivers or delivered to illegal and legal airstrips or by passenger aircraft (via baggage compartments etc.). However, there have been instances of shipment using various cargo vessels such as boats (via the rivers, containers at the port, etc). For example, in January 2019, the country made its largest drug bust with the seizure of over 2,300 kg of cocaine found hidden in containers of rice at the port waiting to be exported. Considering that the NRA has flagged the transshipment of drugs as being linked to ML activities, focus was placed on, inter alia, domestic co-operation amongst LEAs including, the risk mitigation measures and the effectiveness of law enforcement authorities' ability, the effectiveness of international co-operation and efforts to trace, seize/restrain and forfeit proceeds from drug trafficking. The Assessment Team also focused on the extent to which prosecution authorities pursue the predicate offence of ML in addition to the drug trafficking offences.

*Corruption*

49. Suriname has a score of 38/100, with 0 being the most corrupt, and is ranked at 94/180 in the corruption perception index (CPI) of Transparency International for 2020. The NRA has flagged bribery and corruption as being deeply rooted in various government agencies which allows criminals to circumvent enforcement, control and sanctions, with 'exceptions' being made by government officials for violations, enforcement, control and sanctioning. The recent discovery of oil and anticipated high oil production can pose a possible opportunity for corrupt activities.
50. Suriname suffers from rampant corruption despite the Government's efforts to curtail it. Corruption related issues have been highlighted in the NRA as being institutionally deep-rooted in the public sector. Thus corruption plays a part in facilitating criminal activities, including the smuggling trade whilst paralysing efforts to tackle it. Funds from smuggling activities are invested into the formal economy through cash-intensive companies like casinos, cambios, car dealers and moneylenders.
51. Suriname's legislative architecture provides for three entities to be responsible for corruption-related matters, i.e. Anti-corruption Committee; the Public Prosecution Office and the Surinamese Police Force. In September 2017, the Anti-Corruptie Wet (The Anti-Corruption Act (O.G. 2017 no. 85) was approved in the National Assembly. This law provided for the creation

of an anti-corruption committee with functions that include advising the government on and developing the country's anti-corruption policy. The determination of the opportunity of investigation and prosecution in ML/TF cases from corruption is under the exclusive powers of the Public Prosecution Office, with such cases being investigated by the KPS, under the supervision of the said Public Prosecution Office. The Assessment Team evaluated the structure, independence and strategic alignment of the three agencies responsible for the policy, investigation and prosecution of ML/TF cases emanating from corruption in Suriname.

*Financial Intelligence Unit Suriname (FIUS)*

52. The FIUS has a supervisory function over DNFBPs, except for casinos. The MOT Act allows the FIUS to act independently in data collection, research and analysis. However, Article 11 of the MOT Act entrusts the supervision of the FIUS to the Procurator General (PG). The PG's supervision affects the FIUS' operational ability to independently disseminate the products of its core FIUS functions as these must be disseminated via the PG to law enforcement resulting in possible delays in the process. Additionally, the inadequate resources have hampered the work of the FIUS. The Assessment Team sought clarity on the level of supervision/influence of the PG, as an entity independent to the FIUS, has over the operation of the FIUS and whether this could compromise its independence and autonomy. The extent to which the lack of resources impacted the effective discharge of the FIUS' functions was also determined.

*Legal Persons & Legal Arrangements and the availability of Beneficial Ownership Information*

53. In Suriname, there is a public trade and a foundation register kept by the CCI. According to Suriname's NRA, these registers do not meet the requirements needed to particularise basic information on legal persons. The Assessment Team examined the process and tools used by law enforcement authorities to identify beneficial owners and the efficacy, and timeliness of the information they are able to obtain. Focus was placed on understanding how legal persons and arrangements created in Suriname are misused for ML, the mitigating measures being applied by the competent authorities and the extent of the mitigating measures being implemented by legal persons and legal arrangements to reduce the possibilities of being used unwittingly for illicit purposes such as ML.

*Designated Non-Financial Companies and Professional Groups (DNFBP) Sectors*

54. The NRA described the threat of ML in the notaries, lawyers, accountants and real-estate sectors as high, because of the services these entities offer. Notaries and lawyers manage third-party funds or client funds, including through foundations. Notaries are involved in the incorporation of legal entities. Notaries and accountants are involved in the transfer of companies (the notary, among other things, for recording the transfer and possibly the payment of the purchase price, the accountant for the valuation and determination of the value of the transfer). Most real estate professionals in Suriname are also appraisers and as such, also involved in the valuation of real estate, and irregularities in the form of undervaluation have occurred. When purchasing real estate, there is also the issue of 'internal financing', whereby purchasers often pay cash instalment directly to the seller.
55. The NRA also identified gold producers (particularly small-scale producers) as having a high ML risk. The small-scale gold producers' sector is characterised by a multitude of self-employed individuals who engage in gold mining on concessions issued to certain companies. The NRA notes that the supervisor finds it difficult or near impossible to obtain information on the sector since there is no enforcement and control. The NRA also notes that given the enormous mining activities that take place in the interior of Suriname, the additional 'business chains' that have arisen through the small-scale mining sector (e.g. prostitution, transporters, etc.) and the estimated number of persons directly or indirectly employed in this sector, it can be assumed that

the sector contributes enormously to the size of Suriname's informal economy. The Assessment Team examined the AML/CFT preventive measures as well as the effectiveness of the AML/CFT supervisory framework for all DNFBP sectors. Focus was placed on gold producers, dealers in precious metals and stones (DPMS), and casinos, including an examination of the risk understanding and understanding/implementation of AML/CFT obligations by FIs/DNFBPs, as appropriate.

56. The Assessment Team noted, the car dealers<sup>4</sup> sector is categorised as a DNFBP in Suriname and the ML/TF risk of the sector was assessed in the NRA. While the AML/CFT activities of the sector were noted during the assessment, this was not weighted in the conclusion of the various aspects of the MER.

#### *Financial Sector (Banking)*

57. The financial sector in Suriname comprises the banks, insurance companies, investment and pension funds, exchange offices/cambios, money transfer offices and credit unions. The banking sector was scoped based on factors of risk, services offered and materiality. The NRA rated the sector as medium-high risk due to the high threat of corruption, ML, illegal timber and gold trade as well as factors such as large volume of cash deposits, structuring of monies from China, businesses with foreign PEPs and commingling of funds. Higher focus was placed on the risk-based supervision of the sector and preventive measures.

#### *Financial Investigations Team*

58. The department of the Financial Investigations Team (FOT) falls under the responsibility of the major crimes division of the KPS. This LEA is tasked with detecting and investigating criminal offences in the context of organised crime and detecting property illegally obtained from criminal activity, culminating in confiscation. The NRA noted that the FOT is plagued with understaffing and insufficient capacity (technological and human capital etc.) to carry out its functions. The Assessment Team agrees with this finding.

#### *Terrorist financing*

59. There was a concern that Suriname does not fully understand its TF risk because the NRA limited the assessment of the country's TF risk to an analysis of the related legislative requirements. The Assessment Team examined whether there were limitations in the FIUS' capacity to analyse the UTRs it received and whether the resource implications of the FOT could have a deleterious effect on the country's ability to identify TF. The Assessment Team also focused on the country's TF identification approach and infrastructure and how it addressed TFS related to TF.

#### *New Technologies, Virtual Assets (VAs) and Virtual Asset Service Providers (VASPs)*

60. The CBvS has created an Innovation Hub which is aimed at stimulating innovation within the financial sector. As a result of this, two FinTech products, in the form of mobile money and e-wallets, were launched by banks which are already under the supervision of the CBvS. Both products use a tiered system whereby deposits exceeding USD300 trigger enhanced due diligence.
61. No financial products that can be identified as VAs have been launched in Suriname. The country has not identified the ML and TF risks associated with new technologies nor has a risk assessment been conducted to identify the risks associated with VAs operations in the country. There is no

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<sup>4</sup> In Suriname, car dealers are treated as a DNFBP. However, in this report car dealers and the risk associated with the sector is only addressed in Chapters 1 and 2 and not Chapters 5 and 6.

requirement for VASPs to be licensed or registered in Suriname. Information available from open sources has shown VA services being available, in Suriname, via external providers.

62. The main areas identified as lower risk for ML and not warranting significant focus during the assessment are human trafficking and smuggling of migrants and environmental crimes. The percentages of police investigations related to human trafficking and smuggling of migrants, both dropped by over 50% during the period of 2015 to 2019. Environmental crimes and the illegal timber trade had an overall threat level of low. Notwithstanding, the Assessment Team looked at the authorities' approach towards identifying incidents of human trafficking and examined the concerns related to the authorities inability to effectively control the activities around environmental crimes owing to corruption and inability of enforcement institutions.

## **1.2. Materiality**

63. Suriname has a small mixed economy and is not a financial centre. The financial sector is relatively simple and comprises: banks (ten primary banks); insurance companies (seven non-life insurance companies, four life insurance companies and two funeral insurance companies); investment and pension funds (41 pension funds and five provident funds); exchange offices/cambios (23); money transfer offices (six); and credit unions (25). Banking institutions, pension funds, insurance companies and credit unions had joint assets totalling SRD 31.3 billion (USD 1.512 billion) in 2019. The share of the banking sector in that year was 75.9% of the overall financial sector. According to the Financial Memorandum 2020, the balance sheet total of the primary banks as of 2018 was approximately SRD 22 billion (USD 1.063 billion) and they made up 75.6% of the financial sector.
64. The other sectors in the financial system: pensions; insurance and credit unions, made up 12.8%, 11.2% and 0.1% of the total financial sector respectively. The main support for Suriname's economy comes from the exploitation of its natural resources with gold mining; crude oil and wood being the top industries. Information on the financial share of the DNFBPs sector was not available. However, the Assessment Team noted that Notaries have a key role in the real estate transactions and the DMPS is a cash intensive market. DNFBPs in Suriname, including car dealers, are required to comply with the AML/CFT obligations. However, as noted previously, the supervision and performance of the car dealers' sector was not factored in the MER conclusions. There are no known VASPs operating in Suriname.

## **1.3. Structural Elements**

65. Suriname possesses the structural elements required for an effective AML/CFT framework. Political and institutional stability were evident that included mechanisms which allow for accountability and transparency. The President, together with key Ministers of government, prioritised meeting with the Assessment Team before his departure on official overseas travel. This as well as the strategic composition of the Anti-Money Laundering Steering Committee (ASC) headed by the President, is a demonstration of the high-level commitment toward countering ML and TF. The rule of law pervades and there is an independent bar and judiciary.

## **1.4. Background and Other Contextual Factors**

### ***1.4.1. AML/CFT strategy***

66. The ASC, chaired by the President of Suriname, was established from July 7, 2021 as the national AML/CFT policy setting and coordinating authority. The ASC formulated a national AML/CFT Strategy to address the ML/TF/PF risk identified in the NRA and the shortcomings in the AML/CFT framework. This was done in consultation with key stakeholders such as policy

makers, competent authorities (AML Supervisors, LEAs) and the private sector. The Project Implementation Unit (PIU), established from July 7, 2021, is charged with the responsibility of implementing decisions of the ASC. As such, they assist with monitoring the execution of the AML/CFT Strategic Plan. While the PIU has commenced activities based on prioritised issues, an action plan has not yet been finalised to implement the twelve thematic strategies outlined in the AML/CFT Strategic Plan.

#### 1.4.2. Legal & institutional framework

67. Suriname has a volume of legislation in their AML/CFT framework, which have been amended over time. The table below shows the key legislation:

**Table 1.2 Suriname's Key legislation**

| No | Legislation   | Description  |
|----|---|--|
| 1  | Act of 5 September 2002; Disclosure of Unusual Transactions Act (MOT Act)                       | This legislation establishes The Financial Intelligence Unit of Suriname (FIUS) and outlines the requirement for service providers to disclose unusual transactions. The legislation also designates the AML/CFT Supervisors in Suriname (the FIUS as supervisor of non-financial service providers - CBvS as supervisor of financial institutions - Gaming Board as gaming industry supervisor. |
| 2  | Act of 5 September 2002; Money Laundering Penalization Act                                      | This legislation criminalises ML and outlines the penalties for such offences.   |
| 3  | Act of 5 September 2002; Act on the identification requirements for Service Providers (WID Act) | Establishes the regulations requiring service providers to implement customer due diligence, enhanced due diligence and record keeping obligations.  |
| 4  | Act of 23 November 1977; Code of Criminal Procedure (and amendments)                            | The Code contains rules regarding the way investigations and prosecutions must be conducted.   |
| 5  | Act of 30 March 2015; Criminal Code (as amended)  | The Code indicates which acts are punishable and the respective penalties that can be imposed.   |
| 6  | Act of 22 November 2011; Banking and Credit System Supervision Act (BCSS Act)                   | The purpose of the Act is to enable the CBvS to enhance monetary stability within Suriname and to protect the interest of the public. The object of the BCSS Act is the development and maintenance of a sound banking and credit system and is underpinned by the Basel Core Principles.  |
| 7  | State Decree of 2 July 2013; Indicators of Unusual Transactions Decree                          | This Decree amends the Indicators of Unusual Transactions Decree of 2003 to replace the rules-based approach with a risk and principle-based approach.   |

68. The competent authorities and key agencies with mandates for formulating and implementing the AML/CFT framework in Suriname are:

- Attorney General also referred to as the Procurator General:** To the exclusion of any other body, the Public Prosecutors Office (OvJ) is responsible for the investigation and charged with the prosecution of all criminal offences, including ML and TF. The Public Prosecution Service at the Court of Justice is exercised by or on behalf of the Attorney General. The Attorney General represents the Republic of Suriname in court. He is head of the OvJ and is also charged with judicial policing. He is authorised to give such instructions to the officials charged with police tasks for the prevention, detection,

and investigation of criminal offences. The Attorney General ensures that the criminal offences are properly investigated. The Attorney General and the other members of the OvJ issue orders to the other persons charged with the investigation.

- **Customs Department:** Responsible for incoming & outgoing flow of goods and persons.
- **Tax Authority:** Responsible for collecting tax revenue through obtaining voluntary compliance with the tax law.
- **Ministry of Foreign Affairs:** Responsible for the implementation of the International Sanctions Act and designations on the National Sanctions List. The Minister of Foreign Affairs accedes to the UN Resolutions and seeks ratification of multilateral and bilateral Treaties.
- **Anti-Money Laundering Steering Council (ASC):** The ASC is the national policy-setting and co-ordinating authority on anti-money laundering and combating terrorist financing and all related aspects. It was established by Presidential Decree (PB 49/2021).
- **National Anti-Money Laundering Committee (NAMLAC):** The NAMLAC was established by the Ministerial Decree of 25 January 2021 no.21/00544 and is tasked with monitoring progress related to the implementation of FATF Recommendations, advising on updates to AML/CFT regulations, consulting with relevant stakeholders and advising the ASC on decisions to be taken to strengthen the country's AML/CFT regime. The NAMLAC has 13 members consisting of: 1. Chairman, the Director of the Financial Intelligence Unit of Suriname; 2. Vice-Chairman, representative from the CBvS ; 3. Secretary, representative from the CBvS; 4. Member, representative from the CBvS; 5. Member, representative from the CBvS; 6. Member, Ministry of Finance and Planning; 7. Member, Directorate of Taxation, Ministry of Finance and Planning; 8. Member, Ministry of Foreign Affairs, International Business and International Co-operation; 9. Member, Suriname Police Force (KPS); 10. Member, Ministry of Justice and Police; 11. Member, Supervisory and Control Institute for Gaming; 12. Member, OvJ; 13. Secretarial assistant.
- **Anti-Money Laundering Project Implementation Unit (PIU):** The PIU was established by Presidential Decree (PB 50/2021) and is tasked with implementing decisions of the ASC and assist with monitoring the execution of the AML/CFT Strategic Plan.
- **Financial Intelligence Unit of Suriname (FIUS):** The FIUS is the agency with responsibility for gathering, registering, processing and analysing data in order to ascertain whether this data may be important for the prevention and investigation of money laundering, financing of terrorism and their underlying offences. The FIUS is also the AML/CFT supervisor of DNFBPs in Suriname.
- **Central Bank of Suriname (CBvS):** The CBvS is responsible for the licensing and AML/CFT supervision of banks, credit unions, pension funds, money transaction offices and the securities market. While the bank has AML supervision responsibility for insurance companies, these entities are licensed by the Ministry of Economic Affairs, Entrepreneurship and Innovation.
- **Gaming Supervision and Control Institute (GSCI):** The GSCI is responsible for the AML/CFT supervision of the casinos and games of chance.
- **Council on International Sanctions:** The Council is responsible for the supervision of all FIs and DNFBPs for compliance with provisions by or pursuant to the International

Sanctions Act and the publication of the freezing lists.

- **The Suriname Police Force (KPS):** The Suriname Police Force is under the Ministry of Justice and Police with responsibility for conducting investigations into criminal activities.
- **The Ministry of Defence:** The agency is responsible for passenger control at the official checkpoints by means of automated Border Management Systems. The Immigration Service exchanges information with judicial and security services and operates in cooperation with the KPS, the Customs Department and the Directorate of National Security.

#### 1.4.3. Financial sector, DNFBPs and VASPs

69. The FIs and DNFBPs operating in Suriname were classified by the Assessment Team based on their relative importance, materiality and ML/TF vulnerability. The classification informed the Assessment Team's conclusions in the report, whereby a stronger weighting was assigned, positively or negatively, for AML/CFT systems implemented in the more important sectors than for those of less importance. This approach applies throughout the report but is most evident in Chapter 5 on IO.4 and Chapter 6 on IO.3.

**Table 1.3. Type and importance of FIs and DNFBPs**

| Sector  | Sub-Category          | Registered entities as at Dec 2021 | Importance Weighting |
|---|-----------------------|------------------------------------|----------------------|
| <i>Financial Institutions</i>                               |                       |                                    |                      |
| <b>Banks</b>  | Local                 | 9                                  | High Importance      |
|   | Foreign               | 1                                  | High Importance      |
| <b>Non-Banks</b>  |                       | 2                                  | N/A                  |
| <b>Money Transaction Offices</b>                            | Exchange Office       | 23                                 | High Importance      |
|   | Money Transfer Office | 6                                  | High Importance      |
| <b>Insurance Companies</b>                                  |                       | 12                                 | Moderate Importance  |
| <b>Securities</b>   |                       | 1                                  | Low Importance       |
| <b>Pension Funds</b>  |                       | 41                                 | Moderate Importance  |
| <b>Other Credit Institutions</b>                            | Credit Unions         | 25                                 | Low Importance       |
| <i>Designated Non-Financial Business Professionals</i>      |                       |                                    |                      |
| <b>Dealers in Precious Metal and Stone</b>                  |                       | 28                                 | High Importance      |
| <b>Casino and Games of Chance</b>                           | Casino                | 28                                 | Moderate Importance  |
|   | Lottery               | 3                                  | Moderate Importance  |
| <b>Car Dealers</b>  |                       | 28                                 | N/A                  |
| <b>Accountants</b>  |                       | 15                                 | Low Importance       |
| <b>Notaries</b>   |                       | 34                                 | Moderate Importance  |
| <b>Attorneys</b>  |                       | 50                                 | Low Importance       |
| <b>Real Estate</b>  |                       | 45                                 | Moderate Importance  |
| <b>Administrative Offices (small scale accounting firm)</b> |                       | 12                                 | N/A                  |

- a) *Banking sector:* The banking sector is made up of nine primary banks and one secondary bank. The total market share is dominated by four systemic banks, which account for more than 83% of the total commercial banks' assets. Banks are the premier financial institutions, holding 75%

of the assets of the financial system. This represents 95% of the Gross Domestic Product (GDP) which is a 19% increase from 2019. The overall risk of ML was **Medium**.

- b) *Insurance sector*: There are 12 insurance companies operating in Suriname and one insurance holding company) all of which are domestic owned companies, supervised by the CBvS. The holding company has subsidiaries in Guyana and Trinidad and Tobago. The 12 domestic insurance companies provide non-life insurance (six), life insurance (four) and funeral insurance. Insurance companies in Suriname are involved in life (term and whole life and annuities) and non-life (fire and property, motor vehicle, medical, marine, etc) insurance. Insurance companies also provide secured and unsecured loans to individual and commercial clients including gold miners and non-profit organisations. There is consideration to have the funeral insurance companies exempted based on the risk. The overall risk of ML was **Medium**.
- c) *Credit Unions*: This sector comprises 25 credit unions that are member owned financial institutions. Most credit unions are closed bond whereby membership is exclusive (in most instances only employees of a company). Since the amendment to the BCSS Act in 2011, credit unions in Suriname must be licensed by the CBvS. In the transition to the new regime, licences were granted to nine of the then existing 25 credit unions and one new license was granted in 2020. The remaining 15 are in the process of being dissolved. However, AML/CFT supervision of the sector is in the infancy stage. The sector mainly provides savings (essentially member shares and deposits), loans (micro credit, personal and mortgage) and acts as agents for insurance companies. The sector represents less than 1% of the financial sector in Suriname. The overall risk of ML was **Medium**.
- d) *Money Transaction Offices*: The Money Transaction Office sector in Suriname includes Exchange Offices (EOs) and Money Transfer Offices. The Money Transfer Offices perform the functions of money value transfer services defined in the FATF Methodology. The Money Transaction Offices Supervision Act (2012) states that Money Transfer Offices are prohibited from executing the business of currency exchange while EOs are prohibited from making money transfers. There are 23 EOs, with 32 branches, and six Money Transfer Offices. The overall risk of ML was **Medium**.
- e) *Investment and Pension Funds*: Pension funds are institutions that collect funds within the companies they are affiliated with, with the aim of providing pension insurance for the beneficiaries. It should be noted that the contributors are only employees of the companies who cease to be members of the fund upon resignation or retirement. As such, contributions are not in cash but only via direct payments from the company. At the end of 2021 there were 30 active pension funds, 11 inactive pension funds, one active provident fund and four inactive provident funds. The overall risk of ML was **Medium**.
- f) *Dealers in precious metals and stones*<sup>5</sup>: These are natural or legal persons engaged in trading precious metals, gemstones and jewellery. The sector is made up of two large scale gold producers that are not supervised by the FIUS and multiple small scale gold producers. The sector is highly cash intensive. The overall risk of ML was **Medium**.
- g) *Notaries*: Notaries in Suriname are civil law notaries (qualified legal professionals) appointed by the President of Suriname and sworn in under oath by the President of the Court of Justice in Suriname. Notaries have varying tasks under separate legislation. The specific legal tasks include real estate transactions (including mortgages), corporate law (the establishment of legal entities and foundations) and family law (making or changing last will or testament). Entry into

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<sup>5</sup> Suriname refers to this sector as “Traders in gold and precious metals and gemstones”.

the industry is limited as there is a legislative restriction to 50 professionals operating in the sector. The overall risk of ML was **Medium**.

- h) *Lawyers*: Suriname has approximately 215 Lawyers engaged in activities from private to criminal law, all of whom are registered with the Court of Justice. The clientele of Lawyers is very varied but can concern natural or legal persons that reside in Suriname or abroad. While the Association of Lawyers in Suriname has over 200 members, there were 50 Lawyers registered with the FIUS according to the 2021 Annual Report. While the definition of Lawyers in Suriname legislation captures the definition of Attorneys as per the FATF Methodology, there was no certainty that those registered with the FIUS are conducting those activities. The overall risk of ML was **Medium**.
- i) *Accountants*: This is a profession regulated by the Suriname Chartered Accountants Institute Act (2018). Most natural and legal persons operating in the sector essentially perform tax, assurance, audit, advisory and consultancy services for clients. While the NRA stated Suriname has 40 accountants, all registered with the Suriname Chartered Accountants Institute (SCAI), there were 15 registered with the FIUS as of December 31<sup>st</sup>, 2021. During the onsite visit, it was found that accountants did not perform any of the transactions identified by FATF. The overall risk of ML was **Medium**.
- j) *Real Estate*: During the NRA, the information provided showed that Suriname has almost 300 brokers involved in the development, sale, rental and appraisal of property with both domestic as well as foreign clients. As of December 31, 2021, there were 45 real estate entities registered with the FIUS. There is an Association of Real Estate Agents (AREA) but the regulatory function or authority was unclear. There was no information available on the volume or value of transactions conducted by the sector. The overall risk of ML was **Medium**.
- k) *Casino*: Licences for operators of Casinos and Games of Chance (including lottery) are approved by the President of Suriname while the sector is regulated by the GSCI. There are legislative measures to control the size of the sector as only a maximum of 20 licences can be issued and stipulations that casinos must operate at hotels. While 28 licenses were issued by the government, Suriname indicated eight of these casinos are not operational. The sector also includes games of chance (lotteries). The overall risk of ML was **Medium/High**.

#### **1.4.4. Preventive measures**

- 70. The MOT Act and WID Act are the main legislation that outline the AML preventive measures that FIs and DNFBPs must implement. The MOT Act specifically outlines the obligations related to reporting of unusual transactions to the FIUS while the WID Act outlines those obligations relative to (i) duty to provide proof of identity; and (ii) record keeping. AML/CFT guidelines are also issued by the Supervisors to FIs and DNFBPs on their obligations. The Indicators of Unusual Transactions Decree provides guidance to FIs and DNFBPs on objective and subjective indicators to establish whether a transaction is related to ML or TF. Preventive measures pertaining to sanctions made by the United Nations Security Council are outlined in the International Sanctions Act (2014) and the relevant International Sanctions State Decree.
- 71. Though not scoped by the FATF as a DNFBP, Suriname has identified car dealers as a vulnerable sector that is required to implement AML/CFT preventive measures.

#### **1.4.5. Legal persons and arrangements**

- 72. The laws of Suriname allow for the incorporation of limited liability companies; regular partnerships; foundations; associations, cooperative associations; and limited partnership firms.

73. A legal person belonging to a foreigner, or a legal entity established according to the law of another country is permitted to be registered in Suriname (Article 12 of the Trade Register Act) and in such instances the requirements of Articles 5 through 11 of the Trade Register Act (information that must be registered in the Trade Register) is followed. Additionally, if a legal person has a branch or sub-office in Suriname or is represented by a commercial agent who is authorised to sign contracts, then registration is also required (Article 14 of the Trade Register Act). These entities have no legal personality. Table 1.4 represents data from the CCI.

**Table 1.4. Types and numbers of registered legal entities**

| Description   | Number<br>(at January<br>2020) | Characteristics  |
|---|--------------------------------|--|
| Limited liability company (by shares)                   | 6,661                          | The Limited Company by Shares (Ltd.) is a legal entity with a nominal capital divided into shares, in which each of the shareholders take a participating interest in the legal entity and which entity has the purpose to engage in economic activities.  |
| Partnership firms (regular partnership)                 | 2,668                          | The regular partnership is incorporated by an agreement between two or more persons who undertake to bring something into the common property, with the aim of sharing the resulting benefit with each other including profit sharing.   |
| Foundation  | @+43,027                       | This is a legal entity in its own right with its own assets and liabilities and are extensively used in structures in which the foundation is the legal owner of assets of which others (mainly the chairman of the board as sole representative of the foundation) hold ownership.  |
| *Association  | 100                            | An association can be established by a minimum of 2 persons and should not have the purpose of making a profit distribution amongst its members. As long as the association has no legal personality, the founders are jointly and severally liable for the legal acts they have performed.<br><br><i>An association with legal personality</i> is required to have its articles of association approved by the President of Suriname. |
| Association with legal status (Cooperative association) | 72                             | The cooperative association is a legal entity codified in the Act on Cooperative Associations. It is an association of individuals as members, which has the purpose to improve the tangible interest of its members, by joint effort or by payment of an advance or by providing credit.  |
| Limited partnership                                     | 20                             | A limited partnership is the partnership between one or more (jointly and severally liable) partners and one or more investors ('silent partners') who contribute a certain amount of capital to the partnership.  |
| *Branch of a foreign company                            | 258                            | A foreign legal entity may establish a branch in Suriname. The branch of a foreign legal entity is not codified in Suriname and therefore <i>does not</i> have legal personality.  |

\* These entities do not have legal personality in Suriname

+ This figure includes 929 foundations which are engaged in profit making activities and are as such also registered in the Trade Register.

@ As of December 31<sup>st</sup> 2021

74. The types of legal persons listed in table 1.4 must register with the CCI in Suriname. The CCI is a private body, under public law, whose main function includes the maintenance of a Trade

Register of all business enterprises captured by the Trade Register Act. The Trade Register is available for perusal by everyone, free of charge.

75. The *foundation* is the structure considered, in the NRA, to be most likely to be abused for ML and other illegal activities. In Suriname, foundations are employed for a variety of purposes including for religious and non-profit organisations and also for estate planning. It is a legal entity in its own right with its own assets and liabilities and is extensively used in structures in which the foundation is the legal owner of assets of which others (mainly the chairman of the board as sole representative of the foundation) hold the economic ownership. Foundations which are involved in economic activity are registered in the Trade Register of the CCI. For the other foundations, self-registration in the Public Foundation Register is required.

#### **1.4.6. Supervisory arrangements**

76. The powers of supervision are outlined in legislation for the four supervisors in Suriname. The CBvS, FIUS and the GSCI are all mandated to supervise compliance with the provisions of the MOT Act (see Table 1.2) and the International Sanctions Council monitors compliance with the International Sanctions Act. The supervisors' powers are analysed in more detail in R.26 to R.28.
- The CBvS licences banks, pension funds, money transaction companies and credit unions in accordance with their respective legislation while Article 22 of the MOT Act designates their authority to supervise compliance with the reporting obligations. The CBvS has the required resources and is structured so that there are departments with operational responsibility for each supervised sector;
  - The FIUS, in addition to its core functions (receipt, analysis and dissemination of financial intelligence) supervises DNFBPs (except casinos) for compliance with reporting obligations stated in the MOT Act. While there is no licensing or registration obligation, entities must register only for the reporting of unusual transactions to the FIUS. Supervision is in its embryonic stage as the required resources for effective supervision are yet to be allocated;
  - Casinos and games of chance, licensed by the President of Suriname, are supervised by the GSCI for compliance with the reporting obligations outlined in the MOT Act.
77. While there is no prohibition of VAs and VASPs in Suriname, there are no known VASPs operating in Suriname nor is there a licensing framework hence no supervision framework for VASPs.
78. Regarding legal persons, the CCI is responsible for the creation, registration and supervision of legal persons as required under the Trade Register Act.
79. The Council on International Sanctions, based on its mandate at Art. 5b of the International Sanctions Act (amendment of February 29<sup>th</sup>, 2016), is charged with supervising all service providers (FIs and DNFBPs) for compliance with the TFS provisions related to terrorism and TF outlined in the Act. The Act establishes a general framework to comply with the resolutions established by the United Nations Security Council relating to threats or disruption to international peace and security and provides for the freezing of assets belonging to Al-Qaeda, the Taliban of Afghanistan, ISIL, ANF, members or representatives of named organizations and also other with said organizations, associated natural persons or legal bodies, entities or bodies as referred to in the Resolutions 1267, 1333, 1373, 1452, 1735, 1988, 1989, 2160, 2161 and 2170 of the Security Council.

#### ***1.4.7. International co-operation***

80. International co-operation is characterised by Suriname's traditional ties with the Netherlands resulting in the co-operation infrastructure between the two countries being the most diverse and developed. There is an existing MLA Agreement with the Netherlands, and bilateral police, customs, and FIUS co-operation with several countries. The AG is the designated Central Authority through which requests for MLA must be channelled. MLA can be provided once there is either an existing treaty or based on reasonableness, which is determined by the laws of Suriname. Provisionally however, a treaty is not a precondition to Suriname acceding to an MLA request, therefore a treaty is only required where a foreign judicial authority requires Surinamese examining judges to engage in activities.
81. Suriname's geographical location and topography has exposed it to ML threats emanating from illegal activities which exploit weaknesses in the country's border protection. As a result, drug transshipments and smuggling proceeds are two of the higher threats facing the country.

## Chapter 2. NATIONAL AML/CFT POLICIES AND CO-ORDINATION

### 2.1. Key Findings and Recommended Actions

#### Key findings

- a) Suriname has a fair but developing understanding of its main risks. This understanding was developed through the completion of its first NRA in October 2021. No other risk assessments were done by the country (sectoral, thematic or otherwise). The NRA did not assess the risk in several relevant areas under the FATF Methodology including non-profit organisations; legal persons; new technologies; and Virtual Asset Service Providers and there was no clearly articulated process which focused on TF. The NRA process was impacted by significant data gaps across the public and private sectors and only the banking sector maintained adequate quality data. To address the data gaps, the PMT developed triangulation strategies which included interviews, working group sessions and surveys, to collect data.
- b) Suriname displayed a strong will and commitment toward addressing weaknesses identified in its AML/CFT framework and established a policy, co-ordination and implementation arm within its AML/CFT/CPF framework. A national AML/CFT/CPF Strategic Plan based on the identified risks of the NRA and gap analysis of the AML/CFT/CPF framework was developed and approved, in December 2021, from which an Action Plan of priority actions was developed. However, owing to the recentness of the Action Plan, implementation of priority actions was ongoing and the extent to which the identified risks were being addressed could not be ascertained.
- c) Enhanced and simplified due diligence measures in place (outlined in the WID Act) were not developed based on the findings of risk assessments.
- d) The NRA was widely disseminated among reporting entities and a public version was published on a number of competent authorities' websites (CBvS and FIUS). The findings were also covered by the local media. Notwithstanding this, some private sector entities were not aware of the finalisation and publication of the NRA.
- e) The majority of the AML/CFT/CPF competent authorities have a general understanding of their roles and responsibilities. However, the newness of the NRA process together with resource constraints (both humans and capital resources) have impacted their ability to develop and carry out activities aligned to the risks identified in the NRA.
- f) The Order which establishes the NAMLAC does not name the Council on International Sanctions as a member.

#### Recommended Actions:

- a) The authorities should finalise and implement the Action Plan developed to address the risks identified in the NRA.
- b) Suriname should ensure that simplified and enhanced due diligence measures outlined in the WID Act are informed by risk assessments.
- c) Suriname should conduct risk assessments on the NPO sector, Legal Persons and the risk posed by new technologies, VAs and VASPs, to identify the risk in these sectors and determine if the controls in place are adequate. The findings of the risk assessments should inform national

AML/CFT policies and mitigating measures.

- d) The Council on international Sanctions should be made aware of its objectives and roles as a competent authority and should commence its function.
- e) Targeted sectoral outreach sessions (guidance) should be held with entities that fall under the country's AML/CFT framework to make them aware of the risks associated with their sectors and how they should use the NRA to inform their risk assessments. Higher risk sectors such as casinos and DPMS should be prioritised and targeted.
- f) Suriname should put mechanisms in place to ensure that risk assessments have a clearly articulated TF component, are kept current and reflect the evolving risk.
- g) The membership and role of the Council on International Sanctions (which is also a supervisor for the implementation of TFS related to TF), on the NAMLAC, should be clearly defined to ensure proper co-ordination of issues related to TF.

82. The relevant Immediate Outcome considered and assessed in this chapter is IO.1. The Recommendations relevant for the assessment of effectiveness under this section are R.1, 2, 33 and 34, and elements of R.15.

## **2.2. Immediate Outcome 1 (Risk, Policy and Co-ordination)**

### ***2.2.1. Country's understanding of its ML/TF risks***

83. Suriname established a fair but developing understanding of its ML/TF risks through the completion of its first National Risk Assessment (NRA). Other than the NRA, no other risk assessments (including thematic or sectoral) were completed by the jurisdiction. The NRA was completed in 2021 and covers the period 2015 to mid-2020. The NRA was approved on 28<sup>th</sup> October 2021 and signed by the President of the Republic of Suriname. All competent authorities participated in the NRA, and this formed the basis of their, and the government and private sector's understanding of the jurisdiction's ML/TF risks.
84. The NRA was completed by a PMT, which was resourced by a team of local experts. The NRA process is detailed in Recommendation 1.1 of the TC Annex. Notably, Suriname has included car dealers as a DNFBP which submit them to the AML/CFT requirements and supervision. The sector is comprised of new and used (local and foreign) car dealers and was assessed in the NRA as medium risk. The Assessment Team noted the used car dealers did not participate therefore the risk assessment may not be an accurate reflection of the sector risk. Notwithstanding, the FIUS (the AML/CFT Supervisory for DNFBPs) has supervised the sector with the conduct of inspections (26 between 2017 – 2021) and training/awareness sessions.
85. The understanding of ML risks was affected by significant data gaps across the public sector and most of the private sector and there was reluctance, by some, to participate in the NRA process owing to concerns that the smallness of the Surinamese society would result in them being identified by the information they provided. The PMT also noted that, for the private sector, only the banking sector had good data. To address some of the data gaps and obtain potentially sensitive information from the public sector, the PMT developed a triangulation strategy which was executed through the utilisation of anonymised information collection, utilising a coded system; interviews; working scenario-based group sessions; and surveys. The chosen approach/methodology was commendable because it allowed the PMT to garner non-statistical information which enabled the country to develop a fair understanding of its risks. However, the Assessment Team acknowledge that triangulation strategies have the effect of lowering the quality

- of the risk assessment, which depended, in part, on different types of data being available, from which quantitative assessments could be made to create a balance to complement the qualitative assessments and arrive at the most accurate findings.
86. To facilitate the country's understanding of its ML risk, the PMT conducted investigations of the effectiveness of AML/CFT controls in both the public and private sectors and AML/CFT threats. The PMT utilised an excel based calculation tool to assess the country's risk exposure based on vulnerability and threats. The investigations conducted found that the country's ML risk rate was 0.64 which is equivalent to a *medium-high* level of risk. This rating was based on a *high* (0.73) level of vulnerability in relation to AML/CFT controls and a national AML/CTF threat of *medium* (0.53). The ML risk rate of 0.64 means there are AML-related activities in the country that are insufficiently prevented, identified and mitigated by the existing AML control measures and systems.
  87. The NRA provided insights into Suriname's ML/TF risks in the financial sector (Banks, insurance, pension funds, money transaction offices, and credit unions) and several DNFBP sectors (DPMS, the gaming sector, notaries, lawyers, accountants and real estate). The Assessment Team however noted that the NRA did not cover several relevant areas recommended under the FATF Methodology, these include the NPO sector and Legal Persons, and the risk posed by new technologies and VASPs. Also, these areas were not covered in any other risk assessments. Additionally, the Assessment Team noted that participation by DNFBP sectors were based on those registered with the FIUS and not the total operating in Suriname as there are no mechanisms to capture the latter. Given that the risks in these areas are not understood by Suriname, they were treated as major shortcomings. The KPS demonstrated a good understanding of the risks and agreed, in the main, with the findings of the NRA but noted that the NRA had some different conclusions to what they are expecting particularly regarding TF. Notwithstanding, the KPS is of the view that the NRA provided useful insights and the main predicates flagged were in line with those seen in practice. The supervisors had a good understanding of the risks at the entity level, and all generally agreed with the findings of the NRA.
  88. The Assessment Team is of the view that, through the methodology used in its first effort, Suriname has laid a sound foundation upon which to build its understanding of its ML risks and future iterations of its NRA. The PMT, in executing the process, has shown that some of the data and information availability challenges and the reluctance by some entities to provide information, could be partly circumvented using qualitative data analyses of available crime statistics; anonymising data collection by utilising a coded system; and employing scenario-based sessions and surveys. Also, in instances where data was not available, a default rating of 'high' was applied to these sectors to ensure the country's vulnerability was not being understated. These approaches, though viewed favourably by the Assessment Team, could not fill the significant gaps in the types of quantitative data needed to arrive at the most accurate understanding of the country's ML risks. The extent of the data challenges resulted in too heavy a reliance being placed on qualitative analysis from law enforcement. Further, even though Suriname has developed and implemented a credible threshold reporting system (see IO6), no strategic financial intelligence or analyses were available to be used in the NRA. This has resulted in Suriname having a fair but developing understanding of its ML risks. Suriname plans to conduct NRA at least every two years. Within that time, sectoral or thematic assessments may be conducted to develop its understanding of risks.

### ***Terrorist Financing***

89. In its NRA, Suriname has determined that TF poses no threat, and its risk is very low. Notwithstanding this assessment by the jurisdiction, the Assessment Team could not discern a clearly articulated process in the NRA which focused on TF. As a result, the Assessment Team has concluded that the country has a very limited understanding of its TF risk.
90. Suriname has conducted one investigation and prosecution for Participation in a Terrorist Organisation, which led to a conviction, and whilst this is consistent with the NRA's determined TF risk profile, the general environment and vulnerabilities specific to TF remain unknown. The NRA's methodology presupposed the use of questionnaires aimed at garnering general statistics on ML/TF/PF and Corruption from which quantitative research would be carried out. Additionally, qualitative research, one about the threats and another about the vulnerabilities were also conducted.
91. All the questionnaires used to collect data for the NRA process were made available to the Assessment Team. A review of these questionnaires revealed that extremely limited data related to TF were requested from stakeholders and in instances where data was requested (law enforcement; national security and public prosecutor) the type of data requested could not add wholesome value to the country's TF understanding. By way of an example, considering the facts presented in the terrorism prosecution noted above, the Assessment Team anticipated that data on the travel patterns of Suriname nationals and the financial flows to conflict areas would have formed part of the quantitative research. However, no such data was requested or available in the NRA.
92. Qualitatively, a threat analysis was conducted focussing on the data received from law enforcement and the public prosecutors, however this analysis focused on predicate offences and TF was not included.

### ***2.2.2. National policies to address identified ML/TF risks***

93. On December 30<sup>th</sup>, 2021, the Honourable President of Suriname and the Chair of the ASC approved the national AML/CFT/CPF Strategic Plan based on the findings of the NRA, the gap analysis of the AML/CFT/CPF framework and the authorities' understanding of the country's risk. This strategic plan consists of 12 thematic objectives/ key initiatives, divided into approximately 150 projects that will be implemented in the next two years (no later than 2023). The strategic plan includes measures to address corruption through the implementation of its Anti-Corruption Act which was slated for implementation by the 1<sup>st</sup> quarter of 2022 (see Table 2.1). The 12 thematic areas in the strategic plan are outlined below:
  - (a) Policy, co-ordination, and co-operation
  - (b) Strengthening of international collaboration
  - (c) Implementation of a coherent risk-based supervision framework:
  - (d) Strengthening of Institutional framework
  - (e) Improvement effectiveness of ML/TF/PF investigations, prosecution and asset recovery
  - (f) Strengthening of legal framework of AML/CFT Stakeholders
  - (g) Implementation of financial inclusion policy
  - (h) Create awareness about AML/CFT/CPF among all stakeholders and the public
  - (i) Implement measures to improve customs controls and border controls

- (j) Crime Control
- (k) Regulation of the games of the chance sector
- (l) Improvement of data collection and data use

94. Based on the strategic plan, an Action Plan was developed, and some activities were prioritised for implementation by the 1st quarter of 2022 pending the approval of the said Action Plan. Table 2.1 below outline some priority areas for implementation. The implementation of the prioritised actions is delayed.

**Table 2.1 NAMLAC Planning Schedule Priority Areas – 1st Quarter 2022**

|   | ACTIONS  |
|---|--|
| <i>Strengthening the legal framework of AML/CFT Stakeholders</i>    | <ol style="list-style-type: none"> <li>1. Merging the WID Act and MOT Act and supplementing them with the relevant and evolving international standards</li> <li>2. Finalization of the Casino Act, Lotteries Act and amendment of the Gaming Supervision and Control Act and supplementing them with international standards</li> <li>3. Implement Anti-Corruption Act</li> </ol>   |
| <i>Strengthening the institutional framework</i>                    | <ol style="list-style-type: none"> <li>1. Improve internal capabilities for both staff and IT Upgrade</li> <li>2. Increase staff and provide training opportunities</li> <li>3. Develop additional capabilities e.g. focus on strategic analysis, recognition and detection of ML/TF cases</li> </ol>  |
| <i>Implementing measures to improve Customs and border controls</i> | <ol style="list-style-type: none"> <li>1. Carry out arriving passenger declaration system more effectively</li> <li>2. Establish a formal process for information exchange with FIU-Suriname</li> <li>3. Develop key indicators to detect possible predicate offences, including smuggling and trafficking of human beings</li> </ol>  |
| <i>Crime control</i>  | <ol style="list-style-type: none"> <li>1. Tackling organized crime more effectively through the application of, inter alia, special investigative powers</li> <li>2. Institutional strengthening of the anti-drugs services, intervention units and the police intelligence service</li> <li>3. Strengthen and expand cross-border operational cooperation with the police of, inter alia, Guyana, Brazil and French Guiana</li> </ol> |
| <i>XI Regulating the gambling industry</i>                          | <ol style="list-style-type: none"> <li>1. Where necessary, review and/or develop (specific) legal regulations</li> <li>2. Approval of organizational structure and related matters in order to attract sufficient and specialized staff to apply the new supervisory framework</li> <li>3. Entering into MOUs with other authorities involved in AML/CFT so that information can be exchanged</li> </ol>                               |
| <i>VII. Implementation of financial inclusion policy</i>            | <ol style="list-style-type: none"> <li>1. Setting up a national financial inclusion policy and identifying and formulating the supporting legislation where necessary</li> <li>2. Conducting a risk assessment of clients and services eligible for simplified measures in order to promote financial inclusion</li> <li>3. Raise awareness about financial products and services</li> </ol>   |

95. The PIU, which is tasked with monitoring the activities associated with the implementation of the action plans and to implement decisions of the ASC, is conducting working sessions with different stakeholders as part of the implementation process. The Assessment Team is satisfied that the strategic plan developed by the country addresses relevant gaps identified in the country's AML/CFT regime some of which are outlined in Table 2.1. The Assessment Team was however

unable to conclude on the effectiveness of the Action Plan as the implementation of priority actions are ongoing.

### ***2.2.3. Exemptions, enhanced and simplified measures***

96. Suriname has not authorised any exemptions from the FATF standards. As stated earlier, Suriname's NRA was completed and approved in 2021. The authorities have developed a national strategic policy plan to address the findings of the NRA and have developed an Action Plan based on the strategic plan (see section 2.2.2).
97. Article 2 to 3 of the WID Act sets out the measures that should be applied by service providers when conducting customer due diligence. Article 4 of the WID Act requires that service providers perform a more stringent client screening, if and to the extent that a business relationship or transaction, based on its nature, entails a higher risk of ML or TF. The more stringent client screening shall be performed both prior to the business relationship or transaction and during the business relationship (see IO.4 analysis for examples of measures applied to higher risk scenarios in practice). These measures were not predicated on the results of the NRA or any other risk assessment.

### ***2.2.4. Objectives and activities of competent authorities***

98. The majority of competent authorities appreciate the need to ensure that their objectives and activities are consistent with the National AML/CFT Strategic Plan and with the risks identified. However, resource constraints (both humans and capital resources) have negatively impacted the ability of some competent authorities to carry out actions aimed at circumventing some of the high-risk activities identified in the NRA.
99. The objectives of the KPS and related agencies, especially at the riverine borders, are in line with the ML/TF risks identified, including as they relate to smuggling. The Authorities demonstrated a keen understanding of the risk posed by the unauthorised and illegal movements of goods, including gold, across the borders between Suriname and neighbouring jurisdictions and have targeted those activities at the policy and operational levels.
100. The Ministry of Finance and Planning (including the Tax Authority, Customs Department and the Foreign Currency Board) and the AG broadly demonstrated their understanding of their role in addressing the findings identified in the NRA. As was indicated earlier, there are resource constraints which affect the extent to which these bodies can execute their objectives and activities to effectively respond to the evolving ML/TF risks in Suriname. However, given the recentness of the National AML/CFT/CPF Strategic Plan and with the Action Plan to address priority items identified by the country still being implemented, the coherency of the objectives of these Authorities could not be determined.
101. The CBvS (supervisor of FIs) and the FIUS and the GSCI (supervisors of DNFBPs) demonstrated a fair understanding of their AML/CFT role and responsibilities for their respective sectors/entities. However, like other competent authorities, these agencies are impacted by limited resources. This was especially evident with the DNFBP supervisors that face challenges to execute their supervisory functions and demonstrate that their activities are consistent with the evolving national ML/FT trends.
102. There is a lack of clarity by the Council on International Sanctions regarding its role in Suriname's AML/CFT framework. Pursuant to Article 5b sub 1 of the amended International Sanctions Act (2016), the Council on International sanctions is the supervisor in respect of the implementation of TFS for terrorism and TF at the national level. The Council has the overall task of supervising all service providers' compliance with the provisions outlined in the Act. At the end of the onsite visit, the Council did not commence its supervisory function. The members of the Council were

recently appointed and, at the time of the onsite, were establishing the operational framework of the council. The council has been impacted by resource constraints resulting in its secretariat not being staffed with dedicated personnel.

103. The CCI is a private body which plays a prominent role in Suriname's AML/CFT regime. The CCI is responsible for the maintenance of the trade and foundation registers which contain basic information on legal persons. Competent authorities are not required to pay a fee in order to obtain access to the basic information contained in the trade and foundation registers.
104. The Assessment Team found that the National Action Plan should be approved, and the various competent authorities should be made aware of the roles they will play in executing the strategic plan. Further, as stated previously the lack of resources continues to have a negative impact on competent authorities' abilities to achieve their objectives. The Assessment Team, therefore, arrived at the conclusion that the provision of adequate resources is needed to enable competent authorities to execute their roles and functions, in line with the evolving national AML/CFT risk.

#### ***2.2.5. National co-ordination and co-operation Strategy and Policy***

105. As stated earlier, Suriname's national co-ordination and co-operation efforts are led by the NAMLAC. Additionally, the ASC was established on July 7<sup>th</sup>, 2021, as the national policy-setting and coordinating authority on AML and CFT. The NAMLAC reports its decisions to the ASC for final approval. The ASC is charged with: i) providing instructions to the NAMLAC and the PIU regarding decisions taken on AML/CFT matters; ii) gathering documentation, directly and indirectly, related to AML and CFT; and iii) providing solicited and unsolicited advice on combating ML and TF.
106. The membership of NAMLAC includes representatives from key competent authorities<sup>6</sup> such as the FIUS (Chair), CBvS, the GSCI, Ministry of Finance and Planning, the Tax Authority, Ministry of Foreign Affairs, Ministry of Justice and Police, KPS and the OvJ. The membership of the ASC is drawn from several government/public sector agencies and is chaired by the President of the Republic of Suriname. Other members include the Vice-president of the Republic of Suriname, the Minister of Foreign Affairs (Vice-Chair), the Minister of Justice and Police, the Minister of Finance and Planning, the Minister of Natural Resources, the Governor of the CBvS and the Attorney General (Procurator General). The Chairman of the Permanent Commission of the Ministry of Finance and Planning in the National Assembly also attend sessions of the ASC as an observer<sup>7</sup>. The establishment of the ASC, NAMLAC, and PIU demonstrates Suriname's commitment towards addressing gaps in its AML/CFT/CPF framework.
107. As mentioned earlier, through the co-ordination of the NAMLAC, a national strategic policy plan was developed and approved based on the findings of the NRA and a gap analysis of Suriname's AML/CFT framework. An action plan was subsequently developed, and some activities were prioritised for implementation by 1<sup>st</sup> quarter 2022. However, the priority activities were not implemented as scheduled and the Assessment Team views the non-membership of the Council on International Sanctions (which is also a supervisor in regard to the implementation of TFS) in the NAMLAC as a weakness considering its core functions.
108. The PIU, which implements the decision of the ASC, reports at least monthly to the ASC on the measures it is pursuing to address the findings of the NRA. Based on the national strategic policy plan an action plan was developed by the PIU and approved by the ASC. This action plan represents selected items from the NAMLAC planning schedule (see table 2.1 above). The action plan outlines actions to be taken, the responsible agencies/ bodies and the timeline for completion.

<sup>6</sup> Amended Order of the Minister of Justice and Police - Jno 21/06510

<sup>7</sup> Order on the establishment of NAMLAC Jno 21/06865

Actions outlined in the plan include crime prevention (including identifying gaps to counter ML and TF and ML gaps with respect to FIs and DNFBPs) and establishing a platform for private and public sectors cooperation, review of legislation and data collection in the private sector. The work of the PIU is co-ordinated and led by a former public prosecutor, and it has three additional members, two of who also sits on the NAMLAC.

### ***Co-ordination and Co-operation among Law Enforcement Agencies***

109. The FIUS, intelligence services, financial crime investigators, asset confiscation investigators, regulators, customs and tax and customs administration, and where appropriate, financial crime prosecutors co-operate and meet regularly to share information and discuss joint initiatives. These meetings are not specific to ML or TF but are more related to identifying criminals and detecting criminal acts. While the investigations of predicate offences reside with the KPS, the investigations are conducted under the supervision of the Public Prosecutor. As such, there is regular co-operation and co-ordination, even at times having the assistance of an examining Judge, where necessary.
110. There is also co-operation and co-ordination albeit limited, between customs, the Foreign Currency Board (FCB), the FIUS and the KPS regarding the implementation and operationalisation of the cross-border currency movement. Collaboration here has resulted in a bespoke declaration form and a process which aids in moving information from customs to the FIUS even though customs do not have a formal relationship with the FIUS.

### ***Supervision***

111. A Tripartite Regulators Consultation (TTO) management team was established in 2021 among the CBvS, the FIUS and the GSCI. The members of the TTO management team are the directors of each entity. A TTO working group was also established, in which at least two employees from each of the three competent authorities sit, with reporting obligations to their respective directors. The TTO was established to strengthen the integrity of the financial and non-financial sectors by stimulating, co-ordinating and increasing national co-operation among supervisors, through the exchange of general AML/CFT information to aid each supervisor in developing and implementing policy and activities. The TTO management team meets quarterly, and the working group meets once every month and reports in writing to the management team. So far, members of the TTO have been sharing their AML/CFT experiences and perspectives and has assisted the GSCI in the development of an offsite monitoring matrix (which is in draft), to aid in the ongoing monitoring of risk.
112. MOUs have been signed between (a) the FIUS and CBvS, effective 14 November 2019; (b) the FIUS and the GSCI, effective 14 July 2021; and (c) the CBvS and the GSCI, effective 18 November 2021. These MOUs enable the parties to consult on AML/CFT matters, exchange information and strengthen co-operation.
113. As it relates to action to address TF vulnerabilities or to implement TFS for TF and PF, there was no co-ordination and co-operation between the members of the TTO (CBvS, the GSCI and the FIUS) and the bodies responsible for TFS. Responsible bodies regarding TFS include the Ministry of Foreign Affairs and the Council on International Sanctions (which is also a supervisor in regard to the implementation of TFS for TF).

### 2.2.6. Private sector's awareness of risks

114. The findings of the NRA were made public, through the publication of a public version which is available on the CBvS and the FIUS websites and replicated on the websites of other entities<sup>8</sup>. The publication of the finding was also covered by the local media. In relation to FIs, the CBvS shared copies of the NRA with these entities. However, most associations representing FIs indicated that they were only made aware of the findings of the NRA through their members as they were not presented with the findings by the CBvS or the NAMLAC/PIU. As it relates to DNFBPs, the majority were not made aware of the NRA through their regulator or the NAMLAC/PIU. They however accessed the NRA via the websites of the CBvS and the FIUS. Some associations representing DNFBPs were not aware that the NRA was finalised and published, while others indicated that they only knew about it through their members.
115. Although the NRA is publicly available, the process chosen to disseminate the risk assessment could be further enhanced through targeted outreach sessions as some private sector entities could not demonstrate that they were aware of the findings of the NRA. Through these engagements, guidance should be provided on how service providers should use the NRA to inform their own risk assessments.

## Overall Conclusion on IO.1

116. Suriname displayed a fair but developing understanding of its main ML risks. This understanding was developed through the completion of the country's first NRA. The findings of the NRA were made available through the publication of a sanitised version. The NRA did not assess the risk within NPOs, legal persons, new technologies, VAs and VASPs and there was no TF focus. Major weightings were assigned to these shortcomings given that the risks in these areas are not understood.
117. The data circumvention efforts of the PMT are laudable but weighed less heavily because they had the effect of lowering the quality of the risk assessment, which depended, in part, on different types of data being available, from which quantitative assessments could be made to create a balance to complement the qualitative assessments and thus arrive at the most accurate findings.
118. **Suriname is rated as having a low level of effectiveness for IO.1.**

<sup>8</sup> <https://www.sbv.sr/nieuws/publicatie-nra-national-risk-assessment-report/>  
<https://www.cbvs.sr/72-highlights-nl/2143-nra-2019-medio2020>  
<https://fiusuriname.org/Publicaties/NRA-Rapport-Publieke-versie.pdf>  
<https://www.starnieuws.com/index.php/welcome/index/nieuwsitem/67470>  
<https://www.waterkant.net/suriname/2021/11/16/nationale-risico-analyse-moet-internationalereputatie-suriname-herstellen/>  
<https://www.youtube.com/watch?v=m7P-1191o8g>  
<https://surinamenieuwscentrale.com/politieke-partijen-bezorgd-over-uitvoering-eisen-nra>  
<https://www.srnieuws.com/suriname/327382/nra-moet-internationale-reputatie-en-gezag-suriname/>  
<https://keynews.sr/nra-moet-internationale-reputatie-suriname-herstellen/2021/>  
<http://www.dwtonline.com/laatste-nieuws/2021/11/15/eensgezindheid-noodzakelijk-uitvoeringaanbevelingen-nra/>  
<https://www.culturu.com/nieuws/suriname/nra-rapport-zal-gebruikt-worden-voor-herstel-reputatie/>

## Chapter 3. LEGAL SYSTEM AND OPERATIONAL ISSUES

### 3.1. Key Findings and Recommended Actions

#### Key Findings

##### Immediate Outcome 6

- a) Financial intelligence and other relevant information from the Financial Intelligence Unit of Suriname (FIUS) is accessed and used in very limited instances. That intelligence is accessed by the FOT, upon their request or through spontaneous dissemination via the Procurator General (PG). The requests by the Financial Investigation Team (FOT), for financial intelligence from the FIUS declined in each subsequent year of the assessment period. The Major Crime Division (BZC) subdivision Financial Investigations Team's departments of Fraud and Economics Division (FED), Capital Crimes and Narcotics have not accessed financial intelligence or other relevant information to develop evidence related to the associated predicate offences they investigated and do not maintain statistics on the information they exchange with the FOT.
- b) In the context of limited access/use of financial intelligence by LEAs, there are some examples of the FIUS providing useful intelligence that has been used successfully to positively influence the outcome of criminal investigations being conducted by the FOT. The lack of a formal feedback mechanism on the usefulness of the FIUS' disseminations may inhibit the ability of the FIUS to respond to the operational needs of LEAs.
- c) LEAs, especially those investigating predicate offences to ML/TF/PF/C do not request and access the financial intelligence held by the FIUS in the majority of cases they investigate.
- d) The FIUS receives many UTRs, with objective indicators, from reporting entities, but the institutional framework required for it to access government data and information has not been put in place. This has resulted in the FIUS not accessing the relevant government information required to enhance the quality of the financial intelligence it produces and inhibits the FIUS' contribution towards supporting the operational needs of competent authorities.
- e) The provisioning of resources for the FIUS is insufficient and not prioritised, and this negatively impacts the quantity and quality of the analysis and dissemination needed to support the operational needs of the competent authorities. This lack of resources is significant, given the central role of the FIUS in Suriname's AML/CFT infrastructure and its core functions under R.29, including analysis of UTRs.
- f) Technical deficiencies in relation to R.29 has resulted in the FIUS being unable to obtain and deploy the human and technical resources needed to efficiently conduct its core FIU functions. The current administrative arrangements: for allocating funds to the FIUS; for operational spending, whereby the Director has no control over the day-to-day expenditure of the FIUS; for the implementation of Article 11 of the MOT Act, without a clear demarcation of the overarching supervisory functions of the PG; whereby there is no articulation of the roles and functions of the Director of the FIUS, can also affect the operational independence of the FIUS.
- g) There is a lack of coherence in the infrastructure for sharing information obtained through the declaration system which has resulted in local currency not being monitored and information

on BNIs that are related to ML/TF or predicate offences not captured.

- h) The introduction of the digital reporting system (REPSYS) by the FIUS, resulted in significant improvements in the efficiency of the reporting system and increases in the number and quality of the UTRs received. The reporting system was enhanced further by the FIUS' development and distribution to the reporting entities, of a detailed and comprehensive guide for reporting unusual transactions and a standardized feedback form.
- i) The existing co-operating mechanisms are not focused on the exchange of information and financial intelligence and the FIUS is not included.
- j) There are no written rules to govern how information is handled, secured and disseminated at the FIUS.

### **Immediate Outcome 7**

- a) ML investigations in Suriname are marginally in line with the findings of the NRA. The FOT investigates many forms of ML, including complex cases involving multiple suspects. It is evident that Suriname conducts self-laundering and third-party ML investigations. However, ML investigations are not prioritised as a policy objective and parallel financial investigations are not actively pursued.
- b) There is a combination of factors which have collided to result in Suriname's being unable to identify and properly investigate ML. These factors include:
  - i. Technical deficiencies in relation to R.3 and R.31;
  - ii. Lack of basic and ongoing training for members of the FOT;
  - iii. The FED does not have the qualified investigators to conduct the types of investigations it is mandated to (including corruption, fraud, scams, money smuggling and violations of the Foreign Exchange Act) and is also short on staff and resources;
  - iv. Lack of training in the use of financial intelligence;
  - v. No formal process for identifying and prioritising potential ML cases;
  - vi. Low priority given to ML investigations as evidenced by the hierarchical structure of the BCZ;
  - vii. Lack of resources (human, financial and technical) available to the FOT; and
- c) The process through which the FOT accesses information, including via the PG, can affect the efficiency with which investigations are conducted.
- d) No parallel financial investigations were conducted during the assessment period;
- e) No requisite training for OvJ and examining judges was identified.
- f) The process through which the FOT accesses information, including via the PG, can affect the efficiency with which investigations are conducted.

### **Immediate Outcome 8**

- a) Mutual Legal Assistance (MLA) for non-conviction-based confiscation is not permitted, as Suriname only has conviction-based confiscation.
- b) Confiscation of criminal proceeds, instrumentalities and property of equivalent value is not pursued as a policy objective. The authorities appeared to be unaware that one of the thematic objectives/key initiatives, within Suriname's AML/CFT/CPF Strategic Plan, is crime control and an action identified to achieve this is by pursuing a strong policy of discouragement and confiscation of unlawfully obtained gains.

- c) The authorities demonstrated that ML/TF investigations resulted in several objects being confiscated. The combined value of non-cash assets confiscated was US\$551,000.00 and EUR 190,000.00 and cash of US\$800.00. The confiscation results do not reflect the identified ML/TF risks.
- d) The FOT, OvJ and Judiciary have received training in the area of confiscation, thereby strengthening their capacity in this area.
- e) There are no formal arrangements or procedures in place between Suriname and other countries for asset sharing, restitution and repatriation, if confiscation occurs while working in partnership with a foreign country.
- f) There is a lack of available storage for objects subject to confiscation proceedings.
- g) The declaration system does not allow for adequate record keeping including maintaining sufficient records when there are seizures of currency exceeding the threshold.

## Recommended Actions

### Immediate Outcome 6

- a) Given the central role of the FIUS as a repository and producer of financial intelligence, adequate human, and financial resources, along with needed technological tools and training, including training in the identification of TF, should be made available to unit so it can adequately execute its core FIU functions, including the analysis of the backlog of UTRs on file.
- b) Strategic and operational analysis should be conducted with a view towards directly focusing on the operational needs of relevant competent authorities and enhanced by accessing data and related information held by all relevant sources. Where applicable, appropriate technology and skilled human resources should be employed in the FIUS' analytical function.
- c) Training in the use of financial intelligence should be provided to members of all the LEAs in Suriname that are charged with the responsibilities of investigating and or prosecuting the main predicate offences.
- d) All LEAs, especially those investigating predicate offences to ML/TF/PF/C should have access to and make greater use of the financial intelligence held by the FIUS, including at the initial stages of its investigations. This should be incorporated into their respective investigative processes. Appropriate statistics should be maintained on such access and usage.
- e) In order to give effect to Art. 9 of the MOT Act, the administrative and institutional framework should be developed and implemented to enable direct access, and where this is not technically feasible, indirect access, by the FIUS, to the following sources of government information and all other sources of government information relevant to its functions:
  - 1) Immigration service in the Ministry of Justice and Police; 2) Vehicle registration; 3) Registry of convicted persons at the Office of the Attorney General; 4) Immigration Police, for persons who apply for permits to stay in Suriname; 5) Information from the KPS Crime Registry; 6) Tax authority at the Ministry of Finance; 7) Land Registry at the Ministry of Natural Resources; 8) Land Management and Forestry; and 9) Ministry of Internal affairs (Civil Registry of Suriname citizens).
- f) Address the technical deficiencies that exist in relation to R.29 which have an impact on the autonomy of the FIUS. The structure of the FIUS should be reviewed with a view to ensuring

the full autonomy of the Director. This action should include:

- i. Formally articulating the role, functions and duties of the Director;
  - ii. Endowing the Director with the autonomy to freely deploy the resources, including financial resources, necessary to undertake the operations of the FIUS;
  - iii. Clarifying and setting out the overarching functions of the PG as supervisor of the FIUS so that they do not inhibit the autonomy of the FIUS;
  - iv. The role of the OvJ, as a conduit through which requests are channelled, should be reviewed to ensure it does not affect the efficiency with which information is disseminated.
- g) All information obtained through the declaration process, inclusive of information on currency and BNI movements related to ML/TF or predicate offences, should be captured and made available to the FIUS.
  - h) The competent authorities (including the FIUS, PG, OvJ, FOT and JIT) responsible for investigating, developing evidence and tracing criminal proceeds related to ML, associated predicates and TF should develop and agree to an appropriate feedback mechanism on the usefulness of financial intelligence disseminated by the FIUS. The FIUS should incorporate feedback received through this mechanism into its operations.
  - i) Mechanisms should be established to ensure that there is co-operation between the FIUS and competent authorities in the exchange of financial intelligence and related information at all stages of the investigation process.
  - j) Technical deficiencies in relation to c.29.6 regarding there being no written rules to govern how information is handled, secured and disseminated should be addressed. Suriname should establish formal mechanisms to facilitate the dissemination and effective usage of financial intelligence and relevant information by competent authorities. Where necessary, such mechanisms should be underpinned by appropriate MOUs to: 1) address confidentiality issues and 2) ensure that relevant competent authorities, including the FIUS, KPS and OvJ regularly co-operate on high priority offences.

### **Immediate Outcome 7**

- a) Address the technical deficiencies that exist, including those related to R.3 and R.31, which have an impact on achieving effectiveness. Enact legislation to provide for the investigative techniques at c.31.2.
- b) Increase the investigative capacity of the FOT division by ensuring ongoing training of the staff and increasing the number of FOT staff dedicated to ML investigations. Additionally, there is need to increase the resources (financial and technical) assigned to the department.
- c) The process through which the FOT accesses information, including through the PG, should be streamlined to reduce the length of time it takes to receive requested information.
- d) Develop a clear strategic focus and implement a formal process, including at the OvJ, to be used for identifying and prioritising ML cases, including through the use of information from sources like international requests.
- e) ML investigations should be prioritised as a policy objective with parallel financial investigations being actively pursued, including during corruption investigations and the investigation of other predicate offences.
- f) Appropriate training should be identified and provided to the OvJ and examining judges which

would enable them to carry out their prosecutorial and related functions including providing guidance to ML investigators.

### **Immediate Outcome 8**

- a) The National AML/CFT/CPF Strategic Plan should be implemented, on the issue of confiscation, by giving effect to the action items listed under the ‘crime control’ thematic objective/key initiative.
- b) Suriname should ensure that policies and procedures are implemented to address confiscation and other provisional measures. Further, competent authorities, primarily law enforcement authorities and the OvJ should ensure that confiscation and provisional measures are pursued based on policy objectives and priorities. Such measures should include the development of internal policies and procedures to prioritise, co-ordinate and streamline confiscatory action.
- c) The necessary legislative amendments should be made to allow Suriname to provide MLA for non-conviction-based confiscation.
- d) Storage should be made available for objects subject to confiscation proceedings.
- e) The record keeping measures of the declaration system should be improved so that all information necessary to properly trace the proceeds and instrumentalities of crime and other assets and provide international co-operation when needed are maintained.

119. The relevant Immediate Outcomes considered and assessed in this chapter are IO.6-8. The Recommendations relevant for the assessment of effectiveness under this section are R.1, R. 3, R.4 and R.29-32 and elements of R.2, 8, 9, 15, 30, 31, 34, 37, 38, 39 and 40.

## **3.2. Immediate Outcome 6 (Financial Intelligence ML/TF)**

### ***3.2.1. Use of financial intelligence and other information***

120. Some of Suriname’s investigative authorities evidenced some access and use of financial intelligence and other relevant information to identify investigative leads, develop evidence in support of investigations and trace criminal proceeds in relation to ML and associated predicate offences, but lack the resources to do so on a consistent basis. Financial intelligence and other relevant information have not been accessed to investigate TF.
121. The Assessment Team based their conclusion on: information produced by Suriname, in support of its effectiveness assessment; interviews conducted with the Suriname Police Force (KPS), particularly the Financial Investigations Team (FOT), and the Procurator General (PG); interviews conducted with officials of the Financial Intelligence Unit of Suriname (FIUS) during a site visit; case studies produced by the FIUS and the FOT; statistics, including statistics on unusual transactions reports (UTRs) and other information obtained by the Assessment Team throughout the assessment; and interaction with reporting entities during the onsite visit.
122. The FOT, which is an operational unit under the responsibility of the Major Crimes Division (BZC) of the KPS, is the department that is charged with the responsibility for investigating criminal offences, in the context of organised financial crimes, including ML and TF. Robbery, Drug Trafficking, Fraud and Kidnapping are on average, the top categories of crime in Suriname and the main threats to the financial sector were identified as Corruption, Drug Trafficking, Tax Evasion and illegal trade in gold and timber. The FOT, Capital Crimes Department (KD), FED and the Narcotics Unit play an important role in ensuring that these predicates are investigated. Financial intelligence from the FIUS can be provided to these units, however the FOT takes the

- lead role in accessing financial intelligence and related information, therefore the other BZC departments subjugate all related request to the FOT.
123. According to the hierarchical reporting structure of the BZC (see Chart 3.2 under IO.7), the FOT is positioned on the same reporting line as the FED and the Narcotics Unit, and the three units are located on the same site. This structure and physical arrangement facilitated and engendered the development of an informal reporting line whereby financial intelligence and other relevant information is exchanged informally among these BZC departments. Suriname has provided information to show where, during the assessment period, 24 ML investigations were initiated directly because of information shared at this informal grouping. Of these investigations, 18 were initiated as a result of information received from the Narcotics Unit whilst the other six investigations were initiated from information received from the Capital Crimes department.
  124. Pursuant to the work processes of the FOT, the department, with the approval of, or upon instructions from the OvJ has a duty to request financial intelligence and other relevant information from financial institutions (FIs) and other authorities in Suriname. Consequently, the FOT requests all the information *it deems necessary* from other stakeholders including the FIUS. The requests for this information are mostly done in writing and where necessary with the intervention of the PG. In general, the information requested by the FOT will be received in two to three weeks. Based on the interviews conducted with the authorities, the Assessment Team did not discern any hinderances in this process used to access information but are of the opinion that a two to three-week wait to receive requested information can affect the FOT's efficiency at conducting its investigations. This inefficiency could be exacerbated if the information received generates further requests, which is often the case with financial investigations.
  125. Tables 3.1 and 3.2 show the number of requests made by the FOT for financial intelligence and other relevant information during the assessment period. According to the FOT's work processes, these requests are usually made at the commencement of each investigation undertaken by the agency, however, not every investigation results in a case file being submitted to the OvJ. Of the 415 requests made, 17 or 4% (see table 3.3 below) were made to the FIUS and these requests declined in each year of the assessment period, from a high of seven in 2017 to zero in 2021. This is indicative of a practice of not requesting financial intelligence from the FIUS for all investigations.
  126. The number of requests for other relevant information is showing an overall rapid decline. In 2017 the FOT accessed its information sources 137 times, or just below three times weekly, however in 2021 the average weekly requests fell to an average of just above one weekly request. This decline is not commensurate with the findings of the NRA which has indicated a trend whereby the average crime levels showed "no strong growth or decline". Whilst the decline in 2020 and 2021 can be attributed in part to, and coincides with, the periods when the country would have imposed restrictions on movements, owing to the COVID-19 pandemic, the statistics show that the decline predated such restrictions. The Assessment Team is of the opinion that the decline in the number of requests can also be attributed to the decline in staffing at the FOT.

**Table 3.1 FOT requests for financial intelligence from reporting entities and the FIUS**

| Institutions | 2017 | 2018 | 2019 | 2020 | *2021 |
|--------------|------|------|------|------|-------|
|--------------|------|------|------|------|-------|

|                               |           |           |           |          |          |
|-------------------------------|-----------|-----------|-----------|----------|----------|
| <b>Banks (11)</b>             | 17        | 8         | 6         | 4        | 4        |
| <b>Notaries</b>               | 1         | 0         | 0         | 0        | 0        |
| <b>Money Transfer offices</b> | 5         | 2         | 1         | 0        | 0        |
| <b>FIUS</b>                   | 7         | 5         | 4         | 1        | 0        |
| <b>Total</b>                  | <b>30</b> | <b>15</b> | <b>11</b> | <b>5</b> | <b>4</b> |

\* Data up to February 2021

127. The FOT has indirect access to a wide range of sources and information for example:
- GLIS –information regarding ownership of properties by suspects.
  - Chamber of Commerce and Industry – information regarding owners of businesses or non-profit organisations.
  - National Water Company – information regarding the name of the person who is registered as the customer.
  - Central Bureau for Population Affairs – information regarding identity and addresses of persons and suspects.
  - Traffic Technical Services – information regarding owner of vehicles.
  - Insurance companies – information regarding insurances of suspects.
  - Customs – information regarding imported or exported products by suspects.
  - National Energy Company – information regarding holders of electricity connections.
  - Tax administration – information regarding tax payments.
  - Aliens Department – travel information of suspects.
  - Telephone services – holder of mobile connection.
  - Notaries – information regarding legal documents which are made by notaries.
  - Maritime Authority of Suriname (MAS) – information regarding owner(s) of vessels.
  - Academic Hospital in Paramaribo – information regarding hospitalisation of suspects.
  - Money Transfer Offices – information regarding money transfers by persons or suspects.
  - Shooting societies – information regarding membership of suspects.
  - Government ministries – information regarding employment including contracts of persons or suspects held by a Ministry.
  - Online gaming – information regarding retailers or betting office.
  - Airlines – information regarding flight itinerary.
128. The FOT accesses information from those sources (see table 3.2) to identify investigative leads (see case 3.2 which highlights an active investigation by the FOT where sources of information have been utilised to identify investigative leads), develop evidence and trace criminal proceeds related to ML and predicate offences.

**Table 3.2 FOT requests for other relevant information**

| Entities                              | 2017 | 2018 | 2019 | 2020 | *2021 | Total     |
|---------------------------------------|------|------|------|------|-------|-----------|
| GLIS (Land registry office)           | 20   | 13   | 15   | 18   | 8     | <b>74</b> |
| Chamber of Commerce and Industry      | 13   | 14   | 11   | 11   | 5     | <b>54</b> |
| Central Bureau for Population Affairs | 15   | 11   | 7    | 4    | 5     | <b>42</b> |
| Traffic Technical Services            | 15   | 10   | 11   | 3    | 2     | <b>41</b> |
| National Water Company                | 4    | 4    | 9    | 5    | 0     | <b>22</b> |
| Aliens Department                     | 8    | 5    | 3    | 3    | 1     | <b>20</b> |
| Tax Administration                    | 5    | 4    | 4    | 3    | 2     | <b>18</b> |
| National Energy Company               | 5    | 4    | 2    | 0    | 2     | <b>13</b> |
| Customs                               | 5    | 3    | 1    | 2    | 0     | <b>11</b> |

|                                 |            |           |           |           |           |            |
|---------------------------------|------------|-----------|-----------|-----------|-----------|------------|
| Telephone Services              | 1          | 4         | 0         | 0         | 0         | 5          |
| Government ministries           | 0          | 0         | 0         | 3         | 2         | 5          |
| Maritime Authority of Suriname  | 2          | 0         | 0         | 0         | 1         | 3          |
| Airlines                        | 3          | 0         | 0         | 0         | 0         | 3          |
| Notaries                        | 1          | 0         | 0         | 0         | 0         | 1          |
| Academic Hospital in Paramaribo | 1          | 0         | 0         | 0         | 0         | 1          |
| Shooting Societies              | 1          | 0         | 0         | 0         | 0         | 1          |
| Online gaming                   | 0          | 0         | 0         | 0         | 1         | 1          |
| <b>Total</b>                    | <b>137</b> | <b>96</b> | <b>81</b> | <b>66</b> | <b>35</b> | <b>415</b> |

\*Data up to the end of the second quarter of 2021

129. During the assessment period, the staff complement of seven investigators was reduced to four and this would have had a deleterious effect on the capacity of the agency to fulfil its investigative work processes.
130. The FOT has indirect access to financial intelligence held by the FIUS. A request for such information must be initiated by the PG, but once the FIUS has acceded to a request, the FOT can then approach the FIUS directly for further related information. The training provided to members of the FOT does not position the unit with the necessary skills needed to utilise financial intelligence. Additionally, the FOT has no resources available to it which it can leverage to utilise financial intelligence. In general, the financial intelligence requested by the FOT will be received within two to three weeks of such request. As previously noted in this chapter, the Assessment Team is of the view that a two-week to three-week timeframe to receive a response to an information request can hinder the efficiency with which the FOT can conduct investigations. Further, the role of the PG as a conduit, through which requests are initiated, is an additional step in the process which adds to this delay.

**Table 3.3 FOT requests for financial intelligence from the FIUS**

| Details regarding FOT's request                | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------|------|------|------|------|
| Request for information                        | 7    | 5    | 4    | 1    | 0    |
| Requests resulting in a successful prosecution | 1    | 1    | 0    | 0    | 0    |

Table 3.3 reflects the 17 requests made to the FIUS by the FOT. Of those requests two resulted in the successful prosecution and sentencing and another two resulted in ML investigations, on the instructions of the PG.

131. It can be concluded that the FOT, has been accessing information from most of the relevant information sources it deemed necessary, but lacks the resources to do so on a continuous basis. Additionally, considering that the FOT's work processes speaks to "Possibly" requesting information from the FIUS, and the fact that there were just 17 such requests out of the 56 investigations conducted, is indicative of a practice of not approaching the FIUS for financial intelligence in the majority of the investigations it conducts. The FOT has not demonstrated that it has been utilising the legislative powers, which enables the searches of persons and premises, available through Articles 85-113 of the Criminal Procedure Code.
132. The Judicial Investigations Team (JIT) is the competent authority responsible for investigating the cross-border components of ML and TF, however, because of the recentness (September 20, 2021) of the JIT's establishment, it has not had the opportunity to use financial intelligence (see IO.9).

***FIUS access and usage of financial intelligence and related information***

133. The FIUS is the main agency responsible for maintaining and producing financial intelligence. To facilitate this, the FIUS maintains a register of objective and subjective UTRs, received from reporting entities. Since 2015, the FIUS' register of UTRs has amalgamated over 1,930,974 records, received from a wide variety of reporting entities. Each record is broken into constituent attributes, against which search algorithms are developed and employed to form the basis of the FIUS' financial intelligence product. The register also contains additional information received from reporting entities and information received from open sources and the CCI. (Please see Table 1.4 for a listing of the types of information maintained by the CCI and Box 3.1 for a listing of the types of records contained in the FIUS' register).

### Box 3.1 Types of records maintained in the FIUS register

- Subjective UTRs
- Objective UTRs
- Open-Source Information of Case Suspects
- Information on outgoing and incoming foreign currency above USD10,000
- Information on requests based on Art. 5 & 7 of the MOT Act
- Wanted list of the KPS
- Data of incoming and outgoing foreign FIU requests
- Data of Cases (own research)- In research until disseminated or archived
- Data of Cases (OvJ requests)- In research until disseminated or archived

134. To support its analysis, the FIUS is legally permitted to request (see analysis in the TC annex for c.29.3(b)) additional information from reporting entities, government institutions and the CCI. The FIUS made 47 such requests (2017 - 17; 2018 - 6; 2019 - 12; 2020 - 12), nine of which were made to the CCI. No requests were made to government institutions.
135. While Art. 7 of the MOT Act authorises the FIUS to request information from government, financial and non-financial institutions, in practice, the only government institution from which the FIUS can access data is the Foreign Currency Board (FCB). The Authorities have evidenced where, during the period 2014 to 2017, formal attempts were made to address this issue which resulted in the establishment of a formal relationship and the receipt of cross-border declarations from the FCB. Government sources whose information the FIUS does not access include: Immigration Service in the Ministry of Justice and Police; Vehicle registration; Registry of convicted persons at the Office of the Attorney General; Immigration Police, for persons who apply for permits to stay in Suriname; Information from the KPS' Crime Registry; Tax authority at the Ministry of Finance; Land Registry at the Ministry of Natural Resources; Land Management and Forestry; and the Ministry of Internal Affairs (Civil Registry of Suriname citizens). The authorities have not provided the Assessment Team with the underlying reasons for this lack of access. Notwithstanding, the Assessment Team believes that the institutional and administrative framework required for accessing government held data and information has not been put in place, thus resulting in the FIUS only having access to other relevant information from the CCI and open sources.
136. The lack of access to sources of government information negatively impacts the FIUS ability to enrich its financial intelligence products. The Assessment Team considered this to be a major deficiency in the process, which also had a cascading effect on the FIUS' operational and strategic analysis and its contribution towards supporting the operational needs of competent authorities, particularly the FOT. Notwithstanding, the effect of this deficiency is somewhat mitigated by the fact that the FOT, as the main agency responsible for developing evidence and tracing criminal proceeds, has access to these sources of government information.

137. Pursuant to Article 6 of the Mot Act, the FIUS, through the PG, provides financial intelligence to the competent authorities responsible for the investigation (FOT) and prosecution (OvJ) of criminal offences. Consequently, the main consumer of financial intelligence from the FIUS is the FOT. The FIUS disseminates<sup>9</sup> financial intelligence to the FOT via the OvJ, both spontaneously and in response to requests, for information from the FOT. There have been two instances, during the assessment period, when financial intelligence, disseminated to the FOT by the FIUS, resulted in the FOT initiating ML investigations. Any disclosure requiring an investigation must be routed via the PG for onward transmission and, in practice, the FIUS can only disseminate financial intelligence to the competent authorities with which it has an MOU. The FIUS has evidenced active MOUs with the CBvS and the GSCI. The FIUS has not yet had any need to access or disseminate financial intelligence to either party of these MOUs.

### Box 3.2 - Analysis of UTRs triggered by newspaper reports of wrongdoing

#### **Example of an investigation, arrest and subsequent prosecution following a spontaneous dissemination of financial intelligence by the FIUS.**

*Description:* FIUS Suriname started its ‘own investigation’ following two media reports concerning: the detention, by the Fraud Department of the KPS, of a foreign national, for suspicion of having committed, among other offences, fraud, violation of the Anti-Corruption Act and the Criminalization of Money Laundering Act; and a large-scale corruption scandal involving PEPs. Though this investigation was initially started as two separate analyses, it was concluded that the two reports were related. The FIUS analysis discerned the involvement of four PEPs; six natural persons; nine legal persons, three of which are foundations; and transactions with links to 53 other natural persons. Additionally, the number of reports of unusual transactions analysed showed complex financial transactions where the various subjects depicted in this case were linked to each other.

The FIUS forwarded this spontaneous dissemination to the FOT which was able to use the financial intelligence and other information as the basis for gathering additional evidence to support ongoing criminal investigations and a successful prosecution.

*Results:* The prosecution of two persons for ML and other offences as well as ongoing ML investigations.

138. Box 3.2 contains details of a case that demonstrates a proactive approach towards the use of open-source information and a reactive analysis of existing threshold-based reports, which led to multiple transactions being flagged as being suspicious and the identification of several persons of interest who were involved in criminal activities.

#### ***Foreign currency board and Customs***

139. The functions of the FCB and the Customs combine towards the development of an infrastructure for the management of foreign currency movements across Suriname’s borders and a source of financial intelligence. The FIUS has a formal relationship with the FCB and receives financial intelligence on the physical movement of foreign currency, above USD10,000 across Suriname’s borders, which the Board monitors. This information forms part of the records maintained by the FIUS.
140. The FCB has no AML/CFT investigative powers. However, as it relates to the importation and or exportation of foreign currency greater than US\$50,000, some inquiries are conducted before an application is granted or a license is approved, in keeping with the Board’s internal procedures.

<sup>9</sup> The FIUS uses the acronym STR to describe its dissemination. This term is not synonymous with the suspicious transaction reports defined in the FATF’s table of acronyms and has been replaced with the word ‘dissemination’ to avoid ambiguity.

141. On the other hand, the Customs is responsible for monitoring illegal movements of foreign currency, and retains a copy of declarations above USD10,000, but does not have a relationship with the FIUS. If Customs detects an illegal movement of foreign currency above USD10,000, it is bound to report this occurrence to the FCB, but the movement of local currency is not monitored and information regarding currency or BNIs that are related to ML/TF or predicate offences is not captured. There are four official points of entry into Suriname i.e., the Johan Adolph Pengel International Airport; Airport Zorg en Hoop; Terminal Albina and Canawaima International Ferry at Southdrain. Except for the Johan Adolph Pengel International Airport, and one detection at checkpoint Nickerie, there are no cases registered or data available regarding currency and BNI movements. The FIUS therefore has limited access to financial intelligence and other information from Customs.
142. Tax evasion was highlighted in the NRA as one of the main threats to the financial sector. Customs, which is a department of the Taxation Directorate of the Ministry of Finance, retains copies of declarations above USD10 000 and can share these with the tax authority (Fiscal Fraud Office), responsible for investigating financial economic and fiscal fraud. The Fiscal Fraud Office was established on March 22, 2021, but the Authorities have not been able to demonstrate that it accesses or used financial intelligence. The BZC division has also not been able to demonstrate that the KPS accessed or used financial intelligence in pursuit of tax crimes.

### 3.2.2. STRs received and requested by competent authorities

143. The FIUS receives UTRs from a wide cross section of reporting entities, which are mandated to file such reports on the basis of objective (threshold based) and subjective (suspicion based) indicators. Owing to the cross section of reporting entities, a variety of financial intelligence becomes available to the FIUS. This variety is further widened by the type of financial intelligence received from the FCB. Information provided by the FIUS demonstrates that the UTRs contains relevant and valuable information and the FIUS has used them to advance its functions.

**Table 3.4 – FIUS analysis: UTRs filed and disseminated**

| Year         | UTRs Received    |              | Disseminations |            |  |
|--------------|------------------|--------------|----------------|------------|--|
|              | Objective        | Subjective   | Objective      | Subjective | FIRs   |
| 2017         | 346,530          | 680          | 1,086          | 0          | 6 (5 PG requests; 1 foreign FIU request)                       |
| 2018         | 289,878          | 1,298        | 8,358          | 1          | 8 (1 own investigation; 7 PG requests)                         |
| 2019         | 301,021          | 673          | 1,367          | 3          | 8 (1 own investigation 5 PG requests; 2 foreign FIU requests)  |
| 2020         | 290,377          | 938          | 34,620         | 29         | 6 (1 own investigation 3 PG requests 2 foreign FIU requests)   |
| 2021         | 272,085          | 2,741        | 7,999          | 470        | 9 (5 own investigations 2 PG requests; 2 foreign FIU requests) |
| <b>Total</b> | <b>1,502,632</b> | <b>6,330</b> | <b>53,430</b>  | <b>503</b> | <b>37</b>  |

144. As can be seen in table 3.4, a UTR is filed either on the basis that there is an *objective indicator* when the transaction amount is greater than or equal to the threshold amount, or a *subjective*

- indicator*, which means that a service provider filed a report based on indicators which are suspicious in nature.
145. On or about March 1<sup>st</sup>, 2018, the FIUS officially commissioned a reporting portal (REPSYS) which allows for the digital reporting of UTRs via an encrypted proprietary internet portal. Reporting entities were mapped and provided with standardised digital reporting forms. This streamlined the management of the reporting process and eliminated the need for data to be keyed manually. This led to an improved reporting process whereby significant improvements to the quality of the UTRs filed and maintained by the FIUS were realised. On receipt of the UTR, a validation process which screens the UTRs for completeness, correctness and accuracy is executed prior to the information being entered or uploaded to the FIUS database. This validation process has helped to ensure that every record contains accurate and relevant information.
  146. The FIUS' process to manage the flow of UTRs is dictated by its Manual Operational Analysis and Manual Strategic Analysis. Feedback on the UTRs received is initially facilitated through the REPSYS, whereby an automatically generated mail is sent to the reporting entity indicating that the UTRs (file) has been received by the FIUS. After the screening process, the FIUS sends a notification letter stating whether there were deficiencies observed within the UTR filed. A final receipt confirmation (DOB) is then sent to the reporting entity in case of a complete report. If differences from the requirements are found, a Correction or Addition Notification (CAN) is sent to the reporting entity concerned. The report must then be adjusted in accordance with the required standards and sent again to the FIUS. All written acknowledgements (DOB and CANs) are signed by the Director of the FIUS.
  147. The FIUS is of the opinion that it has been receiving good quality reports and provided data showing the number of CANs issued and the corresponding Final Receipt Acknowledgement (FRA) sent by the FIUS when a submission passes the validation test. The analysis of a subset (2017 to 2019) of data provided supports Suriname's positive opinion on the quality of the UTRs it receives, because during that period the number of FRAs issued significantly outstripped the number of CANs requested (see IO.4). This process represents a good practice for quantitatively measuring the accuracy of information contained in UTRs.
  148. Importantly, to enhance the quality of UTRs it receives, and also to manage the process of receiving the UTRs, the FIUS has developed and distributed to the reporting entities, a detailed and comprehensive guide for reporting UT's (2019 Guidelines for Reporting Unusual Transactions) and a standardised feedback form. The guidelines detail clear criteria for reporting which address completeness, accuracy and timeliness.
  149. Based on the Principles for Reporting, detailed in the FIUS 2019 Guidelines, every report of an unusual transaction must contain details on: the subjects involved in the transaction; when the transaction was planned or executed; the financial instruments or mechanism used to execute the transaction; where the transaction occurred; and why is there a suspicion that the proposed or executed transaction is related to ML of TF. When amalgamated, adherence to the Principles for Reporting results in every detail of the transaction being particularised and reported. This process results in the financial intelligence and relevant information collected by the FIUS being reliable, accurate and up-to-date.
  150. Most subjective UTRs are received from banks followed by money transfer offices, then money exchange offices. It should be noted that, regarding subjective reports from the banking sector for the period 2018 - 2020, the Central Bank of Suriname (CBvS) issued an instruction requiring bank transactions from USD/EUR 3,000 to be reported to the CBvS, which resulted in subjective reports being made to the FIUS. With regard to the increase (2,523) in subjective reports from the Money Transfer Offices in 2021, it should be noted that the suspicion of ML/TF was based on transactions

from and to high-risk jurisdictions. Reporting by high-risk entities such as casinos is very low. Additionally, dealers in precious metals and stones, lawyers, administrative offices and accountants have not been filing subjective UTRs. This situation can be attributed to the nascency of the supervision effort on the part of the responsible competent authorities (see IO.3), and concerns expressed by interviewees regarding divulging clients' information.

151. As noted previously in this chapter, the largest consumer of information from the FIUS is the FOT, and in this regard, the FIUS, reacting to requests from the OvJ, disseminated information on 47,703 objective UTRs which were flagged as suspicious after analyses were done following receipt of such requests. At the same time, the FIUS disseminated information on 1,793 objective UTRs which were deemed suspicious following its own investigations. These figures demonstrate that the FIUS has been reactively and proactively supplying the FOT, via the OvJ, with information on the UTRs it has in its database.

**Table 3.5 - Disseminations by the FIUS**

| Basis for dissemination     | Year of dissemination |              |              |               |              |
|-----------------------------|-----------------------|--------------|--------------|---------------|--------------|
|                             | 2017                  | 2018         | 2019         | 2020          | 2021         |
| <b>Own investigation</b>    | -                     | -            | 18           | 600           | 1,175        |
| <b>OvJ requests</b>         | 1,078                 | 8,358        | 1,304        | 30,119        | 6,824        |
| <b>FIU requests</b>         | 8                     | 0            | 45           | 3,881         | -            |
| <b>Total disseminations</b> | <b>1,086</b>          | <b>8,358</b> | <b>1,367</b> | <b>34,620</b> | <b>7,999</b> |

- In 2017 a total of 1,086 transactions were declared suspicious of which 1,078 were disseminated to the OvJ and eight to fellow FIUs.
  - In 2018 there were 8,358 transactions declared suspicious. All were disseminated to the OvJ.
  - In 2019 a total of 1,367 transactions were declared suspicious of which 1,322 were disseminated to the OvJ and 45 to fellow FIUs.
  - In 2020 there were 34,620 transactions declared suspicious from which 30,739 were disseminated to the OvJ and 3,881 to fellow FIUs.
  - In 2021 there were 7,999 transactions declared suspicious, all of which were disseminated to the OvJ.
152. The sharing of information on cross-border currency declaration reports (including cheques and bearer security) is the subject of an Agreement (see c.32.6 in the TC annex) between the Tax and Customs Administration and the FCB, whereby Customs routinely hand over the completed declaration forms to the FCB. The declaration information is then extracted and collated by the FCB and sent to the FIUS. The FCB has a responsibility, in the context of preventing ML and TF, to strictly monitor the movement of the cross-border foreign currency traffic, through the regulation of the physical importation and exportation of values above USD10,000. Monitoring is premised on an approval system whereby persons intending to move currency above the USD10,000 threshold must receive the approval of the FCB. The FCB compiles this information into an Excel spreadsheet which it shares weekly with the FIUS. Sharing between the FCB and the FIUS started in August 2021, and at the time of the onsite, the FCB had shared data on a total of 176 individual currency reports.
153. The FIUS uses information from the FCB currency reports when it commences an investigation, and for investigations that are already in progress, by looking for matches between the research subjects and the subjects in the currency reports. This has resulted in two subjects having already been identified and placed under investigation by the FIUS.

### 3.2.3. *Operational needs supported by FIUS analysis and dissemination*

154. FIUS' operational analyses are greatly enhanced by the information included in the UTRs contained in its own database and it has demonstrated that it can produce good quality operational products which contain additional investigative targets. However, the potential usefulness of such products to the FOT could be further enhanced if the FIUS was accessing the contextual and other relevant information from government sources (see 3.2.1).
155. Upon receipt of a UTR, the administrative unit screens the report and sends it to the analytical department, where it is entered into an excel database, which stores the data by year and category of UTR. The FIUS considers the subjective UTRs to be of a higher risk and therefore prioritises the analyses of subjective UTRs over the analyses of objective UTRs.
156. The FIUS' main operational duties comprise the processes where value is added to information gathered from unusual transactions reported by reporting entities and, through analysis, conclusions are derived. Therefore, the analysis results in founded conclusions. These conclusions thus contain reasonable suspicions of ML/TF or other criminality and are reported to the PG. Through the office of the PG, information for the prevention and investigation of (financial) crimes is disseminated to law enforcement authorities.

#### *Operational analysis*

157. The FIUS' analytical processes are guided by the unit's Manuals for Operational and Strategic Analysis. Operational analysis can either be based on the FIUS' own investigations or investigations triggered by a request from the PG or another FIU. The results of these investigations are disseminated as financial intelligence reports (FIRs). Primarily, subjective UTRs or situations stated in news reports caused the FIUS to commence own investigations aimed at identifying possible ML/TF. During the assessment period the FIUS disseminated 37 FIRs (see table 3.4). These FIRs contained financial intelligence concluding reasonable suspicions of ML.
158. In October 2021, the FIUS sent two Information Requests for financial intelligence and related information, to an FIU in the Caribbean. The requested information was linked to three natural persons and two legal persons. One of the natural persons resides in Suriname and the others were residents from the country of the request. For the legal persons, one is in Suriname and one in the country of the request. At the end of 2021, one Information Request was responded to, and one was pending. The information received was used to support the FIUS' own investigation (see case details in case at Box 3.2) which led to a spontaneous dissemination to the FOT which further supported ongoing criminal investigations.
159. The analytical process includes an assessment of the factors which led the reporting entity to file the UTR and cross checking of the subjects in the FIU database. If the matching is positive (the subjects are part of the database), then it is possible to link the subjects. The matching is done on personal information: Names, First names, date of birth, addresses, telephone and mobile telephone numbers and identification information. For legal persons the matching is based on company information: company name and address, CCI numbers, date and place of establishment. Positive matches result in requests for additional information being made to relevant reporting entities and other agencies. Depending on the response, the investigation can be continued with the aim of preparing a FIR for delivery to the PG. At Box 3.2 is an example of a case which was triggered and supported by a FIR disseminated to the FOT.
160. The statistics provided enabled the Assessment Team to conduct a quantitative analysis of the performance of the FIUS' analytical functions, however it was difficult to track, using the statistics, the extent to which the disseminated financial intelligence positively impacted the outcome of investigations or which specific FIRs triggered investigations. Three FIRs were provided for the

perusal of the Assessment Team, from which a qualitative analysis was conducted. These FIRs were very detailed and included:

- details on the possible discerned criminal activity upon which the dissemination is based;
- an overview of the transactions of the subjects related to the main subject;
- UTRs linked to the main subjects of the FIR (see Table 3.5);
- the FIUS' findings on the subjects involved in the unusual transaction;
- relevant factual information and investigative leads from which additional proactive investigations could be initiated;
- additional targets that were linked by common attributes (e.g. addresses, foundation name); and
- an analysis section containing the findings and presumptions of the FIUS.

161. This demonstrated that the analysis done by the FIUS was of a good quality and could add value to the investigations conducted by LEAs. Additionally, the FOT is of the view that the FIRs it received were useful to its investigations (please see boxes 3.2 and 3.3). As noted previously in this chapter, FIRs provided to the FOT by the FIUS have led to two convictions. Further, two FIRs received from the FIUS triggered the commencement of investigations by the FOT. In 2020 the FIUS provided financial intelligence to the Anti-Corruption Department of the KPS, in support of ongoing corruption investigations and followed this up in June of 2021 with an additional spontaneous FIR.

### **Box 3.3 – Case: Investigation triggered by financial intelligence from the FIUS**

#### **Case - Investigation triggered by financial intelligence received from the FIUS**

In December 2019 a FIR was received from FIUS, via the intervention of the OvJ, regarding suspicious transactions, where six suspects, ten foundations and five companies were flagged.

According to this FIR there were several transactions involving individual suspects, foundations and companies, which were linked together. The foundations and companies are related to the suspects and established at the addresses of the suspects. There was the presumption that the suspects were engaged in money laundering involving money obtained from criminal activities.

The file also showed where information obtained from the Internet ([www.world-check.com](http://www.world-check.com)) by the bank, demonstrated that the main suspect was sentenced in 2009 by a court in Italy, for participation in an International criminal organisation and drug trafficking.

Progress of the investigation:

Information received from the Alien's Department (Travel behaviour of the suspects): Suspects travelled to the Netherlands, the United States and Curacao.

Information received from the Customs and Excise Department: One of the suspects imported a 2007 Ford Explorer valued US\$6500.

Information received from insurance companies: Disclosure of information regarding the immovable and movable property of the suspects. In total eight addresses were discovered as well as six motor vehicles.

Information received from Suriname Water Supply Company: Disclosure of connections with some addresses that later proved to be registered in the name of the suspects. Six addresses were discovered.

Information received from the Land Registry Office: Seven addresses registered in the name of one of the suspects or a foundation. The case is still under investigation.

#### *Feedback on usefulness of FIUS' disseminations*

162. There is no formal feedback mechanism within the system which permits the competent authorities to provide the FIUS with information regarding the usefulness of the financial intelligence it disseminates. The Assessment Team acknowledges that consultations are held regularly among the Ministry of Justice and Police, OvJ and the Commissioner of Police, and bi-annually among the assistant prosecutor, heads of police districts and the Commissioner of Police, but note that these meetings are held to facilitate communicating progress on ongoing investigations and are not specific to ML/TF. Over the assessment period, the FIUS made many disseminations (see table 3.4), in its FIRs but has not benefitted from feedback which it could incorporate in its future disseminations. This situation brings into question whether the information provided in the disseminations is useful or is being appropriately utilised by the competent authorities.

*Strategic analysis*

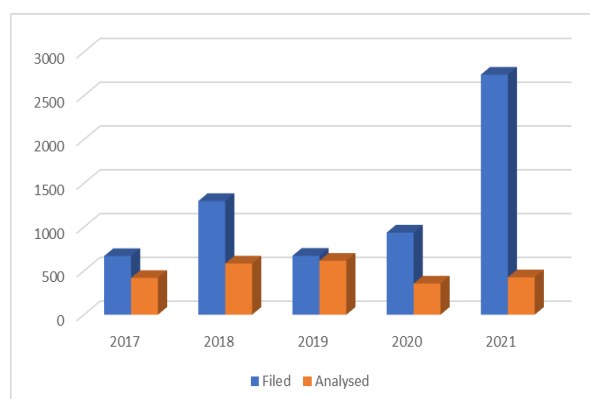
163. The FIUS conducts limited strategic analysis. In 2021 it conducted an analysis of the cash UTRs in its database to assess the reporting behaviour of selected reporting entities' handling of foreign currency UTRs, to determine insights into: the characteristics of cash UTRs; possible ML/TF trends and risks; and to determine a basis for improving the supervision of cash UTRs filings. The analysis utilised data from UTRs submitted by the two biggest banks, and the findings are that transactions related to the service of the banks to their clients, comprising foreign currency services, generate significant quantities of UTRs. In addition, the foreign currency transactions are a substantial part of various sectors of the economy. It was also concluded that in the observed period, the trend in USD UTRs remained constant, whereas the EUR UTRs trended downwards. This strategic analysis could support the operational needs of the FIUS, by helping it to identify the types of currency frequently used in possible ML transactions and serve as a resource through which it could enhance its feedback to reporting entities on detecting suspicious transactions. The strategic analysis can also support the competent authorities in formulating strategies for mitigating ML risks with regard to cash foreign currency transaction by FIs. Five recommendations were made based on the findings of the strategic analysis. Owing to the recentness of this strategic analysis product, competent authorities have not had opportunity to demonstrate its usefulness to their operations.
164. Regarding terrorism and TF, the Judiciary and law enforcement authorities reported that there was a case and that the jurisdiction received co-operation and support from foreign countries and entities including (the Netherlands, USA and UNODC), which has led to a successful prosecution and conviction for terrorism related offences (please see IO.9). No TF related UTRs have been identified by the FIUS and the unit has not evidenced through training that it has the capability to do so.

**Table 3.6 - Number of Subjective UTRs received by the FIUS**

| CATEGORY OF SERVICE PROVIDERS                | 2017       | 2018         | 2019       | 2020       | 2021         |
|--|------------|--------------|------------|------------|--------------|
| Banks and credit institutions                | 160        | 492          | 131        | 371        | 186          |
| Money Transfer Offices                       | 507        | 693          | 301        | 468        | 2,523        |
| Money exchange offices                       | -          | 61           | 57         | 26         | -            |
| Life insurance companies                     | 1          | -            | -          | -          | -            |
| <b>Total financial service providers</b>     | <b>668</b> | <b>1,246</b> | <b>489</b> | <b>865</b> | <b>2,709</b> |
| Non-financial service providers              |            |              |            |            |              |
| Lawyers                                      | -          | -            | 1          | -          | -            |
| Notaries                                     | 12         | 52           | 182        | 73         | 32           |
| Real estate Professional                     | -          | -            | -          | -          | -            |
| Providers of games of chance                 | -          | -            | -          | -          | -            |
| Government agencies                          | -          | -            | 1          | -          | -            |
| <b>Total non-financial service providers</b> | <b>12</b>  | <b>52</b>    | <b>184</b> | <b>73</b>  | <b>32</b>    |

|                              |            |              |            |            |              |
|------------------------------|------------|--------------|------------|------------|--------------|
| <b>Total subjective UTRs</b> | <b>680</b> | <b>1,298</b> | <b>673</b> | <b>938</b> | <b>2,741</b> |
|------------------------------|------------|--------------|------------|------------|--------------|

**Chart 3.1 - Subjective UTRs analysed**



*FIUS' structure and analytical capacity*

165. In terms of its structure, the FIUS consists of the office of the Director, the general support department, ICT department, analysis department and the supervision department. This structure is supported by a staff complement of 11 persons which includes the Director, four dedicated analysts, two supervisors and four administrative staff members. At the time of the onsite the ICT department was not staffed. The Director of the FIUS is appointed by means of a State Decree on the recommendation of the Minister of Justice and Police after consultation with the PG. Legislatively, (see c.29.7) the Director has general management, organisation and control of the FIUS, however the functions and duties of the Director have not been articulated or prescribed.
166. There are three analysts in the FIUS who are responsible for conducting operational analysis and one who is responsible for conducting strategic analysis. This reflects the limited human resources that exist within the FIUS. The staff at FIUS has received training with respect to their AML/CFT functions and obligations, and specialised training for the analysts. Limited use has been made of the software (iBase) available to them because the annual licence has expired. The iBase database management and analytical software can provide solutions for analysing large amounts of data, mapping financial flows, identifying associations between and among entities and facilitating the development of quality financial intelligence products. The Assessment Team believes that more extensive use of such technology will complement the limited resources that already exist within the FIUS and enhance the quality of its analytical products.
167. There is a need to increase the resources available to the FIUS so as to enable it to carry out its functions more efficiently. In 2017 and prior, the Director submitted proposals to the Ministry of Justice and Police for increased staffing which have not yet been acceded to. The fact that the Director has no formal job functions is also a cause for concern.
168. Legislatively, the PG has supervisory control over the FIUS (see TC annex c.29.7(d)). The existence of this legal provision, without a clear articulation of the PG's overarching supervisory functions, has created an obstacle in the FIUS' attempt to gain membership in the Egmont Group and has the potential to create doubt about the independence of the FIUS. Article 2 sub 4 of the Mot Act provides for the Minister of Justice and Police to set the budget of the FIUS each year. Currently, the FIUS does not have its own budget. To obtain funding, the Director of the FIUS

submits a draft budget to the Ministry of Justice and Police which is also in charge of other entities. Those entities also submit their budget proposals to the said Ministry, which then consolidates them into one general budget, which is presented to the Minister of Finance for approval by the National Assembly. The Minister of Finance will decide how much funds are allocated to the Ministry of Justice and Police. The FIUS' Director is not made aware of the quantum of funds allocated to the FIUS and such funds can be reallocated by the Ministry of Justice and Police whenever necessary, therefore the Director has no control over the day-to-day expenditure of the FIUS. This arrangement has added to the other mentioned concerns about the independence of the FIUS.

169. The FIUS operates independently when carrying out its data collection, research and analysis tasks. However, the Assessment Team is of the view, that the unit in its current form, does not lend itself to an efficient analytical function. The limited number of analysts; lack of training to use the existing outdated iBase database management and analytical software; and the limited access to existing sources of information, all support the view that the FIUS is operationally unable to perform sufficient and sound analysis on the majority of UTRs it receives. Table 3.6 shows that a total of 6,330 subjective UTR were filed with the FIUS, whilst chart 3.1 shows that during the review period 2,403 subjective UTRs were analysed, leaving 3,927 or 62% in abeyance. The 2,523 subjective UTRs filed by Money Transfer Offices and EOs in 2021 were suspicious based on transactions to and from high-risk jurisdictions. However, most of these transactions were closed due to the lack of sufficient support base<sup>10</sup> for conducting an in-depth investigation. Given the central role of the FIUS in Suriname's AML/CFT infrastructure, this lack of resources can have a negative effect on the support the FIUS can provide to the KPS.
170. In accordance with Article 11 of the MOT Act, the PG is entrusted with the supervision of the FIUS. As such, the FIUS reports to the PG, who may decide that further investigations are warranted and/or prosecute those reports. Further investigation can also be taken over by the KPS, but only on behalf of the PG. The FIUS is obliged, through the intermediary of the PG, to provide data to the competent authorities (OvJ and KPS) charged with the investigation and prosecution of criminal offences. The role of the PG in the dissemination process has not been articulated.
171. The FIUS produces annual reports that are submitted to the PG. The FIUS also identifies suspicious indicators from their own experiences which they present in the annual reports. A copy of the report is: sent to the Minister of Justice and Police as well as the Minister of Finance; shared with other competent authorities; and published on the FIUS' website (see annual report for 2021 in the Dutch language)<sup>11</sup>.

#### ***3.2.4. Co-operation and exchange of information/financial intelligence***

172. In Suriname there is co-operation at various levels between the FIUS and the KPS, namely at the policy-executing and operational levels. There is co-operation and the exchange of information between tax and customs administration, the FCB and the FIUS regarding currency declaration and export. To facilitate information sharing, the FIUS signed MOUs with the CBvS and the GSCI. The FIUS cannot engage in the spontaneous dissemination of financial intelligence to any domestic competent authority with which it does not have an MOU.

<sup>10</sup> The lack of sufficient support base refers to: missing indicators for the subjective reports for possible ML/TF scenarios; no match found with existing data within FIUS database; insufficient and or relevant information collected based on information requests pursuant to art. 5 and 7 MOT Act; search of open sources delivered no matches; and no determination has been made for a reasonable suspicion of ML/TF

<sup>11</sup> <http://fiusuriname.org/Jaarverslagen/Jaarverslag-2021-FIU-Suriname-Final-Nederlands.pdf>

173. There are no formal written rules which govern how information is handled, securely stored, and disseminated. However, the FIUS has implemented internal mechanisms to protect the confidentiality of the data and information it collects and shares. There are special access privileges granted to the analysts, which take into consideration their functions at the FIUS, and as such they do not have full access to data on the server. There are also restrictions imposed on the ability of secretarial staff to access data. They are prevented from doing so because when the data is received it is entered into a database which is only accessible by the analysts. Also, with respect to requests from the OvJ, a police agent is always named on the request, and it is only that police agent who is allowed to collect the data from the FIUS. The requirement for confidentiality is contained at Article 25 of the MOT Act and reinforced in the FIUS Code of Conduct.
174. The requirement for confidentiality also extends to the competent authorities with which the FIUS co-operates and exchanges data and information. The FIUS is a member of a working group on Tripartite Supervisors Consultation on AML/CFT and has entered into MOUs with the CBvS and the GSCI. In the working group's terms of reference and in each of those MOUs, there are clauses which mandate confidentiality of this data and information, and that it is not to be used for a purpose other than that for which it was provided.
175. At the Office of the PG, there is an informal mechanism to ensure the confidentiality of the data and information acquired from the FIUS. The data and information are received in a sealed envelope by the secretary to the AG. This envelope is only opened at the time the case is being discussed with members of the FOT. All persons involved in the case, inclusive of the prosecutors and the police, have a duty to keep the data and information confidential. Regarding the prosecutors, they are also governed by a code of conduct which mandates that they abide by the duty of confidentiality.
176. Suriname has not demonstrated that the existing co-operation among competent authorities facilitates the exchange of financial intelligence and other relevant information. Notably, there is no direct communication between the FIUS and the KPS and the FIUS is not a party to the briefings of the OvJ and the FOT when FIRs are discussed.

## Overall conclusion on IO6

177. The PG must initiate the FOT's requests for financial intelligence to the FIUS and the FOT must get OvJ's approval before it can request other relevant information from other sources. There is a two-week to three-week wait to receive requested information, which can affect the FOT's efficiency in conducting its investigations. This inefficiency could be exacerbated if the information received generates further requests, which is often the case with financial investigations. The resource implications at the FOT, whereby the staff was reduced from seven to four, and the lack of training in the use of financial intelligence, has had a deleterious effect on the capacity of the department to carry out its functions, resulting in requests to the FIUS amounting to just 17 or 4% of the overall 415 requests, and an overall rapid decline in requests for other relevant information.
178. The lack of access to sources of government information negatively impacts the FIUS' ability to enrich its financial intelligence products, the Assessment Team considered this to be a major deficiency in the process, which also had a cascading effect on the FIUS' operational and strategic analysis and its contribution towards supporting the operational needs of competent authorities, particularly the FOT.

179. Suriname has not demonstrated that the existing co-operation among competent authorities facilitates the exchange of financial intelligence and other relevant information. Notably, there is no direct communication between the FIUS and the KPS and the FIUS is not a party to the briefings of the OvJ and the FOT when FIRs are discussed.
180. **Suriname is rated as having a low level of effectiveness for IO6.**

### 3.3. Immediate Outcome 7 (ML investigation and prosecution)

181. In Suriname, the system for identifying and investigating potential ML cases is centred around the referral of acquisitive crime cases to the FOT and on the instructions of the Public Prosecution Service. While there are other predicate offences, as referenced in the memorandum of the FOT, the main predicate offence to ML in Suriname is drug trafficking. Within the last five years, the FOT has conducted 56 ML investigations with two successful prosecutions. Of those investigations, two were started on the instructions of the PG. No parallel financial investigations were conducted.

#### 3.3.1. ML identification and investigation

182. Suriname's framework for identifying and investigating ML cases is centred on the BZC's subdivision Financial Investigations Team, which includes the departments of Narcotics, Capitol Offences, Fraud and Economic Offences (FED) and the FOT, in conjunction with the Public Prosecution Office (OvJ). Suspected ML cases are mainly identified through the predicate offences investigations being conducted by the Narcotics Unit and the FED (See Chart 3.2 below). Through this framework, cases where the subject of an investigation is suspected to have financial assets are referred to the FOT. Additionally, disseminations sent to the PG from the FIUS are routed to the FOT for investigations after consultation. Suriname has also shown that it can take-over and successfully pursue ML investigations originally initiated by a foreign agency.
183. At the OvJ there is a ML desk with four prosecutors assigned. When an FIUS dissemination arrives at the desk, a determination is made as to whether there is sufficient justification for investigating. The FOT is invited to come to the office to discuss the case and then it is handed to the FOT who will handle it from there on. This process usually takes a maximum of two days. The OvJ does not have a written formal process for identifying, prioritising and pursuing ML investigations for prosecution.
184. The policy of the KPS is aimed at ML in such a way that all forms of ML are investigated or combatted in accordance with the legal responsibilities to do so found in the Code of Criminal Procedure, under the supervision of the PG. The FOT is the sole unit tasked with, among other things, investigating ML and organised financial crime. At the department level, the FOT completed various training workshops and seminars, both nationally and internationally, in the field of ML investigations. However, many of the recipients of those training sessions were no longer assigned to the FOT and very little thorough or ongoing training was provided to the current members of this unit to enable them to identify ML, or to use the financial intelligence they receive from the FIUS, or to conduct financial investigations.
185. The FOT is responsible for responding to MLA requests where the suspects have laundered money (see table 3.7). These requests are received by the Ministry of Justice and Police, with the intervention of the PG. After investigating, the FOT is required to send all obtained documents to the OvJ for further handling and action. The authorities have not shown how this source of information has been used to identify potential ML cases.

**Table 3.7 Requests for assistance in ML investigations received from foreign countries**

| Year         | Number of requests | Country making request  |
|--------------|--------------------|-------------------------|
| 2017         | 20                 | The Netherlands/Belgium |
| 2018         | 24                 | The Netherlands         |
| 2019         | 11                 | The Netherlands         |
| 2020         | 12                 | The Netherlands         |
| 2021         | 8                  | The Netherlands/Belgium |
| <b>Total</b> | <b>75</b>          | -                       |

186. The considerations for prioritising cases for investigation at the FOT are the seriousness of the offence and the likelihood of a conviction. When conducting ML investigations, the FOT “Work processes” include a written investigative procedure that begins with the receipt of an investigation or case file from other departments/Sub-Districts. The required action to be taken before sending out letters to different authorities to request information on suspects is also included. The procedure also includes the stage at which the file is sent to the OvJ for instructions and concludes with the completed file being sent back to the OvJ. Data provided by the Authorities (see table 3.8) show 56 ML investigations being conducted up to the first six months of 2021. The “Work Process” of the FOT is however void of a formal manner for either identifying or prioritising ML cases.

**Table 3.8 ML investigations conducted by the FOT**

| Year        | Investigations | Predicate offences  | Cases submitted to OvJ | Prosecutions | Convictions |
|-------------|----------------|---|------------------------|--------------|-------------|
| <b>2017</b> | 14             | Offences against the narcotics act; aggravated theft; robbery; violation of the firearms act; ML; participation in criminal organisation.   | 7                      | 1            | 1           |
| <b>2018</b> | 20             | Forgery of documents; fraud; offences against the narcotics act; banking without a licence; violation of the firearms act; violation of the foreign exchange act; preparatory acts for the export of drugs; human trafficking; extortion and blackmail; embezzlement. | 4                      | 0            | 1           |
| <b>2019</b> | 7              | Offences against the narcotics act; aggravated theft; fraud; embezzlement; ML.  | 12                     | 1            | 0           |
| <b>2020</b> | 9              | Offences against the narcotics act; aggravated theft; embezzlement; fraud.  | 10                     | 2            | 0           |
| <b>2021</b> | 6              | Human trafficking; ML; violation of the economic offences act; participation in criminal organisation.  | 3                      | 1            | 0           |

187. The investigative techniques available to the investigation of ML are limited as there are no measures in place in respect of undercover operations, accessing computer systems and control delivery (see analysis at c.31.2), whilst the “Work Processes” of the FOT is silent on the utilisation of any investigative tools. The prosecution rate however is low as evidenced by there being just five prosecutions emanating from the 56 ML investigations conducted during the assessment period.

188. The KPS has in total about nine trained financial investigators throughout the police service. There is understaffing and insufficient capacity at the FOT department and limited ML investigations training. This lack of resources, including understaffing (reduction from seven to four) has had a direct impact on the effective functioning of the FOT regarding the conduct of ML and other organised financial crime investigations. It also resulted in the reduction in the number of investigations conducted over the assessment period.
189. Based on the interactions with the members of the OvJ during the onsite, the Assessment Team confirmed that the FOT's investigations into ML are done properly, considering the existing limitations, and there is constant communication with the OvJ. ML investigators are also in frequent contact with other members of the KPS who provide the team with information and conduct research relevant to those investigations. Information is exchanged informally and in person and meetings were used to provide feedback on ongoing investigations. The investigators can also conduct proactive ML investigations, but the lack of staff made this difficult and as such no pro-active investigations were conducted.

*Investigations of predicates to ML*

190. In 2014 the Commissioner of Police issued Official Instructions whereby the investigative departments nationally were mandated to transfer, to the BZC's subdivision Financial Investigations Team, the investigation of all predicate offences that met a specific set of criteria. Consequently, the BZC's subdivision Financial Investigations Team departments of Narcotics, Capitol Offences and FED assumed national responsibility for investigating predicate offences including violations against the Narcotics Act, violations against the Anti-corruption Act, violations against the Economic Offences Act, frauds, scams, and violations against the Foreign Exchange Act, including money smuggling (see table 3.9). These departments have a combined staff complement of 55 persons (Narcotics – 18; Capitol Crimes – 27 and FED 14). Within the KPS, and externally with the OvJ, there is no difficulty obtaining information to advance investigations and so too for obtaining information with the CCI and government departments. For investigations involving legal persons, the FED sometimes approach the companies directly. In cases where a company refuses to provide requested information, the FED can either liaise with the Minister of Trade or write to the Attorney General or the OvJ and they in turn will write to the company. The FED does not have the qualified investigators to conduct the types of investigations it is mandated to and is also short on staff and resources which can have the effect of stymieing its ability to properly investigate the predicates to ML.

**Table 3.9 Predicate offences investigated by the BZC's subdivision Financial Investigations Team departments of Narcotics, Capitol Offences**

|  | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Total        |
|--|------|------|------|------|------|------|--------------|
| Violations against the Narcotics Act                       | 490  | 608  | 481  | 408  | 398  | 74   | <b>2,459</b> |
| Theft by force   | 95   | 57   | 52   | 28   | 43   | 33   | <b>308</b>   |
| Qualified theft  | 49   | 50   | 65   | 32   | 54   | 34   | <b>284</b>   |
| Murder/Attempted murder                                    | 15   | 27   | 11   | 40   | 27   | 2    | <b>122</b>   |
| Violation of the Act against smuggling                     | 1    | 20   | 26   | 23   | 37   |      | <b>107</b>   |
| Simple theft   | 13   | 21   | 20   | 17   | 15   | 8    | <b>94</b>    |
| Manslaughter/Attempted manslaughter/Qualified manslaughter | 5    | 7    | 9    | 9    | 16   | 5    | <b>51</b>    |
| Embezzlement/Qualified embezzlement                        | 10   | 5    | 6    | 5    | 8    | 2    | <b>36</b>    |
| Forgery/Qualified forgery in writings                      | 7    | 10   | 6    | 5    | 6    | 1    | <b>35</b>    |
| Violation of the Anti-Corruption Act                       |      |      |      | 12   | 14   |      | <b>26</b>    |
| Scam/Attempted scam  | 3    | 3    | 2    | 4    | 6    | 0    | <b>18</b>    |
| Attempted theft by force                                   | 2    | 4    | 3    | 3    | 3    | 0    | <b>15</b>    |
| Counterfeit coin   | 0    | 7    | 2    | 0    | 0    | 0    | <b>9</b>     |

|   |   |   |   |   |   |   |          |
|---|---|---|---|---|---|---|----------|
| False declaration of authentic deeds    |   | 6 | 1 | 1 |   |   | <b>8</b> |
| Extortion                               | 3 | 0 | 2 | 0 | 0 | 0 | <b>5</b> |
| Violation of the Foreign Exchange Act   |   |   |   |   |   | 3 | <b>3</b> |
| Participation in criminal organisations | 1 | 0 | 0 | 0 | 0 | 1 | <b>2</b> |
| Professions and enterprise              | 1 | 1 |   |   |   |   | <b>2</b> |
| Sea robbery                             | 0 | 1 | 0 | 0 | 0 | 0 | <b>1</b> |
| Piracy                                  | 0 | 0 | 0 | 0 | 1 | 0 | <b>1</b> |
| Participation in criminal organisation  |   | 9 | 1 |   | 1 |   | <b>1</b> |
| Attempt simple theft                    | 0 | 0 | 0 | 0 | 0 | 0 | <b>0</b> |

#### *Investigations on corruption*

191. Financial investigations into the proceeds of corruption are not pursued as a policy objective. The lead department responsible for investigating corruption is the FED under the supervision of the OvJ. The determination of the opportunity to investigate and prosecute ML from corruption cases is under the exclusive purview of the OvJ. All investigations are done under the lead of the Police Inspector in charge of the FED who is also a prosecutor at the Ministry of Justice and Police. The FED communicates informally with the FOT if it discovers components of ML during its investigations.
192. During the assessment period, 21 corruption investigations were conducted by the FED (see table 3.10). Two of these investigations had ML components. The analysis of IO.6 has already shown that the FIUS has provided financial intelligence in support of ongoing corruption investigations, however, there is no evidence that the FED requested financial intelligence to support any of the corruption investigations. Box 3.4 below details the case of a financial investigation which was initiated at the behest of an investigating judge. No parallel financial investigation was conducted into any of the cases shown at table 3.10 (below) demonstrating that parallel financial investigations are not actively pursued as a policy objective.

**Table 3.10 Summary of corruption cases investigated by the FED highlighting those with an ML component**

| No. | Year        | Brief summary   | Case status   |
|-----|-------------|---|---|
| 1   | 2018        | Corruption investigation at the Ministry of Social affairs and Housing  | Sentenced by the Subdistrict Court Judge  |
| 2   | 2018        | Corruption investigation at After-School Care, Study and Counselling  | Ongoing preliminary judicial investigation  |
| 3   | 2018        | Corruption investigation involving Caribbean Festival of Arts   | Ongoing investigation   |
| 4   | 2018        | Corruption investigation at Suriname Shipping Company   | Ongoing investigation   |
| 5   | 2019        | Corruption investigation at National Transport Company  | Ongoing investigation   |
| 6   | 2019        | Corruption investigation at Regional Health Service   | Ongoing Investigation   |
| 7   | <b>2019</b> | <b>*Corruption at CBvS</b>  | <b>All suspects sentenced for ML offences by Subdistrict Court Judge (See case 3.2)</b>                       |
| 8   | 2019        | Corruption investigation cash reserves of the CBvS  | Ongoing preliminary judicial investigation  |
| 9   | 2019        | Corruption investigation at Surinamese Postal Savings Bank  | Sentenced by the Subdistrict Court Judge  |
| 10  | 2020        | Corruption investigation related to the embezzlement of vehicles of the Office of the President of the Republic of Suriname | Ongoing investigation   |
| 11  | 2020        | Corruption investigation related to the embezzlement of vehicles of the Office of the President of the Republic of Suriname | Ongoing investigation   |
| 12  | 2021        | Corruption investigation, Airport Management  | Ongoing investigation   |
| 13  | 2021        | Corruption investigation at the COVID-19 Fund   | Ongoing investigation   |
| 14  | <b>2021</b> | <b>*Corruption investigation related to the smuggling of 100 sea containers with wood logs</b>                              | <b>The investigation is completed, and the case is already being tried before the Subdistrict Court Judge</b> |
| 15  | 2021        | Corruption investigation at State Health Fund Foundation  | Ongoing investigation   |
| 16  | 2021        | Corruption investigation related to the smuggling of wood   | Being tried before the Subdistrict Court Judge  |
| 17  | 2021        | Corruption investigation on import of goods at the international airport  | Ongoing investigation   |
| 18  | 2021        | Corruption investigation at Suriname Heavy Equipment Company  | Ongoing investigation   |
| 19  | 2021        | Corruption investigation EBS/OLIBIS   | Dossier completed and sent to the OvJ   |
| 20  | 2021        | Corruption investigation NV SURFIN  | Dossier completed and sent to the OvJ   |
| 21  | 2021        | Corruption investigation at Hybrid Power System Group   | Ongoing investigation   |

\*Corruption investigations conducted in parallel with an ML investigation by the FOT

### Box 3.4 – Case: ML Investigation related to corruption

#### Case -ML investigation in the proceeds of corruption conducted by the FOT

On Monday 16<sup>th</sup> March 2020 copies/digital documents were received following a report made by a former minister of government, two persons who were suspected to have violated the Anti-Corruption Act. As such an investigation was initiated by the Anti-Corruption Unit.

In addition, two authorizations were received (signed by the investigating judge) about an order of a prosecuting official to investigate with the intention of obtaining insight into the financial position of the suspect. This led to a parallel financial/ML investigation being conducted by the FOT, on the instructions of the PG.

The FOT investigations were in relation to payments made by the CBvS through a foreign company to a company belonging to a suspect and incurring a debt at the bank. In the period March 22<sup>nd</sup>, 2019, up to and including December 19<sup>th</sup>, 2019, the CBvS paid a total of €2,552,932 to a foreign company. In the period 24<sup>th</sup> June 2019, up to and including November 18<sup>th</sup>, 2019, the CBvS paid an amount of SRD \$1,515,288.81 (USD 47,949.14) to a company belonging to the suspect.

The FOT examined witnesses and discovered that: the spouse of a suspect incurred a debt in USD; the debt has been repaid by the spouse; the company received money from the CBvS for providing services; a part of these payments was transferred to the company of the spouse.

Further investigations by the FOT revealed: Immovable property - in total, four plots belonging to the suspect; and movable property in the form of a vehicle purchased, paid for and was registered in the name of the suspect. Payment for the vehicle was made by the company that was supposed to provide services to the CBvS. This vehicle was seized by the FOT.

During the investigation, the FOT requested and received information from the CCI whereby other addresses were discovered based on results from companies and or foundations, where one of the suspects had a management function. The FOT seized a plot with an office building where a company of one of the suspects is established has been seized.

**Case result:** All suspects were sentenced in February 2022 for ML offences by the Subdistrict Court Judge.

193. While tax evasion, as a predicate offence to ML, was highlighted in the NRA as one of the main threats to the financial sector, no such cases were referred to the KPS and as such the FED had no opportunity to conduct any such investigations. However, the investigation of under invoicing is identified by the tax authority as being challenging to investigate, including officials not being trained to identify and gather evidence to prove that the value provided by the customer is not the true value of the imported items.

### Box 3.5 – Case: Summary of Case “Bruinbrood”

#### Summary of case “Bruinbrood”

In May 2011, Customs at the Airport in the Netherlands found Euros 15,000 in a postal item to Suriname. The way in which the Euros were found, the packaging and the notes, gave rise to reasonable suspicion that the sender was attempting to launder money. Investigations showed that the suspected sender frequently made cash deposits in a bank account up to a total of Euros 533,312.25. Further investigations into the Tax Administration System in the Netherlands showed that the suspect deposited over Euros 100,000 which was never included in his tax returns. The suspected sender also used cash for the purchase of lands in Suriname.

Resulting from a request for assistance by the Netherlands, to Suriname in 2015, the FOT began conducting investigations which showed that the suspect purchased with cash, two plots of land valued at Euros 240,000 and 375,000 respectively. The suspect could not provide proof as to the origin of the cash use to make the said purchases. US\$5,000 and gold jewellery were found at a Surinamese Bank and seized.

In February 2017 the FOT department received the file and copies of documents with regard to the suspect from the Public Prosecutions Service, originating from the Dutch Authorities where a request was made for the transfer/handover of criminal proceedings of the suspect. A separate investigation resulted in the arrest and detention, in police custody in Suriname, of the suspect.

The suspect’s premises was searched, and a number of documents and items were seized including Euros 500, hunting bullets and a vehicle.

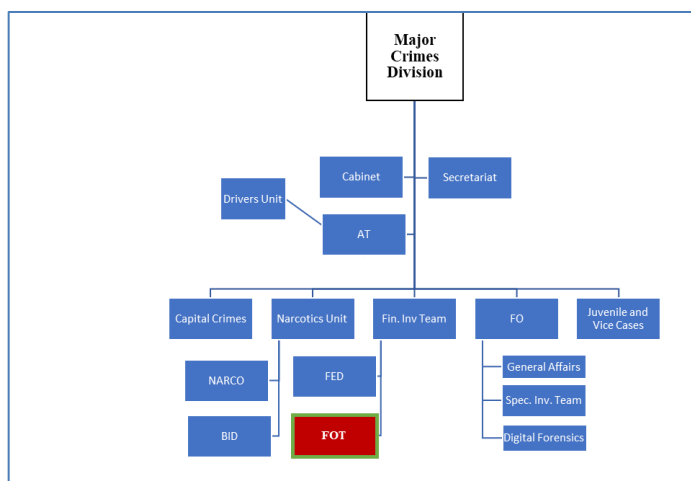
Further investigations by the FOT revealed expenditure for several purchases by the suspect, including two plots of land located in Anton Dragtenweg and motor vehicles. The two plots of land and one motor vehicle were seized by the Public Prosecutor, but the other items could not be seized because the suspect no longer had them in his possession.

After spending a year in detention, the suspect was acquitted by the Cantonal court for the ML charge due to insufficient evidence. He was convicted for a violation of the Firearms Act. The OvJ appealed against the judgement regarding the ML charges. The appeal has not yet been heard.

194. The case studies (at Boxes 3.2, 3.4 and 3.5 above) provided an overview of the investigations conducted and show that, through the FOT’s usage of several sources of information, including information from a foreign counterpart, evidence of the standard needed to support ML prosecutions under the Anti-Money Laundering Act of Suriname were obtained and accused were convicted and sentenced. The case at 3.5 has also showed that the FOT has been able to take-over and successfully pursue ML investigations originally initiated by a foreign agency.
195. Despite the admirable efforts of the FOT, ML investigations are stymied by the lack of resources. The number of investigators assigned to the FOT was allowed to be depleted from seven to the current four. As a result of the lack of resources, there has been a progressive and commensurate decrease in the number of ML cases investigated, from 20 in 2018 to nine in 2020, and six investigations up to the first six months of 2021.
196. There is limited mobility brought about by a lack of vehicles. Basic tools like a camera, scanner and photocopier are unavailable. Interaction with LEAs during the onsite investigation revealed that these difficulties have been brought to the attention of the KPS’ management to no avail.

197. The Assessment Team is of the opinion that the hierarchical structure of the BZC which has the FOT placed as a subordinate of the sub-division Financial Investigations Team along with the FED, is not in line with realities of the important national functions of the FOT and results in the profile of the unit being lowered, hence the apparent obstacles in communicating its needs to the management of the KPS. Chart 3.2 below shows the position of the FOT in the BZC's hierarchical structure.

**Chart 3.2 BZCs hierarchical structure showing the position of the FOT**



### **3.3.2. Consistency of ML investigations and prosecutions with threats and risk profile, and national AML policies**

198. The National AML/CFT/CPF Strategic Plan has identified 12 thematic objectives/key initiatives that are based on the findings of the NRA. One of these objectives/key initiatives is the improvement of effectiveness of ML investigations and prosecutions. As noted in IO.1, this plan was approved on December 30th, 2021, and there has not been enough time to react with ML investigations and prosecutions that address the threats and risks that were identified in the NRA.
199. The NRA highlighted known sources of the proceeds of crime as being: illicit trafficking in drugs; illegal timber trade; illegal gold trade; smuggling; trafficking in human beings; corruption; tax evasion; and illegal arms trade. A breakdown of the main predicate offence to ML in Suriname shows that drug trafficking poses the highest risk. Most of Suriname's ML investigations and prosecutions were related to suspected illicit financial flows through the banks and the purchases of property with the proceeds of unlawful conduct.
200. Almost all ML investigations conducted by the FOT during the last five years were related to drug trafficking, in line with the ML/TF risk of the jurisdiction. The others were mainly related to fraud, theft, embezzlement, human trafficking and participating in a criminal organisation. Other predicate offences, like tax crimes and corruption, were not seen in ML investigations over the assessment period and it was clear during the onsite that neither the Fraud and Economics Crimes department nor the FOT conducted criminal tax evasion investigations. Interactions with the Authorities revealed that occurrences of tax evasion will be investigated by the FED because of that department's close working relationship with the FOT. There is however no policy to guide this decision and actions in this regard will be based on practice whereby instructions will be given by the head of the BZC.
201. The OvJ is charged with prosecuting criminal offences. The Judiciary consists of the standing magistracy and the sitting magistracy. The OvJ is part of the standing magistracy. The OvJ is

responsible for the prosecution policy and is authorised to give instructions to police officers for the prevention, detection and investigation of criminal offences. Overall, there are 29 prosecutors at the OvJ and recently two of them were added to the AML desk, bringing it up to a total of four AML prosecutors who are responsible for addressing the large number of reports being submitted by the FIUS and ML prosecutions. Prosecutors can be assigned to more than one desk and as noted in the NRA, there has been a decrease in the staffing of the OvJ. It is possible that this can have a deleterious effect on the OvJ's ability to carry out its prosecutorial functions routinely and successfully. During the assessment period the FOT submitted 56 cases to the OvJ and five of these cases were submitted to the Court i.e. 2017, 1; 2018, 0; 2019, 1; 2020, 2; and 2021, 1. The ML charges presented before the Court are marginally in line with the identified ML/TF risk. None of the predicates of the five ML charges includes illegal trafficking in drugs, tax evasion, illegal timber and gold trade or smuggling. The time it takes for a case to be taken in charge would vary depending on the complexity of the case.

202. The OvJ can access additional and specialised resources to assist it in the investigation of cases. The prosecution can also call on external experts. Where necessary, they have the authority and experience to appoint forensic experts and work together to support the case, subject to budget availability. This was demonstrated on one occasion when a part-time financial (forensic) investigator was recruited to assist with a financial investigation. Prosecutors are given access to all necessary documents, information, and witnesses and/or other relevant persons for use in prosecutions. Prosecutors are of the opinion that they have the skills and knowledge they need to understand the flow of crime proceeds and present such cases to court. Among the considerations made regarding prosecution of ML matters in Suriname are whether the evidence is sufficient; is the matter being prosecuted in the public interest; and the amount of goods confiscated.
203. Notwithstanding, the Authorities have not been able to evidence that the OvJ and examining judges have received the requisite and ongoing training that would enable them to execute their ML prosecutorial functions and properly guide the members of the FOT during ML investigations. The Assessment Team is of the view that the decrease in staffing, unavailability of funding, lack of expertise at tracing proceeds transferred abroad are deficiencies adding to the contributory factors which can negatively affect the OvJ's ability to carry out its functions routinely and successfully, thus militating against successful ML investigations and prosecutions. Also, the ML investigations and prosecutions all predate the completion of the NRA, so it cannot be said that they are consistent with the National AML/CFT/CPF Strategic Plan.

### *3.3.3. Types of ML cases pursued*

204. Based on the analysis of the case studies (see Boxes 3.2, 3.4 and 3.5) and interviews conducted with the authorities, the BCZ financial investigations team pursues third party ML; self-laundering; complex ML involving corruption and proceeds transferred from overseas. There were no stand-alone investigations or prosecutions.

### *3.3.4. Effectiveness, proportionality and dissuasiveness of sanctions*

205. The penalties that are applicable for ML convictions in Suriname are set out in Articles 1, 2 and 3 of the Money Laundering Penalization Act (MLPA) of 2002. These penalties range from a custodial sentence to a fine, and in some cases deprivation of rights (Criminal Code Article 46, para. 1). According to the MLPA and Criminal Code custodial sentences range between 6 and 50 years of imprisonment, whilst maximum fine under the MLPA is SRD 500,000,000 (US\$24 million). Notwithstanding the applicable penalties set in the MLPA, there are no statistics available from the jurisdiction on the degree of sentences or sanctions applied with regard to ML convictions.

206. There were five ML cases prosecuted during the assessment period, three of which are currently pending before the courts. For the remaining two cases there has been one conviction and sentencing in relation to the charges under the Anti-Money laundering Act. In the other case in 2017, the accused was acquitted of the charges which were in violation of the said MLPA.
207. As there was only one ML prosecution in which the convicted person(s) was sentenced, the Assessment Team was unable to assess whether the penalties/sanctions imposed are effective, proportionate and or dissuasive.

### ***3.3.5. Use of alternative measures***

208. In lieu of criminal prosecution for ML, the Criminal Code, Article 46, allows for the deprivation of rights, including being debarred from leaving Suriname or being free to be located anywhere in Suriname, being debarred from holding public office or from exercising certain professions. These provisions have not been used.

## **Overall conclusion on IO.7**

209. The authorities responsible for the investigation of ML, namely the BZC subdivision Financial Investigations Team and the OvJ have demonstrated that they have the requisite knowledge and skills required to properly investigate and prosecute ML.
210. The case studies provided give an overview of the types of investigations conducted and show that the FOT investigates many forms of ML including complex cases into predicate offences involving multiple suspects. It is evident that Suriname conducts self-laundering, and third-party ML laundering investigations. There were no stand-alone ML investigations.
211. Some of the reasons identified for the fundamental deficiencies with the identification and investigation of ML cases are inter alia: the FOT does not receive ongoing related training; the investigative techniques available to investigate ML are limited as there are no measures in place in respect of undercover operations, accessing computer systems and control delivery; ML investigations are not prioritised as a policy objective and parallel financial investigations are not actively pursued. Further, there is a lack of the resources necessary, including technical and human resources, to conduct financial investigations.
212. **Suriname is rated as having a low level of effectiveness for IO.7.**

### 3.4. Immediate Outcome 8 (Confiscation)

#### *3.4.1. Confiscation of proceeds, instrumentalities and property of equivalent value as a policy objective*

213. The Criminal Code provides the legal authority for the confiscation of proceeds, instrumentalities and property of equivalent value. The requirements contained in the Criminal Code are robust and provide a good technical compliance framework for the relevant competent authorities including the Public Prosecution Service and the police to trace, identify, seize and confiscate proceeds and instrumentalities derived or intended for criminal conduct/activities and property of correspondent value. Suriname only has conviction-based confiscation, therefore non-conviction-based confiscation is not permitted. Taking into consideration Suriname's risk and context, this deficiency was weighted heavily by the Assessment Team who considered same to be major.
214. In December 2021 Suriname developed its National AML/CFT/CPF Strategic Plan which outlined their national AML/CFT/CPF strategy. The strategy consists of 12 thematic objectives/key initiatives that together represent a comprehensive revision of the AML/CFT/CPF regime. The authorities appeared to be unaware that one of the thematic objectives/key initiatives is crime control and an action identified to achieve this is by pursuing a strong policy of discouragement and confiscation of unlawfully obtained gains (through conducting qualitative criminal investigations). The authorities also confirmed that within their respective departments, there was no documentation setting out confiscation as a policy objective.

#### *3.4.2. Confiscation of proceeds from foreign and domestic predicates, and proceeds located abroad*

215. The investigations which would lead to the confiscation of proceeds, instrumentalities and property of equivalent value are conducted by the Financial Investigations Team (FOT). In Suriname, the other departments of the Police Force (KPS) do not play any role in confiscation. The FOT has received training in this area. However, considering that the FOT only has four police officers assigned to the unit presently, who are required to perform other investigations and duties simultaneously, it is doubtful that they can effectively identify and trace proceeds and instrumentalities of crimes or assets of equivalent value for the purpose of confiscation. Despite this, the authorities demonstrated ML/TF investigations resulting in several objects being confiscated. The material facts of these instances and the items confiscated are set out in boxes 3.6 to 3.8 below.

#### **Box 3.6 – Case: Confiscation from suspect on June 2019**

On 14 June 2019 one suspect was sentenced by the sub-district court judge. The predicate offence committed was Participation in a Terrorist Organization. The following items were confiscated: No appeal lodged in this case.

1. One telephone of the brand Samsung;
2. One laptop of the brand HP;
3. A memory stick 8GB;
4. USD 800;
5. Four boxes bottleneck cartridge; and
6. Six caliber S&W 40 cartridges.

### Box 3.7 – Case: Confiscation from suspect on March 2020

On 2 March 2020 eight suspects were sentenced by the sub-district court judge. The predicate offence was committing preparatory acts for the export of drugs. The following items were confiscated: Appeal pending.

1. A plot in the district of Saramacca with an estimated value of €190,000;
2. A truck of the brand Iveco 75 PC 4x4 with an estimated value of USD 21,000;
3. An excavator of the brand FIAT-HITACHI with an estimated value of USD 55,000;
4. A boat with an outboard motor with an estimated value of USD 10,000; and
5. A pickup of the brand FOTON with an estimated value of USD 18,000.

### Box 3.8 – Case: Confiscation of property for violation under Anti -Corruption Act

On 31 January 2022 two suspects were sentenced by the sub-district court judge. The predicate offences were violation of the Anti-Corruption Act of 24 September 2017 and falsification of documents. A plot with an office building located at the corner of Brokopondolaan and Lawtonlaan in Paramaribo with an estimated value set at USD 447,500 was confiscated by the Judge. Appeal Pending.

216. The OvJ and the Judiciary are the other stakeholders involved in the confiscation proceedings. The OvJ makes the decision to seize objects and upon being notified by the police, a decision is made immediately. This is done to prevent the dissipation of assets. The FOT's work processes govern the manner in which they handle objects seized in the course of their investigations, with the input of the OvJ. However, no statistics were provided by the FOT and the OvJ to assess the effectiveness of seizures as a provisional measure to prevent the flight or dissipation of assets. Also, the decision to confiscate is made by the OvJ, once it is satisfied that there is sufficient evidence to take the case to the court and convince a judge that a crime has been committed and the objects should be confiscated.
217. The OvJ and the Judiciary have received specialised training to aid in the performance of their functions. There are adequate human resources to perform their functions, commensurate with the few seizures and confiscations occurring (four Public Prosecutors and one Judge), which is presumably as a result of the limited capacity of the FOT. If additional staff is required for confiscation proceedings, they have the ability to increase the complement of staff utilising a rotation system.
218. The Commissioner of Police is the central authority (custodian) of seized goods. One of the hindrances encountered during the confiscation process is the lack of a central facility for storage of seized objects, such as boats and vehicles. In order to circumvent this, the authorities can cause the object to be sold pursuant to the guidelines issued to the Public Prosecution Service regarding seized goods and under Article 103 of the Code of Criminal Procedure, thereafter the proceeds would be obtained. The proceeds would then be deposited at the CBvS pending the conclusion of the confiscation proceedings. Upon confiscation being granted by the judge, the proceeds can then be transmitted to the Minister of Finance. Additionally, if the proceeds constitute an object, for example a motor vehicle which can be used by the KPS, it can be given to the police under an agreement with the Commissioner of Police. However, there are no written procedures or policies in place for this arrangement. In circumstances where confiscation is not granted and there is no appeal of the decision, the objects or proceeds from its sale would be returned to the former suspect. The confiscation orders made with respect to the items identified in Boxes 3.7 and 3.8, are the subject of appeals and their outcomes are pending.

219. In addition to the case studies detailed in Boxes 3.6 to 3.8, the authorities demonstrated that confiscation of items occurred following enhanced border enforcement which stemmed from agreements between Suriname and the Republics of Guyana and French Guyana respectively. The items confiscated arose from detections of domestic ML predicate offences (violations of the Anti-Smuggling and Economic Offences Acts), and in some cases the items were sold, and the proceeds deposited at the CBvS. The authorities did not provide the details of the total value of items confiscated, of the instrumentalities of those crimes and of the proceeds of those sales.
220. The Law Take-Over and Transference Execution Criminal Judgments Act provides that once there is a treaty between Suriname and a foreign state, any decisions of their respective criminal courts regarding confiscation can be executed in their respective countries. However, the authorities confirmed that if confiscation occurs, working in partnership with a foreign country, there are no formal arrangements or procedures in place for asset sharing, repatriation or restitution. Suriname has not confiscated proceeds from foreign predicates and proceeds located abroad.

### ***3.4.3. Confiscation of falsely or undeclared cross-border transaction of currency/BNI***

221. The law (Shipping Act and Tariffs Act) and regulatory framework for Customs do not allow Customs to effectively detect the physical and cross-border transport of currencies and negotiable instruments, neither can competent authorities, including Customs, stop or restrain currency or BNIs for a reasonable time to ascertain whether evidence of ML/TF may be found. However, the currency declaration form established by the Foreign Currency Board (Decree No. 222), allows for falsely declared or non-declared currency to be retained by Customs or seized by the 'competent authorities'. In the event of a false or non-declaration to Customs, the passenger is arrested and taken into custody along with the cash and handed over to the FED. The seizure of the cash in such circumstances is lawful pursuant to Article 82 of the Penal Code. The traveller can still be given an opportunity to declare the currency because sometimes passengers have no knowledge of the legal requirement to do so, however this action was not located in any policy.
222. There are no documented procedures, insufficient screening equipment and insufficient human capacity to perform the screening and random or risk-based physical searches to detect undeclared/illegal currency transfers by persons entering or exiting the country. As a result, investigation of the predicate offences related to cross border movement of cash is not evident.
223. Data provided by the FED (see table 3.11 below) showed that, in respect of the Johan Adolph Pengel airport, Customs arrested 22 persons, whilst one person was arrested at the border checkpoint in Nickerie, for undeclared currency above the US\$10 000 threshold. Apart from one case where criminal proceedings are ongoing, all were settled administratively through the OvJ. This process involves the suspect being granted the right to have the case settled out of court. If the suspect exercises that right, the Public Prosecutor can then impose an administrative fine against the seized currency, thus resulting in its forfeiture. The data presented shows that the administrative fines imposed exceed 31% in respect of Euros and 56% in respect of United States dollars. Suriname has demonstrated that in instances where falsely/undeclared currency is detected, forfeiture is applied as a proportionate, dissuasive and effective sanction.

**Table 3.11 – Cash seizures and forfeitures 2017 to February 2022**

| <b>Date</b> | <b>Value of undeclared currency seized</b> | <b>Value of currency forfeited</b> | <b>Value of currency returned to traveller</b> |
|-------------|--|------------------------------------|--|
| 22 Oct 2018 | €360,000<br>\$90,000                       | €180,000<br>\$45,000               | €180,000<br>\$45,000                           |
| 2 Jan 2019  | €14,000                                    | € 2,500                            | €11,500  |

|              |                    |                              |                        |
|--------------|--------------------|------------------------------|------------------------|
|              | \$13,000           | \$2,000                      | \$11,000               |
| 18 Jan 2019  | €46,000            | €27,165                      | €18,835                |
| 22 May 2019  | €28,750            | €11,250                      | €17,500                |
| 18 July 2019 | €102,490           | €46,900                      | €55,590                |
| 24 July 2019 | \$30,000           | \$18,150                     | \$11,850               |
| *24 Feb 2020 | \$1,400,000        | \$800,000                    | \$600,000              |
| 23 Nov 2020  | \$20,800           | \$12,380                     | \$8,420                |
| 1 Dec 2020   | €40,000            | €23,900                      | €16,100                |
| 9 Dec 2020   | €524,000           | Criminal proceedings ongoing |                        |
| 19 Dec 2020  | €13,470            | €2,082                       | €11,388                |
| 19 Dec 2020  | €22,600            | €7,560                       | €15,040                |
| 19 Dec 2020  | €15,950            | €3,570                       | €12,380                |
| 19 Jan 2021  | €22,600            | €7,560                       | €15,040                |
| 19 Jan 2021  | €13,000            | €2,090                       | €10,910                |
| 19 Jan 2021  | €15,950            | €3,570                       | €12,380                |
| 19 May 2021  | \$85,000           | \$50,000                     | \$35,000               |
| 24 May 2021  | \$14,000           | \$2,885                      | \$11,115               |
| 24 May 2021  | €40,000            | €24,100                      | €15,900                |
| 26 July 2021 | €40,790            | €30,000                      | €10,790                |
|              | \$1,860            |                              | US\$1,860              |
| 10 Sep 2021  | €47,500            | €22,500                      | €25,000                |
| 15 Feb 2022  | €83,000            | €50,000                      | €33,000                |
| 22 Feb 2022  | \$33,000           | \$20,000                     | \$13,000               |
| <b>Total</b> | <b>€1,430,100</b>  | <b>€447,747 (31%)</b>        | <b>€461,353 (32%)</b>  |
|              | <b>\$1,687,660</b> | <b>\$950,415 (56%)</b>       | <b>\$735,385 (44%)</b> |

\*Seized at border checkpoint in Nickerie

#### 3.4.4. Consistency of confiscation results with ML/TF risks and national AML/CFT policies and priorities

224. Suriname's NRA found the country's geographic location along with its vast porous borders made it susceptible to being used as a transshipment point for drugs, and smuggling activities. Smuggling itself was seen as a threat because in some cases cash from such activities were invested directly in the formal economy mainly in cash-driven companies. In terms of predicate offences, robbery, drug trafficking and fraud are, on average, the top categories of crime in Suriname. However, the main threats to the financial sectors were listed as corruption, drug trafficking, tax evasion and illegal trade in gold and timber. There was no information available on ML linked to the top predicates.
225. As articulated under IO.7 above, Suriname's ML investigations and prosecutions are marginally in line with its risk profile. Over the review period, three of the 56 ML investigations conducted by the FOT resulted in the successful prosecution and led to several objects being confiscated. The combined value of non-cash assets confiscated was US\$551,000.00 and EUR 190,000 and cash of US\$800.00. The predicate offence in these instances was a terrorist crime, export of drugs and violation of the Anti-Corruption Act. The value of the assets confiscated over the assessment period is low because the prosecution rate was low.

## Overall conclusion on IO.8

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226. Suriname only has conviction-based confiscation, therefore non-conviction-based confiscation is not permitted. Taking into consideration Suriname's risk and context, this deficiency was considered to be major. Additionally, confiscation of proceeds, instrumentalities and property of equivalent value is not pursued as a policy objective.
227. The FOT has only four officers assigned to the unit presently, who are required to perform other investigations and duties simultaneously, so it is doubtful that they can effectively identify and trace proceeds and instrumentalities of crimes of equivalent value for the purpose of confiscation.
228. There are no documented procedures, insufficient screening equipment and insufficient human capacity to perform the screening and random or risk-based physical searches to detect undeclared/illegal currency transfers by persons entering or exiting the country.
229. **Suriname is rated as having a low level of effectiveness for IO.8.**

## Chapter 4. TERRORIST FINANCING AND FINANCING OF PROLIFERATION

### 4.1. Key Findings and Recommended Actions

#### Key Findings

##### Immediate Outcome 9

- a) Suriname has a very limited understanding of its TF risk.
- b) Suriname has successfully prosecuted and obtained a conviction for a crime which included an element of TF, namely, Participation in a Terrorist Organization.
- c) There is lack of specialised training, limited capacity, and inadequate resources available to the competent authorities responsible for investigating and identifying TF.
- d) Suriname has not implemented sanctions that are effective, proportionate and dissuasive in relation to TF, even when it has been able to prosecute the monetary component of Participation in a Terrorist Organization.
- e) Technical deficiencies in relation to R.30 whereby there is no designation of responsibility for ensuring that all elements of TF are properly investigated cascaded onto IO.9.
- f) There is no established written cross-agency strategic approach to counter TF with a broader counter-terrorism strategy.

##### Immediate Outcome 10

- a) The Council on International Sanctions, which is intended to serve as the primary co-ordinating mechanism in place among competent authorities on the issue of designations, is non-functional. Therefore, FIs and DNFBPs are not being supervised for compliance with TFS sanctions obligations, in accordance with the International Sanctions Act, without delay.
- b) The Council on International Sanctions is not adequately resourced.
- c) Suriname has not conducted a risk assessment to identify the foundations or entities that are performing the functions of NPOs (as defined by the FATF), as well as the types that are at greater risk for TF abuse.
- d) Suriname has not demonstrated the deprivation of assets and instrumentalities related to TF activities.

##### Immediate Outcome 11

- a) Suriname does not have any measures in place to ensure that persons and entities involved in the proliferation of weapons of mass destruction are identified, deprived of resources and prevented from raising, moving and using funds for the financing of proliferation.
- b) Suriname has not implemented mechanisms to identify the funds or assets of designated persons/entities (and those acting on their behalf or at their direction) and prevent them from operating or executing transactions related to PF.
- c) Suriname has not imposed legal obligations on FIs and DNFBPs to implement TFS related to PF.
- d) Suriname has not implemented measures to monitor and ensure compliance by FIs, DNFBPs and VASPs with their obligations regarding TFS relating to PF.

## Recommended Actions

### Immediate Outcome 9

- a) Suriname should take steps to develop its understanding of the TF risk.
- b) The capacity and ability to identify, and investigate TF should be improved through appropriate training, including in the utilisation of sources of information to identify TF and by providing the competent authorities responsible for identifying and investigating TF with necessary resources (human and technical).
- c) Suriname should ensure that effective, proportionate and dissuasive sanctions are applied to natural and legal persons convicted of TF.
- d) Suriname should address the technical deficiency in R.30 regarding the designation of law enforcement authorities with responsibility for ensuring that all elements of TF are properly investigated.
- e) Suriname should develop a written cross-agency strategy for the investigation of TF to ensure that such investigations are integrated with its national counter-terrorism strategy and investigations.

### Immediate Outcome 10

- a) The Council on International Sanctions should be adequately resourced and commence its supervisory functions pursuant to the International Sanctions Act. Most urgently is the awareness of and communication to FIs and DNFBPs of the UNSCR listings regarding TFS related to TF.
- b) Suriname should develop legislative and enforceable means to ensure the implementation of TFS related to TF without delay.
- c) Suriname should address the technical deficiencies in R.8, particularly to employ mechanisms to identify the subset of NPOs that are at risk for TF and thereafter engage in sustained outreach activities to raise or deepen awareness about the potential TF vulnerabilities and risk as well as measures to protect themselves.

### Immediate Outcome 11

- a) Suriname should implement measures to ensure that persons and entities involved in the proliferation of weapons of mass destruction are identified, deprived of resources and prevented from raising, moving and using funds for the financing of proliferation without delay.
- b) Suriname should implement mechanisms to identify the funds or assets of designated persons/entities (and those acting on their behalf or at their direction) and prevent them from operating or executing transactions related to PF.
- c) Suriname should impose legal obligations on FIs and DNFBPs to implement TFS related to PF.
- d) Suriname should implement measures to monitor and ensure compliance by FIs, DNFBPs and VASPs with their obligations regarding TFS relating to PF, through sensitization and training programmes.

230. The relevant Immediate Outcomes considered and assessed in this chapter are IO.9-11. The Recommendations relevant for the assessment of effectiveness under this section are R. 1, 4, 5–8, 30, 31 and 39, and elements of R.2, 14, 15, 16, 32, 37, 38 and 40.

## 4.2. Immediate Outcome 9 (TF investigation and prosecution)

231. Suriname's Financial Intelligence Unit (FIUS) is responsible for receiving and analysing unusual transaction reports (UTRs) related to ML/TF from the financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs). The Judicial Investigations Team (JIT), and the Public Prosecutors Office (OvJ) are responsible for investigating and prosecuting TF cases. TF is not pursued as a distinct criminal activity because most of the necessary components required for a functioning system are not in place.

### *4.2.1. Prosecution/conviction of types of TF activity consistent with the country's risk-profile*

232. Suriname has acceded to the International Convention for the Suppression of the Financing of Terrorism. However, TF is not pursued as a policy objective or priority at the Offices of the Attorney General (AG) and OvJ.
233. While the Authorities do not prosecute TF as a stand-alone offence, they are able to prosecute financiers under Articles 71(2) and 188a of the Criminal Code. Article 71(2) states that Preparation of a Terrorist Crime includes financing or attempted financing of those crimes, while Article 188a makes punishable, Participation in a Criminal Organization, of which a person knows or has serious reason to suspect, has the intent to commit terrorist offences, to wit granting monetary support. The Assessment Team considers that TF been criminalised, however, the offence does not include all elements of TF according to the FATF Standards.
234. The Counter Terrorism Intelligence Unit, under the supervision of the Chief Public Prosecutor, identified and conducted an investigation and prosecution for Participation in a Terrorist Organisation, to wit, granting monetary support, which led to a conviction. Whilst this is consistent with the NRA's determined TF risk profile, the general environment and vulnerabilities specific to TF remain unknown. The conviction was imposed by the Cantonal Court (Court in first instance) having found the accused guilty of Participation in a Terrorist Organization because of sending money to another person who was on their way to Syria, for their living expenses in Turkey. This conviction was imposed on the 14<sup>th</sup> June, 2019 and the accused was sentenced to a term of two years imprisonment. As outlined above, this prosecution is not consistent with the prosecution of TF activity as required by Article 2 of the Convention.
235. According to the NRA, Suriname has determined that TF poses no threat, and its risk is very low. Notwithstanding this assessment by the jurisdiction, the Assessment Team could not discern a clearly articulated process/methodology in the NRA which focused on TF. As a result, the Assessment Team has concluded that the country has a very limited understanding of its TF risk (Please see IO.1). The Assessment Team was therefore unable to conclude that the absence of TF prosecutions is consistent with the country's risk profile, given their limited understanding.

### *4.2.2. TF identification and investigation*

236. There is no process through which either the KPS or the JIT utilise sources of information to identify possible cases of TF. The KPS policy regarding TF was in draft at the time of the onsite whilst the JIT, which was established in September 2021 has had very limited opportunity to identify potential TF-related cases.
237. The FIUS has not evidenced, through appropriate training, that it has the analytical capabilities to identify TF-related UTRs and has not produced any financial intelligence related to TF. There is a fixed format for reporting UTRs to the FIUS in which the information from the reporting portal

(REPSYS) is processed. The REPSYS also helps reporting entities to flag potential TF transactions. Notwithstanding, no TF related UTRs have been identified by the FIUS.

238. In the context that TF has been criminalised (see 4.2.1), the responsibility for ensuring that the domestic component of TF is properly investigated has not been specifically designated. If a situation arose where a case of TF was to be reported or suspected, it would be investigated as a criminal offence (art. 1 and 3 of the Act on Money Laundering Penalisation) by the KPS, with any ML component being investigated by the FOT and any cross-border component investigated by the JIT.
239. There is no evidence of appropriate training to identify or investigate TF. At the FOT there is a lack of resources (human and technical) and over the assessment period the staff attached to the FOT was reduced from seven to four thus reducing its investigative capacity and ability.
240. Suriname has no experience in the identification of TF. The Assessment Team is of the view that the lack of a written cross-agency strategy to counter TF, lack of specialised training and the limited capacity and resources for the KPS, JIT and FIUS, have negatively impacted the level of the authorities' effectiveness in identifying, and if necessary, investigating TF.

#### *4.2.3. TF investigation integrated with –and supportive of- national strategies*

241. At the time of the on-site visit, there were no ongoing TF investigations being conducted. Save and except for the general inclusion of TF in the National AML/CFT/CPF Strategic Plan, there is no established written cross-agency strategic approach to counter TF within a dedicated counter-terrorism strategy or framework.

#### *4.2.4. Effectiveness, proportionality and dissuasiveness of sanctions*

242. A conviction was imposed in 2019 for Participation in a Terrorist Organization, which resulted in the offender being sentenced to a two-year term of imprisonment. According to Article 188a of the Criminal Code, the maximum sentence punishable for this offence is a term of imprisonment not exceeding eighteen years and a maximum fine of SRD 100,000 (USD3,164.36). Considering the two-year sentence of imprisonment imposed, in contrast to the maximum sentence and fine applicable to this offence, the sentence imposed was not effective, proportionate and dissuasive.

#### *4.2.5. Alternative measures used where TF conviction is not possible (e.g. disruption)*

243. There is no evidence that alternative criminal justice, regulatory or other measures have been deployed to disrupt TF activities.

## **Overall conclusions on IO.9**

244. TF is not pursued as a policy objective or priority.
245. The country has a very limited understanding of its TF risk and has not established a cross-agency strategic approach to counter TF supported by appropriately trained and resourced competent authorities, who have clearly designated responsibilities for ensuring that all the elements of TF are identified and investigated.
246. Suriname **is rated as having a low level of effectiveness for IO.9.**

### 4.3. Immediate Outcome 10 (TF preventive measures and financial sanctions)

#### 4.3.1. *Implementation of targeted financial sanctions for TF without delay*

247. Suriname has identified, in its legislative framework, the Minister of Foreign Affairs in agreement with the Minister to whom it also concerns (The Ministers of Justice and Police, Foreign Affairs and Finance are responsible for the implementation of this law) as the competent authority having responsibility for (i) proposing persons or entities for designation and identifying targets for designation to the UNSCR 1267 and its successor resolutions; and (ii) for designating persons or entities and identifying targets for designation pursuant to UNSCR 1373 (at the national level, whether on the country's own motion or after examination, to give effect to the request of another country). However, the deficiencies cited at R.6 and R.7 can impede implementation of targeted financial sanctions (TFS) related to TF without delay.
248. Suriname has not implemented TFS related to TF pursuant to UNSCRs 1267 and 1373. This demonstrates that Surinamese authorities have a limited understanding of their TFS related to TF obligations and there are no mechanisms for identifying targets for designation (refer to R.6 and R.7 analysis). Especially, given that Suriname provided evidence that in 2019 an offender was convicted for Participation in a Terrorist Organization, the material facts of which allude to elements of TF. The offender was not considered for designation under UNSCR 1373. Based on the onsite interviews, the Assessment Team concludes there are inadequate mechanisms in place to execute TFS related to TF, primarily due to the insufficiently resourced and trained competent authorities and a lack of understanding of the jurisdiction's true TF risks.
249. The Council on International Sanctions, appointed in November 2021, has the responsibility to communicate decisions on designation (UNSCR 1267 and its successor resolutions) upon receipt from the relevant competent authority. The Council on International Sanctions is also required to supervise and issue guidelines to all service providers (FIs and DNFBPs). The Assessment Team noted service providers have not been notified by the respective authorities of additions, removals, or amendments to TFS related to TF Lists.
250. The Council on International Sanctions consists of five members, each of which being a representative of the CBS, FIUS, Public Prosecution Office, Bureau on National Security and the Ministry of Foreign Affairs, International Business and International Co-operation. There has been no training for the members of the Council on International Sanctions. Due to resource constraints, the Council on International Sanctions has not begun to discharge their supervisory responsibilities. However, the Council on International Sanctions has formulated an activity plan for the fiscal year 2022. At the end of the onsite visit, this only resulted in Suriname receiving from the UN Permanent Representative of Suriname, the relevant UN resolutions on March 8<sup>th</sup> 2022.
251. As a result of the non-functionality of the Council on International Sanctions, FIs and DNFBPs have not received information and guidelines regarding TFS related to TF. From interviews conducted, some FIs and most DNFBPs did not understand, nor have they implemented any TFS related to TF measures. Those FIs and DNFBPs with international affiliation and more sophisticated operations indicated the UNSCR Sanctions Lists are consulted by utilizing online screening tools, in their CDD screening process for customers.
252. Even if the Council on International Sanctions were functional, there are several procedural deficiencies that would have an impact on the implementation of TFS related to TF without delay. These deficiencies include the requirement that binding decisions of International Organisations shall be communicated by the Minister of Foreign Affairs in agreement with the Minister to whom it also concerns, within three business days to the Council on International Sanctions and to entities

responsible for the execution of that decision. Additionally, the Council on International Sanctions is mandated to publish within five working days in a digital way the freezing lists and any amendments to these lists, for the benefit of service providers. These timelines do not allow for the implementation of TFS related to TF without delay.

#### *4.3.2. Targeted approach, outreach and oversight of at-risk non-profit organisations*

253. A risk assessment of foundations has not been conducted to ascertain the nature of the sector and those that are in fact NPOs. As such, Suriname has not taken measures to identify the NPOs operating in the jurisdiction that are vulnerable to TF abuse and, as a consequence, is unable to apply focused and proportionate measures to such NPOs. The Project Implementation Unit (PIU), which executes decisions of the Steering Council, indicated there are plans to commence an assessment to determine the identity of NPOs in Suriname and put some focus on the sector. However, no definite start date was provided.
254. The law enforcement authorities provided information that there are foundations (NPOs) subject to investigation for financial crimes in Suriname. Further, there is the understanding by the relevant authorities that foundations are likely to be used for ML/TF because of the inadequate mechanisms for registration of foundations (Reference is made to section 1.4.5 of this report which explains the nature of foundations and the likelihood for abuse). The Assessment Team recognises this has created a significant gap in Suriname's framework as there is an apparent TF risk, but inadequate mechanisms, including legislation and supervision for NPOs, implemented to mitigate these risks.

#### *4.3.3. Deprivation of TF assets and instrumentalities*

255. As stated above, Suriname had one prosecution and conviction in 2019 for the offence of Participation in a Terrorist Organization. According to the case study submitted by the authorities, several objects seized from the home of the offender were subsequently confiscated (Reference is made to Box 3.3). However, considering the material facts of this case, the seizure and confiscation of these objects cannot be viewed as a demonstration of the deprivation of assets and instrumentalities related to TF activities.

#### *4.3.4. Consistency of measures with overall TF risk profile*

256. Although the NRA assessed Suriname's TF risk as low, the Assessment Team concluded that the approach taken by the jurisdiction did not result in a comprehensive understanding of the TF risk because the assessment was limited to an analysis of the country's TF legislative requirements. Additionally, Suriname has not conducted any sectoral or thematic studies concerning TF to supplement the assessment in the NRA. Suriname has also not conducted a risk assessment of NPOs operating in the jurisdiction. Further, the country has not implemented TFS related to TF pursuant to UNSCRs 1267 and 1373.
257. The Assessment Team noted the single case presented by Suriname regarding the prosecution and conviction of an individual in 2019 for Participation in a Terrorist Organization. There was no evidence of measures taken by Suriname in accordance with R.6 to mitigate the risk or adopt preventive measures.

## Overall conclusions on IO.10

258. There are major deficiencies as designations pursuant to UNSCR 1267 and its successor resolutions, and UNSCR 1373 have not been implemented without delay. The legislative weaknesses as identified in the technical compliance analysis for R.6 and R.7 have impeded implementation of TFS related to TF. The competent authorities with responsibility under the law advised that they have never had reason to designate an individual or entity notwithstanding the terrorist case presented to the Assessment Team. Additionally, service providers have not been notified of designations by the UNSC nor has Suriname applied focused and proportionate measures to vulnerable NPOs (foundations). Suriname has not demonstrated the deprivation of assets and instrumentalities related to TF activities.
259. The Council on International Sanctions, the primary co-ordinating mechanism in place among competent authorities on the issue of designations pursuant to UNSCRs, while not operational, has developed an activity plan for the fiscal year 2022 which would lead to the commencement of their supervisory activities. The failure of Suriname to implement TFS related to TF obligations is attributed to the Council on International Sanctions inability to function at optimum primarily due to resource (financial and human) constraints. The Assessment Team noted the Council on International Sanctions was recently appointed in November 2021 and discussions are ongoing with the support Minister to facilitate full operations.
260. **Suriname is rated as having a low level of effectiveness for IO.10.**

### 4.4. Immediate Outcome 11 (PF financial sanctions)

#### *4.4.1. Implementation of targeted financial sanctions related to proliferation financing without delay*

261. Suriname has not implemented TFS to comply with the UNSCR relating to the prevention, suppression and disruption of proliferation financing (PF) at the time of the conclusion of the on-site visit. Also, the country does not have any laws or measures to implement TFS relative to PF.

#### *4.4.2. Identification of assets and funds held by designated persons/entities and prohibitions*

262. Suriname has not implemented mechanisms to (i) identify the funds or assets of designated persons/entities (and those acting on their behalf or at their direction) and prevent them from operating or executing transactions relative to PF.

#### *4.4.3. FIs, DNFBPs and VASPs' understanding of and compliance with obligations*

263. There is no legal obligation for FIs and DNFBPs to implement TFS relating to PF. Based on interview responses, there are some FIs and DNFBPs that are aware of TFS related to PF. However, whilst FIs and DNFBPs have no legal obligation to implement TFS for PF, some FIs and DNFBPs were aware of the international obligation and considered the United Nations Security Council Consolidated List when on-boarding new customers.

#### *4.4.4. Competent authorities ensuring and monitoring compliance*

264. As there is no legislative provision in place, there is no competent authority in Suriname designated with responsibility for monitoring or ensuring compliance with TFS related to financing of proliferation.

### Overall conclusion on IO.11

265. At the time of conclusion of the on-site visit, Suriname did not have any laws or measures in place to address the financing of Proliferation of Weapons of Mass Destruction. Suriname has therefore not implemented Targeted Financial Sanctions concerning the UNSCRs relating to the combating of PF. However, whilst FIs and DNFBPs have no legal obligation to implement TFS for PF, some FIs and DNFBPs were aware of the international obligation and considered the United Nations Security Council Consolidated List when on-boarding new customers.
266. **Suriname is rated as having a low level of effectiveness for IO.11.**

## Chapter 5. PREVENTIVE MEASURES

### 5.1. Key Findings and Recommended Actions

#### Key Findings:

- a) UTR reporting is low among DNFBPs. While notaries consistently filed subjective and objective UTRs, reporting by other higher risk DNFBP sectors such as Casinos and Dealers in Precious Metals and Stones (DPMS) was significantly low. This may be due to misunderstanding, lack of awareness or poor implementation of measures to identify and report suspicions (unusual transactions).
- b) Among the FIs, there is a varied level of understanding of their ML/TF risks and obligations. Whilst banks demonstrated a good understanding of their ML risks, the EOs, Credit Unions, and Money Transfer Offices do not fully understand their risks. The majority of DNFBPs including higher risk ones such as DPMS and casinos, did not demonstrate a good understanding of their respective ML risks and obligations. Formal entity-level risk assessments are not yet fully in place in some of the smaller FIs and DNFBPs. Some of the FIs and DNFBPs have a limited understanding of their TF risks and obligations.
- c) Most FIs have implemented measures for the screening of their customers against sanctions lists on an ongoing basis and understand their reporting obligation to the FIUS. However, some smaller FIs and most DNFBPs are not fully aware of their screening and reporting obligations.
- d) Most FIs have established and apply adequate risk-based CDD measures to mitigate their ML/TF risks. However, the smaller FIs and DNFBPs have inadequate CDD measures particularly the identification and verification of beneficial owners for their customers.
- e) Most of the FIs have a fair understanding of the application of enhanced or specific measures for PEPs, correspondent banking, wire transfer rules and higher-risk countries. However, some FIs have inadequate measures to identify the PEP status for their customers. Further, formally documented EDD procedures are not yet fully in place for some of the FIs and most DNFBPs. DNFBPs' understanding and application of enhanced or specific measures (EDD) as it relates to high-risk customers (including PEPs and persons from high-risk jurisdictions) and new technologies was weak.

## Recommended Actions:

- a) Suriname should employ additional measures, including sector specific guidance, typologies and intensive outreach/workshops, to improve the quality and quantity of unusual transaction reporting among FIs and DNFBPs, with focus on the higher risk sectors including Money Transaction Offices, Casinos and DPMS.
- b) Suriname should strengthen the implementation of enhanced preventive measures (EDD) among FIs and DNFBPs for higher risk relationships and transactions (PEPs, higher risk jurisdictions, etc).
- c) Suriname should ensure that all FIs and DNFBPs consistently understand their ML/TF risk and adequately implement their AML/CFT obligations under the WID Act. Supervisors should ensure the scope of inspections test the implementation of preventive measures, particularly for the higher risk sectors and entities.
- d) Suriname should review and enhance their supervision measures (inspections, awareness and enforcement) to adopt a risk-based focus to ensure that all FIs and DNFBPs understand and implement their TFS obligations without delay.
- e) Suriname should clarify guidelines regarding the reporting of unusual transactions including resolving the practical issues encountered by the reporting entities when they register, file reports and receive communications from the FIUS, to improve understanding and implementation of reporting obligations, pursuant to the MOT Act.
- f) Suriname should employ mechanisms to provide guidance including sector-specific typologies to the reporting entities on identifying and reporting TF/PF suspicious activities.
- g) Suriname should develop and implement mechanisms that require FIs and DNFBPs to establish, verify and maintain accurate beneficial ownership information.

267. The relevant Immediate Outcome considered and assessed in this chapter is IO.4. The Recommendations relevant for the assessment of effectiveness under this section are R.9-23, and elements of R.1, 6, 15 and 29.

### 5.2. Immediate Outcome 4 (Preventive Measures)

268. With respect to the risk and context for Suriname, not all sectors are of equivalent importance. Therefore, in examining the effectiveness of the relative importance of the various FIs and DNFBPs sectors in Suriname, the Assessment Team considered the following factors: (1) the size of the sector; (2) the extent of cross-border activities; (3) customer profiles (including the geographical exposure and nature of customer (e.g. PEPs); (4) number of entities within the sector; and (5) types and nature of products, services and transactions.
269. The Assessment Team considered the size, cash intensity, nature and complexity of transactions as well as the ML/TF risks faced when weighing the importance of the FI and DNFBP sectors. The IO.4 implementation issues were weighted most heavily for the banking sectors, money transaction offices and DPMS; moderately for pension, insurance sectors, notaries, real estate and casinos; and low weighting for the credit unions, lawyers and accountants. The Assessment Team's findings for IO4 are based on: (1) interviews with private sector representatives and competent authorities in Suriname; (2) reviews of ongoing monitoring findings and information from the

relevant competent authorities; and (3) all relevant information submitted by the Surinamese Authorities, such as the NRA. However, due to the limited oversight of most DNFBP sectors, it was difficult to ascertain a true assessment of the sectors' implementation of measures.

270. While there is no prohibition of VAs and VASPs in Suriname, there are no known VASPs operating in Suriname nor is there a licensing framework for VASPs.

### ***5.2.1. Understanding of ML/TF risks and AML/CFT obligations***

#### ***Financial Institutions***

271. Generally, banks demonstrated a good understanding of their ML/TF risks as the majority have documented entity level risk assessments that considered risk factors such as: (1) customers type (including their country or geographical location); (2) the products, services and transactions; and (3) the delivery channels. Most banks had their risk assessments reviewed annually and have put in place control measures to mitigate any existing and new risks, such as those from new products, business practices and technologies. All the banks participated in the NRA and factored the results in their entity-level ML/TF risk assessments. For example, one of the largest banks had its entity level risk assessment take into consideration information from the: (1) FATF and Wolfsberg standards; (2) Central Bank of the Netherlands, OFAC and CBvS guidelines; and (3) results of the NRA. Most of the banks have implemented CDD and EDD measures on a risk sensitive basis. Also, all the banks have implemented measures for screening customers against sanctions lists on an ongoing basis and they did understand their reporting obligations to the FIUS.
272. Generally, insurance companies demonstrated a good understanding of their AML/CFT risks and obligations. One major insurance company, which participated in the NRA, conducted an entity-level risk assessment to identify and assess its ML/TF risks, and its assessments were reviewed annually by those charged with governance. The entity also has a clear understanding of the CDD and EDD procedures to be conducted on a risk sensitive basis such as identification, verification, sanctions and background due diligence procedures.
273. EOs have demonstrated a fair understanding of their ML risks with most interviewees being able to explain some of the ML risks that are relevant to their sector. The Guidelines issued by the CBvS, and their participation in the NRA, contributed to the EOs' understanding of ML/TF risks. However, the majority of EOs have not documented entity-level risk assessments and there was no evidence to demonstrate the frequency of review of the ML/TF risk assessments. Some EOs have a limited understanding of their TF risks and obligations. Notwithstanding, most EOs demonstrated a good understanding of their ML obligations and had implemented CDD and EDD measures for their front-line employees.
274. All Money Transfer Offices are franchises of international money transfer organisations. These entities demonstrated a fair understanding of their ML/TF risks and obligations, having received training and leveraged on the systems (e.g., sanctions and transaction monitoring systems) from their parent organisations. Some of the Money Transfer Offices indicated that they conducted entity risk assessments that were reviewed on a one to three-year cycle. Their risk assessments were conducted taking into consideration: (1) the results from the NRA; and (2) the guidelines from the CBvS, FIUs and their parent organisations. Further, some Money Transfer Offices are aware of their ML obligations and implemented CDD and EDD measures on a risk-sensitive basis. However, there is limited understanding of their TF risks and obligations.
275. The pension funds demonstrated a fair understanding of their ML/TF risks and obligations. They had documented risk-based procedures in place. The risk assessment they conducted took into consideration the guidelines from the CBvS and the results of the NRA. Given the nature of their

business model (closed membership and cashless transactions as payments are via standing orders only), the Assessment Team noted that this sector has a limited exposure to ML/TF risks.

276. Most credit unions in Suriname have closed bonds whereby membership is restricted to the full-time employees of the organisation to which they are employed. There is a general understanding of the sector's ML/TF risk exposure, hence the closed bond. However, there is one credit union in Suriname that has an open bond. The open bond credit union has approximately 5,000 members and demonstrated a limited understanding of its ML/TF risks and had no documented entity level risk assessment established. Whilst this open bond credit union demonstrated a good understanding of its CDD and reporting obligations, the participant had limited awareness of the EDD measures to be applied for their higher risk customers.
277. Notwithstanding, whilst the larger FIs have a good understanding of their AML/CFT obligations, the smaller FIs (such as the EOs, Money Transfer Offices) are not fully aware of their sanction screening and reporting obligations to the FIUS. Some of the smaller FIs that are part of international financial groups can leverage the knowledge and the compliance framework available from their overseas parent companies.

### *DNFBPs*

278. From the analysis of inspections conducted by Supervisors in 2018, DNFBPs were not fully aware of the AML/CFT laws and their obligations. However, based on the results of the 2020 and 2021 off-site inspections, improvements have been made. This may have been attributed to the feedback provided from inspections, the sharing of the NRA results, or an increased national sensitivity due to combined efforts by the NAMLAC and the PIU.
279. Most DNFBPs did not demonstrate a good understanding of their ML/TF risks and obligations. Most DNFBPs did not conduct formal risk assessments and therefore were not aware of their ML/TF risk exposures. Generally, based on onsite interviews, dealers in precious metals and stones (specifically a gold dealer) demonstrated a good understanding of their ML/TF risk exposures and their ML/TF risk (CDDs and filing of UTRs). This understanding of the ML/TF obligations was developed because that gold dealer is part of an international group, and ML/TF risk obligations constitute a requirement of their overseas affiliate. The Assessment Team however was not minded towards drawing any conclusions based on the interviews with a single entity. Notaries also demonstrated a good understanding of their ML/TF risk exposure and their AML/CFT obligations (CDD and filing of UTRs).
280. In addition to the publication of the NRA, the NAMLAC shared the results with the DNFBP sectors in November 2021. However, some DNFBPs were not fully aware of the results.
281. As it relates to UTR reporting, especially subjective reporting, there were low levels of reporting among DNFBPs, including higher-risk casinos and DPMS. The low level of reporting could be attributed, generally, to a limited and varying understanding of their obligations. Except for notaries and in one instance a lawyer (see Table 3.6), no subjective reports were filed by DNFBPs to the FIUS during the assessment period. There was some inconsistency in DNFBPs understanding regarding the timeline for reporting subjective UTRs to the FIUS. Some DNFBPs indicated that the timeframe for filing was five days whilst others indicated a fourteen-day timeline. The provisions outlined in the MOT Act (Article 12 sub. 1) require the immediate reporting of subjective UTRs. However, the Guidelines for Reporting Unusual Transactions permit FIs and DNFBPs to report these transactions within five days (Section 2m para 3).
282. While some DNFBPs were aware of the UNSCR sanctions lists, it was not being used by most DNFBPs during the CDD process or during ongoing monitoring to ensure they were not doing business with designated individuals or entities. The mechanism in place to notify sectors of

designations has not been implemented nor are there mechanisms to implement the UNSCR without delay.

### *5.2.2. Application of risk mitigating measures*

#### *Financial institutions*

283. Most of the banks have established procedures and controls to mitigate their ML/TF risks that are commensurate to the type of sector. The implemented measures in the banking sector are relative to the level of risks identified through the risk assessment process which considers the bank's customers, products, services, transactions and delivery channels. The mitigating controls employed by the banks are more advanced and robust due to their good understanding of the ML/TF risks in the banking sector. Most of the banks implemented onboarding and ongoing monitoring measures to ensure that adequate due diligence procedures are conducted prior to establishing any business relationships and when conducting transactions with repeat customers. For example, most of the banks were able to articulate: (1) the nature and extent of EDD measures for higher risk scenarios; and (2) the nature and extent of sanctions and background checks conducted on customers.
284. Generally, life insurance companies implement controls to mitigate its identified risks relative to its sector. One major insurance company was able to articulate the nature and extent of due diligence that is applied for its customer on a risk-based approach. It also implemented CDD procedures for its customers. The company also does not establish a business relationship or disburse a payment if it is unable to complete the relevant CDD procedures.
285. Most EOs have implemented measures to mitigate their identified ML/TF risks. For example, some of the EOs have in place robust CDD procedures that are adhered to by their front-line employees. These front-line employees are subject to ongoing training to ensure that they are aware of their AML/CFT obligations.
286. All Money Transfer Offices were affiliated with international money transfer companies and relied on group-wide AML/CFT compliance programmes to mitigate their ML/TF risks. For example, they all have periodic training for their front-line employees, and also leverage the systems from their parent organisations (e.g. sanctions and transaction monitoring systems).
287. All, but one, pension funds have a closed membership that is restricted to employees of a specific organisation. Nevertheless, they have implemented procedures to mitigate their identified ML/TF risks, for example, they have appointed an administrator to maintain and manage the member's transaction records such as deposits, withdrawals and allocations.
288. Based on the nature of credit unions and their closed membership, all member contributions are received directly from the company via salary deductions. The members of the sole credit union with an open bond consisted mainly of public servants and gold miners. That credit union did not demonstrate implementation of a wide range of mitigating measures. Further, this open bond credit union did not have a documented risk assessment.

#### *DNFBPs*

289. DNFBPs have not adequately applied mitigating measures. Most DNFBPs did not conduct any formal risk assessments to determine their risk exposure. As a result, it was difficult to determine the extent to which controls were being implemented based on risk.
290. The FIUS' ongoing examinations found that the most compliant sectors are notaries, real estate and lawyers, and this was attributable to these entities' participation in FIUS training sessions. The least compliant sector was dealers in precious metals and stones. The number of inspections conducted by the FIUS, according to sectors, for the period 2017 - 2021 is illustrated in Table 6.7.

It was also noted that supervised entities' awareness concerning AML/CFT legislation and regulations within the institution, has increased and all entities examined were familiar with the MOT Act, the WID Act and the State Decree on Indicators on Unusual Transactions. It was also found that of the 47 entities examined in 2020, 34% have informed their employees of the AML/CFT obligations, 70% have attended AML related training/information sessions and 36% have established AML/CFT compliance policies and procedures in writing. It was also found that supervised entities do not apply risk-based approaches in their compliance framework.

291. In relation to the gaming sectors, the GSCI could not demonstrate, evidenced through ongoing supervision, how well the sector applied mitigating measures commensurate with their risks because onsite examinations were not being conducted during the assessment period.

### ***5.2.3. Application of CDD and record-keeping requirements***

#### ***Financial Institutions***

292. Some banks implemented risk-based CDD, ongoing monitoring, and record keeping procedures. They use onboarding and ongoing monitoring automated applications that are integrated with the customer's risk rating, to facilitate their CDD procedures. As part of the onboarding process, most of the banks have robust procedures that include requesting CDD documentation such as: (1) customers identification information; (2) source of funds documentation; and (3) constitutional documentation to ascertain beneficial ownership and business activities of their customers. The Assessment Team noted that reliance is placed on the CCI extract. However, this does not record BO information as required in R.24. Most of the banks were also aware of their obligations such as terminating business relationships or not opening customer accounts in case they were unable to obtain the information required to satisfy the relevant CDD requirements. Some of the banks may establish the business relationship with incomplete CDD information under special circumstances for financial inclusion purposes. However, such customers are not allowed to conduct transactions until all the relevant CDD requirements have been fully complied with.
293. Generally, insurance companies apply CDD requirements including identifying the beneficial owners and beneficiaries for their customers.
294. Most EOs implemented CDD and record keeping procedures that are adhered to by their front-line employees. The EOs were also aware of their obligation of not establishing a business relationship or disbursing a payment if they were unable to complete the relevant CDD procedures. For example, an EO indicated that their customers are required to submit identification information issued by a government agency and they are also subject to background screening. However, all the participants did not indicate any specific procedures for identification and verification of beneficial ownership for their corporate customers because they relied on the CCI and Industry extract which does not contain beneficial ownership information.
295. Most Money Transfer Offices implemented CDD and record keeping measures with regard to their customers transactions. Some Money Transfer Offices leveraged the group-wide compliance programmes and systems (e.g. sanctions and transaction monitoring systems) from their parent organisations.
296. All, but one, pension funds have a closed membership and cashless transactions which limited their exposure to ML/TF risks. Nevertheless, they have a designated administrator in place to manage and maintain the member's transactions records such as deposits, withdrawals and allocations.
297. Credit unions implemented CDD and record keeping procedures. Credit unions were also aware of their obligation to not establish a business relationship or disburse a payment if they were unable to complete the relevant CDD procedures. For example, customers are required to submit: (1)

government issued identification; (2) source of income information; and (3) constitutional documentation.

298. Overall, the Assessment Team found FIs maintain all relevant customer records for an average period of seven to ten years and are aware of their regulatory obligations to ensure that all CDD information or relevant records are made available, without delay, upon request by competent authorities. Most FIs indicated that CDD information or transaction requests from CBvS or FIUS are provided within one to ten business days, from the time they are requested, or within the timeframe as determined from time to time by the FIUS or CBvS.
299. Generally, FIs do not rely on third parties to perform any parts of the CDD and record keeping procedures.

### *DNFBPs*

300. Most DNFBPs collect basic CDD documentation (identification, source of funds etc.) during customer onboarding. In those instances where CDD documents are not provided, the customer is not onboarded. However, for most entities, the documentation collected is not utilised to determine customer risk or to establish customer profiles to facilitate ongoing monitoring. Additionally, the majority of DNFBPs maintained records for up to seven years, in line with Article 16 sub 1 of the MOT Act. In the case of the gold dealer interviewed, CDD is conducted on gold sellers and their overseas purchasers before establishing a business relationship and ongoing KYC/CDD assessments are conducted. Where customers are assessed as high risk, the business relationship will not be established, and for existing customers, the business relationship will be terminated. Customers of online gaming, provided by lottery companies, must submit identification information when registering on the platform. A daily gaming limit of SRD5,000 and a monthly gaming limit of SRD100,000 has been implemented. DNFBPs do not have a framework in place to aid in the collection and verification of beneficial ownership information. As it relates to casinos, although basic information is collected on players, this information is not assessed or verified.

## **5.2.4. Application of EDD measures**

### *Financial Institutions*

301. Generally, the banks implement enhanced or specific measures for transactions involving PEPs, correspondent banking, wire transfer rules and higher risk countries. Such EDD measures included, but were not limited to, the following: (1) conducting additional sanction and background screening using automated systems; (2) requesting additional source of wealth/source of funds documentation; (3) obtaining senior management approvals for high-risk customers etc. Further, most large banks have risk management systems to determine whether their customers are PEPs or family members or associates of a PEP, and comprehensive automated sanctions screening systems for all transactions. For example, one of the banks indicated that it refers to the FATF PEP definition as part of its compliance program. Due diligence measures are implemented for ongoing correspondent banking relations e.g. screening of all incoming and outgoing wire transfers. Notwithstanding, a review of the results from the on-site inspections conducted by the CBvS between 2017 and 2021 revealed that some banks were not in compliance with the EDD requirements. Table 5.1 below includes a summary of inspection reports that include the EDD deficiencies for three banks inspected between 2017 to 2021.

**Table 5.1 EDD Deficiencies from Inspection (2017 - 2021)**

| Bank   | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|--------|------|------|------|------|------|-------|
| Bank A | -    | 1    | 1    | -    | -    | 2     |
| Bank B | -    | -    | 1    | -    | -    | 1     |
| Bank C | 1    | 1    | -    | -    | -    | 2     |

302. Insurance companies implement EDD measures such as: (1) obtaining additional source of funds documentation; (2) obtaining additional information on beneficial ownership and company structures; (3) performing additional sanctions and background checks for PEPs.
303. The EOs had inadequate measures and awareness on how to identify the PEPs and had not formally documented EDD procedures for the high-risk scenarios. They also had not implemented measures for screening customers against sanctions lists on an ongoing basis. Further, the results of the on-site inspections conducted for five EOs between 2017 and 2021 revealed instances of inadequate EDD measures such as transactional monitoring procedures.
304. The Money Transfer Offices applied specific EDD procedures in the higher risk scenarios such as requesting additional source of income documentation. The Money Transfer Offices also implemented measures to identify PEPs and requested additional CDD information such as source of funds documentation from these persons. Some Money Transfer Offices, which were affiliated to international money transfer companies, also leveraged the documented group wide AML/CFT compliance programmes (including EDD procedures) and the systems (e.g. sanctions and transaction monitoring systems) from their parent organisations. Notwithstanding, a review of the results from the on-site inspections conducted by the CBvS between 2017 and 2021 revealed that some of the Money Transfer Offices were not in compliance with the EDD requirements such as obtaining additional information on the customer's source of wealth/funds and enhanced ongoing monitoring of business relationships. Table 5.2 below includes a summary of inspection reports that include the EDD deficiencies for two Money Transfer Offices inspected between 2017 to 2021:

**Table 5.2 EDD Deficiencies from Money Transfer Office Inspection (2017 - 2021)**

| Money Transfer Office (MTO) | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|-----------------------------|------|------|------|------|------|-------|
| <b>MTO 1</b>                | -    | -    | 1    | -    | -    | 1     |
| <b>MTO 2</b>                | -    | -    | 1    | -    | -    | 1     |

305. The pension funds have an administrator on whom reliance is placed to apply its own EDD procedures, where necessary, to perform the compliance functions such as maintenance of records. Notwithstanding, on the basis that: (1) the membership to the pension fund is limited to the employees of a specific organisation; and (2) the nature of their business and cashless type of transactions (as payments are made via standing orders only), the Assessment Team noted that this sector has limited exposure to ML/TF risks.
306. The open-bond credit union had not implemented EDD measures for their higher risk customers such as gold miners who are also public servants. This credit union also had no systems in place to scan its customers against all applicable sanctions listings in Suriname.

### **DNFBPs**

307. Most entities operating in the DNFBP sector did not perform EDD on PEPs, transactions with higher risk countries identified by FATF and targeted financial sanctions related to TF. Most DNFBP entities confirmed they did not have any mechanisms in place to perform EDD.
308. Most DNFBPs demonstrated that they are aware of domestic PEPs given that Suriname is a small country. However, no database of PEPs is maintained or publicly available to aid during the onboarding process. Additionally, while some firms indicated that they did not like to do business with PEPs, the business relationship is usually still established. As it relates to foreign PEPs, Most DNFBPs rely on online searches to determine whether a foreign customer is a PEP. There was

little understanding or implementation of counter-terrorism measures and most DNFBPs did not screen their customers against any sanctions list. Only the dealer in precious metals and stones interviewed during the onsite screened their customers against OFAC sanctions lists whilst there was a notary which sanctioned screened against the EU and UN sanctions lists.

309. Based on the interviews with the private sector, the Assessment Team concluded that the DNFBP sectors' (including the Gaming Sector) application of EDD measures for PEPs, targeted financial sanctions related to TF, new technologies and higher risk countries were weak.

#### **5.2.5. Reporting obligations and tipping off**

310. FIs and DNFBPs in Suriname have an obligation to report UTRs to the FIUS. These reports can be either objective (based on a determined threshold) or subjective (based on suspicious indicators) in nature. Reference is made to Table 3.4 which shows the total number of objective and subjective UTRs filed during the assessment period and Table 3.6 which shows the total number of subjective UTRs, filed per sector, during the same period. It is noted that objective reporting is significantly higher than subjective reporting. However, the FIUS has noted a steady increase in the subjective reporting from 673 in 2019 to 938 in 2020 and to 2741 in 2021, which demonstrates an improvement in the analysis by reporting entities. Banks, Money Transfer Offices and EOs submitted 99% of the subjective UTRs in 2021. Suriname indicated that the 2,523 subjective UTRs filed by Money Transfer Offices and EOs were suspicious, based on transactions to and from high-risk jurisdictions. Additionally, the FIUS has noted a significant reduction in the number of incomplete reports submitted by reporting entities from 86% of total reports in 2017 to less than 1% of total reports in 2020. It should be noted that incomplete reports are not utilized by the FIUS until all corrections are made and therefore do not impact the quality of the FIUS' intelligence analysis.
311. The Assessment Team observed that the guidance provided by the FIUS regarding the timeframe for reporting subjective UTRs is inconsistent with the provisions outlined in the MOT Act. While the MOT Act requires the immediate reporting of subjective UTRs, the Guidelines for Reporting Unusual Transactions permits FIs to report these transactions *within* five days, starting from the moment the service provider ascertained that the subject triggers (see analysis under c.20.1) are applicable. Further, some inconsistency was demonstrated during the onsite interviews, as FIs mentioned varying reporting timeframes based on verbal guidance received. Suriname clarified that this difference in reporting times is based on the nature of the report (that is, subjective reports are urgent), the complexity of the transaction (allowing for the required detailed analysis), challenges resulting from the COVID-19 pandemic and the volume of objective reports.
312. In March 2018, the FIUS introduced the digital reporting system (REPSYS), which is a secure system, through which reporting entities can file UTRs electronically. REPSYS automatically generates timely feedback, to the reporting entity, in the form of a Final Receipt Confirmation (DOB), when the filed UTR successfully meets the standard set by the FIUS, and a Correction or Addition Notification (CAN), which is issued when the filed UTR is incorrect/incomplete. In the latter regard, the entity must revise and resubmit the report within a specified time. The FIUS noted a 20% increase in portal submissions from 2020 (356) to 2021 (427).
313. The analysis below examines the objective and subjective reporting by the sectors.

#### **Financial Institutions**

314. The banking sector in Suriname has demonstrated its commitment towards meeting its subjective and objective reporting obligations to the FIUs. For example, one of the banks indicated a two-week period for objective reporting and a five-day period for subjective reports. Further, all the banks have designated a reporting officer who oversees this reporting to the FIUS.

Notwithstanding the foregoing, a review of the results from the on-site inspections conducted by the CBvS between 2017 and 2021 revealed that some of the banks were not in compliance with the reporting requirements. Table 5.3 below shows that three banks inspected between 2017 to 2021 had very minor deficiencies in reports submitted to the FIUS. Some of the deficiencies included omission of information pertaining to the subject and lack of information on the basis for the suspicion.

**Table 5.3 UTR reporting deficiencies from bank inspections (2017 - 2021)**

| Bank          | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---------------|------|------|------|------|------|-------|
| <b>Bank A</b> | -    | -    | 1    | -    | -    | 2     |
| <b>Bank B</b> | -    | -    | 1    | -    | -    | 1     |
| <b>Bank C</b> | 1    | 1    | -    | -    | -    | 2     |

315. The life insurance company met its reporting obligations to the FIUS and utilizes the REPSYS.
316. EOs are generally aware of their reporting obligations to the FIUS, albeit they noted that they had not encountered any unusual activities. For example, one of the EOs noted that it reports transactions above US\$5000 to the FIUS as part of its reporting procedures. Notwithstanding, the results of the on-site inspections conducted for five EOs between 2017 and 2021 revealed instances whereby EOs failed to meet their reporting obligations.
317. The Money Transfer Offices were fully aware of their reporting obligations and submitted 92% of the total subjective UTRs in 2021, an increase from 50% of the total subjective UTRs received by the FIUS in 2020. The results from the on-site inspections conducted by the CBvS between 2017 and 2021 revealed that some of the Money Transfer Offices were not in compliance with the reporting requirements. The table below shows that 2 Money Transfer Offices inspected between 2017 to 2021 were identified as having reporting deficiencies. The deficiencies related to (i) the omission of subject and transaction information; (ii) false reporting where the transaction value was below the reporting threshold; and (iii) inconsistencies in the transaction details.

**Table 5.4 UTR reporting deficiencies from Money Transfer Office inspections (2017 - 2021)**

| Money Transfer Office (MTO) | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|-----------------------------|------|------|------|------|------|-------|
| <b>MTO 1</b>                | -    | -    | 1    | -    | -    | 1     |
| <b>MTO 2</b>                | -    | 1    | -    | -    | -    | 1     |

318. Some credit unions indicated that whilst they were registered with the FIUS, they had not reported any UTRs to them.
319. Most of the larger FIs had also established policies and measures in place to prevent tipping-off of customers by its employees. Such measures included but were not limited to the following: (1) integrity statements that staff members must sign; (2) warning letters to employees; (3) termination of employment; (4) whistleblowing procedures for complaints reporting; and (5) fines that are levied to employees.

### **DNFBPs**

320. There is low reporting of subjective UTRs amongst DNFBPs. From 2018 to 2021, only notaries consistently filed subjective UTRs annually. Reference is made to Table 3.6, which shows the total number of subjective UTRs filed by sectors for the years 2017 to 2021. During this period, there was one subjective UTR submitted by a lawyer in 2019. However, real estate professionals and notaries submitted objective UTRs over the same period. It is noted that casinos and DPMS, which were rated as medium/high risk in the NRA, have not submitted any objective or subjective UTRs

to the FIUS. The Assessment Team found that this may be attributable to factors such as, casinos' lack of awareness of their UTR obligations or the absence of a transaction monitoring system or their inability to identify unusual transactions. Based on reviews of on-site inspection reports, during the scoping process, the FIUS collects information (via a checklist) on the procedures in place for reporting unusual transactions. At the time of the onsite visit, the FIUS did not conduct testing to determine the effectiveness of measures implemented by DNFBPs to identify, detect and report UTRs. Subsequent to the onsite visit, the FIUS demonstrated that as part of the inspection process, testing is conducted to determine the effectiveness of the mechanism in place for reporting UTRs. The Assessment Team concluded that, overall, there was a low level of effectiveness regarding the meeting of reporting obligations by DNFBPs. This is against the background that, during the onsite visit, most DNFBPs did not demonstrate their understanding of their UTR obligation. Also, there was no UTR reporting amongst higher-risk DNFBPs (casinos and DPMS), and there was low or no reporting amongst other DNFBPs, except for notaries.

321. To prevent tipping-off, reporting entities are required to designate a specific person or persons or a department that is charged with the confidential function of reporting UTRs (e.g. a compliance officer or compliance unit). During the onsite interviews, some representatives of the DNFBP sector advised that only their compliance officers can report UTRs. In some cases, the officers were asked to sign confidentiality agreements. The Assessment Team concluded that the practical measures to prevent tipping off were appropriate, however, in most cases, tipping-off was not documented in DNFBPs' policy. In these instances, it was expected that employees would know that they should not share confidential information. It was noted that the penalty for tipping-off ranged from suspensions up to termination.

#### ***5.2.6. Internal controls and legal/regulatory requirements impending implementation***

##### ***Financial Institutions***

322. Most of the larger FIs are compliant with Suriname's AML/CFT requirements (outlined in the MOT Act and WID Act) and have more robust internal controls and procedures than smaller FIs such as EOs and Money Transfer Offices. Further, the banks are adequately resourced with well-defined corporate governance structures aimed at ensuring ongoing compliance with the AML/CFT requirements, unlike the smaller FIs. The banks have designated an AML/CFT officer who is charged with ensuring compliance with applicable AML/CFT laws and regulations in Suriname. Some of the FIs that are part of international group structures leverage on the experience and the expertise at the group level to further enhance their local compliance functions.
323. All the FIs indicated that information sharing is limited to the CBvS and FIUS as part of their ongoing monitoring programmes. No information is shared with other organisations, whether within or outside the group structures.

##### ***DNFBPs***

324. The FIUS verifies, through onsite inspections, that internal controls and legal/regulatory requirements are implemented by DNFBPs (except in the Gaming Sector). The FIUS verifies that the DNFBPs compliance programmes take into consideration applicable AML/CFT legislation (MOT Act and the WID Act) and the FIUS' Guidelines. This includes verifying: if a compliance officer has been appointed; if ongoing training is conducted; and if compliance policies and procedures are in place. Entities are selected for inspection based on the FIUS risk classification. As mentioned earlier, the FIUS' 2020 examinations found that all 47 entities examined had appointed a compliance officer, 36% had established AML/CFT compliance policies and procedures in writing and all entities were familiar with the MOT Act and the WID Act. The 2021 examination of 18 real estate entities found that they were familiar with the WID and MOT Acts, had appointed compliance officers, and 33% (six entities) had written compliance policies and

procedures. The GSCI conducted off-site monitoring to determine the control measures implemented by casinos. No ‘special’ findings were identified coming out of the off-site monitoring conducted.

325. As previously mentioned, most DNFBPs indicated that they did not conduct any risk assessments to identify their ML/TF risk exposure. As a result, control measures commensurate with risk were not in place for most entities. The gold dealer interviewed, who purchases from small gold miners, advised that a risk assessment was conducted in 2020 with the assistance of a Suriname accountancy firm. Based on the result of the risk assessment, an onboarding form was established where customer identification measures have been formulated. They however noted that there is a challenge in implementing the measure, as small gold miners have difficulty proving the source of their gold. The entity suggested that a framework should be developed by the government to assist in this regard. As it relates to suppliers, based on the result of the risk assessment, suppliers are categorised as high, medium, or low risk. As a policy, the entity does not do business with high-risk (customers whose identities cannot be fully verified) suppliers. Since the risk assessment was completed, two suppliers were delisted. The entity also advised that its compliance framework was not developed to satisfy local requirements, instead, it was developed because the company trades with countries which requires the company to comply with OECD regulations. The Assessment Team concluded that most DNFBPs, including higher-risk sectors, such as casinos and DPMS, did not implement effective internal controls commensurate with their ML/TF risks. Also, as outlined in paragraph 325, most DNFBPs did not effectively implement their legal/regulatory requirements.

## Overall conclusions on IO.4

326. FIs have a varying understanding of their ML risks and obligations. Whilst Banks demonstrated a good understanding of their ML/TF risks, the EOs, Credit Unions, and Money Transfer Offices have a fair understanding of their ML risks. There is an overall low level of awareness of TF risks within Suriname. The smaller FIs and majority of DNFBPs did not demonstrate that they had a good understanding of their respective ML/TF risks and obligations such as sanctions screening and reporting to the FIUS. Formal entity-level risk assessments are not yet fully in place in some of the FIs and DNFBPs. These gaps were weighted heavily as they apply to entities in sectors of higher importance such as Money Transaction Offices, DPMS and casinos.
327. Most FIs implemented CDD and record keeping measures proportional to the nature, size and complexity of their business activities. They were aware of their obligations, such as not establishing a business relationship or conducting transactions in instances where CDD procedures have not been conducted. The majority of DNFBPs only collected CDD documentation and did not utilise them to determine risk posed by customers. In relation to the identification and verification of beneficial owners, DNFBPs and some FIs had inadequate CDD measures. The Assessment Team weighted the deficiencies that exist within the framework and concluded that moderate improvements are needed for FIs and major improvements for DNFBPs.
328. Most of the FIs have a fair understanding of the application of enhanced or specific measures for PEPs, correspondent banking, wire transfer rules and higher risk countries. However, some of the FIs have inadequate measures to identify the PEP status for their customers. Formally documented EDD procedures are not yet fully in place for some of the FIs. Most DNFBPs’ understanding of the application of enhanced or specific measures was low as it relates to EDD for high-risk customers (including PEPs and persons from high-risk jurisdictions). These deficiencies were weighted heavily as they relate to mitigation of higher ML/TF risks.

329. Most of the FIs and some DNFBPs were aware of the requirement to report UTRs to the FIUS. There were notable improvements in the quality of reports given the reduction in incomplete reports received by the FIUS and an improvement in analysis by reporting entities given the increase in subjective reports (particularly by the banks, Money Transfer Offices and EOs). For the FIs, the IO.4 implementation issues were weighted most heavily for the banking sectors and money transaction offices; moderately for pension and the insurance sectors and low for credit unions. For DNFBPs, IO.4 implementation issues were weighted heavily for the DPMS sector, moderately for notaries, real estate and casinos; and low weighting for lawyers and accountants.
330. **Suriname is rated as having a low level of effectiveness for IO.4.**

## Chapter 6. SUPERVISION

### 6.1. Key Findings and Recommended Actions

#### Key Findings

- a) Suriname has not implemented measures in the licensing process for the gaming commission to ensure that criminals do not hold significant controlling interest or management functions. The licensing and control measures for FIs such as banks, Money Transaction Offices and Credit Unions are being enhanced.
- b) The CBvS has a fair understanding of the ML/TF risks in the banking, credit union and pensions sector, but a limited understanding of the ML/TF risks for the insurance, Money Transfer Offices and EOs sectors. The FIUS and GSCI's understanding of risk is limited to the entity level as sector assessments have not been conducted.
- c) The CBvS is enhancing its risk-based framework for AML/CFT supervision for Banks, Money Transfer Offices and EOs. Notwithstanding, the frequency and intensity of AML/CFT supervision for the Money Transfer Offices and EOs was not based on the ML/TF risks present in the country and their ML/TF risks.
- d) The risk-based AML/CFT supervision (both on-site and offsite) of the credit union and insurance sectors have not yet commenced. Whilst pension funds are subject to off-site monitoring, the on-site inspections have not commenced.
- e) Suriname's AML/CFT supervisors (CBvS, FIUS and the GSCI) do not have the powers to supervise and regulate FIs and DNFBPs for compliance with the CDD, EDD and record-keeping requirements under the WID Act. However, the supervisors established procedures and performed supervision activities to monitor the supervised sectors.
- f) The CBvS, FIUS and GSCI have not adequately applied effective, proportionate, and dissuasive sanctions in cases where the FIs and DNFBPs failed to comply with their AML/CFT requirements.
- g) The DNFBP supervisors (FIUS and the GSCI) are not adequately resourced (financial, human and technological). This has impacted the effectiveness of supervision (the degree of frequency and intensity) as well as the frequency and quality of feedback provided to entities supervised. Additionally, the supervisors have not implemented a comprehensive risk-based supervisory framework, which would aid in the prioritisation of supervisory resources.
- h) The inconsistencies between the law (MOT Act) and Guidelines issued by the FIUS in relation to the timeline for the reporting of subjective UTRs by FIs and DNFBPs have not promoted a clear understanding of the reporting obligation.
- i) The Council on International Sanctions, responsible for the supervision of Suriname's FIs and DNFBPs for compliance with TFS obligations, has not yet commenced supervision activities nor implemented their TFS obligations in accordance with R.6 and R.7.
- j) Suriname has not implemented mechanisms to identify VASPs operating in the jurisdiction nor is there provision for the licensing or registration and adequate regulation of the sector.

## Recommended Actions

- a) Suriname should ensure appropriate measures are implemented in the licensing process for the gaming sector to ensure criminals are prevented from holding a controlling interest and from holding management functions. Further, the licensing regime for FIs such as credit unions, pension funds should be strengthened for effectiveness.
- b) To enhance the supervision of FIs and DNFBPs, Suriname should:
  - i) Take the necessary measures to grant the AML/CFT supervisory powers to effectively supervise FIs and DNFBPs and enforce compliance with the CDD, EDD and record-keeping obligations in the WID Act;
  - ii) Enhance the understanding of ML/TF risks across sectors and thereby the frequency and intensity of AML/CFT supervision based on the ML/TF risks identified at the country, sectoral and entity level;
  - iii) Review and enhance the resources available to the supervisors of the DNFBP sectors to improve their capacity to adequately supervise the sectors; and
  - iv) Employ appropriate supervisory mechanisms and private sector partnerships, in addition to inspections, to improve AML/CFT understanding and compliance by FIs and DNFBPs;
- c) Improve data and statistics maintained in relation to inspections and fit and propriety testing that can be utilized to inform continued supervision. Suriname should engage and survey the DNFBP sectors to improve their understanding of risks and utilize the information to inform risk based supervisory actions.
- d) Suriname should establish mechanisms to identify whether there are any VASPs operating in the jurisdiction and take the necessary regulatory and preventive measures in accordance with R.15.
- e) Suriname should develop and implement effective, proportionate and dissuasive remedial and sanctioning measures in their supervisory framework to enhance compliance with the AML/CFT obligations when breaches are identified.
- f) The CBvS should subject all FIs including the credit union, insurance and pension funds sectors to risk-based AML/CFT supervision, including inspections, as appropriate.
- g) Suriname should resource the Council on International Sanctions to immediately commence its TFS related to TF obligations, including the supervision of FIs and DNFBPs.
- h) Suriname should ensure that the issued Guidelines for Reporting Unusual Transactions and the MOT Act are harmonised. The reporting requirement, with clear and consistent reporting timelines, must then be communicated urgently to all reporting entities.

331. The relevant Immediate Outcome considered and assessed in this chapter is IO.3. The Recommendations relevant for the assessment of effectiveness under this section are R.14, 15, 26-28, 34, 35 and elements of R.1 and 40.

### 6.2. Immediate Outcome 3 (Supervision)

332. With respect to the risk and context for Suriname, not all sectors are of equivalent importance. Therefore, in examining the effectiveness of the AML/CFT supervisory framework, the implementation issues were weighted most heavily for the banking Money Transaction Offices

- (i.e., Exchange Offices and Money Transfer Offices<sup>12</sup>) sectors; moderately for pension, insurance, notaries, DPMS, real estate and casino sectors; and low weighting for the securities, credit unions, lawyers and accountants.
333. There are four AML/CFT supervisors in Suriname. The Central Bank of Suriname (CBvS), Financial Intelligence Unit Suriname (FIUS) and Gaming Supervision and Control Institute (GSCI) are designated with specific responsibility for AML/CFT compliance with the MOT Act (regarding disclosure of unusual transactions) and the Council on International Sanctions is responsible for assessing compliance with the International Sanctions Act. The CBvS, as the designated AML/CFT supervisor for FIs has the responsibility for monitoring AML/CFT requirements for banking institutions, insurance companies, credit unions, pension funds, Money Transaction Offices (i.e., Money Transfer Offices and Exchange Offices (EOs)), and the Capital Market. The CBvS' Supervision Directorate is sectionised according to the sectors supervised and comprises the: (1) Banking Supervision Department (BSD)<sup>13</sup>; Credit Union Supervision Department (CUSD); Insurance Supervision Department (ISD); and Pension Funds Supervision Department (PFSD). As it relates to the DNFBP sectors, the FIUS is the designated AML supervisor for lawyers, accountants, administrative offices, DPMS, real estate entities and notaries, while the GSCI is the designated Supervisor for the gaming sector (including casinos).
334. In accordance with Art. 5b of the International Sanctions Act (amendment of February 29<sup>th</sup>, 2016), the Council on International Sanctions is charged with supervising FIs and DNFBPs for compliance with TFS obligations. However, the Council on International Sanctions has not commenced its supervisory functions.
335. Table 6.1 below shows a breakdown of the number of FIs and DNFBPs in Suriname and their respective AML/CFT supervisors and licensing authority.

**Table 6.1 Number of entities, AML/CFT Supervisors and Licensing Authority for FIs and DNFBPs in Suriname**

| Sector                             | Sub-Category           | No of entities as at Dec 2021 | AML/CFT Supervisor | Licensing Authority   |
|------------------------------------|------------------------|-------------------------------|--------------------|---|
| <b>Financial Institutions:</b>     |                        |                               |                    |   |
| <b>Banks</b>                       | Local                  | 9                             | CBvS               | CBvS  |
|                                    | Foreign                | 1                             | CBvS               | CBvS  |
| <b>Non-Banks and Other FIs</b>     |                        | 6                             | CBvS               | CBvS  |
| <b>Money Transaction Offices</b>   | Exchange Offices       | 23                            | CBvS               | CBvS  |
|                                    | Money Transfer Offices | 6                             | CBvS               | CBvS  |
| <b>Insurance Companies</b>         |                        | 12                            | CBvS               | Ministry of Economic affairs, Entrepreneurship and Innovation |
| <b>Securities</b>                  |                        | 1                             | CBvS               | Minister of Finance and Planning                              |
| <b>Pension and Provident Funds</b> | Pension Funds          | 41                            | CBvS               | CBvS  |
|                                    | Provident Funds        | 5                             |                    |   |
| <b>Other Credit Institutions</b>   | Credit Unions          | 25                            | CBvS               | CBvS  |

<sup>12</sup> In Suriname Money Transfer Offices perform the same function as MVTS defined in the Methodology

<sup>13</sup> The BSD is responsible for the supervision of banks, exchange offices (EOs) and money transfer offices.

|  |        |            |      |                                       |
|--|--------|------------|------|---------------------------------------|
| <b>TOTAL FIs</b>   |        | <b>129</b> |      |                                       |
| <b>Designated Non-Financial Business Professionals:</b>  |        |            |      |                                       |
| <b>Casino and Games of Chance</b>                        | Casino | 28         | GSCI | President of the Republic of Suriname |
| <b>Gold, other Precious Metal &amp; Gemstone Dealers</b> |        | 28         | FIUS | -                                     |
| <b>Accountants</b>                                       |        | 15         | FIUS | -                                     |
| <b>Notaries</b>  |        | 34         | FIUS | -                                     |
| <b>Lawyers</b>   |        | 50         | FIUS | -                                     |
| <b>Real Estate Professional</b>                          |        | 45         | FIUS | -                                     |
| <b>Administrative Offices</b>                            |        | 12         | FIUS | -                                     |
| <b>TOTAL DNFBPs</b>                                      |        | <b>212</b> |      |                                       |
| <b>GRAND TOTAL (FIs and DNFBPs)</b>                      |        | <b>341</b> |      |                                       |

### **6.2.1. Licensing, registration and controls preventing criminals and associates from entering the market**

#### **Financial Institutions**

336. The CBvS has implemented licensing controls to prevent criminals and their associates from entering the financial sector. The licensing process is robust and includes ongoing checks of fitness and propriety to prevent criminals and their associates from holding significant controlling interest or management functions.
337. Banks: Pursuant to article 2 of the BCSS Act, the CBvS licenses banks that operate within Suriname. The CBvS applies the “*Regulation on the application for a licence to operate the business of a credit institution*”, May 2012 (the “Licensing Regulations”) and the “*Application procedure of a Licence to operate the business of a credit institution pursuant to Article 3 of the BCSS Act*”, May 2012 (the “Licensing Procedure”) to facilitate the licensing of banking institutions. Pursuant to the Licensing Regulations and Licensing Procedure, for any application, the application forms must be completed to disclose information about the credit institution’s: (1) ownership and control structure; (2) incorporation documentation; (3) shareholders and directors (including their criminal and background checks); and (4) proposed business activities and registered office. This information is assessed by the CBvS as part of the licensing and fitness and proprietary assessments for the shareholders and directors of the credit institutions.
338. The CBvS only approves a licence after successful completion of licensing requirements and the application forms. The licence application may be declined or delayed if incomplete or inaccurate information is submitted on the application form. As indicated in Table 6.2 below, the CBvS either refused or deferred 14 credit institutions and bank applications because of incomplete or unclear application information. Table 6.2 below includes a summary of the licensing results for banks for the years 2017 to 2021:

**Table 6.2 Summary of Banks Licensing (2017 - 2021)**

| Category                  | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---------------------------|------|------|------|------|------|-------|
| <b>Total applications</b> | 3    | 1    | -    | 2    | 8    | 14    |
| <b>Approved</b>           | -    | -    | -    | -    | -    | -     |
| <b>Refused</b>            | 3    | 1    | -    | 1    | 6    | 11    |
| <b>Pending</b>            | -    | -    | -    | 1    | 2    | 3     |

### Box 6.1 Case Example - Rejection of licence application for a shell bank

An application was received on 17 June 2021 relating to the establishment of an Offshore Banking Unit. The CBvS reviewed the application, taking into account the licensing and requirements under the BCSS Act and WID Act.

Action taken by Supervisor: The Licence application was rejected by the CBvS via letter on 27 July 2021.

Reasons for rejection: This application was declined on the following bases: (1) the BCSS Act does not grant the CBvS the powers to supervise an offshore bank; and (2) the proposed offshore bank was equivalent to a shell bank pursuant to the definition of the WID Act.

339. Pursuant to Articles 18 and 20 of the BCSS Act, the application for a director, manager, supervisory director or holder of a qualified holding (at least 5%) in a bank requires the CBvS' approval as part of the licensing process. There is no fitness and propriety assessment conducted on the holders of non-qualifying holdings (less than 5%). The CBvS uses a weighting model for assessing fitness and propriety. This model, in the assessment of a nominated member of management or the supervisory Board, takes into consideration the following six criteria: (1) integrity; (2) importance of the institution and independence; (3) professional competence; (4) availability and independence; (5) financial well-being; and (6) personal characteristics. An assessment is made for each criterion and the final fitness and propriety recommendation is made based on the results of the weighting model. Table 6.3 below shows a summary of the fitness and propriety results from the CBvS' BSD for the period 2017 to 2021:

**Table 6.3 Summary of Fitness and Propriety - Banking Supervision Division (2017-2021)**

| Category                     | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|------------------------------|------|------|------|------|------|-------|
| <b>Qualified Shareholder</b> |      |      |      |      |      |       |
| - Total applications         | 0    | 8    | 7    | 6    | 0    | 21    |
| - Approved                   | 0    | 0    | 2    | 4    | 0    | 6     |
| - Rejection                  | 0    | 4    | 0    | 1    | 0    | 5     |
| - Reappointed                | 0    | 0    | 0    | 0    | 0    | 0     |
| - Withdrawn                  | 0    | 0    | 0    | 0    | 0    | 0     |
| - Pending                    | 0    | 4    | 5    | 1    | 0    | 10    |
| <b>Supervisory Board</b>     |      |      |      |      |      |       |
| - Total applications         | 30   | 8    | 17   | 22   | 20   | 97    |
| - Approved                   | 15   | 6    | 8    | 11   | 14   | 54    |
| - Rejection                  | 7    | 1    | 4    | 1    | 7    | 20    |
| - Reappointed                | 5    | 0    | 4    | 10   | 0    | 19    |
| - Withdrawn                  | 2    | 1    | 0    | 1    | 0    | 4     |
| - In progress                | 1    | 1    | 2    | 1    | 0    | 5     |
| <b>Management</b>            |      |      |      |      |      |       |
| - Total applications         | 6    | 8    | 5    | 15   | 8    | 42    |
| - Approved                   | 0    | 7    | 4    | 5    | 6    | 22    |
| - Rejection                  | 3    | 1    | 0    | 0    | 2    | 6     |
| - Reappointed                | 3    | 0    | 0    | 10   | 0    | 13    |
| - Withdrawn                  | 0    | 0    | 0    | 1    | 0    | 1     |
| - In progress                | 0    | 0    | 1    | 0    | 0    | 1     |

340. The process implemented by the CBvS is robust as it has identified sufficient reasons to reject applications such as unresolved conflicts, integrity issues, professional incompetence etc. Box 6.2 below illustrates a case example where an application for the reappointment of a Supervisory Director of a bank was rejected because of a conflict of interest on the part of the applicant.

**Box 6.2 Case Example - Rejection of Fit and Proper application for reappointment of Supervisory Director of a Bank**

An application was received in June 2021 for the reappointment of a member of the Supervisory Board of a bank as approved at the bank's general shareholders meeting. The CBvS tested the applicant against the six required criteria (Regulation 7) using documentation submitted.

Action taken by Supervisor: Reappointment was rejected by the CBvS via letter of August 10<sup>th</sup> 2021 based on rules in Regulation.

Reasons for rejection: It was determined the applicant was not compatible as the applicant is married to the internal auditor of the same bank, who has an advisory role to management and supports the Accounting, Risk Management and Compliance departments. The CBvS was doubtful the applicant would be able to comply with duty of care towards stakeholders and was not satisfied the bank had adequately mitigated the associated risks.

341. *Money Transaction Offices:* Money Transaction Offices include Exchange Offices and Money Transfer Offices. The licensing regime for the Money Transaction Offices is governed by the: (1) "Directive for applying for a license to operate the business of money transfer company" (the "Money Transaction Office Licensing Directive"); and (2) "Procedure for the application for a License to perform the business of a money transfer company pursuant to Article 4 of the Money Transfer Companies Supervision Act 2012 [S.B. (Bulletin of Acts and Decrees) 2012 No. 170 (the "Money Transaction Office Licensing Procedure")]. Pursuant to both the Money Transaction Office Licensing Directive and Money Transaction Office Licensing Procedure, any applicant for a Money Transaction Office licence is required to complete the prescribed application forms and provide the required supplementary documentation. The application forms must disclose to the CBvS information such as the Money Transaction Offices': (1) ownership and control structure; (2) incorporation documentation; (3) shareholders and directors (including their background and criminal checks); and (4) proposed business activities and registered office. Such information is assessed by CBvS as part of the licensing and fitness and propriety assessments for the shareholders and directors of the Money Transaction Offices. Further, there is a working procedure between CBvS and the Foreign Currency Board regarding the settlement of licence applications for Money Transfer Offices. The CBvS also has put in place market surveillance controls and systems (such as mystery shoppers) to identify and report the unlicensed Money Transaction Offices' operators within the jurisdiction. This process implemented by the CBvS is robust as it has identified sufficient reasons to reject applications such as incomplete information. Table 6.4 below includes a summary of the Money Transaction Offices licensing results for the years 2017 to 2021:

**Table 6.4 Summary of Money Transaction Offices Licensing (2017 - 2021)**

| Category of Money Transaction Office application | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|--|------|------|------|------|------|-------|
| <b>Money Transfer Office</b>                     |      |      |      |      |      |       |
| <b>Total applications</b>                        | 1    | 5    | 1    | 16   | 4    | 27    |
| Approved   | 1    | 5    | 1    | 9    | 2    | 18    |

|                           |   |   |    |   |   |    |
|---------------------------|---|---|----|---|---|----|
| Revoked                   | - | - | -  | 1 | - | 1  |
| Pending                   | - | - | -  | 5 | 2 | 7  |
| Withdrawn                 | - | - | -  | 1 | - | 1  |
| <b>Exchange Office</b>    |   |   |    |   |   |    |
| <b>Total applications</b> | - | - | 20 | 4 | 4 | 28 |
| Approved                  | - | - | 20 | 4 | 4 | 28 |
| Not Approved              | - | - | -  | - | - | -  |

342. Table 6.5 below includes a summary of the fitness and propriety testing conducted for the years 2017 to 2021:

**Table 6.5 Summary of Fitness and Propriety (2017 - 2021)**

| Category                     | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|------------------------------|------|------|------|------|------|-------|
| <b>Money Transfer Office</b> |      |      |      |      |      |       |
| <b>Qualified Shareholder</b> |      |      |      |      |      |       |
| <b>Total applications</b>    | -    | -    | -    | 1    | -    | 1     |
| Approved                     | -    | -    | -    | -    | -    | -     |
| Rejection                    | -    | -    | -    | -    | -    | -     |
| Reappointed                  | -    | -    | -    | -    | -    | -     |
| Withdrawn                    | -    | -    | -    | -    | -    | -     |
| Pending                      | -    | -    | -    | 1    | 0    | 1     |
| <b>Supervisory Board</b>     |      |      |      |      |      |       |
| <b>Total applications</b>    | -    | -    | 1    | 2    | 1    | 4     |
| Approved                     | -    | -    | -    | 1    | 1    | 2     |
| Rejection                    | -    | -    | -    | -    | -    | -     |
| Reappointed                  | -    | -    | -    | -    | -    | -     |
| Withdrawn                    | -    | -    | -    | -    | -    | -     |
| Pending                      | -    | -    | 1    | 1    |      | 2     |
| <b>Exchange Office</b>       |      |      |      |      |      |       |
| <b>Qualified Shareholder</b> |      |      |      |      |      |       |
| <b>Total applications</b>    | -    | -    | -    | -    | 3    | 3     |
| Approved                     | -    | -    | -    | -    | 1    | 1     |
| Rejection                    | -    | -    | -    | -    | -    | -     |
| Reappointed                  | -    | -    | -    | -    | -    | -     |
| Withdrawn                    | -    | -    | -    | -    | -    | -     |
| Pending                      | -    | -    | -    | -    | 2    | 2     |
| <b>Supervisory Board</b>     |      |      |      |      |      |       |
| <b>Total applications</b>    | -    | -    | -    | 1    | 9    | 10    |
| Approved                     | -    | -    | -    | -    | 4    | 4     |
| Rejection                    | -    | -    | -    | 1    | 1    | 2     |
| Reappointed                  | -    | -    | -    | -    | -    | -     |
| Withdrawn                    | -    | -    | -    | -    | -    | -     |
| Pending                      | -    | -    | -    | -    | 4    | 4     |

343. Pension Funds: The pension fund must be registered as a foundation and must apply for a “Declaration of No Objection” before establishing a bank account. This does not apply to the general pension fund (APF), which was established in accordance with the provisions of the General Pension Act 2014 (O.G. no. 113). The AML/CFT supervision of the APF lies with CBvS. In accordance with Article 7, paragraph 2 of the Pension Funds and Provision Funds Act 2005, the management of a fund is obliged to register the fund with the CBvS within three

months of incorporation by means of an application form. The CBvS issues a non-objection letter after successful completion of the registration requirements by the applicant. This process is effective and CBvS demonstrated that the issuance of a non-objection letter can be delayed due to factors such as incomplete information. Table 6.6 below includes a summary of the pension funds licensing results for the years 2017 to 2021:

**Table 6.6 Summary of Licensing (2017 - 2021)**

| Category                  | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---------------------------|------|------|------|------|------|-------|
| <b>Total applications</b> | 1    | -    | -    | -    | 2    | 3     |
| Approved                  | 1    | -    | -    | -    | 1    | 2     |
| Pending                   | -    | -    | -    | -    | 1    | 1     |
| Rejected                  | -    | -    | -    | -    | -    | -     |

344. The Pension and Provident Fund board members must have certification from the Attorney General and are also screened on their capacity, integrity, criminal background, and knowledge. The CBvS' PFSD also applies supervision measures by way of holding a preliminary meeting to advise the designated board members of their roles and responsibilities. The CBvS approves the appointment of board members to a pension fund after successful completion of fitness and propriety requirements. An application for board membership changes to a pension fund may be declined by CBvS if an appointed board member is not deemed to be fit and proper. This process is effective and CBvS demonstrated that application can be declined due to factors such as integrity and adverse background on the proposed board members. The case example at Box 6.3 below relates to this process by the CBvS.

**Box 6.3 Case Example - Fit and Proper application declined**

An application was received in November 2021 requesting CBvS to approve a new board member of a pension fund. The pension fund submitted, among others, the following information for CBvS' review: (1) a completed and signed application form; (2) the board member's identification documents, nationality declaration and curriculum vitae; and (3) a statement from the Attorney General regarding the antecedents.

Action taken by Supervisor: The CBvS reviewed the application and noted the following: (1) the board member did not meet the bank's expertise requirement; (2) the board member had made unlawful withdrawals from the bank account of a pension fund that the board member had previously worked for; and (3) the board member did not honestly respond to the background check questions on the application form. Therefore, the application was declined in January 2022 on the basis that the appointed board member did not meet CBvS' integrity and expertise requirements.

345. Table 6.7 below summarises the fitness and propriety testing conducted for the years 2017 to 2021:

**Table 6.7 Summary of fitness and propriety (2017 - 2021)**

| Category                  | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---------------------------|------|------|------|------|------|-------|
| <b>Total applications</b> | 25   | 27   | 22   | 15   | 16   | 105   |
| Approved                  | 25   | 27   | 22   | 15   | 15   | 104   |
| Not approved/ Pending     | -    | -    | -    | -    | 1    | 1     |

346. *Insurance Companies:* Insurance companies are expected to apply for a licence from the Ministry of Economic Affairs, Entrepreneurship and Innovation and for a “Declaration of No Objection” letter from CBvS prior to operation. The CBvS issues a non-objection letter after successful completion of licensing requirements by the applicant. For example, in 2015, an application for a “Declaration of No Objection” letter was delayed enabling the CBvS to further scrutinise the applicant’s complex beneficial ownership, operational and anticipated supervision structure.
347. In 2021, the CBvS’ ISD implemented fitness and propriety testing for insurance companies’ applications and issued the “*Directive for suitability of executive directors, supervisory board members, and holders of qualifying holdings of insurers*” for the fitness and propriety testing. For the Executive Directors, Supervisory Board Members and holders of qualifying holdings (at least 5%), the following, among others, are assessed: (1) integrity of the relevant persons (includes criminal and background checks); (2) interest of the institution and independence; (3) professional competence; (4) availability and independence; (5) solvency; (6) personal qualities; (7) voluntary information disclosure and international co-operation; (8) financial soundness; (9) conduct and integrity; and (10) ongoing obligations. There is no fitness and propriety assessment conducted on a holder of non-qualifying holdings (less than 5%). The CBvS issues a non-objection letter after successful completion of fitness requirements by the applicant. This process is effective and CBvS demonstrated that an application can be delayed due to factors such as integrity and an adverse background of the proposed holders of qualifying holdings (although this occurred prior to the issuance of the Directive for suitability of executive directors), supervisory board members and holders of qualifying holdings of insurers. An example relative to this is demonstrated in Box 6.4 below.

**Box 6.4 Case Example - Letter of Non-objection screening of PEP**

During the period 2017 to 2021, an application for a “Declaration of No Objection” letter was delayed to enable the CBvS to further scrutinise the applicant’s ultimate beneficial owner who was deemed a high risk politically exposed person. At the time of the on-site visit, the application was still pending.

348. Table 6.8 below summarises the fitness and propriety testing conducted for the years 2017 to 2021:

**Table 6.8 Summary of Fitness and Propriety – Insurance Supervision Division (2017-2021)**

| Category                     | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|------------------------------|------|------|------|------|------|-------|
| <b>Qualified Shareholder</b> |      |      |      |      |      |       |
| - Total applications         | 0    | 0    | 0    | 0    | 0    | 0     |
| - Approved                   | 0    | 0    | 0    | 0    | 0    | 0     |
| - Rejection                  | 0    | 0    | 0    | 0    | 0    | 0     |
| - Reappointed                | 0    | 0    | 0    | 0    | 0    | 0     |
| - Withdrawn                  |      |      |      |      |      |       |
| - Pending                    |      |      |      |      |      |       |
| <b>Supervisory Board</b>     |      |      |      |      |      |       |
| - Total applications         | 0    | 0    | 0    | 0    | 2    | 2     |
|                              | 0    | 0    | 0    | 0    | 0    | 0     |

|                   |   |   |   |   |   |   |
|-------------------|---|---|---|---|---|---|
| - Approved        | 0 | 0 | 0 | 0 | 0 | 0 |
| - Rejection       | 0 | 0 | 0 | 0 | 0 | 0 |
| - Reappointed     | 0 | 0 | 0 | 0 | 0 | 0 |
| - Withdrawn       | 0 | 0 | 0 | 0 | 2 | 2 |
| - In progress     |   |   |   |   |   |   |
| <b>Management</b> |   |   |   |   |   |   |
| - <b>Total</b>    | 0 | 0 | 0 | 0 | 3 | 3 |
| - applications    | 0 | 0 | 0 | 0 | 0 | 0 |
| - Approved        | 0 | 0 | 0 | 0 | 0 | 0 |
| - Rejection       | 0 | 0 | 0 | 0 | 0 | 0 |
| - Reappointed     | 0 | 0 | 0 | 0 | 0 | 0 |
| - Withdrawn       | 0 | 0 | 0 | 0 | 3 | 3 |
| - In progress     |   |   |   |   |   |   |

349. *Credit Unions*: For the past 11 years, the CBvS has granted one licence. For the years 2017 to 2021, there have been no reported or detected breaches of the licensing requirements. The licensing process includes a review of the institution's: (1) by-laws; (2) business plan (including activities); (3) financial statements; and (4) availability, independence, integrity, background and criminal checks, and knowledge of the board and the supervisory officers. This process implemented by the CBvS is effective as it has identified sufficient reasons to reject or delay applications such as incomplete information. Table 6.9 below includes a summary of the licensing results for the years 2017 to 2021:

**Table 6.9 Summary of Licensing (2017 - 2021)**

| Category                  | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---------------------------|------|------|------|------|------|-------|
|                           |      |      |      |      |      |       |
| <b>Total applications</b> | -    | -    | -    | 2    | 2    | 4     |
| Approved                  | -    | -    | -    | 1    | 0    | 1     |
| Pending                   | -    | -    | -    | 1    | 2    | 3     |
| Rejected                  | -    | -    | -    | -    | -    | -     |

350. Pursuant to Article 19 (2)(b) of BCSS Act, credit unions are prohibited from appointing or re-appointing any person to the Board/Management or Supervisory Board, without prior consent of the CBvS. Notwithstanding the lack of formally documented fitness and propriety guidelines, the CBvS' CUSD uses an application form, which must be submitted before the nominated persons are elected in the General Members' meeting for CBvS' assessment. The application form particularises information such as: (1) the identification details for the nominated persons; and (2) background and criminal checks conducted. Such information is reviewed as part of CBvS' fitness and propriety assessments. The nominated persons must meet four criteria, namely: (1) expertise (professional competence); (2) reliability (integrity); (3) availability; and (4) independence. This process implemented by the CBvS is effective as it has identified sufficient reasons to deny or delay an application such as incomplete information. Table 6.10 below summarises the fitness and propriety testing results for the years 2017 to 2021:

**Table 6.10 Summary of fitness and propriety results (2017 - 2021)**

| Category                                | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---|------|------|------|------|------|-------|
|   |      |      |      |      |      |       |
| <b>Total applications</b>               | 15   | -    | 35   | 10   | 25   | 85    |
| Approved                                | 12   | -    | 34   | 10   | 25   | 81    |
| Not approved due to lack of information | -    | -    | 1    | -    | -    | -     |

|          |   |   |   |   |   |   |
|----------|---|---|---|---|---|---|
| Pending  | 3 | - | - | - | - | - |
| Rejected | - | - | - | - | - | - |

### *DNFBPs*

351. Lawyers must be registered with the Suriname Bar Association (SBA), a professional organization, pursuant to the Lawyers Act. The SBA issues professional rules and can handle complaints or forward them to the Disciplinary Court and file a complaint against a lawyer itself. The SBA does not have any AML/CFT remit nor was there any mechanism or evidence of co-operation with the FIUS. The Assessment Team found that the SBA does not currently provide advice or support to its members on AML/CFT matters. While the SBA has submitted complaints to the Lawyers Disciplinary Court between 2017 to 2022, it was uncertain whether any of these resulted in sanctions or whether these were communicated to the FIUS. In Suriname, lawyers do not participate in the buying and selling of real estate and at the time of the review they did not carry out transactions for their clients concerning any of the activities particularised under c.22.1(d). Lawyers may however provide legal advice to clients for real estate transactions. Given that lawyers do not currently provide services captured by the FATF Recommendations, the current registration process was assessed as suitable. However, it must be noted that some vulnerabilities exist as lawyers are not prohibited from carrying out the captured activities on behalf of their clients and there are no mechanisms to identify those who may be doing so.
352. To become eligible to be sworn in as a civil notary, individuals must first study notary law, after which they are required to complete a four-year internship. Notaries are appointed by the President of Suriname and then sworn in by the President of the Court of Justice. A maximum of 50 notaries can operate in Suriname and currently, there are 35 practising notaries. All notaries must register with the Surinamese Notarial Professional Organisation (SNPO) to practise. The SNPO issues rules on proper professional practice, monitors compliance with issued rules, can handle complaints through a complaints committee, can file complaints against a civil-law notary or junior civil-law notary and acts as a communication channel and interlocutor towards relevant authorities. However, the SNPO does not have any AML/CFT remit nor is there a mechanism to monitor professional behaviour or take disciplinary measures for breaches. Services offered by notaries include real estate transactions and the establishment of legal entities and foundations. In Suriname, the service of a civil notary is required when buying or selling real estate.
353. Suriname's Chartered Accountants Institute (SCAI) is a professional organisation that registers accountants before they can practise. The SCAI draws up professional and behavioural regulations and it can file complaints against accountants. The MOT Act defines an accountant as a natural or legal person performing specified activities which are in accordance with the activities captured in the FATF Recommendations. Over the review period, accountants in Suriname did not perform any of the specified activities (buying and selling of real estate, managing client money, etc) on behalf of their clients.
354. To act as a real estate professional, one must be sworn in by the Subdistrict Court. Prior to being sworn in, the Subdistrict court judge will request the advice of the CCI and entry to the sector is refused only if there is a well-founded fear that a person would damage the honour of the profession. There are no specific training requirements or tests or qualifying requirements that real estate professionals must undertake to practise. The entry requirement to the profession was assessed as low by the Assessment Team and when considered against the "medium" ML risk rating, as identified in the NRA, the vulnerability in the sector could be exploited by criminals and their associates.

355. DPMS include gold exporters, gold buying houses, buyers of precious stones, goldsmiths, jewellers, gold processors and refining companies. In regard to gold exporters and buyers, the Foreign Exchange Board authorise the export of gold through the granting of an export license. In principle, a gold purchase and export license can only be applied for by limited liability companies, established under the law of the Republic of Suriname and that have their effective management in Suriname, of which all directors and ultimate beneficial owners must be natural persons resident in Suriname or in CARICOM or are a person of Surinamese descent. As part of the approval process, the applicant must receive a certificate of no objection issued by the District Commissioner in charge of the region where gold purchase and/or gold export activities will take place. There is no established licensing or registration requirement for goldsmiths & jewellers and gold processors. This presents a vulnerability as these companies could be exploited by criminals and their associates. In regard to small-scale gold producers, there are no ML/TF licensing or registration mechanism in place. This presents a vulnerability as small-scale gold producers trade with other players in the sector (gold exporters, gold buying houses, buying of precious stones, goldsmiths and jewelers).
356. As it relates to administrative offices (small scale accountants that service mainly individuals and sole traders), there is no registration requirement. They are only required to register in the trade register at the CCI. The Assessment Team concluded that the registration process at the CCI is not adequate to prevent criminals and their associates from entering the market.
357. Although Suriname has a registration process in place for the majority of the DNFBP sector, which is usually performed by a professional body, the measures included in the registration processes are not stringent enough to dissuade criminals and their associates from gaining entry and misusing these professions for ML/TF.

#### Licensing of Casinos

358. As it relates to the licensing of casinos, applications are considered and approved by the President of the Republic of Suriname. The GSCI, which was established in 2009 and operationalised in 2019, has an advisory role in the licensing process. The application to operate a casino is first submitted to the Ministry of Justice and Police and is then submitted to the GSCI for advice. After advice is received from the GSCI, the Ministry of Justice and Police provides its recommendation to the President of Suriname. The licensing process does not include fit and proper testing and the authorities were not able to demonstrate the effectiveness of the licensing process to prevent criminals and their associates from holding or being beneficial owners of casinos. Also, the authorities did not demonstrate that effective mechanisms were in place to detect breaches of licensing requirements.

#### VASPs

359. Suriname has not employed mechanisms to identify VASPs operating in the jurisdiction and has not conducted any risk assessment on this area. There is no licensing or registration requirements in place for VASPs that wish to operate in the country. Information available from open sources has shown VA services being available, in Suriname via external providers.

#### **6.2.2. Supervisors' understanding and identification of ML/TF risks**

360. All supervisors in Suriname are represented on the NAMLAC and participated in the 2019 NRA. Notwithstanding, there was limited understanding of the ML/TF risks of some regulated sectors given the absence of sectoral assessments. The CBvS, specifically the CUSD and PFSD, have since conducted sectoral risk assessments in February 2022 and March 2022 for the credit union and pension sectors respectively. However, the analysis of these sectoral assessments has not yet been factored in their supervision activities. Further, the BSD and ISD of the CBvS have

not conducted sectoral risk assessments for the insurance, securities, banking and Money Transaction Offices sectors. The FIUS and the GSCI have not conducted sectoral risk assessments.

### *Financial Institutions*

361. The CBvS has a fair understanding of the jurisdiction's ML/TF risks. Having been involved in the conduct of Suriname's NRA, the CBvS, as a member of the AML Steering Council, identified and assessed the risks of the financial sectors based on the inherent risks and vulnerabilities of each sector and information received from its licensees, as well as their knowledge from their capacity as a supervisory authority.
362. *Banking Sector:* The CBvS has a fair understanding of the ML/TF risks of the individual supervised institutions within the banking sector. For example, to determine an individual bank's compliance rating, the CBvS adopts the criteria set out by its: (1) AML/CFT self-assessment matrix; (2) Integrity Matrix; and (3) Compliance Rating Model (Technical Compliance and Effectiveness). Such assessments take into consideration the following: (1) the AML/CFT risk profile for the entity (including its controls and procedures to mitigate ML/TF risk); and (2) the results of the on-site inspections and off-site monitoring. Such assessments form the basis for the overall compliance rating assigned to individual banks that is based on the nature and extent of the deficiencies noted within in individual bank's AML/CFT compliance function (e.g. Compliant, Largely Compliant, Partially Compliant and Non-Compliant). Table 6.11 below includes a summary of the most recent overall compliance rating provided by the Suriname Authorities for the banks:

**Table 6.11 Overall Compliance Rating - Banks**

| Overall Category    | Compliance | No. of Banks | Basis for the compliance rating level |
|---------------------|------------|--------------|---------------------------------------|
| Compliant           |            | -            | No deficiencies noted                 |
| Largely Compliant   |            | -            | No serious deficiencies noted         |
| Partially Compliant |            | 3            | Moderate deficiencies noted           |
| Not Compliant       |            | 6            | Major deficiencies noted              |
| <b>Total</b>        |            | <b>9</b>     |                                       |

363. *Pensions Sector:* The CBvS has a fair understanding of the ML/TF risks faced by the pensions sector. Specifically, in February 2022, the CBvS' PFSD completed the "Pension Sector Suriname AML/CFT risk assessment report" which identified, analysed and evaluated the ML/TF risks, threats and vulnerabilities facing the pension sector. Based on this analysis, the inherent vulnerability of the occupational pensions fund providers was deemed low given: (1) the long-term nature of the retirement schemes; and (2) pension payments are withheld via salary deductions and the payments made on occurrence of a specific trigger event such as retirement or death of a pension member. Further, in March 2022, the "Risk Assessment Regarding Money Laundering and Terrorism Financing (AML/CFT) in pension funds and provident funds" procedural manual was finalised to provide guidance to the pension funds with respect to conducting institutional AML/CFT risk assessments. However, at the time of the mutual evaluation onsite visit, this procedural manual had not yet been fully implemented by the CBvS.
364. *Money Transaction Offices (i.e. Money Transfer Offices and Exchange Offices):* The CBvS has not demonstrated a fair understanding of the ML/TF risks faced by the Money Transaction Offices sector. Specifically, at the time of the on-site visit, questionnaires that take into consideration AML/CFT risk factors had been sent to the licensees to provide specific responses

to inform CBvS' understanding of the ML/TF risks for this sector. At the time of the on-site visit, the analysis of the questionnaire responses from the Money Transfer Offices and Exchange Offices was still ongoing.

365. Credit Unions: The CBvS has a fair understanding of the ML/TF risks faced by the credit union sector. Notably, in February 2022, a "Risk Analysis of the credit union sector for the purpose of the supervision regarding Anti-Money Laundering and Financing of Terrorism" which identified, analysed and evaluated the ML/TF risks, threats and vulnerabilities facing the credit sector was conducted. However, at the time of the on-site visit, the "Memorandum on the guideline regarding Anti-Money Laundering and Combating the Financing of Terrorism for Credit Unions" and the AML/CFT Guideline was still in draft.
366. Other sectors: Notwithstanding the foregoing, the CBvS has not demonstrated a good understanding of the ML/TF risks in other sectors that are being supervised such as insurance companies and the securities sector. Further, the CBvS' understanding of its ML/TF risks is informed by conducting on-site inspections and off-site monitoring. However, the AML/CFT supervision (both off-site and on-site) of the credit unions and insurance sectors had not yet commenced by the time of the on-site visit. Whilst the pension funds are subject to off-site monitoring, the inspections for this sector had not commenced at the time of the on-site visit.

### **DNFBPs**

367. The FIUS and the GSCI have a limited understanding of the ML/TF risks facing the sectors they supervise. Notwithstanding their knowledge of the NRA findings, there were no sectoral risk assessments conducted to enhance the country's understanding of its risk. Also, the supervisors' execution of supervisory activities has been impacted by staffing and other resource constraints. The supervisory arm of the FIUS has two examiners that are responsible for monitoring over 200 registered entities while the GSCI has five staff that are responsible for monitoring 31 entities. The Assessment Team concluded that the available staffing was not adequate to effectively identify and maintain an understanding of the ML/TF risks in the sectors being supervised. The staffing issues were further compounded by insufficient capital resources.
368. To aid its understanding of risk, the supervisory arm of the FIUS conducts on-site and off-site inspections of entities in the DNFBP sectors (with the exception of the providers of games of chance). Over the phases of an on-site examination, the supervision department carries out research to determine if the entity is still active. This also leads to a sectoral orientation which results in an update of the list of active DNFBPs registered. In addition, the supervision team consults open sources and also obtains information from the Analysis Department of the FIUS, regarding the reporting behaviour of the DNFBPs and the quality of the UTRs. Based on all the information gathered by the supervision team, the risk level of the relevant entity is determined. Ultimately, the risk level is determined and classified according to high, medium or low risk. The process of the off-site inspection includes desk research and the administration of questionnaires to assess the entity's risk. Given its resource constraints and the onset of the COVID-19 pandemic, over the review period, the FIUS utilised off-site monitoring as the primary tool to understand risk.
369. There was an 11% decrease in the number of off-site inspections conducted in 2018 (53) relative to 2020 (47) by the FIUS. The FIUS indicated that in 2020, entities were selected for off-site inspection based on their registration status and their participation in information sessions. Noticeably, 100% of the off-site inspections conducted in 2021 (21 off-sites) were at real estate entities. These were entities that registered with the FIUS between 2019 to 2021. Suriname indicated that the risk-based criteria or methodology utilised to select entities for inspection in

2021 was based on the entity's participation in information sessions and the results of the NRA. The FIUS also indicated that the four on-site inspections in 2019 were follow up inspections to identify improvements made since the previous inspection. Suriname's supervision activities were also impacted by the Covid-19 pandemic as on-site inspections were suspended in 2020. While two on-site inspections were conducted in 2021, these entities were selected based on their reporting behaviour and findings from previous off-site inspections. The FIUS understanding of risk is mainly at the entity level and is not adequate to understand the sectoral risks. In this regard, the FIUS should engage and survey its entities to gain a better understanding of risks within each sector and across sectors.

370. Due to resource constraints, the GSCI has conducted 17 off-site reviews of casinos from 2016 to 2021 and no onsite inspection was conducted. These inspections examined information on compliance officers, types of machines and operation as well as inspection of machines, monthly statement of visitors list, internal compliance procedures and monitoring systems. No 'special' findings were identified coming out of the off-site monitoring conducted. To complement the off-site inspection aspect of supervision, the GSCI has developed a draft supervisory matrix that will enable casinos to do their own risk assessments and forward the result to the GSCI.
371. To address the resource constraint facing the GSCI, a proposed strategic policy was drafted and submitted to the portfolio ministers (Minister of Finance, Ministry of Justice and Police and, Minister of Economic Affairs) by the head of the GSCI. The proposed strategic plan outlines the capital and human resources that are needed to effectively supervise the sector. Based on the proposed plan, 42 staff with audit, risk and compliance and legal background would be required. During the on-site visit, the Ministry of Finance advised that an allocation was being made for the GSCI as part of the Ministry of Justice and Police's budgetary allocation. As the GSCI has only conducted off-site inspections and has not utilised other tools such as thematic reviews, surveys etc, the Assessment Team concluded that the GSCI does not have a full understanding of the ML/TF risks in the gaming sector, across entities and should engage and survey their entities to gain a better sense of the risk within the sector.
372. Prior to 2021, Suriname had not conducted any national/sectoral risk assessment. Therefore, the supervisors did not have a comprehensive understanding of the national ML/TF risk. The NRA is now complete, and the findings were communicated to stakeholders. Based on the findings of the NRA, the FIUS developed a supervisory action plan targeting DPMS, as the risk in this area was assessed as high. The action plan includes off-site inspection and on-site inspections of one jeweller.
373. A Tripartite Regulators Consultation (TTO) was installed on September 13<sup>th</sup>, 2021, with the aim of strengthening co-operation among the CBvS, FIUS and GSCI, through the sharing of general information and effecting enforcement. The TTO has a management team and its members are the directors of each entity. A TTO working group was also established consisting of at least two employees from each of the three competent authorities who are required to report periodically to their respective directors. The working group meets once a month, while the management team meets quarterly.

### **VASPs**

374. As indicated earlier, there is no licensing requirement or framework in place for VASPs and there is currently no provider in Suriname. Suriname has not conducted a risk assessment for VASPs and thus does not understand the risk to the jurisdiction.

### 6.2.3. Risk-based supervision of compliance with AML/CFT requirements

#### Financial Institutions

375. The CBvS is in the process of enhancing its risk-based framework for AML/CFT supervision, both off-site monitoring and on-site inspections, of FIs. The AML/CFT examination/inspection procedures are guided by the Manual dated January 2013. Recommendations are issued to the FI, to remedy deficiencies identified, and report periodically (quarterly) to the CBvS thereafter. Non-adherence to the remedial timeframes or insufficient remediation action of the recommendations can result in further regulatory action that may include: (1) a supervisory letter to the FI; (2) additional follow-up discussion with the FI; and (3) a separate order or instruction sent to the FI. The Assessment Team noted that between 2017 to 2019 the CBvS inspected nine banks and three of these were subject to follow up inspections based on the findings of the initial inspection.
376. For the Money Transfer Offices and EOs, the results of the off-site inspection and follow-up remediation actions are considered in the licence renewal and/or expansion of branch applications. Additionally, the inspection results are considered for bank branch applications. If there are outstanding matters in Money Transfer Offices inspections, this may be included as a condition in the Special Foreign Exchange Commission Decision or Licence. Once all the recommendations or conditions have been met, the application of the affiliates can be processed. Table 6.12 below depicts the number of on-site and off-site inspections (including follow-ups) conducted on the FIs from 2017 to 2021.

**Table 6.12 Inspections conducted on FIs (2017 - 2021)**

| Type of FIs            | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|------------------------|------|------|------|------|------|-------|
| <b>Banks</b>           | 6    | 7    | 5    | -    | -    | 18    |
| Exchange Offices       | -    | -    | 5    | -    | -    | 05    |
| Money Transfer Offices | -    | 1    | 7    | 7    | 5    | 20    |
| Pension Funds          | -    | -    | -    | -    | -    | -     |
| Credit Unions          | -    | -    | -    | -    | -    | -     |
| Insurance Companies    | -    | -    | -    | -    | -    | -     |
| Securities             | -    | -    | -    | -    | -    | -     |

377. CBvS' supervisory activities for the banking, Money Transfer Offices and EOs are conducted by a total staff complement of 26, which is considered adequate. The inspections for the banks and EOs for the periods 2020 and 2021 were impacted by the pandemic. Notwithstanding, Surinamese Authorities indicated that the CBvS' various supervision departments have not prepared an inspection plan for banks, Money Transfer Offices and EOs as the supervisor is currently monitoring the action plans. Further, the AML/CFT on-site inspection and off-site monitoring for the credit unions and insurance companies have not commenced. Whilst pension funds are subject to offsite monitoring, the on-site inspections had not commenced at the time on the on-site visit. The Assessment Team noted that inspections on pensions funds are carded for the second quarter of 2022 (after the mutual evaluation on-site). The CBvS' ISD, CUSP and PFSD are neither adequately staffed nor trained to conduct their AML/CFT supervisory activities.
378. CBvS' risk-based supervision framework (for both the off-site monitoring and on-site inspections) is being enhanced to, among others, ensure that it considers all FIs under its remit and their current risk, based on recent sectoral assessments. Subsequently, the existing CBvS manual for the on-site and offsite examinations (dated January 2013) will be updated. Currently, the frequency and intensity of CBvS' AML/CFT supervision (on-site and off-site) are not in

line with the core principles or based on the ML/TF risks present in the country and ML/TF characteristics and risks for the FIs (including those that are part of a group).

379. For the period 2017 to 2021, the AML/CFT activities being undertaken by CBvS were recorded in the semi-annual and annual AML/CFT reports. For example, the most recent 2020 Annual AML/CFT report includes supervision activities at the banks and the Money Transaction Offices, in particular on-site inspections, off-site monitoring and ratings.

#### **DNFBPs**

380. Neither the FIUS nor the GSCI has implemented a risk-based supervisory process to determine DNFBPs' compliance with their AML/CFT obligations. Additionally, the DNFBPs supervisors' understanding of risk is mainly at the entity level and is not adequate to understand the sectoral risks (in each sector and across sectors) in order to develop an effective supervisory strategy and plan to ensure compliance with the AML/CFT requirements. To ensure compliance with AML/CFT laws and regulations (WID Act, MOT Act and FIUS Guidelines), the FIUS requires that DNFBPs (except the Gaming operators) have a Compliance Programme in place. The Compliance Programme must consist of five pillars namely: (1) Appoint a Compliance Officer; (2) Develop AML/CFT compliance policy and procedures; (3) Carry out risk assessments; (4) Develop and deliver an ongoing compliance training program; and (5) Conduct effectiveness assessment (every two years). These requirements are outlined in the FIUS' Guidance to DNFBPs issued in July 2021. The supervisor checks, through onsite inspections, to what extent reporting entities achieve the requirements outlined in the five pillars as well as their effectiveness in practice. The supervisor also assesses compliance with other requirements, such as client identification and verification (CDD/EDD/KYC requirements), the requirements with regard to the reporting obligation and the requirements for keeping and retaining data.
381. The FIUS' Supervision Manual indicated that the on-site inspection consists of four phases: (1) scoping, planning and preparation; (2) conducting the on-site inspection; (3) preparation of inspection reports; and (4) follow-up and monitoring of the activities. As stated therein, "the scope, planning and preparation of on-site inspections mean that the supervision team carries out inspections based on the risk-based approach." The Assessment Team found that the process relies on historical data such as the result from previous inspections and open-source data. The Assessment Team concluded that the process being used by the FIUS to conduct inspections is not risk-based. The risk-based approach to AML/CFT requires supervisors to identify, assess and understand the ML/TF risks to which their sectors are vulnerable and take AML/CFT mitigating measures. As seen in Table 6.13 below, the FIUS conducted 11 on-site inspections across all DNFBPs under its remit, which total over 200. This was not adequate for the supervisor to understand the risk across sectors and develop appropriate supervisory plans. As it relates to the offsite inspections conducted, the FIUS could not demonstrate that this was being done on a risk-sensitive basis.
382. Table 6.13 below depicts the number of inspections conducted by the FIUS from 2017 to 2021.

**Table 6.13 Inspections conducted by FIUS (2017 - 2021)**

| Sector             | 2017    |          | 2018    |          | 2019    |          | 2020    |          | 2021    |          | Total     |
|--------------------|---------|----------|---------|----------|---------|----------|---------|----------|---------|----------|-----------|
|                    | On-Site | Off-Site | On-Site | Off-Site | On-Site | Off-Site | On-Site | Off-Site | On-Site | Off-Site |           |
| <b>Notaries</b>    | 6       | 7        | 0       | 2        | 2       | 0        | 0       | 0        | 0       | 0        | <b>17</b> |
| <b>Real Estate</b> | 0       | 0        | 0       | 8        | 1       | 0        | 0       | 18       | 1       | 21       | <b>49</b> |

|  |          |          |          |           |          |          |          |           |          |           |            |
|--|----------|----------|----------|-----------|----------|----------|----------|-----------|----------|-----------|------------|
| <b>Accountants</b>                           | 0        | 0        | 0        | 6         | 0        | 0        | 0        | 4         | 1        | 0         | <b>11</b>  |
| <b>Administrative Offices</b>                | 0        | 0        | 0        | 3         | 0        | 0        | 0        | 3         | 0        | 0         | <b>6</b>   |
| <b>Attorneys</b>                             | 0        | 0        | 0        | 11        | 0        | 0        | 0        | 3         | 0        | 0         | <b>14</b>  |
| <b>Dealers in precious metals and stones</b> | 0        | 0        | 0        | 8         | 0        | 0        | 0        | 9         | 0        | 0         | <b>17</b>  |
| <b>Total</b>                                 | <b>6</b> | <b>7</b> | <b>0</b> | <b>38</b> | <b>3</b> | <b>0</b> | <b>0</b> | <b>37</b> | <b>2</b> | <b>21</b> | <b>114</b> |

383. The FIUS has developed an action plan, since the completion of the NRA, which prioritises monitoring of DPMS, as the risk within this sector needs to be further understood because a subset of small gold miners was not fully assessed. These operators are not subjected to effective monitoring as it is difficult to obtain information from them due to the small-scale nature of their operations and they operate in the remote areas of Suriname.
384. Notably, the GSCI has developed a draft risk matrix that it plans to use to assess the risk of the entities it supervises. However, there was no evidence that it has implemented a risk-based supervisory approach to ensure compliance with AML/CFT requirements. The findings from the NRA have not yet been used by the GSCI to inform its supervisory process.

#### *6.2.4. Remedial actions and effective, proportionate, and dissuasive sanctions*

##### *Financial Institutions*

385. The CBvS' identification of AML/CFT violations generally occurs during an on-site inspection. After the on-site inspection, a report that includes the identified AML/CFT deficiencies is communicated to the FI. The FI is expected to develop and submit an action plan demonstrating their planned remedial action (including the time frames). Based on the severity of the identified deficiencies, periodic meetings are held with the members of the FI's supervisory Board and management. In cases where the issued recommendations have not been adequately implemented, the CBvS may issue an instruction/order for the FI to follow a particular line of conduct/instruction. For the period 2017 to 2022, the CBvS has issued the remediation actions detailed in Table 6.14 below:

**Table 6.14 CBvS Remediation Actions (2017 - 2022)**

| Category                       | 2017 | 2018 | 2019 | 2020 | 2021 | Feb-2022 | Total |
|--------------------------------|------|------|------|------|------|----------|-------|
| <b>Banks</b>                   |      |      |      |      |      |          |       |
| Instructions/Orders/Directives | 3    | 1    | 0    | 2    | 2    | 0        | 8     |
| <b>Money Transfer Office</b>   |      |      |      |      |      |          |       |
| Revocation of Licence          | 0    | 0    | 0    | 1    | 0    | 0        | 1     |
| Suspension of Licence          | 0    | 0    | 0    | 0    | 0    | 1        | 1     |
| <b>EO</b>                      |      |      |      |      |      |          |       |
| Revocation of Licence          | 0    | 0    | 0    | 0    | 1    | 0        | 1     |
| Closure - expired licence      | 0    | 0    | 0    | 0    | 4    | 0        | 4     |
| Suspension of licence          | 0    | 0    | 2    | 8    | 4    | 0        | 14    |
| <b>Credit Unions</b>           | 0    | 0    | 0    | 0    | 0    | 0        | 0     |
| <b>Insurance Companies</b>     | 0    | 0    | 0    | 0    | 0    | 0        | 0     |
| <b>Securities</b>              | 0    | 0    | 0    | 0    | 0    | 0        | 0     |

386. Notwithstanding the foregoing, the CBvS has not adequately applied effective, proportionate, and dissuasive sanctions in cases where FIs such as banks and Money Transfer Offices fail to

comply with their AML/CFT requirements. For example, during the period 2017 to 2021, whilst nine banks inspected had an overall rating of either NC or PC, there is no evidence of adequate sanctions being applied for non-compliance. Further, the CBvS has not applied sanctions in cases where FIs have not complied with AML/CFT obligations under the MOT Act and given the deficiencies identified at c.26.1, is unable to apply sanctions for non-compliance with the WID Act.

### *DNFBPs*

387. There have been no cases where sanctions have been applied by supervisors of the DNFBP sectors for AML/CFT breaches. Based on the on-site inspections and off-site reviews, the FIUS provides written letters making recommendations to the relevant entity on areas that should be addressed. The FIUS issues an examination report to the entity after an inspection, which outlines the findings of the inspection and an AML/CFT action plan is developed to rectify deficiencies identified. This is a consultative process as entities are given the opportunity to review the report prior to its finalisation. During the mutual evaluation on-site, the FIUS noted that the timeline for remediation varies depending on the nature of the deficiency. The FIUS also noted that the approach entails continuous liaising with the entity to monitor the implementation of the recommended actions.
388. Chapter 5 of the FIUS Supervision Manual of September 2021 sets out the available Enforcement Tools that can be used upon identification of non-compliance or violations of the MOT Act, WID Act and Guidelines issued. The tools utilised include reminder letters (issued upon the breach being identified), and warning letters (to encourage compliance with notification of possible re-inspection). Since the manual was approved, two on-site inspections were conducted and the timeframe for remedial action has not yet lapsed. As such, the Assessment Team was unable to assess the level of effectiveness. It is noted that prior to the approval of the Manual, the FIUS utilised verbal coercion to encourage compliance. There was no evidence of the effectiveness of this approach.
389. The GSCI conducted 17 off-site reviews and has issued notices of default in cases on non-compliance. Upon receipt of notices, most of these operators have taken remedial measures to rectify deficiencies. Where non-compliance continues, the GSCI issues further notices to encourage compliance. The GSCI is not empowered to impose fines for non-compliance as the Fines Order for the gaming sector is not in place.

### *6.2.5. Impact of supervisory actions on compliance*

390. The CBvS and the FIUS have demonstrated their supervision of the respective sectors by the conduct of on-site and off-site inspections, provision of guidelines and conduct of outreach/awareness sessions. Notwithstanding the number of inspections and follow-up actions, there was little evidence of the effect on the levels of understanding and implementation of AML/CFT obligations, especially among the DNFBP sectors.

### *Financial Institution*

391. For the banks, where the CBvS identifies AML/CFT deficiencies during an inspection, the FI is expected to take remedial actions within the stipulated time frame. A follow-up inspection is also normally scheduled to ascertain the status of implementation of remedial actions. Notwithstanding the follow up inspections, banks continue to be either non-compliant or partially compliant with significant AML/CFT deficiencies. Therefore, the CBvS' supervisory actions have limited effect on the FIs' compliance with the AML/CFT requirements. Due to the pandemic, there were no inspections conducted on banks in 2020 or 2021 to ascertain whether there were improvements in the implementation of AML/CFT obligations.

392. For the Money Transfer Offices and EOs, based on the follow-up on-site and off-site monitoring, the CBvS has noticed improvement in the AML/CFT practices of these entities. The identified shortcomings during the reviews of the files were discussed during the interim meetings held per office in 2019. All deficiencies from the AML/CFT supervision (both off-site and on-site) are monitored to ensure remediation action is taken and considered when granting and extending licenses. During 2020-2022, the off-site monitoring has been enhanced, including the monitoring of transactions, MOT (unusual transactions) reports, compliance with legislation and regulations. In addition, the CBvS uses off-site monitoring information obtained from the integrity analysis and mitigation management questionnaires. Points of attention and recommendations are sent to the offices, and (virtual) meetings are held with the relevant offices.

#### *DNFBPs*

393. The primary supervisory tool used by the FIUS is “supervisory letters” sent to DNFBPs outlining the FIUS examination findings. The authorities advised that this approach usually results in reporting entities making changes based on the FIUS’ recommendations. The extent to which the FIUS can demonstrate that their actions are having a positive effect on compliance by DNFBPs is limited, given the lack of regular AML/CFT monitoring (both on-site and off-site), carried out over the review period. The FIUS, however, advised that it had some success in this area. Reviews of off-site inspection reports reflected some improvements in DNFBPs awareness of their AML/CFT law and regulations.
394. As it relates to the GSCI, the authority could not demonstrate the impact of its limited supervisory action on the sector's compliance with the WID and MOT Acts. As noted earlier, at the time of the mutual evaluation on-site visit, the GSCI had only conducted off-site monitoring.

#### *VASPs*

395. Given that there is no regulatory regime for VASPs in Suriname, the impact of supervision could not be determined.

### ***6.2.6. Promoting a clear understanding of AML/CFT obligations and ML/TF risks***

396. The Supervisors in Suriname have issued guidance and conducted outreach to promote a clear understanding of the AML/CFT obligations that FIs and DNFBPs must implement. However, the desired impact has not been significant particularly as supervision is recent and there is a varied understanding of ML/TF risks among reporting entities. As it relates to UTRs, the Assessment Team found that the differences in the reporting timeframe articulated in the MOT Act and the Guidelines for Reporting Unusual Transactions (as noted in section 5.2.5 of this Report) have contributed to the lack of clarity among reporting entities relative to this obligation. As such, there is a need for further clarity on the intent of the varied reporting timeframes. The Assessment Team also found that the quality and content of outreach conducted by the FIUS did not detail the behavioural change needed in the quality and quantity of reports from higher-risk sectors. The promotion of understanding of AML/CFT obligations by the CBvS and the FIUS is assessed below (under FIs and DNFBPs heading respectively).

#### *Financial Institutions*

397. The CBvS promotes a clear understanding, by the FIs, of their AML/CFT obligations and ML/TF risks, through outreach to the banking, pensions, Money Transfer Offices, EOs, credit union, insurance and securities sectors. For the period 2017 to February 2022, the following

(Table 6.15) outreach sessions have been held with the entire financial sector and were aimed at promoting a clear understanding by FIs of their AML/CFT risks and obligations:

**Table 6.15 Outreach sessions for the financial sector (2017 to Feb. 2022)**

| Year(s) | Sector(s)   | Topics covered  |
|---------|---|---|
| 2017    | -   | -   |
| 2018    | Banking   | In October 2018, the CBvS sensitised the banking sector about the NRA and the upcoming mutual evaluation.   |
| 2018    | Money Transaction Offices                             | In November 2018, the CBvS' outreach sessions with the Money Transaction Offices (i.e. Money Transfer Offices and Exchange Offices) covered topics such as (1) on-site inspection best practices (including applicable AML/CFT legislative requirements); and (2) sectoral risk assessment. |
| 2019    | All sectors   | In April 2019, the CBvS sensitised the entire financial sector about the importance of the NRA (including the expectations from the stakeholders).  |
| 2019    | Banking<br>Money Transaction Offices<br>Credit Unions | In April 2019 and June 2019, the CBvS' outreach sessions covered topics such as: (1) on-site inspection best practices (including applicable AML/CFT legislative requirements); (2) sectoral risk assessment; and (3) the upcoming mutual evaluation.                                       |
| 2019    | Insurance   | In May 2019, the CBvS' outreach session covered topics such as: (1) on-site inspection best practices (including AML/CFT legislative requirements); and (2) sectoral risk assessments.  |
| 2020    | Pension Funds   | In November 2020, the CBvS' outreach session covered topics such as: (1) on-site inspection best practices (including AML/CFT legislative requirements); and (2) sectoral risk assessment.  |
| 2021    | All sectors   | In November 2021 and December 2021, the CBvS held information sessions that covered topics such as: (1) the AML/CFT legislative requirements; and (2) the upcoming mutual evaluation (including the expectations from the market participants).   |
| 2022    | Banking   | In February 2022, the CBvS participated in the National Compliance Congress, 2022 that was aimed at sensitizing the private sector about their AML/CFT obligations.   |

398. Feedback issued to FIs subsequent to an inspection has complemented the CBvS' strategies to promote an understanding, as the feedback clarified the compliance gaps, provided recommendations for remedial action and, to a reasonable extent with the banks, Money Transfer Offices and EO, have improved implementation of AML/CFT obligations. From 2020-2022, the off-site monitoring has been enhanced, including the monitoring of transactions, MOT (unusual transactions) reports as well as compliance with legislation and regulations. In addition, the CBvS uses the off-site information obtained from the analysis of the integrity and mitigation management questionnaires, points of attention and recommendations which are sent to the Money Transaction Offices. Through (virtual) meetings with these offices, shortcomings are discussed, and any lack of understanding is clarified.
399. In 2015 the CBvS issued written guidelines to credit institutions, setting minimum requirements in compliance areas pertaining to fit and proper, internal controls and internal audit. However, these were prudential guidelines issued in accordance with the BCSS Act. AML/CFT guidelines for the credit union sector which were to replace the guidelines of 2012 were in draft at the time of the on-site.
400. Further, the CBvS is a member of the NAMLAC, the responsibilities of which include (but are not limited to) consulting with various relevant stakeholders and advising the Anti-Money Laundering Steering Council on decisions to be taken to strengthen the AML/CFT regime in Suriname.

401. Whilst banks demonstrated a good understanding of their ML/TF risks and obligations, the smaller FIs such as the EOs, Credit Unions, and Money Transfer Offices did not fully understand their risks and obligations.

### *DNFBPS*

402. The FIUS promotes an understanding of AML/CFT obligations through the issuance of guidelines. In July 2021 the FIUS issued guidelines to the DNFBP sector outlining its supervisory obligations and in October 2021 held virtual training sessions to explain the said obligations.
403. The FIUS also promotes understanding through training sessions, compliance discussions, annual reports and its website (<http://www.fiusuriname.org/>). Training sessions are either triggered by the FIUS or by requests made by the entities themselves. Table 6.11 below shows that in 2018 and 2019 the FIUS conducted 14 training sessions on DNFBPs' AML/CFT obligations. In 2019 the focus topic of the outreach sessions included reporting of unusual transactions. Most entities confirmed that the training provided was useful and aided in their understanding of their AML/CFT obligations.

**Table 6.16 Outreach sessions by the FIUS Supervisory Arm (2018 to 2019)**

| No. of Sessions | Sectors   | Topics Covered  |
|-----------------|---|---|
| <b>2018</b>     |   |   |
| <b>1</b>        | Accountants   | Basic information/ awareness session  |
| <b>2</b>        | Lawyers   | Basic information/ awareness session  |
| <b>3</b>        | Real estate   | Basic information/ awareness session  |
| <b>4</b>        | Administrative Offices  | Basic information/ awareness session  |
| <b>5</b>        | Jewelers  | Basic information/ awareness session  |
| <b>6</b>        | Lawyers, Administrative offices, real estate, Accountants   | Basic information/ awareness session  |
| <b>7</b>        | Jewelers  | Basic information/ awareness session  |
| <b>2019:</b>    |   |   |
| <b>1</b>        | <b>New registered COs:</b><br>administrative offices, real estate, accountants, jewelers, casinos               | AML-CFT Standards<br>AML-CFT Compliance                                       |
| <b>2</b>        | <b>New registered COs:</b><br>administrative offices, real estate, accountants, jewelers, casinos               | AML-CFT Standards<br>AML-CFT Compliance                                       |
| <b>3</b>        | <b>New registered COs:</b><br>(Financial Institutions: money exchange offices, banks, life insurance companies) | AML-CFT Standards<br>MOT and WID Act<br>The reporting of unusual transactions |
| <b>4</b>        | Notaries  | AML-CFT Standards<br>AML-CFT Compliance                                       |
| <b>5</b>        | Money Exchange Offices  | AML-CFT Standards<br>MOT and WID Act<br>The reporting of unusual transactions |
| <b>6</b>        | <b>New registered COs:</b>  | AML-CFT Standards   |

|    |   |  |
|----|---|--|
|    | Administrative offices, real estate, accountants, jewelers, casinos | AML-CFT Compliance   |
| 7  | Real estate   | AML-CFT Standards<br>AML-CFT Compliance<br>The reporting of unusual transactions |
| 8  | Notaries  | AML-CFT Standards<br>AML-CFT Compliance<br>The reporting of unusual transactions |
| 9  | Exchange Offices  | AML-CFT Standards<br>MOT and WID Act<br>The reporting of unusual transactions    |
| 10 | Lawyers   | AML-CFT Standards<br>AML-CFT Compliance  |

404. In its capacity as an Administrative FIU, on a national level, the FIUS works with reporting entities (both FIs and DNFBPs) to ensure they understand their role in relation to the disclosure of unusual transactions. This is done through compliance interviews and training sessions/information sessions for the Compliance Officers of the reporting entities.
405. In relation to the Gaming Sector, the supervisor, the GSCI, shares relevant newsletters, publications, and other developments with the sector. The GSCI also conducts orientation visits where issues are discussed regarding customer due diligence and enhanced due diligence, among others. The importance of applying a risk-based approach and the importance of having a compliance officer are also discussed. Once per quarter the GSCI organises virtual talks with the sector to discuss different topics and challenges that are being experienced by the sector. The private sector confirmed that they participated in outreach offered by the GSCI and that the sessions held, and the information provided were useful and relevant.
406. As it relates to the findings of the NRA, the regulators of the DNFBP (FIUS and GSCI) sectors did not provide sector-specific outreach sessions to their supervised entities on how they should use the findings of the NRA (or any other risk assessments conducted by the country) to inform their own AML/CFT policies and procedures.

## Overall conclusion on IO.3

407. Suriname has not implemented procedures in the licensing process for the gaming sector or other controls or to prevent criminals and their associates from holding controlling interest or management function. Also, similar controls should be strengthened for FIs such as credit unions and pension funds.
408. The CBvS is enhancing its risk-based framework in relation to AML/CFT supervision, particularly off-site monitoring and on-site inspections of the Banks, Money Transfer Offices and EOs but had not yet commenced AML/CFT supervision (both on-site and offsite) of the credit union and insurance sectors. Further, whilst pension funds are subject to off-site monitoring, the CBvS had not commenced on-site inspections. These gaps have been weighted heavily as they apply to FIs of high importance namely banks, EOs and Money Transfer Offices.
409. The DNFBP sectors are not adequately supervised by the FIUS and GSCI and the supervisors have not implemented a risk-based supervisory framework. Notwithstanding the increased supervision via off-site inspections conducted by the FIUS in 2020 and 2021, there was no

- evidence of a risk-based approach being adopted. To effectively execute their supervisory function, the FIUS and the GSCI require additional staff and capital resources. The Assessment Team weighted these deficiencies and concluded that fundamental improvements are needed.
410. Currently, there are no known VASPs operating in Suriname. The country does not have a framework for licensing and regulating these providers to prevent criminals and their associates from entering the market and to facilitate ongoing monitoring of risk. Also, Suriname does not have a framework for detecting VASPs operating in the country. The Assessment Team weighted these gaps and concluded that major improvements are needed.
  411. The CBvS has taken measures to understand the ML/TF risk in the financial sectors. However, this has not yet impacted the supervision of the insurance, credit unions, pension funds and the securities sector as the risk assessments are to be fully completed in 2022. This is a moderate deficiency based on risk and context of these sectors within Suriname.
  412. The CBvS, FIUS and GSCI have not adequately applied effective, proportionate, and dissuasive sanctions in cases where the FIs or DNFBPs fail to comply with their AML/CFT requirements. These deficiencies were weighted heavily as they apply to entities of high importance such as banks, EOs Money Transfer Offices, casinos and DPMS.
  413. FIs and DNFBPs are not being supervised for compliance with their UNSCR sanctions obligations since the Council, which is charged with supervising FIs and DNFBPs for compliance with provisions pursuant to the International Sanctions Act, has not commenced its supervisory functions. This deficiency has been weighted heavily as it applies to all FIs and DNFBPs within Suriname.
  414. **Suriname is rated as having a low level of effectiveness for IO.3.**

## Chapter 7. LEGAL PERSONS AND ARRANGEMENTS

### 7.1. Key Findings and Recommended Actions

#### Key Findings

- a) Suriname has not conducted a risk assessment or employed any mechanism to identify, assess and understand the ML/TF risks and vulnerabilities of the legal persons and arrangements existing in the jurisdiction.
- b) The basic information held by the CCI was inadequate and there are no mechanisms in place to verify the accuracy of the information held. Additionally, beneficial ownership information is not held by the CCI. The relevant competent authorities were ineffective in obtaining adequate, accurate and current basic and beneficial ownership information on the different types of legal persons existing in Suriname, in a timely manner.
- c) The CCI is responsible for the maintenance of the trade and foundation registers which contain basic information on legal persons and there is no formal arrangement between the CCI and any of the designated competent authorities. The CCI was not designated by Suriname as a competent authority for AML/CFT, however, it plays a prominent role in Suriname's AML & CFT regime.
- d) The practice of the FOT to seek the written consent of the Attorney General, in order to obtain basic information on board membership of foundations from the CCI, causes unreasonable delay in accessing the information in a timely manner.
- e) In some instances, foundations are registered at the CCI in order to circumvent the legislative requirements associated with the formation of Limited Liability Companies (by shares).
- f) The legislative relationship between the secretary of the CCI and the Trade Register Committee is ineffective in their supervision of the Trade Register which can affect (i) the CCI's ability to maintain; and (ii) competent authorities ability to access accurate and up-to-date information. The Assessment Team noted the proposed reform regarding a merger of the trade and foundation registers.
- g) Suriname has not applied proportionate and dissuasive sanctions on legal persons and arrangements for breach of their legal obligations regarding basic and beneficial ownership information.

#### Recommended Actions

- a) Suriname should undertake an assessment of the ML/TF risks associated with each type of legal person and implement appropriate mitigating measures to prevent their misuse, commensurate with the risks identified.
- b) Suriname should devise mechanisms to ensure that information on the beneficial ownership

of a legal person is adequate, accurate, updated and available at a specified location in the country or can be otherwise obtained in a timely manner by a competent authority. The appropriate competent authorities should be provided with the required resources and capability to obtain and maintain basic and beneficial ownership information on legal persons.

- c) The procedure for competent authorities' access to information on foundations should be revised to allow for timely access. For instance, the FOT should be able to obtain information on board membership of foundations, independent of the written consent of the Attorney General.
- d) Suriname should implement adequate measures for the creation and regulation of Foundations.
- e) The law enforcement authorities must be made aware of and utilize their powers under the respective laws for obtaining basic and beneficial ownership information directly from the legal persons and arrangements and service providers.
- f) The CCI should apply EDD/CDD measures when the legal person and arrangement belongs to a foreigner, or a legal entity established according to the laws of another country.
- g) Suriname must implement mechanisms to (i) verify the information provided upon the registration of a legal person and arrangement, (ii) test the accuracy of the information already recorded in the trade and foundation registers, and (iii) apply effective, proportionate and dissuasive sanctions for related breaches.

415. The relevant Immediate Outcome considered and assessed in this chapter is IO.5. The Recommendations relevant for the assessment of effectiveness under this section are R.24-25, and elements of R.1, 10, 37 and 40.<sup>14</sup>

## 7.2. Immediate Outcome 5 (Legal Persons and Arrangements)

### 7.2.1. Public availability of information on the creation and types of legal persons and arrangements

- 416. The CCI's [website](#) provides public information on the various types of legal persons that can be registered, downloadable registration forms, guidance on the requirements and process for registration of the various legal persons, their activities as well as guidance on how their services can be accessed. The CCI has more than eight offices throughout Suriname to facilitate registration of legal persons and where the public can request information from the trade and foundation registers.
- 417. In Suriname there are several types of legal persons, namely: Limited Liability Companies (by shares), Partnership Firms (regular partnership), Foundations (business/non-business), Associations, Cooperative Associations and Limited Partnerships. The number of each type of legal persons registered at the CCI in Suriname as of January 31<sup>st</sup>, 2020, are stated in Table 1.4 at Chapter 1 of this report. The Trade Register Act (which is publicly available law) provides that either the owners, managers or directors of a legal person must cause them to be registered in the trade register kept by the CCI. With respect to Foundations, its registration in the trade register is limited to only those involved in business for profit. There is an additional requirement for

<sup>14</sup>

The availability of accurate and up-to-date basic and beneficial ownership information is also assessed by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. In some cases, the findings may differ due to differences in the FATF and Global Forum's respective methodologies, objectives and scope of the standards.

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- Foundations to be registered in a separate foundation register, which according to the authorities, is held by the CCI. This includes both business and non-business Foundations.
418. The Trade Register Act outlines the mandatory information which is submitted at the point of registering a legal person. In so far as the information relates to the names, types, addresses of the legal person, and the identification information of their directors, managers and board members, this information is registered in the trade and foundation registers.
  419. There are no statutory requirements requiring the registration or retention of beneficial ownership information at the CCI. This was confirmed in extracts from the trade and foundation registers. Additionally, Suriname doesn't have mechanisms to ensure that beneficial ownership information on legal persons is obtained and available at a specified location in Suriname, nor are there other mechanisms for that information to be determined in a timely manner by competent authorities.
  420. The information contained in the trade and foundation registers is publicly available for perusal free of charge, upon request to the Secretary of the CCI. If authenticated duplicates and summaries of the trade register are required, they are provided upon the payment of a fee. Alternatively, authenticated duplicates and summaries of the trade register are provided free of charge once determined to be in the interest of the government service. The Decree Foundation Act provides a similar avenue for information on Foundations to be obtained from the foundation register.
  421. The information on the procedures to obtain the basic information on legal persons, as contained in the trade and foundation registers, is publicly available via the legislation. However, the legislation was not readily available on the CCI website. Data on the number of persons perusing the trade and foundation registers or requesting extracts at the various CCI offices were not available.
  422. The processes for the incorporation (creation) of each type of legal person are governed by their respective laws and are essentially the same. Legal persons are incorporated with the formulation of articles of incorporation by either a notarial deed prepared by a civil-law notary, or by the use of one of the standard model deeds laid down by the decree of the Minister of Trade and Industry which can be prepared by anyone. The authorities maintained that in all instances when registering a legal person, an original copy of the articles of incorporation, signed by the notary, must be submitted. However, considering the utility of standard model deeds, this statement is inaccurate. The incorporation of a Foundation can only be done by a civil-law notary.
  423. Notaries are required to include, in the articles of incorporation, the identification information of the person appearing before them to incorporate the legal person, having verified same. Additionally, if those persons can indicate to the notary the identities of the other persons involved in the incorporation of the legal person whom they represent, that information is included. There is no obligation on a notary to take steps to verify the identity of the absent but represented party. Notaries have a general discretion on what information is included in the articles of incorporation. Standard model deeds can be used by any person, independent of a notary, who wishes to incorporate a legal person quickly. They contain very limited information. The common features between notarial deeds and standard model deeds are that they must be submitted to the CCI at the time of registering a legal person and there is no mandatory requirement for the inclusion of beneficial ownership information in the articles of incorporation. Consequently, the information on the creation of a legal person is contained in the trade and foundation registers which are publicly available.
  424. Legal arrangements are created and operate in Suriname. They are operated within the legal framework of the WID Act, in the form of financial and non-financial service providers. Financial and non-financial service providers are natural persons, legal entities, companies or partnerships

that provides professional or commercial services to clients. Information on the creation and types of legal arrangements are not publicly available.

### ***7.2.2. Identification, assessment and understanding of ML/TF risks and vulnerabilities of legal entities***

425. As noted in IO1, Suriname has not conducted a risk assessment of the ML/TF risks and vulnerabilities of the different types of legal persons existing in the jurisdiction, including legal persons owned by non-nationals. However, the competent authorities displayed a basic understanding that legal persons can be misused for ML/TF based on information provided during their participation in the NRA. The authorities acknowledged that there is potential for misuse in the absence of a robust mechanism for verification of information submitted during the registration of a legal person. The competent authorities have not thoroughly identified, assessed and understood the vulnerabilities, and the extent to which legal persons created in Suriname can be or are misused for ML/TF.

### ***7.2.3. Mitigating measures to prevent the misuse of legal persons and arrangements***

426. Suriname has implemented some measures to prevent the misuse of legal persons for ML/TF whereby action such as their removal, addition or revision, when the information provided for inclusion in the trade register was submitted unlawfully, is incomplete or incorrect, or in violation of public order or morals. The Assessment Team noted that while the CCI keeps and maintains the trade register, a written request must be submitted by its secretary to the Trade Register Committee<sup>15</sup> to effect any removal, addition or revision, where there are violations/unlawful conduct. Suriname submitted that 554 companies were de-registered in 2020 but these were voluntary (at the request of the companies/not based on an order from the Trade Register Committee) and not due to any violations/unlawful conduct by those companies. During the period under review, the Trade Register Committee received 14 requests to change information provided for the trade register. There are no similar measures with regard to the foundation register.
427. The existence of the legislative relationship between the secretary of the CCI and the Trade Register Committee to determine removals/changes to information held in the trade register, and the lack of action to date to issue any removals for violations/unlawful conduct on their own volition, demonstrates that this relationship it is ineffective and does not aid the CCI's ability to effectively maintain accurate and up-to-date information in the trade register.
428. The risks associated with bearer shares are mitigated due to an amendment to the Commercial Code in 2016, which mandated all bearer shares to be converted into registered shares. A transitionary period of no later than three years was allowed for its conversion. After the expiration of this period, if the bearer shares were not converted to registered shares, it was done automatically by operation of the law. At present, no Limited Liability Companies (by shares) or other legal person can be incorporated with bearer shares and none with bearer shares exist.
429. With respect to legal arrangements, other mitigating measures are for service providers to retain all relevant documents concerning national and international transactions for at least seven years after the end of a business relationship or performance of the relevant transaction on behalf of clients. Service providers are required to screen legal persons that are clients. Further, there is a requirement on all service providers in Suriname (Article 2a of the WID Act) to obtain beneficial ownership information when establishing a business relationship. However, service providers face

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<sup>15</sup> This Committee is an appeal body determined and appointed by the Minister of Economic Affairs in consultation with the CCI. A request can be submitted to the Committee by an interested party or the CCI if it is found that an entry was made unjustly, incorrectly, is incomplete or in violation of public order or morals.

challenges in verifying the accuracy of beneficial ownership information in relation to clients that are legal persons, as the information is not held by the CCI.

***Foundations:***

430. Foundations are considered, according to the NRA, to be most likely abused for ML and other illegal activities. The Assessment Team also noted the ease with which foundations are created in Suriname. This has led to foundations being preferred over LLCs because: it is easier to transfer the Board of a foundation; the permission of the Foreign Exchange Commission to transfer money to a foundation is less restrictive; foundations as legal persons are allowed to own land by transferring the land to themselves; and Government/State land acquisition by foreign nationals under a foundation is more accessible. The authorities also acknowledged the existence of foundations operating as NPOs, often in the form of charitable organisations. These factors pose significant potential risk as it creates the opportunity for foundations to be misused for ML and/or TF. Suriname submitted there is an ongoing investigation related to corruption involving a foundation (2021). No mitigating measures have been implemented to prevent foundations from being misused for ML/TF.
431. Suriname permits foreigners to own domestic legal persons. The same information required from nationals during registration must also be obtained from foreigners, in instances where the owner of a legal person being registered in Suriname is a non-national. There is no obligation for enhanced measures to be applied, neither does the CCI take any additional actions when registering such entities. Given the influx of non-nationals to Suriname, the CCI intends to merge the trade and foundation registers for more effective monitoring to identify anomalies and instances of fraud.
432. Not having a comprehensive understanding of the vulnerabilities and extent to which legal persons and arrangements can be abused for ML/TF, Suriname has not demonstrated that it has effectively implemented any measures aimed at preventing or mitigating such risk. In light of no risk assessment conducted on the legal persons and arrangements created in Suriname, and the authorities not having a thorough understanding of their vulnerabilities and the extent to which they can be misused for ML/TF, it cannot be said that the steps taken by Suriname sufficiently and effectively protects them from misuse.

***7.2.4. Timely access to adequate, accurate and current basic and beneficial ownership information on legal persons***

433. As stated in section 7.2.1, the CCI maintains the trade and foundation registers which contain basic information on legal persons which is accessible to the public. The basic information registered in the trade register is the name of the establishment, list of directors, managers and board members, and proof of incorporation. Public access is also available via guidance from the website of the CCI and at any of their locations. However, all the basic information required to be kept in the trade register and by the legal persons are not available, such as the address of their registered office, basic regulatory powers and the location of the information prescribed in c.24.4.
434. There is no formal procedure, policy or other mechanism between the CCI and any of the competent authorities in Suriname that clearly outlines a framework to obtain adequate, accurate and current basic and beneficial ownership information on legal persons. However, the Assessment Team noted from the on-site visit that, the Suriname Police Force (KPS) usually makes requests for an extract from the trade register by way of telephone calls or written correspondence and it takes on average one week to receive a response, depending on the volume of information or complexity of the request. This timeframe to obtain an extract is unnecessarily protracted

considering that only basic information is provided, and such information is available for perusal by everyone free of charge.

435. The authorities demonstrated that the KPS, AG and FIUS were provided with information from the trade and foundation registers following requests made to the CCI. The CCI maintained that competent authorities are not required to pay the fee for the extract, in order to obtain access to the information contained in the trade and foundation registers. Suriname did not provide clear statistics on the nature of the requests made and timeliness of the responses, thus the Assessment Team was unable to assess the extent to which the responses to those requests were effective. The information provided is contained in Table 7.1 below.

**Table 7.1 - Requests from KPS, AG and FIUS to the CCI – 2017 to 2021**

| <b>2017</b>       | <b>Incoming</b> | <b>Outgoing</b> | <b>Emails</b> |
|-------------------|-----------------|-----------------|---------------|
| <b>KPS</b>        | 69              | 58              | 3             |
| <b>AG</b>         | 21              | 16              |               |
| <b>FIUS</b>       | 7               | 5               | 1             |
| <b>TOTAL 2017</b> | <b>97</b>       | <b>79</b>       | <b>4</b>      |
| <b>2018</b>       |                 |                 |               |
| <b>KPS</b>        | 51              | 52              |               |
| <b>AG</b>         | 14              | 12              | 1             |
| <b>FIUS</b>       | 2               | 3               | 1             |
| <b>TOTAL 2018</b> | <b>67</b>       | <b>67</b>       | <b>2</b>      |
| <b>2019</b>       |                 |                 |               |
| <b>KPS</b>        | 54              | 47              |               |
| <b>AG</b>         | 8               | 10              |               |
| <b>FIUS</b>       | 2               | 2               |               |
| <b>TOTAL 2019</b> | <b>64</b>       | <b>59</b>       | <b>0</b>      |
| <b>2020</b>       |                 |                 |               |
| <b>KPS</b>        | 37              | 48              | 7             |
| <b>AG</b>         | 3               | 8               |               |
| <b>FIUS</b>       | 2               | 2               | 1             |
| <b>TOTAL 2020</b> | <b>42</b>       | <b>58</b>       | <b>8</b>      |
| <b>2021</b>       |                 |                 |               |
| <b>KPS</b>        | 50              | 73              | 18            |
| <b>AG</b>         | 10              | 10              |               |
| <b>FIUS</b>       | 0               | 2               | 1             |
| <b>TOTAL 2021</b> | <b>60</b>       | <b>85</b>       | <b>19</b>     |

**Incoming** – requests made by means of an official letter to the CCI.

**Outgoing** – outgoing correspondence of the CCI.

**Email** – requests made by email to the CCI.

#### **Foundations**

436. The FOT advised that, in comparison to other types of legal persons, it is more difficult to obtain timely basic information with respect to foundations. This is due to the practice of the FOT whereby they obtain the written approval of the AG before approaching the CCI for basic information on board membership of foundations. The reason given for this additional requirement

was that basic information on foundations is thought to be of a sensitive nature and there was a need to secure the confidentiality of the information. The practice of the FOT highlighted a flagrant misunderstanding between them and the CCI. This is because the CCI stated that any request made directly to them by the FOT in writing would be complied with, and there was no need for the intervention of the AG. The approach of the CCI is practicable considering that the information contained in the trade and foundation registers is already publicly available. Furthermore, this practice of unnecessarily self-imposing an additional layer in the process has the incidental effect of prolonging the disclosure of information on foundations to the FOT, to an average of two weeks. This can impede investigations involving such entities, particularly those operating as NPOs, which the Assessment Team believe are highly vulnerable to ML/TF abuse.

437. Information was available on the number of times the FOT requested basic information from the CCI. The authorities demonstrated that this information can be provided by the CCI in a timely manner ranging from within a few hours to forty-eight hours. The provided information is represented in the Table 7.2 below.

**Table 7.2 - Requests from the FOT to the CCI - 2017 to 2021**

| 2017 | 2018 | 2019 | 2020 | 2021 |
|------|------|------|------|------|
| 13   | 14   | 11   | 11   | 5    |

438. The reason given for the low number of requests from the FOT to the CCI, was that the FOT requests information from the CCI only when such is necessary for the investigation. Not in every ML investigation it is necessary to request information from the CCI, nor is there any investigative practice to do so by default.
439. The Judicial Intervention Team (JIT), under the intervention of the AG, has responsibility to collect, analyse and exchange information, conduct investigations and arrest suspects relative to cross-border crimes including drug trafficking, TF, smuggling (human and firearms) and ML. The JIT has requested information on legal persons from service providers, given the obligations of service providers under the WID Act to collect and maintain information on clients that are legal persons. In the absence of any legal provision to facilitate such requests, the JIT request proposes a timeframe to obtain the information. The service providers usually supply the information within three days. In one instance, a bank indicated a one-week turnaround period. While the Assessment Team is of the view that this is timely, nothing compels the service providers to comply.
440. In terms of ensuring the accuracy and currency of the basic information maintained in the trade register, the CCI firstly relies on the previous CDD measures applied by the notaries, while establishing the legal persons. Secondly, the CCI relies on the requirement that at the time of registration in the trade register, only original documents are accepted. The CCI acknowledges that Article 17 of the Trade Register Act imposes a requirement on legal persons to report every change of their information which is included in the Trade Register. Also, there is no stipulated time frame for legal persons to report this change and they bear the sole responsibility to do so. Whilst the authorities are of the view that the CCI utilises a modern information communication technology system for the timely maintenance and update of basic information submitted by legal persons, the absence of measures to ensure compliance with Article 17, compromises the accuracy of information provided to competent authorities. Additionally, this leads to concerns about the accuracy of the information provided to FIs and DNFBPs on their clients who are legal persons, during the conduct of their CDD measures.
441. The CCI has not implemented any mechanisms to monitor whether legal persons have complied with their requirement to maintain basic information (c.24.4). Additionally, the law enforcement authorities maintained that the avenue used to obtain information on legal persons was only through the AG and the CCI, and not directly from the legal persons. Thus, demonstrating a lack

of knowledge and effectiveness in availing themselves of the powers under the Code of Criminal Procedure and other laws in obtaining the basic information held by the CCI.

442. Considering the above, the relevant competent authorities are ineffective in obtaining adequate, accurate and current basic and beneficial ownership information on the different types of legal persons existing in Suriname, in a timely manner.

***7.2.5. Timely access to adequate, accurate and current basic and beneficial ownership information on legal arrangements***

443. Suriname recognizes financial and non-financial service providers, being a natural person, legal entity, company or partnership that provides professional or commercial services to clients, which are legal arrangements. However, there are no mechanisms for the relevant competent authorities to obtain adequate, accurate and current basic and beneficial ownership information on those legal arrangements, in a timely manner.

***7.2.6. Effectiveness, proportionality and dissuasiveness of sanctions***

444. Suriname has not applied sanctions on legal persons for breaches of their legal obligation (to submit information or intentionally provide incorrect or incomplete information for inclusion in the trade register) as there are no mechanisms established to identify when such breaches occur. While the Trade Register Committee is responsible for supervision of the trade register, there was no evidence of activities conducted to test the accuracy of information contained in the register. Accordingly, the effectiveness, proportionality and dissuasiveness of the sanctions could not be determined.

## Overall conclusion on IO.5

445. Information on the creation of legal persons is held by the CCI within the trade and foundation registers which are publicly available. The trade and foundation registers only contain basic information on legal persons as there are no statutory requirements requiring the registration or retention of beneficial ownership information at the CCI. Many legal persons are incorporated by the formulation of articles of incorporation. Information on the creation and types of legal arrangements are not publicly available.
446. There is no formal procedure, policy or memorandum of understanding between the CCI and any of the competent authorities in Suriname designed to facilitate the timely access to basic information on legal persons. The CCI demonstrated its ability to provide basic information from the trade and foundation registers to the KPS, AG and FIUS. However, clear statistics were not provided on the nature of requests made and the timeliness of responses, for an assessment to be done on the extent to which the responses to those requests were effective. The FOT demonstrated their ability to acquire basic information from the CCI generally in a timely manner but were not able to do so regarding information on the board membership of Foundations. Additionally, in relation to the adequacy, accuracy and currency of the basic information, the measures implemented by the CCI were ineffective. There are no measures which facilitate the timely access to adequate, accurate and current basic and beneficial ownership information on legal arrangements.
447. Suriname has not conducted a risk assessment of the ML/TF risks and vulnerabilities of the legal persons and arrangements existing in the jurisdiction. Nevertheless, by way of legislation, Suriname has implemented measures to prevent the misuse of legal persons and arrangements

for ML/TF. However, considering no risk assessment being done on the legal persons and arrangements created in Suriname, and the authorities not having a thorough understanding of their vulnerabilities and the extent to which they can be misused for ML/TF, a determination was made that the legislative steps taken by Suriname insufficiently and ineffectively protected them from misuse.

448. **Suriname is rated as having a low level of effectiveness for IO.5.**

## Chapter 8. INTERNATIONAL CO-OPERATION

### 8.1. Key Findings and Recommended Actions

#### Key Findings

- a) Suriname has provided MLA in relation to ML investigations and extradition. However, in circumstances where a treaty does not exist, MLA can be provided once the request is reasonable.
- b) Suriname has not sought MLA in an appropriate and timely manner to pursue the investigations of domestic ML, associate predicate offences and TF cases which have transnational elements.
- c) The Office of the AG and the other competent authorities who play a role in the execution of requests for MLA and extradition do not have effective case management systems in place to attend to those requests in a constructive and timely manner.
- d) The resources at the Office of the AG, which is tasked with the responsibility of executing requests for MLA in a timely manner are inadequate, considering the proportion of the number of public prosecutors assigned with this responsibility to the number of requests received.
- e) Suriname has not been able to fulfil requests for MLA when made by foreign countries for the purpose of investigating offences related to charges, taxes, customs, foreign currency or related matters.
- f) There are no MOUs or formal relationships existing between the Office of the Attorney General and most competent authorities for the purpose of giving effect to requests for MLA in a timely manner.
- g) Suriname has not entered into asset sharing agreements with foreign jurisdictions. This creates a hindrance to the repatriation of forfeited/confiscated funds and the use of these funds by Suriname.
- h) Suriname does not respond to foreign requests for co-operation in identifying and exchanging information on legal persons in a timely manner.
- i) Suriname's membership to the Egmont Group of FIUs remains pending. However, notwithstanding MOUs with regional FIUs, this has impacted the FIUS' ability to effectively co-operate with its international counterparts

#### Recommended Actions

- a) Suriname and its competent authorities should make greater use of MLA and other forms of international co-operation in relation to ML and its associated predicate offences. For example, in the pursuit of appropriate training for the relevant competent authorities on understanding how to seek and execute MLA requests.
- b) The competent authorities in Suriname should implement efficient case management systems to track and monitor cases related to international co-operation. The system should enable the necessary competent authorities to detect and rectify anomalies as well as collate comprehensive

statistics.

- c) The resources at the Office of the AG, which is tasked with the responsibility of executing requests for MLA in a timely manner, should be increased.
- d) Necessary legislative amendments should be made to Article 472(2) of the Code of Criminal Procedure in order for Suriname to fulfil requests for MLA, when made by foreign countries for the purpose of investigating ML offences related to charges, taxes, customs, foreign currency or related matters.
- e) The Office of the AG should enter into sufficient MOUs or formal relationships with other competent authorities for the purpose of giving effect to requests for MLA.
- f) On the basis of risk and threat from foreign predicate offences, Suriname should enter into asset sharing agreements with foreign jurisdictions.
- g) Suriname should implement measures that will reduce the timeframe within which MLAs pertaining to the identification and exchange of information on legal persons are executed.
- h) Suriname should address the deficiencies outlined in paragraphs 165-171 which can impact on its Egmont membership application and thereby improve the FIUS' ability to co-operate with international counterparts.

449. The relevant Immediate Outcome considered and assessed in this chapter is IO.2. The Recommendations relevant for the assessment of effectiveness under this section are R.36-40 and elements of R.9, 15, 24, 25 and 32.

## 8.2. Immediate Outcome 2 (International Co-operation)

450. Suriname's international cooperation is critical given its geographical location and the risks resulting from international financial crimes. There was limited international cooperation between the jurisdiction and foreign competent authorities, as well as with other jurisdictions. Assessing the effectiveness was impeded because of poorly maintained data and statistics.

### 8.2.1. Providing constructive and timely MLA and extradition

451. Suriname can provide Mutual Legal Assistance (MLA) to countries insofar as the request is based on a treaty. Where a treaty does not exist, assistance to other countries can also be provided in circumstances where the request is reasonable. According to the authorities, reasonableness is determined on the basis that the request is permitted by the laws of Suriname. For example, a request made for the search of a house is permissible under the Code of Criminal Procedure. The Attorney General (AG) has been designated as the central authority for MLA matters. The Minister of Justice and Police is responsible for extradition. The list of countries with which Suriname and its competent authorities have entered into bilateral MLA and extradition treaties and their particulars, was not provided. It is known though that Suriname has concluded two treaties, namely a bi-lateral one with the Netherlands and a multilateral one with the OAS.
452. During the period 2017 to 2021, the AG received 111 requests for MLA regarding ML. The requests were for police information from the KPS which did not concern the FOT, and basic information from the CCI. Statistics on the requests are outlined in Table 8.1 below.

**Table 8.1 MLA requests received by the AG (2017 – 2021)**

| Period | No. of Requests | Average Execution Time | Pending |
|--------|-----------------|------------------------|---------|
| 2017   | 17              | 6.6 months             | 3       |

|              |            |                   |           |
|--------------|------------|-------------------|-----------|
| 2018         | 21         | 11.8 months       | 1         |
| 2019         | 20         | 6.8 months        | 1         |
| 2020         | 15         | 4.4 months        | 6         |
| 2021         | 21         | 3.7 months        | 12        |
| <b>Total</b> | <b>111</b> | <b>6.6 months</b> | <b>23</b> |

453. The authorities did not provide information on the specific nature of the requests for MLA. As a result, it cannot be determined that the MLA provided was constructive and whether the average execution time was timely. Also, no reason was given for the number of requests pending since 2017.
454. The FOT received a total of 75 MLA requests, including for ML investigations and extradition, for the period 2017, up to and including the first six months of 2021. These requests were received from the Netherlands and Belgium. This information is outlined in Table 8.2 below.

**Table 8.2 MLA and extradition requests received by the FOT (2017 - 2021)**

| Year         | No. of Requests | Requesting Country        |
|--------------|-----------------|---------------------------|
| 2017         | 20              | The Netherlands / Belgium |
| 2018         | 24              | The Netherlands           |
| 2019         | 11              | The Netherlands           |
| 2020         | 12              | The Netherlands           |
| 2021         | 8               | The Netherlands / Belgium |
| <b>Total</b> | <b>75</b>       |                           |

455. The MLA provided by the FOT ranged from interviewing persons to searching premises for the purpose of gathering evidence. The offences for which MLA was provided included ML and its predicate offences, predominantly drug trafficking. The offences of ML and drug trafficking are consistent with Suriname's risk profile. The authorities try to fulfil requests for MLA as soon as possible, but the time in which they do is dependent on the timeliness with which they receive supplemental information requested from third-party institutions. The authorities provided the average timeline of three to six months within which the requests for MLA were complied with. Considering the nature of the requests, the average timeframe for compliance is reasonable.
456. The authorities noted that two of the requests made in 2020 remain pending. These requests were made by the Netherlands. In one of those cases the extradition of a suspect was requested, but was later determined to be no longer required, as the suspect had already fled Suriname. In that case, the authorities were also requested to determine the suspect's assets in Suriname, and they are still in the process of doing so. In the other case, the Netherlands authorities requested to be present during the interview of a suspect, but with the advent of Covid-19 they were no longer able to travel to Suriname and opted to send the interview questions. The authorities are still in the process of arranging this interview.
457. The authorities did not provide any information on the conclusion of the eight requests for MLA made in 2021. Also, they did not provide any information on feedback received on the quality of the assistance they provided.
458. The authorities identified several measures which were implemented to provide guidance to countries seeking MLA, specifically on the necessary information to be contained in their requests. Firstly, Suriname issued guidelines to requesting States for the expeditious execution of requests for MLA on the Organisation of American States (OAS) website. Secondly, the Code of Criminal Procedure and each of the treaties entered into with respective countries also sets out guidelines on the information that must be included in the requests, for Suriname to expeditiously execute.

- Thirdly, the requesting countries can also avail themselves of the option to communicate directly with the Office of the AG or with the Suriname representatives posted at foreign embassies.
459. Similarly, the State Decree on extradition and each of the treaties entered with respective countries, sets out guidelines on the necessary information which must be included in the requests for extradition, in order for Suriname to expeditiously execute the request.
  460. Except for the guidelines issued on requests for MLA on the OAS website and requests for extradition at Article 15 of the State Decree on Extradition, the other aforementioned measures were not confirmed, due to the absence of information.
  461. Despite those measures implemented by Suriname, the authorities advised that they continue to face two hindrances. Firstly, the fact that requests for MLA are made by countries with whom Suriname doesn't have a treaty leaves the jurisdiction incapable of providing crucial assistance. As an example, the authorities identified France as a country with which a treaty has not yet been ratified and to whom they were unable to provide MLA in response to a request. The authorities postulated that this is due to the incompatibility of the proposed treaty with the respective laws of France. It was stated that further discussions are needed to rectify this hindrance, but no information was provided on how advanced the discussions were.
  462. Secondly, according to the authorities, requests for MLA for the purpose of investigating ML offences related to tax, customs and foreign currency or related matters have not been executed for the past 20 years by the Central Authority (AG), as authorization was never obtained. This authorization under Article 472(2) of the Code of Criminal Procedure must be obtained from individual members of the Surinamese government, which can be a cumbersome process. A recommendation was made by the AG for one member of the government to be assigned with the responsibility of providing the necessary authorization, but this is yet to be accepted. To date there is no protocol in place for this process.
  463. However, the authorities advised that Suriname could provide mutual legal assistance on those tax-related matters by utilising tax treaties and MOUs in place with other countries. Suriname has entered into agreements with Indonesia and the Netherlands, which provide for the exchange of information relative to taxation. Likewise with respect to customs matters, Suriname has entered into agreements with France and the Netherlands. There were no statistics forthcoming on the provision of mutual legal assistance via these mediums, from which its effectiveness could have been assessed.
  464. At the Office of the AG there exists a bureau called the "Desk for International Legal Assistance in Criminal Cases and International Relations" (DIRSIB) which is responsible for requests in relation to MLA. There are two public prosecutors assigned to the DIRSIB. The responsibilities of the DIRSIB are to review, manage and prioritise the MLA requests and ensure their confidentiality. Considering the number of requests being made to Suriname, these resources appear inadequate for receiving, managing, co-ordinating and responding to incoming requests for co-operation; and making and co-ordinating requests for assistance in a timely manner.
  465. There are no formal procedures within the DIRSIB implemented for the proper conduct of these functions. According to the authorities, to ensure the timely execution of requests and its confidentiality, they maintain short communication lines between the AG and the Head of the competent authority who is required to give effect to the request for MLA. Additionally, there are no formal mechanisms within the DIRSIB to obtain feedback on MLA provided to other countries. Presently, this can only be achieved by informal liaisons with the requesting country, oftentimes through secondary parties such as the OAS and CARICOM. These operational measures are not appropriate safeguards to ensure the timely execution of requests and that they are handled in an appropriate manner, thereby protecting the integrity of the process. The ineffectiveness of the

informal case management measures existing at the DIRSIB, can be gleaned from the failure of the authorities to maintain statistics on pending requests for MLA and extradition made to Suriname by countries with whom they do not yet have a treaty.

466. Further, other than the measures implemented by the Office of the AG, none of the other competent authorities which play a role in the execution of requests for MLA and extradition, have any formal mechanisms in place for providing constructive and timely MLA and extradition.
467. There is an MOU between the OvJ and the GSCI regarding the exchange of information on tackling ML and related criminal offences. Additionally, an MOU exists for data exchange between the OvJ and the Suriname Tax Authority regarding tax fraud. However, there are no other MOUs or formal relationships existing between the Office of the AG and other competent authorities for the purpose of giving constructive and timely effect to requests for MLA and extradition. Although an MOU is not necessary for co-operation at the domestic level, it serves as a policy document which emphasizes the importance of co-operation among the competent authorities. The authorities stated that the competent authorities coordinate informally and share healthy professional relationships which allow for requests for MLA and extradition to be executed.
468. No information was available on any measures implemented relative to providing constructive and timely extradition.
469. Asset sharing, following confiscation, is not provided for in Suriname law nor are there any formal agreements with foreign jurisdictions.

### ***8.2.2. Seeking timely legal assistance to pursue domestic ML, associated predicates and TF cases with transnational elements***

470. While the authorities were aware of the process for seeking MLA under Article 466a of the Code of Criminal Procedure, during the period under review, Suriname has not sought MLA from foreign countries to pursue investigations of domestic ML, associated predicates and TF cases with transnational elements. Regarding the failure to seek MLA to pursue domestic ML and its associated predicates, this was attributed to their belief that Surinamese nationals who commit criminal offences in Suriname do not have the financial means to invest in the Netherlands. As a result, there was no need to seek MLA from the Netherlands authorities. No evidence was provided upon which this assumption could be founded. Further, there were no MLA requests regarding TF with transnational elements as, according to the authorities, no TF cases were identified for investigation.

### ***8.2.3. Seeking other forms of international co-operation for AML/CFT purposes***

471. Competent authorities within Suriname can seek other forms of international co-operation with foreign counterparts for AML/CFT purposes.

#### **Suriname Police Force (KPS):**

472. The KPS has partnerships with international and regional organisations through which AML/CFT training and workshops are provided. The international organisations include the United Nations Office on Drugs and Crime (UNODC), the Organisation of American States (OAS), the Drug Enforcement Administration (DEA) and Interpol. The regional organisation is CARICOM IMPACS.
473. The FOT provided a list of completed training, workshops and seminars both nationally and internationally, which its staff participated in between 2017 and the second quarter of 2021. However, the effectiveness of these partnerships could not be assessed as there was no information available on a clear connection with the training, workshops and seminars afforded to the FOT.

Additionally, at the KPS there are no formal procedures or mechanisms in place to seek this form of international co-operation for AML/CFT purposes.

474. According to the NRA, Suriname is used as a transshipment point for drug trafficking and other ML predicate offences because of its lightly policed borders. There were many reported instances of illegal shipments using cargo vessels such as boats. On 29<sup>th</sup> June 2006 Suriname entered into an agreement with the Republic of France regarding cooperation between their police forces on both sides of the border (KPS and Gendarmerie). The border between the countries is Region East/District Marowijne (Border Suriname – French Guyana). The objective of the agreement was for the prevention of criminal offences in order to facilitate the fight against crime and delinquencies on both sides of the border, through joint patrols, making police officers available and timely direct co-operation. This co-operation effectively led to the detection of several ML predicate offences under the Smuggling and Economic Offences Acts which resulted in *inter alia* suspects being arrested and objects being confiscated. This information is outlined in Table 8.3 below.

**Table 8.3 - Cases and arrests resulting from agreement between Suriname and France (2017-2022)**

| Year         | No. of Cases | No. of Suspects Arrested |
|--------------|--------------|--------------------------|
| 2017         | 14           | 25                       |
| 2018         | 5            | 4                        |
| 2019         | 8            | 6                        |
| 2020         | 5            | 33                       |
| 2021         | 17           | 42                       |
| 2022         | 2            | 6                        |
| <b>Total</b> | <b>51</b>    | <b>116</b>               |

475. On 19<sup>th</sup> May 2008 Suriname entered into an agreement with the Republic of Guyana (Nieuw-Nickerie Declaration) for police-to-police co-operation between the KPS and the Guyana Police Force aimed at improving legal, judicial and law enforcement cooperation in their fight against cross border crime, terrorism and other forms of violent crime, trafficking in narcotic drugs and psychotropic substances, trafficking in persons, trafficking in arms and ammunition, ML, smuggling of goods, piracy, illegal possession of firearms, kidnapping and extortion and other forms of transnational organized crime. Similarly, this agreement declared *inter alia* the strengthening of their border protection (Region West/District Nickerie (Border Suriname-Guyana)) and instantaneous communication. This co-operation has effectively led to the detection of several ML predicate offences under the Smuggling and Economic Offences Acts which resulted in *inter alia* suspects being arrested and objects being confiscated. This information is outlined in Table 8.4 below.

**Table 8.4 - Cases and arrests resulting from agreement between Suriname and Guyana (2017-2022)**

| Year         | No. of Cases | No. of Suspects Arrested |
|--------------|--------------|--------------------------|
| 2017         | 16           | 47                       |
| 2018         | 31           | 97                       |
| 2019         | 11           | 28                       |
| 2020         | 2            | 7                        |
| 2021         | 10           | 14                       |
| 2022         | 1            | 1                        |
| <b>Total</b> | <b>71</b>    | <b>194</b>               |

Financial Intelligence Unit of Suriname (FIUS):

476. Article 9 of the MOT Act empowers the FIUS to engage in international co-operation by seeking data from agencies outside of Suriname, whose duties are comparable to those of the FIUS. This can only take place on the basis of a treaty/convention or a memorandum of understanding (MOU). Presently, the FIUS is not a party to any treaty/convention, however FIUS has signed a total of nine MOUs with fellow FIUs from the following countries: Netherlands, Netherlands Antilles, Guyana, Trinidad & Tobago, Aruba, St. Maarten, Bangladesh, St. Vincent and the Grenadines and Jamaica. The conditions under which data is provided are laid down in the respective MOUs. The FIUS is not a member of the Egmont Group of Financial Intelligence Units for the reasons outlined at paragraphs 165 to 171. This non-membership affects their ability to engage in international co-operation by *inter alia* not allowing access to the Egmont Secure Website which facilitates information exchanges, initiatives to develop the expertise and skills of their staff members, and contributions to the successful investigation of matters within Suriname.
477. For the period under review the FIUS made two requests for information to the FIU of Trinidad & Tobago in October 2021. According to the FIUS 2021 annual report, the requested information was linked to three natural persons and two legal persons. One of the natural persons resides in Suriname and the others reside in Trinidad & Tobago. Of the legal persons, one is in Suriname and the other in Trinidad & Tobago. At the end of 2021, one request had been responded to, while the other was pending. No information was provided on the nature of the offences related to these requests, its timeliness, nor how the information received was utilised by the FIUS.
478. Article 25 of the MOT Act states that the information provided and received by the FIUS is confidential, and its use in any manner other than what is provided for in the Act is prohibited. The FIUS has its internal code of conduct which re-enforces this provision. On the issue of case management, according to the FIUS Manual Operational Analysis, a risk determination is made, and this leads to a determination of prioritisation of its work. Additionally, all services provided are accompanied by a FIUS Report Feedback Form which provides an idea of the extent to which the FIUS has been able to achieve success regarding its tasks and/or whether they need to improve the quality of information they disclose in the future. No statistical information or case studies were provided on the effectiveness of these measures.

**8.2.4. Providing other forms of international co-operation for AML/CFT purposes**

479. Competent authorities within Suriname can provide other forms of international co-operation for AML/CFT purposes.

KPS:

480. The Nieuw-Nickerie Declaration led to further effective cooperation between Suriname and Guyana, which is outlined as a case study in Box 8.1 below.

### Box 8.1 – Case: Cooperation between Suriname and Guyana

#### Case: Cooperation as a resulting from Nieuw-Nickerie Declaration

In April 2018 a series of piracy cases occurred in Surinamese Territorial Waters. Numerous fishermen were robbed of their catch, engines and belongings. They were battered and thrown overboard or forced to jump overboard at sea. During the period 27<sup>th</sup> April 2018 to 3<sup>rd</sup> May 2018, twenty-five victims were registered. There were nine survivors, four bodies recovered and twelve missing victims. The victims had Guyanese nationality and were living and working in Suriname. Investigations commenced in both jurisdictions, and this resulted in a work visit by a delegation of Guyana Police Force (GPF) to the KPS from the 6<sup>th</sup>–8<sup>th</sup> May 2018 for the exchange of information regarding this case. Additionally, a delegation of KPS carried out a work visit to the GPF regarding this case. The investigations led to the arrest of suspects in both jurisdictions. Seven suspects were prosecuted in Suriname for murder and manslaughter and sentenced to a term of imprisonment of thirty-five years each. In 2021, fifty suspects were deported from Suriname to Guyana. In 2022, forty suspects were deported from Suriname to Guyana.

#### FIUS:

481. Article 9 of the MOT Act also empowers the FIUS to engage in international co-operation by providing data to agencies outside of Suriname, whose duties are comparable to those of the FIUS. Similarly, this can only take place on the basis of a MOU under the conditions laid down.
482. Article 9 of the MOT Act further provides that at the time of issuing data, the FIUS, apart from its register, may obtain information from governmental, financial, non-financial institutions and other public sources. In this context, the FIUS forms part of a Working Group on Tripartite Supervisors Consultation on AML/CFT. Additionally, the FIUS has concluded MOUs with the CBvS and the GSCI for the exchange of data and information for AML/CFT purposes, which includes international co-operation.
483. In 2017, the FIUS did not receive any requests. In 2018, the FIUS received two requests, one from FIU Curacao and one from the Financial Intelligence Unit of Trinidad & Tobago. In 2019, the FIUS received three requests, two from the Financial Intelligence Unit of Trinidad & Tobago and one from FIU Guyana. In 2020, the FIUS also received three requests, one from FIU Curacao and two from the Financial Intelligence Unit of Trinidad & Tobago. No FIU requests were received for 2021. This information is reflected in the Table 8.5 below.

**Table 8.5 Requests Received by FIUS (2017 - 2021)**

| Requests              | 2017     | 2018     | 2019     | 2020     | 2021     |
|-----------------------|----------|----------|----------|----------|----------|
| FIU Curacao           | 0        | 1        | 0        | 1        | 0        |
| FIU Trinidad & Tobago | 0        | 1        | 2        | 2        | 0        |
| FIU Guyana            | 0        | 0        | 1        | 0        | 0        |
| <b>Total</b>          | <b>0</b> | <b>2</b> | <b>3</b> | <b>3</b> | <b>0</b> |

484. According to the FIUS 2017-2019 annual report, in relation to the two requests received by the FIUS in 2018, one request was found to be negative (there were no identifiable matches on the FIUS database) and filed, and the other was placed under further investigation. With regard to 2019, of the four requests (inclusive of three from 2019 and one from 2018), two were found to be negative and filed, two were found positive and reported to a fellow FIU. Additionally, regarding 2020, according to the FIUS 2020 annual report, of the four requests (inclusive of one from 2019), two were found to be negative and filed, two were found to be positive and reported to a fellow FIU. According to the authorities, the shortest time for responding to a request is one month, while the longest time took approximately three months, with an average of five to six weeks. The effectiveness of the average timeframe for responses could not be determined as no information

was provided on whether those responses were solely based on information contained within the FIUS register or required the FIUS to seek additional information from other domestic authorities.

485. In 2018, there was one occurrence of spontaneous dissemination of information to the Financial Intelligence Unit of Trinidad & Tobago.
486. Similarly, no information was provided on the nature of the offences related to the responses provided. On the issue of case management, no information was provided on responses received in the FIUS Feedback Form having provided international co-operation. Therefore, the constructive effectiveness of the assistance could not be determined.

#### ***8.2.5. International exchange of basic and beneficial ownership information of legal persons and arrangements***

487. The CCI manages the trade and foundation registers which contain basic information on legal persons. According to statistics on MLA requests regarding ML, which were provided by the authorities, during 2017 to 2021, 21 requests for basic information have been made to the CCI. The requests were predominantly made by the Netherlands. The average execution time of these requests, while there was improvement over the five-year period, supports the proposition that they were not responded to in a timely manner. This is because the information is publicly available and there is an existing treaty for MLA between Suriname and the Netherlands, which also removed the requirement for the CCI to await the processing of payments on their account in order for them to facilitate the request for extracts. Additionally, several requests remain pending, and no information was available on the reason for that status and what, if anything, was being done to fulfil those pending requests. These statistics are represented in the Table 8.6 below.

**Table 8.6 MLA requests to CCI (2017 – 2021)**

| Period       | No. of Requests | Average Execution Time | Pending  |
|--------------|-----------------|------------------------|----------|
| 2017         | 3               | 7.5 months             | 1        |
| 2018         | 2               | 28 months              | 0        |
| 2019         | 2               | 12.5 months            | 0        |
| 2020         | 7               | 8 months               | 3        |
| 2021         | 7               | 7.5 months             | 3        |
| <b>Total</b> | <b>21</b>       | <b>13 months</b>       | <b>7</b> |

488. Suriname recognizes financial and non-financial service providers, being a natural person, legal entity, company or partnership that provides professional or commercial services to clients, which are legal arrangements. There has not been international co-operation in relation to basic and beneficial ownership information on these legal arrangements.

## Overall conclusions on IO.2

489. Suriname can provide Mutual Legal Assistance to countries insofar as the request is based on a treaty. Assistance to other countries can also be provided in circumstances where the request is not based on a treaty, but it is reasonable. The AG has been designated as the Central Authority for MLA matters. The Minister of Justice and Police is responsible for extradition, which can only occur on the basis of a treaty.
490. There are inadequate resources for receiving, managing, co-ordinating and responding to incoming requests for co-operation, and making and co-ordinating requests for assistance in a timely manner.
491. Suriname has not sought MLA to pursue the investigations of domestic ML, associated predicates and TF cases with transnational elements within the past five years. During the same period, competent authorities within Suriname have sought and provided international co-operation. There was generally a lack of data, statistics and case studies to show effectiveness.
492. **Suriname is rated as having a low level of effectiveness for IO.2.**

## ANNEX A. TECHNICAL COMPLIANCE

- 1) This section provides detailed analysis of the level of compliance with the FATF 40 Recommendations in their numerical order. It does not include descriptive text on the country's situation or risks and is limited to the analysis of technical criteria for each Recommendation. It should be read in conjunction with the Mutual Evaluation Report.
- 2) Where both the FATF requirements and national laws or regulations remain the same, this report refers to analysis conducted as part of the previous Mutual Evaluation on March 23rd, 2009 to April 3rd, 2009. This report is available from [Suriname 3rd Round MER](#).

### Laws and Explanatory Notes

- 3) In assessing TC, the Assessment Team took into consideration the different laws (including Ordinances and Decrees), guidance and procedures etc. that were in effect at the last day of the mutual evaluation on-site visit. The Assessment Team also considered and referenced the Explanatory Notes/Memorandum provided by the jurisdiction. In Suriname, all legislation is accompanied by an Explanatory Memorandum or Explanatory Note, aimed at providing the reason and explanation for the regulations. The content of the Explanatory Memorandum summarises the context of the regulation proposed, its background, budgetary implications and an explanation per Article.

### Recommendation 1 – Assessing risks and applying a risk-based approach

- 4) This is a new Recommendation and was therefore not assessed in the previous MER.
- 5) **Criterion 1.1** – Suriname identified and assessed its ML/TF risks through a National Risk Assessment (NRA) process. The risk assessment, which was completed in 2021, is Suriname's first risk assessment and covers the period from 2015 to mid-2020. The sectors assessed and their risk classifications are outlined in Section 1.1.2 (Overview of ML/TF Risks). Notably, the NRA did not cover several relevant areas recommended under the FATF Methodology, these include the NPO sector, legal persons and legal arrangements, and the risk posed by new technologies and VASPs. These areas were also not covered in any other risk assessments. Additionally, the NRA's coverage of TF risk was limited (refer to paragraphs 90 to 93 of Chapter 2). The assessment was completed by a PMT, which received technical assistance from the Organisation of American States (OAS) and the Inter-American Development Bank (IDB). The PMT was created through the Presidential Resolution of 2 August 2019 (No. 11.052/19). The PMT was placed under the co-ordination of the Central Bank of Suriname (CBVS) and the members of the PMT were appointed for two years to execute and coordinate the process to identify and assess Suriname's ML and TF risks. The PMT team consisted of several AML/CFT experts with background in banking, legal, law enforcement and taxes. Several tools were used to collect data for analysis, which included interviews, working group sessions, and surveys.
- 6) The NRA was approved on 28 October 2021 and signed by the President of the Republic. During the NRA process, there were instances where the PMT was faced with data gaps and to address same, the PMT developed triangulation strategies and used several tools to collect data including interviews, working group sessions, and surveys. Based on a review of the questionnaires administered, the Assessment Team concluded that the majority of data collected from both the private and public sectors through this medium would not enable the authority to fully understand

the risk situation of the country. Questionnaires mainly collected historical data (e.g. number of accounts opened, number of UTRs filed etc). Notwithstanding the foregoing, the Assessment Team concluded that Suriname's assessment of its risk displayed a fair and developing understanding of its main ML/TF risks.

- 7) **Criterion 1.2** – The National Anti-Money Laundering Committee (NAMLAC) was established by order of the Minister of Justice and Police of 3 January 2008, no 31/08, as last amended by Order of October 19, 2021, for a period of two years, effective 1 August 2022. The NAMLAC is Suriname's competent authority responsible for the co-ordination of actions to assess risks. The role of the NAMLAC includes, advising on regulations concerning combating money laundering, financing of terrorism and proliferation and implementing the mechanisms related thereto; monitoring the progress related to the implementation of CFATF recommendations; Co-operation and co-ordination of activities and measures in the context of a risk-oriented approach to money laundering and terrorism and proliferation financing; and consulting with relevant stakeholders and advising the Anti-Money Laundering Steering Council (ASC) on decisions to be taken to strengthen the country's AML/CFT/CPF regime. The ASC is the national policy setting and coordinating authority on AML/CFT and all related aspects and is chaired by the President of the Republic of Suriname. The recommendations made by NAMLAC are approved by the ASC. The recommendation for the country to conduct a NRA was made by the NAMLAC and approved by the ASC. The ASC appointed the PMT to execute the NRA. After its completion of the NRA, the PMT submitted the report to the NAMLAC for further submission to the ASC for its approval. The PMT was dissolved after the completion of the NRA and an AML Project Implementation Unit (PIU) was tasked with the implementation of the findings of the NRA and tasked with coordinating/ conducting sectoral assessments to understand risks. Broadly, the PIU is tasked with the implementation of decisions taken by the ASC, including supporting initiatives of the NAMLAC. The PIU was established for a period of one-year effective 7 July 2021, with the possibility of extension.
- 8) **Criterion 1.3** – As mentioned in criterion 1.1, Suriname completed its first NRA in 2021 and has committed in their National AML/CFT/CPF Strategic Plan to conduct risk assessments at least every two years, under thematic objective/key initiative 'implementation of a coherent risk-based supervision framework'. Within that time, sectoral or thematic assessments will be conducted by competent authorities or the PIU to understand its risk as it evolves.
- 9) **Criterion 1.4** –The full findings of the NRA were made available to the supervisors of FIs and DNFBPs. The findings of the NRA were also made public, through the publication of a public version which is available on the CBvS' and the FIUS' websites and replicated on the websites of other entities. The findings were also covered by the local media. Supervisors also sent copies of the public version of the NRA to some of their supervised entities. Some private sector entities (from the DNFBP sector) however advised during the onsite that they were not aware that the NRA was finalised and published.
- 10) **Criterion 1.5** – Suriname has not used a risk-based approach to allocate resources and implement measures to prevent or mitigate ML/TF, based on the country's understanding of risk. As noted in criterion 1.1, Suriname completed a NRA and a draft action plan was developed based on the findings of the NRA. However, at the time of the onsite, the Action Plan was not approved.
- 11) **Criterion 1.6** – In Suriname, the FATF recommendations are applicable to all providers of financial services.
- 12) **Criterion 1.7** – Higher risk scenarios identified via Suriname's NRA were not addressed through changes in the country's AML/CFT regime. **b)** Additionally, there are no requirements in place for FIs and DNFBPs to incorporate the findings from the NRA into their risk assessments.

- 13) Notwithstanding the foregoing, Suriname requires service providers to apply enhanced measures to manage and mitigate higher risks. This is outlined in Article 3 of the WID Act (Act of 5 September 2002 - Identification Requirements for Service Providers) which mandates service providers (both FIs and DNFBPs) to apply enhanced due diligence (EDD) procedures and Article 4 of the Act further outlines the circumstances under which service providers may perform enhanced screening for higher-risk customers. Articles 10 and 11 also outline specific measures for high-risk countries and new technologies. The risk mitigation measures are however not predicated on the identification of higher risk as evidenced by a national or sectoral risk assessment or other forms of risk assessments.
- 14) **Criterion 1.8** – There are no specific legislative provisions in place for FIs and DNFBPs to apply simplified measures to some of the FATF Recommendations. However, Article 3 of the WID Act requires sectors/ professions that fall under the AML/CFT framework to apply risk-based approaches to clients, business relationships, products and transactions during the onboarding process. The simplified measures were implemented prior to the completion of the NRA, therefore the measures were not predicated on the country's understanding of its ML/TF risks.
- 15) **Criterion 1.9** – Article 22 sub 1 of the MOT Act identifies the following agencies/bodies, listed below, as AML/CFT supervisors. The provisions in the MOT Act are limited to the disclosure of unusual transactions. As it relates to the WID Act that outlines the CDD, EDD and record keeping AML/CFT requirements, there is no designated supervisor. This limitation could prevent the DNFBPs supervisors from implementing measures to assess ML and TF risk using a risk-based approach as the remit of the supervisors could be challenged by their supervised entities.
- The CBvS for the financial service providers;
  - The GSCI for the Gaming Sector; and
  - The FIUS for all other designated service providers
- 16) Article 22 sub 2 of the MOT Act obligates the supervisors to issue guidance to their licensees to promote compliance with their AML/CFT obligations. The CBvS, the FIUS and the GSCI have issued guidance to their licensees and these guidelines require that supervised entities utilise risk-based approaches when conducting risk assessments. (See CBvS Memorandum Directive' on AML/CFT October 2016, FIUS Guidelines and Gaming Board Directives). The CBvS and FIUS verify that the guidelines are being implemented through both onsite and offsite examinations. While the GSCI conduct offsite monitoring.
- 17) **Criterion 1.10** – Suriname's AML/CFT provisions do not require FIs and DNFBPs supervised by the FIUS to document their risk assessments. As it relates to casinos, the Gaming Board directive (pages 3 - 4) requires that risk assessments be documented. This provision relates only to the MOT Act which outlines provisions relating to unusual transaction monitoring and reporting and there is no established link between this Act and the WID Act, which details identification requirements for service providers.
- b – c)** In the case of DNFBPs (excluding the Gaming Sector), the FIUS has issued Specific Guidelines to its supervised entities to facilitate the identification, assessment and understanding of their ML/TF risks (for customers, geographic areas and products) (see section 2.5.1 and 5.2.1 of AML-CFT Specific Guidelines for notaries, real estate professionals, accountants, administration Offices and attorneys (July 2021) and AML-CFT Specific Guidelines for dealers in precious metals and stones, motor vehicle dealers (July 2021). In relation to the gaming sector, the Gaming Board directive (No. 001.21) on AML/ CFT requires licensees to assess their risk using a risk-based approach, taking into consideration the relevant

risk factors. The remit of these directives extends only to the MOT Act which outlines provisions relating to unusual transaction monitoring. There are, however, no requirements for FIs to consider all the relevant risk factors in determining the level of overall risk and the relevant mitigation measures.

d) In the case of both FIs and DNFBPs, there is no mechanism in place for reporting entities to provide risk assessment information to their respective competent authorities.

- 18) **Criterion 1.11** – There is no requirement for supervised entities to have policies, controls and procedures, which are approved by senior management, to enable them to manage and mitigate the risks that have been identified by the country or by the FI or DNFBP.

b) There is no requirement for FIs and DNFBPs to monitor the implementation of controls and if required, enhance these measures.

c) There are no requirements for FIs and DNFBPs to take enhanced measures to manage and mitigate higher risks when they are identified. The CBvS Directive (pages 12, 13 and 15) and the Gaming Board Directive (Directive no. 001.21 – pages 6 - 8) outline some measures in relation to higher risk, however, these provisions do not satisfy this criterion.

- 19) **Criterion 1.12** – Article 3 of the WID Act permits service providers to tailor client screening to the risk sensitivity for money laundering and terrorist financing taking into consideration the type of client, business relationship, product or transaction. However, criteria 1.9 to 1.11, which have a cascading effect on this criterion, were not rated as “met”.

### **Weighting and Conclusion**

- 20) Suriname completed its first NRA in 2021 and there are no other risk assessments (sectoral or thematic) conducted by the country to demonstrate that risks are or will be regularly assessed. The NRA did not cover several relevant areas recommended under the FATF Methodology. The country has implemented some of the aspects of R1 and have some outstanding deficiencies to address. Higher risk scenarios identified were not addressed through changes in the country’s AML/CFT regime and there are no requirements for FIs and DNFBPs to incorporate the findings from the NRA (or sectoral or thematic assessments) into their risk assessments. Also, there is no mechanism in place for FIs and DNFBPs to provide risk assessment information to their competent authorities and there is no requirement for these entities to have policies, controls and procedures, approved by senior management, that enable them to manage and mitigate identified risks. Further, there is no requirement for FIs and DNFBPs to monitor the implementation of controls and if required enhance these measures and there are no requirements for FIs and DNFBPs to take enhanced measures to manage and mitigate higher risks when they are identified. These deficiencies were weighted as moderate shortcomings due to the importance of the application of a risk-based approach. **Recommendation 1 is rated partially compliant.**

### **Recommendation 2 - National Co-operation and Co-ordination**

- 21) This recommendation, formerly R.31, was rated ‘LC’ in the 3rd Round MER. The deficiency cited was that the legal mandate of the existing monitoring and advisory body does not extend to co-operation and co-ordination in Suriname (See Para 617 Pg. 143). Further to a revision of the FATF Standards, R.2 requires compatibility of AML/CFT requirements and data protection and privacy rules and that mechanisms be in place to enable co-operation, co-ordination and exchange of information domestically concerning AML/CFT policies.

- 22) **Criterion 2.1** – Pursuant to the Presidential Resolution of March 19, 2019, no.14.286/18, as revised by Resolution of August 2, 2019, no. 11.052/19, the Government of Suriname has decided that the NRA will be the basis for a national strategy to prevent and combat ML/TF in Suriname. In the resolution, the Government has recognized that only with a correct identification of the most important criminal threats and vulnerabilities as well as the impact these will have on the AML/CFT system, an effective national approach to combat ML/TF can be achieved. Suriname only recently completed its National Risk Assessment (NRA) and via Missive no 55 gave approval for its NRA. NAMLAC has completed the national AML/CFT/CPF Strategic Plan, which contains an action plan to address the gaps in Surinamese legal and institutional framework. Suriname has approved the AML/CFT/CPF Strategic Plan.
- 23) **Criterion 2.2** – The Anti- Money Laundering Steering Council (ASC) was established by Covenant on December 9, 2011, between the Minister of Justice and Police, Minister of Finance and the Governor of the Central Bank. The ASC is the national policy setting and coordinating body for AML/CFT and all related matters. By presidential decision of July 7, 2021, P.B. no. 49/2021, the ASC has been expanded and now consists of:
- (a) The President of the Republic of Suriname (chair)
  - (b) The Vice-president of the Republic of Suriname
  - (c) The Minister of Foreign Affairs, International Business and International Co-operation
  - (d) The Minister of Finance and Planning
  - (e) The Minister of Justice and Police
  - (f) The Minister of Natural Resources
  - (g) The Governor of the Central Bank of Suriname
  - (h) The Attorney General
  - (i) The Chairman of the Permanent Commission of the Ministry of Finance and Planning in the National Assemblée (non-voting member/auditor)
- 24) **Criterion 2.3** – The NAMLAC is tasked to, among others, coordinate and cooperate on the implementation of AML/CFT policies and activities. NAMLAC is composed of representatives from key agencies such as the FIUS(Chair), Central Bank, the GSCI, Ministry of Finance, Ministry of Foreign Affairs, Ministry of Justice and the Police, National Police Force, Tax Authority and the Prosecution Office. MOU's have been signed between: (a) FIUS and CBvS, November 14<sup>th</sup> 2019; (b) FIUS and GB, July 14, 2021; and (c) Prosecutors Office and Tax Authority, March 15<sup>th</sup> , 2021 which allows for the effective sharing of information at an operational level.
- 25) **Criterion 2.4** – Competent authorities do not have co-operation and co-ordination mechanisms to combat the financing of proliferation of weapons of mass destruction.
- 26) **Criterion 2.5** – Suriname does not have mechanisms in place for co-operation and co-ordination between relevant authorities to ensure the compatibility of AML/CFT requirements with Data Protection and Privacy rules and other similar provisions (e.g. data security/localisation).

### **Weighting and Conclusion**

- 27) National co-operation and co-ordination measures are largely in place in Suriname. Their NRA and National AML/CFT/CPF Strategic Plan have been approved. However, in Suriname's context, the following deficiencies were noted: (a) Suriname has no legislation on the criminalization of PF; and (b) Suriname did not demonstrate the mechanisms in place for co-operation and co-ordination between relevant authorities to ensure the compatibility of AML/CFT requirements with Data Protection and Privacy rules and other similar provisions (e.g. data security/localisation).
- Recommendation 2 is rated partially compliant.**

### Recommendation 3 - Money laundering offence

- 28) Suriname received ratings of ‘PC’ and ‘LC’ for this Recommendation (formerly R1 and R2) in its 3<sup>rd</sup> MER. Among the deficiencies noted were that not all designated categories of predicate offences are covered in the absence of the criminalization of ‘terrorism and financing of terrorism’ and ‘insider trading and market manipulation’ in Suriname penal legislation; It was virtually impossible to do any assertion with regard to the effectiveness and efficiency of the systems for combating ML, due to the lack of comprehensive and reliable (annual) statistics and evidentiary requirements for autonomous ML still untested.
- 29) **Criterion 3.1** – Articles 1 and 3 of the Act on Money Laundering Penalization criminalise money laundering on the basis of Article 3(1)(b) & (c) of the Vienna Convention. Consequently, activities specific to intentional money laundering (requiring proof of the awareness of the person involved that the item was derived from a criminal offence) and similar activities specific to culpable money laundering (where the person involved did not know but should have reasonably suspected) have been criminalised. The required elements of the Vienna and Palermo Conventions are captured as follows:
  - 30) Conversion or Transfer: Article 1, paragraph b (intentional money-laundering) of the Act on Money Laundering Penalization makes it an offence for a person to acquire, keep, transfer or convert an item or utilise an item knowing that such item – indirectly or directly – is derived from some criminal offence. Article 3, paragraph b (culpable money-laundering) of the Act on Money Laundering Penalization makes it an offence for a person to acquire, keep, transfer or convert an item or utilise an item when he should reasonably suspect that the item – indirectly or directly – is derived from some criminal offence. These offences however fall short of the FATF standards due to the absence of the ‘purpose’ elements, although it is noted that page 8 of the Explanatory Note to the Act on Money Laundering Penalization states as follows: The terms “concealment” and “disguising”, therefore, imply a certain purposiveness: the activities are intended to obstruct insight into the nature, source, location, etc., of items and is also suitable to attain that purpose.
  - 31) Acquisition, possession or use: Article 1, paragraph b and Article 3, paragraph b above refer. Whilst the elements of ‘acquisition’ and ‘use’ are captured, it is not clear whether ‘possession’ is an element of the offence ‘to keep’, although it is noted that Suriname explains the ‘keepership’ principle on pages 6 and 11 of the Explanatory Note to the Act on Money Laundering Penalization.
  - 32) Concealment or disguise: Article 1, paragraph a of the Act on Money Laundering Penalization makes it an offence for a person to conceal or disguise the true nature, source, location, disposition, movement, rights with respect to, or keepership of an item, knowing that such item- indirectly or directly – is derived from some criminal offence. Article 3, paragraph a of the Act on Money Laundering Penalization makes it an offence for a person to conceal or disguise the true nature, source, location, disposition, movement, rights with respect to, or keepership of an item, when he should reasonably suspect that the item - indirectly or directly – is derived from some criminal offence. Absent from these Articles is the offence of concealing or disguising true ‘ownership’ of an item. Although ‘keepership’ of an item is introduced, which according to page 11 of the Explanatory Note to the Act on Money Laundering Penalization assumes factual control with regard to an item, this is limited in scope as being in ‘ownership’ of an item extends beyond mere factual control.
- 33) **Criterion 3.2** – The ML acts penalized in Articles 1 and 3 of the Act on Money Laundering Penalization are criminal offences. The ML acts penalized purports to cover all criminal offences

in Suriname, which are predicate offences for Money Laundering. Suriname has not provided a legislative definition of ‘criminal offence’.

- 34) **Criterion 3.3** – Suriname does not apply a threshold approach or a combined approach that includes a threshold approach in determining predicate offences.
- 35) **Criterion 3.4** – Article 4 of the Act on Money Laundering Penalization defines the term “items” to be all assets, movable and immovable goods, as well as commercial and personal rights. This definition does not satisfy the requirement that a ML offence should extend to any type of property, regardless of its value. Additionally, this definition is not as expansive as FATF’s definition of ‘property’ which means assets of every kind, whether corporeal or incorporeal, moveable or immovable, and most importantly, tangible or intangible, and legal documents or instruments evidencing title to, or interest in such assets.
- 36) **Criterion 3.5** – The Act on Money Laundering Penalization does not require a person to be convicted of a predicate offence, in order to prove that property is the proceeds of crime.
- 37) **Criterion 3.6** – The predicate offences for ML are criminal offences, however the findings in relation to criterion 3.2 have a cascading effect. Under Articles 2 to 5a of the Criminal Code, the predicate offences for ML extend to conduct that occurred in another country, which constitutes an offence in that country, and which would have constituted a predicate offence had it occurred domestically.
- 38) **Criterion 3.7** – Articles 1 and 3 of the Act on Money Laundering Penalization provides that the Money Laundering offences (intention and culpability) apply to any person who performs one of several acts in relation to an item, knowing or reasonably suspecting that the item indirectly or directly is derived from some criminal offence. Therefore, the money laundering offence applies to any person who commits any one of those acts, as those acts are the predicate offence. However, the findings in relation to criterion 3.2 have a cascading effect.
- 39) **Criterion 3.8** – The Explanatory Notes within the Act on Money Laundering Penalization and Articles 19 & 325 of the Code of Criminal Procedure make it possible for the intent and knowledge required to prove the Money Laundering offence to be inferred from objective factual circumstances. Specifically, paragraph 1 of Article 19 of the Code of Criminal Procedure stipulates that a person shall be considered as a suspect whose facts or circumstances give rise to a reasonable suspicion of guilt of any criminal offences. Paragraph 2 of Article 19 of the Code of Criminal Procedure stipulates that during the prosecution, the person against whom the prosecution is directed shall be considered as a suspect. Further, Article 325 prescribes the matters that shall be recognized as legal evidence and the stipulation that general known factors or circumstances shall not require proof.
- 40) **Criterion 3.9** – Proportionate and dissuasive criminal sanctions apply to a natural person guilty of intentional money laundering. Offences under Article 1 of the Act on Money Laundering Penalization is punishable by imprisonment of not more than 15 years and a fine not exceeding five hundred million guilders Surinamese currency (500,000,000) (USD23 720); being found guilty of habitually committing money laundering under Article 2 of the Act on Money Laundering Penalization is punishable by imprisonment of not more than 20 years and a fine not exceeding seven hundred and fifty million guilders Surinamese currency (750,000,000) (USD35 581); being found guilty of culpable money laundering under Article 3 of the Act on Money Laundering Penalization is punishable by imprisonment or detention of not more than six years and a fine not exceeding three hundred million guilders Surinamese currency (300,000,000) (USD14 232); Article 5 of the Act on Money Laundering Penalization provides that upon conviction of one of the criminal offences described in Articles 1 to 3, a natural person may suffer deprivation/disqualification from rights under Article 46 of the Criminal Code (disqualification from holding of offices or holding

certain offices, exercise of certain professions, the right to elect the members of public representative bodies to be elected as a member of such bodies or both, the right to travel out of Suriname, where the guilty person is domiciled or the right to enter Suriname and the right to freely be anywhere in Suriname) and be debarred from the practice of the profession in which he committed the criminal offence. The high value of fines, lengthy time frame for imprisonment, and ranges of these that can be imposed satisfy the proportionality and dissuasive requirements.

- 41) **Criterion 3.10** – Article 76 of the Criminal Code provides those criminal offences may be committed by natural persons and legal entities. Criminal proceedings can therefore be instituted, and punishments/measures provided for by law (Article 9 of the Criminal Code), as punishment for the criminal offence, may be applied against (i) the legal persons or against those who gave the order to commit the offence, (ii) those in actual control of the prohibited conduct or (iii) against the aforementioned persons jointly referred. Article 76 does not preclude parallel criminal, civil or administrative proceedings with respect to legal persons in countries in which more than one form of liability is available. Also, such measures are without prejudice to the criminal liability of natural persons. Given the magnitude of some legal persons, the sanctions for criminal offences would not be proportionate and dissuasive.
- 42) **Criterion 3.11** – There are appropriate ancillary offences to the money laundering offence within the Criminal Code. Participating in, association with, conspiracy to commit, attempting, aiding and abetting, facilitating and counselling the commission of a money laundering offence are provided for within Articles 72 and 73 of the Criminal Code.

#### *Weighting and Conclusion*

- 43) Money laundering having been criminalised under Articles 1 and 3 of the Act on Money Laundering Penalization, does not incorporate the purposive element of converting and transferring an item, the acts of being in ‘possession’ of an item and concealing or disguising ‘ownership’ of an item. The Act does not provide a definition of criminal offence. The definition of item in the Act on Money Laundering Penalization does not comply with the FATF Standards. The criminal sanctions for legal persons are not proportionate and dissuasive. **Recommendation 3 is rated partially compliant.**

#### **Recommendation 4 - Confiscation and provisional measure**

- 44) Suriname was rated ‘PC’ for R.4 (formerly R.3) in its 3rd round MER. The deficiencies at the time were lack of a legal basis for the confiscation of TF related assets, in the absence of a TF offence; and the impossibility to assess the effectiveness and efficiency of the systems for combating ML, due to the lack of comprehensive and reliable (annual) statistics with respect to property / objects seized and confiscated.
- 45) **Criterion 4.1** – Articles 9, 50 & 50a of the Criminal Code and Articles 103 & 104 of the Code of Criminal Procedure provide measures that enable the forfeiture of objects, whether held by criminal defendants or by third parties, as a Court is permitted to impose a forfeiture order upon conviction of any criminal offence. Articles 54b & 54c of the Criminal Code provide for the withdrawal from circulation of objects associated with the commission of an offence. In respect of the following:  
**a) Property laundered** - Articles 50a, 54b and 54c of the Criminal Code provide that forfeiture and withdrawal from circulation may be ordered with respect to property laundered. Article 50a (5) of the Criminal Code states that an object shall include all assets, such as movable and immovable property, as well as real rights and personal rights. A limitation exists with respect to this definition as it is not as expansive as the FATF definition of property

- b) Proceeds of (including income or other benefits derived from such proceeds), or instrumentalities used or intended for use in, ML or predicate offences** - Articles 50a, 54b and 54c of the Criminal Code provide that forfeiture and withdrawal from circulation may be ordered in respect of any criminal offence. This includes ML or predicate offences.
- c) Property that is the proceeds of, or used in, or intended or allocated for use in the financing of terrorism, terrorist acts or terrorist organisations** - Articles 50a, 54b and 54c of the Criminal Code provide that forfeiture and withdrawal from circulation may be ordered in respect of any criminal offence. This includes terrorist acts or terrorist organizations. The financing of terrorism is not an offence in Suriname. Additionally, the deficiency in the definition of object identified above has a cascading effect here.
- d) Property of corresponding value** - Article 103(3) of the Code of Criminal Procedure enables confiscation of property of corresponding value, as a judge can order seized objects to be disposed of, destroyed, given up or used for any purpose other than an investigation, which are replaceable and the equivalent value of which can be easily determined.
- 46) **Criterion 4.2** – In relation to property subject to confiscation, the Code of Criminal Procedure (Articles 82 to 101) provides wide provisional powers of investigation in pursuance of criminal property.
- a) Under Article 86a there are specific provisional measures permitting the investigation of the financial situation of a suspect and this allows for the identification, tracing and evaluation of assets. Further, a Court can authorise investigating officers and special persons to apply for search warrants (Articles 97 and 98), production orders (Article 92) or tap or record telephone calls (Article 89) for the purpose of identifying, tracing and evaluating property.
  - b) Under Article 91 of the Code of Criminal Procedure the examining magistrate is empowered to seize objects that may later be subject to forfeiture or to preserve the right of recovery for a fine to be imposed or for the purpose of deprivation of an unlawfully obtained benefit. The powers of investigation and seizure are exercisable by the investigating magistrate on their own motion or on application by the police.
  - (c) No identified steps have been taken that will prevent or void actions that prejudice the country's ability to freeze or seize or recover property that is subject to confiscation.
  - (d) The appropriate investigative measures that can be taken are the ability to acquire search warrants, production orders and tapping or recording telephone calls.
- 47) **Criterion 4.3** – Article 50a (3) and (4) of the Criminal Code provides protection for the rights of *bona fide* third parties. In this regard, objects owned by a third party can only be forfeited if the third party was aware and could have reasonably suspected that the object or its rights represented the proceeds of crime, or they were used – or intended for use – in connection with a criminal offence.
- 48) **Criterion 4.4** – Articles 102, 103 & 104 of the Code of Criminal Procedure provide mechanisms for managing and disposing of property frozen, seized or confiscated. Seized objects are placed in the custody of a repository appointed by state decree (Article 102). The decree must contain rules on how the seized objects are to be kept in custody and available for the investigation and also pursuant to Article 103, how the seized objects shall be disposed of, destroyed, given away, or used for purposes other than the investigation (Article 104).

### *Weighting and Conclusion*

- 49) The deficiencies found in relation to this Recommendation are that the objects which can be forfeited or withdrawn from circulation do not incorporate all types of property as per the FATF definition. Additionally, there was no evidence of steps taken to prevent or void actions that prejudice the country's ability to freeze or seize or recover property that is subject to confiscation. **Recommendation 4 is rated largely compliant.**

### Recommendation 5 - Terrorist financing offence

- 50) In its third MER Suriname was rated non-compliant with former SR. II as TF was not criminalised. In 2012, Suriname passed legislative amendments introducing a TF offence as an offence (Preparation of a Terrorist Crime) related to the primary offence of committing a terrorist crime. The changes to Rec. 5 introduced an explicit reference to the Terrorist Financing Convention in the text of the R.5 and in February 2016, the FATF clarified that R.5 requires countries to criminalise the financing of travel for terrorist purposes (c.5.2bis).
- 51) **Criterion 5.1** – Suriname has criminalised TF in line with the TF Convention by:
- Introducing the offence of financing of terrorist crimes as a distinct offence under the broader offences of Preparation of Terrorist Crimes (art.71(2) of the Penal Code).
  - Defining the offence of *financing of terrorist crime* in the MOT Act (art.1 sub 1K) with the following meaning:
    - i. the intentional acquisition or availability of monetary instruments or cash equivalents intended for the commission of a terrorist offence;
    - ii. the intentional provision of resources with monetary value for the commission of a terrorist offence; or
    - iii. the provision of financial or material support in the acquisition of funds or items for an organisation whose objective is the commission of a terrorist offence.
- 52) Terrorist crime is an offence, as referred to in Section 113b of the Penal Code and captures a range of violent acts. Terrorist intent is captured at art.113c of the Penal Code.
- 53) **Criterion 5.2** When art.71(2) of the Penal Code and art.1 sub 1K of the MOT Act are read together, TF offences extend to any person who wilfully provides or collects funds or other assets by any means, directly or indirectly, with the unlawful intention that they should be used, or in the knowledge that they are to be used, in full or in part: (a) to carry out a terrorist act(s); or (b) by a terrorist organisation or by an individual terrorist (even in the absence of a link to a specific terrorist act or acts). Terrorist organisations are captured by art.188a of the Penal Code. Art.72(2) refers to the provision of “opportunity”, “means” or “information” and provision or collection of “objects”. Objects include all assets, such as movable and immovable property, as well as business and personal rights (art.50a of the Penal Code). However, whilst the authorities have submitted that ‘*opportunity*’ and ‘*means*’ are meant to cover funds and assets of every kind, there are no clear definitions on the meaning of these terms nor support material to give that interpretation.
- 54) **Criterion 5.2bis Financing** the travel of individuals who travel to a State other than their States of residence or nationality for the purpose of the perpetration, planning, or preparation of, or participation in, terrorist acts or the providing or receiving of terrorist training is not addressed in Suriname's legislation.
- 55) **Criterion 5.3** There are TF offences which extend to any funds or other assets. There is no limitation as to their origin, whether from legitimate or illegitimate sources.
- 56) **Criterion 5.4** Financing of terrorism, defined as TF in the MOT Act (art.1 sub 1K) does not require that funds or other assets be actually used to carry out or attempt a terrorist act(s) or be linked to a

specific terrorist act(s).

- 57) **Criterion 5.5** Articles 19 and 325 of the Code of Criminal Procedure make it possible for the intent and knowledge required to prove offences under Articles 71(2) and 188 of the Penal Code to be inferred from objective factual circumstances. Specifically, Article 19(1) of the Code of Criminal Procedure stipulates that a person shall be considered as a suspect whose facts or circumstances give rise to a reasonable suspicion of guilt of any criminal offences. Further, Article 325 of the Code of Criminal Procedure prescribes the matters that shall be recognized as legal evidence and the stipulation that general known facts or circumstances shall not require proof.
- 58) **Criterion 5.6** The criminal sanctions applicable to natural persons for the offence of Preparation of a Terrorist Crime is dependent on the penalties stipulated for crimes committed under the Penal Code. Article 71(3) of the Penal Code provides that the maximum of the principal penalties imposed on the crime is reduced by half during preparation. Article 71(4) of the Penal Code provides that if it is a crime punishable by life imprisonment, a maximum prison sentence of fifteen years is imposed. With regard to Participation in a Criminal Organization, Articles 188(1) and 188a (1) of the Penal Code provides that the criminal sanction applicable to natural persons is a term of imprisonment not exceeding eighteen years and a fine of the fifth category (maximum fine of SRD 100,000). Article 188b of the Penal Code provides that in the event there is a conviction under Articles 188(1) and 188a (1) of the Penal Code, an additionally penalty which may be pronounced is the deprivation of rights under Article 46(1) of the Penal Code. These sanctions are considered proportionate and dissuasive.
- 59) **Criterion 5.7** Article 76 of the Penal Code provides that criminal offences may be committed by natural persons and legal entities. Criminal proceedings can therefore be instituted, and punishments/measures provided for by law for criminal offences, may be applied against (i) the legal persons, (ii) those who gave the order to commit the offence, as well as those who actually directed the prohibited conduct or (iii) against the aforementioned persons jointly referred. Article 76 of the Penal Code does not preclude parallel criminal, civil or administrative proceedings with respect to legal persons in countries in which more than one form of liability is available. Also, such measures are without prejudice to the criminal liability of natural persons.
- 60) **Criterion 5.8** Article 71 of the Penal Code creates the offence of attempted financing of terrorist crimes. There are appropriate ancillary offences within Articles 70 to 73 of the Penal Code for criminal offences, namely participating as an accomplice in the offence or attempted offence, organising or directing others to commit an offence or attempted offence, and contributing to the commission of one or more offence(s), attempted offence(s), by a group of persons acting with a common purpose.
- 61) **Criterion 5.9** The ML acts penalised under arts.1-3 of the Act on Money Laundering Penalisation cover all criminal offences in Suriname.
- 62) **Criterion 5.10** – The Surinamese criminal law is applicable to anyone who is guilty of an offense committed against a Surinamese outside Suriname (art.4 sub 2 of the Penal Code). Also, insofar as the offense falls under the definitions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism and either the offense is directed against a Surinamese or the suspect is in Suriname (art. 4 (1)(14<sup>0</sup>)). The financing of terrorist crime (art.71(2) of the Criminal Code) is not specifically addressed. Consequently, TF offences do not apply, regardless of whether the person alleged to have committed the offence(s) is in the same country or a different country from the one in which the terrorist(s)/terrorist organisation(s) is located or the terrorist act(s) occurred/will occur since art.4 of the Penal Code provides that the terrorist crimes listed therein are only applicable to crimes committed outside of Suriname and either the act is committed against a Surinamese national or the suspect is in Suriname.

### *Weighting and Conclusion*

- 63) Act of 29 October 2012 contains approval of the accession of the Republic of Suriname to the “International Convention for the Suppression of the Financing of Terrorism”. TF has been criminalized consistent with Article 2 of the Terrorist Financing Convention. There are however some elements of R.5 which have not been covered including financing of travel. Further, the financing of terrorist crimes only applies in limited circumstances. Finally, there is no explicit definition of ‘*funds*’. Given Suriname’s context whereby the country has a very limited understanding of its TF risk, these deficiencies are weighted heavily. **Recommendation 5 is rated partially compliant.**

### **Recommendation 6 - Targeted financial sanctions related to terrorism and terrorist financing**

- 64) Suriname received a rating of ‘NC’ for this Recommendation (formerly SRIII) in their 3<sup>rd</sup> MER because there was no system in place for complying with the relevant UN Resolutions and providing for an adequate freezing regime.
- 65) **Criterion 6.1** – In relation to designations pursuant to United Nations Security 1267/1989 (Al Qaida) and 1988<sup>16</sup> sanctions regimes:
- a) In Article 1 of the International Sanctions Act the Minister of Foreign Affairs in agreement with the Minister to whom it also concerns (The Ministers of Justice and Police, Foreign Affairs and Finance are responsible for the implementation of this law), is identified as the competent authority, having responsibility for proposing persons or entities to the 1267/1989 Committee for designation, and for proposing persons or entities to the 1988 Committee for designation.
  - b) There are no mechanisms for identifying targets for designation, based on the designation criteria set out in the relevant United Nations Security Council resolutions (UNSCRs).
  - c) An evidentiary standard of proof of “reasonable grounds” or “reasonable basis” is not applied when deciding whether or not to make a proposal for designation.
  - d) The procedures and (in the case of UN Sanctions Regimes) standard forms for listing, as adopted by the relevant committee (the 1267/1989 Committee or 1988 Committee) are not followed.
  - e) As much relevant information as possible on the proposed name, a statement of case which contains as much detail as possible on the basis for the listing, and (in the case of proposing names to the 1267/1989 Committee) whether their status as a designating state may be made known is not provided for.
- 66) **Criterion 6.2** –In relation to designations pursuant to UNSCR 1373:
- a) Article 1 of the International Sanctions Act identifies the competent authority having responsibility for designating persons or entities that meet the specific criteria for designation as set forth in UNSCR 1373, as the Minister of Foreign Affairs in agreement with the Minister to whom it also concerns (The Ministers of Justice and Police, Foreign Affairs and Finance are responsible for the implementation of this law). Articles 1 and 8 respectively, of the State Decree National Sanctions List (O.G. 2016 no 131) provides for this to be done either on the country’s own motion or, after examining and giving effect to, if appropriate, the request of another country.

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<sup>16</sup> The International Sanctions Act is applicable to UNSCR 2253 (2015).

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- b) The criteria for designation in accordance with UNSCR 1373 is prescribed in Article 1 of the State Decree National Sanctions List of October 14, 2016 (O.G. 2016 no 131) and paragraph C of the Ministerial Decree of Foreign Affairs (2016 no 133). However, there are no mechanisms for identifying targets in Suriname, who fit this criterion, for designation under this criterion.
  - c) Article 8 of the State Decree National Sanctions List of October 14, 2016 (O.G. 2016 no 131) provides for the receipt and determination of a request from another state. If the request is to freeze funds of a natural person or legal entity, entity or body, which at the time of receipt of the request is not listed on the national sanctions list established for designations under UNSCR 1373, and it can be reasonably assumed that they are involved in terrorist offences or terrorist financing, the Minister will include them immediately in the national sanctions list. Before the Minister decides on the request, the Council on International Sanctions shall be consulted. The hearing of the Council must take place within three working days after receipt of the request and depending on the finding of the Council, the inclusion on the Sanctions List follows within three working days. Paragraph D of the Ministerial Decree of Foreign Affairs (2016 no 133) further sets out the procedure when the Minister receives a request from another state. This request must include as much data as possible on the proposed name, in particular sufficient information for the determination of the accurate and positive identification; specific information supporting a finding that the person or entity meets the relevant criteria for designation and inclusion on the Sanctions List. Paragraph D specifies that the designation criteria referred to in Article 1 of the State Decree National Sanctions List shall apply *mutatis mutandis*. Due to the finding in criterion 6.2(d), the evidentiary standard of proof of “reasonable grounds” or “reasonable basis” has not been satisfied.
  - d) According to paragraph C of the Ministerial Decree of Foreign Affairs (2016 no 133), an evidentiary standard of proof of “reasonable grounds” is applied when deciding whether or not to make a proposal for designation. However, such a proposal is conditional upon the opening of a criminal investigation or prosecution by the competent authority for committing, complicity in, or aiding and abetting a terrorist act or an attempt to do so and to prepare or facilitate a terrorist act.
  - e) There are no procedures to request another country to give effect to the actions initiated under the freezing mechanisms.
- 67) **Criterion 6.3** – There are no legal authorities and procedures or mechanisms to collect or solicit information to identify persons and entities that, based on reasonable grounds, or a reasonable basis to suspect or believe, meet the criteria for designation. Similarly, there are no legal authorities and procedures or mechanisms to operate *ex parte* against a person or entity who has been identified and whose (proposal for) designation is being considered.
- 68) **Criterion 6.4** – In relation to UNSCR 1267, Article 4a of the International Sanctions Act provides that any binding decisions of International Organisations shall be communicated by the Minister of Foreign Affairs in agreement with the Minister to whom it also concerns, within three business days to the Council on International Sanctions and to entities responsible for execution of that decision. Article 5b of the International Sanctions Act mandates the Council on International Sanctions to publish within five working days, in a digital way, the freezing lists and any amendments to these lists, for the benefit of service providers. In these circumstances, targeted financial sanctions are not implemented without delay. In relation to UNSCR 1373, Article 3 of the State Decree National Sanctions List stipulates that upon designation in accordance with Article 1, all funds available in

Suriname that belong directly or indirectly to any natural person or legal entity, entity or body shall be frozen immediately.<sup>17</sup>

- 69) **Criterion 6.5** – The Council on International Sanctions has the general task of supervising all service providers on the implementation and enforcement of targeted financial sanctions.

(a) Article 2 paragraph 1 of the State Decree UN Sanctions Regime (O.G. 2016 no. 34) stipulates that all balances and other means belonging to Al-Qaeda, the Taliban in Afghanistan, ISIL, ANF, members or representatives of said organisations and also other with said organisations associated natural persons or legal bodies, entities or bodies as referred to in Resolutions 1267, 1333, 1373, 1452, 1735, 1988, 1989, 2160, 2161, and 2170 of the Security Council shall be frozen. The definition of means is contained in Article 1 of the State Decree UN Sanctions Regime (O.G. 2016 no. 34) and it is not as expansive as the FATF definition of "funds or other assets", for example it excludes economic resources and the various forms of property. Additionally, within the State Decree UN Sanctions Regime (O.G. 2016 no. 34) the requirement for all natural and legal persons to freeze, without delay and without prior notice, all balances and other means of those so designated, does not exist. Article 3(4) of the State Decree National Sanctions List provides that service providers who are entrusted with frozen funds shall immediately take such action, so these funds cannot be transferred, converted, moved or made available. Article 9 of the International Sanctions Act mandates that a party involved in the implementation of this law and thereby obtaining information that they know or may reasonably assume to be of a confidential nature, shall be required to maintain confidentiality of the information. However, this Article doesn't relate to keeping confidential actions that will be taken to apply a freezing measure.

(b) The obligation to freeze extends: (i) under Article 2 paragraph 1 of the State Decree UN Sanctions Regime (O.G. 2016 no. 34) to all balances and other means belonging to Al-Qaeda, the Taliban in Afghanistan, ISIL, ANF, members or representatives of said organisations and also other with said organisations associated natural persons or legal persons bodies, entities or bodies as referred to in Resolutions 1267, 1333, 1373, 1452, 1735, 1988, 1989, 2160, 2161, and 2170 of the Security Council. The definition of means is contained in Article 1 of the State Decree UN Sanctions Regime (O.G. 2016 no. 34) and it is not as expansive as the FATF definition of "funds or other assets", for example it excludes economic resources and the various forms of property. Also, Article 3(1) of the State Decree National Sanctions List provides that all funds available in Suriname which belong directly or indirectly to any natural person or legal entity, entity or body or to which a natural person or legal entity, entity or body fulfilling the criteria for designation under Article 1 shall be frozen. There are no limitations in these Articles to freezing extending only to funds or other assets that can be tied to a particular terrorist act, plot or threat; (ii), (iii) & (iv) Article 3(2)(a) & (b) of the State Decree National Sanctions List provides that freezing (referred to in Article 3(1)) applies *mutatis mutandis* to means which directly or indirectly, in whole or in community with others, and resources from or produced by funds or other property, belonging to or are managed by the natural persons or legal entities, entities or bodies which are suspected of one or more terrorist offences or have been convicted, natural persons or legal entities, entities or bodies who finance terrorism or terrorist organizations. The finding on the obligation to freeze under (ii), (iii) & (iv) is limited to UNSCR 1373 as it is only capable under the State Decree National Sanctions List and does not apply to UNSCR 1267. Also, there is no definition for 'resources from or produced by funds or other property' which are required to be frozen pursuant to Article 3(2)(b) of the State Decree National Sanctions List, and therefore a conclusive finding cannot be made that it is equivalent to the requirement for

<sup>17</sup> These provisions are applicable to UNSCRs 1267/1989, 1988 and 1373.

the freezing of ‘funds or other assets derived or generated from funds or other assets’ under this criterion.

- (c) Articles 2 to 4 of the State Decree UN Sanctions Regime (O.G. 2016 no. 34) and Article 3(3) of the State Decree National Sanctions List prohibits nationals or any persons and entities within their jurisdiction, from making any funds or other assets, economic resources, or financial or other related services, available, directly or indirectly, wholly or jointly, for the benefit of designated persons and entities; entities owned or controlled, directly or indirectly, by designated persons or entities; and persons and entities acting on behalf of, or at the direction of, designated persons or entities, unless authorised in accordance with the relevant UNSCRs.
  - (d) Article 4a of the International Sanctions Act mandates the Minister to communicate decisions on designations to the Council on International Sanctions for the execution of those decisions. Article 5b (2) provides for the Council on International Sanctions to publish within five working days in a digital way the freezing lists and any amendments to these lists for the benefit of service providers. This communication is not done immediately upon taking such a decision. The Council on International Sanctions is also required to make an announcement thereof on its website. There is no requirement for this to be done immediately upon taking such a decision. Articles 5b(3) & (4) empowers the Council on International Sanctions to issue guidelines to all service providers on their obligations under the Act. Service providers under Article 1 of the MOT Act include a financial or non-financial service provider, being a natural person, legal entity, company or partnership that provides professional or commercial services. Additionally, Article 2 of the State Decree National Sanctions List imposes the responsibility on the Council on International Sanctions to provide information and assistance in individual cases to the service providers in consulting the sanctions list and the measures to be taken by them by virtue thereof to ensure the freezing of funds of designated persons and entities.
  - (e) Article 3(4) of the State Decree National Sanctions List provides that service providers who are entrusted with frozen funds shall forthwith report them to the Council on International Sanctions. Additionally, Article 7 mandates service providers to report to the Unusual Transactions Reporting Center (FIUS) of any request for the provision of a service (attempted transaction) in which a designated person or entity acts as the other party or is involved in any other way. However, such reporting requirements do not extend to transactions or attempted transactions, directed at frozen assets.
  - (f) Article 13 of the National Sanctions List allows any person directly affected by a decision of the Minister to refer the matter to the courts.
- 70) **Criterion 6.6** – Regarding de-listing, unfreezing and providing access to frozen funds or other assets:
- a) Paragraph I of the Ministerial Decree of Foreign Affairs (2016 no 133) provides the procedure for any natural person or legal entity, entity or body which appears on the sanction list of the UN to submit a request to be delisted to the UN Ombudsman. However, there is no consideration at the country level to determine whether the person no longer meets the criteria for designation, prior to submission to the UN Ombudsman.
  - b)) Article 10 of the State Decree National Sanctions List empowers the Council on International Sanctions to terminate freezing measures. There are no procedures or mechanisms for delisting pursuant to UNSCR 1373.

- c) Articles 12 & 13 of the State Decree National Sanctions List allows for the review of the designation decision before a court or other independent competent authority.
  - d) There are no procedures to facilitate review of designations in accordance with any applicable guidelines or procedures, including those of the Focal Point mechanism.
  - e) Paragraph I of the Ministerial Decree of Foreign Affairs (2016 no 133) outlines the procedure for informing designated persons and entities of the availability of the United Nations Office of the Ombudsperson.
  - f) Article 9 of the State Decree National Sanctions List and paragraph H of the Ministerial Decree of Foreign Affairs (2016 no 133) provides that where a service provider discovers that frozen assets belong to a natural person or legal entity, entity or body having the same or similar name as shown on the list, the service provider shall inform the Council immediately. However, this is limited to a service provider recognising the false positive. Although not specific to this situation, Article 13 of the National Sanctions List allows any person directly affected by a decision of the Minister to refer the matter to the courts.
  - g) Article 5b of the International Sanctions Act and Articles 2 & 3(6) of the National Sanctions List provides mechanisms for communicating de-listing and unfreezing to service providers. There is no requirement for this to be done immediately. Additionally, under those Articles guidance is provided to service providers.
- 71) **Criterion 6.7** – Article 5d of the International Sanctions Act and paragraph G of the Ministerial Decree of Foreign Affairs (2016 no 133) allows for access to frozen funds or other assets which have been determined to be necessary for basic and extraordinary expenses in accordance with the procedures set out in UNSCR 1452 and successor resolutions. On the same grounds, there is no authorisation for the access to funds or other assets, if freezing measures are applied to persons and entities designated by a (supra-) national country pursuant to UNSCR 1373.

### *Weighting and Conclusion*

- 72) The definition of means is contained in Article 1 of the State Decree UN Sanctions Regime (O.G. 2016 no. 34) and it is not as expansive as the FATF definition of "funds or other assets". In relation to designations pursuant to United Nations Security Council 1267/1989 (Al Qaida) and 1988 sanctions regimes, (i) there are no mechanisms for identifying targets for designation, (ii) the evidentiary standard of proof is not applied when deciding on designations, and (iii) the procedures and standard forms for listing are not followed. In relation to designations pursuant to UNSCR 1373, (i) there are no mechanism(s) for identifying targets for designation, (ii) the appropriate evidentiary standard of proof is not applied, and (iii) there are no procedures for the necessary information to be provided when requesting another country to give effect to actions initiated under the freezing mechanisms. Additionally, competent authorities do not have legal authorities and procedures or mechanisms to collect or solicit information to identify persons and entities, and to operate *ex parte* against them. Targeted financial sanctions are not implemented without delay. There is no requirement to freeze without delay and without prior notice the funds or other assets of designated persons and entities. The obligation to freeze is not extensive. There are no mechanisms for the communication of designations immediately to service providers. There is no consideration at the country level to determine whether a person no longer meets the criteria for designation, prior to submission to the UN Ombudsman. Pursuant to UNSCR 1373, there are no procedures or mechanisms to de-list. Pursuant to UNSCR 1988, there are no procedures to facilitate review of the designation. There are no publicly known procedures for a person with the same or similar name as designated persons and entities to have their funds or other assets unfrozen. There

are no mechanisms for communicating delisting and unfreezing immediately to service providers. **Recommendation 6 is rated non-compliant.**

### Recommendation 7 – Targeted financial sanctions related to proliferation

73) Given that the requirements for the implementation of targeted financial sanctions related to proliferation were added to the FATF Recommendations in 2012, their implementation was not evaluated in the previous round of mutual evaluations of Suriname.

74) **Criteria 7.1 – 7.5** Suriname has yet to implement a legal framework aimed at implementing the UNSC financial sanctions relating to the prevention, suppression and discontinuation of the PWMD.

75) **Weighting and Conclusion**

Suriname doesn't have any laws or measures in place to address the financing of Proliferation of Weapons of Mass Destruction (PWMD). Suriname has therefore not implemented Targeted Financial Sanctions (TFS) concerning the UNSCRs relating to the combating of PF. **Recommendation 7 is rated non-compliant.**

### Recommendation 8 – Non-profit organisations

76) Suriname was rated as “NC” for R.8 (formerly SR. VIII) in the 3rd MER. This rating was based on the absence of an adequate legislative and regulatory system to prevent the misuse of the non-profit sector by terrorists or for terrorism purposes. At the end of the 3rd Round of Mutual Evaluations, the requirements remained “NC”.

77) **Criterion 8.1 –**

(a) NPOs in Suriname are established as a foundation, pursuant to the Foundation Act<sup>18</sup>. Suriname has not conducted a risk assessment to identify which subset of foundations fall within the FATF definition of NPOs in order to identify the features and types of NPOs that, by virtue of their activities or characteristics, are likely to be at risk of terrorist financing abuse.

(b) Given that no risk assessment has been conducted on the sector, Suriname has not identified the nature of threats posed by terrorist entities to the NPOs which are at risk as well as how terrorist actors abuse those NPOs.

(c) There is no undertaking by Suriname authorities to review the adequacy of measures, including laws and regulations, that relate to the subset of the NPO sector that may be abused for TF support in order to be able to take proportionate and effective actions.

(d) There has been no periodic reassessment of the NPO sector in Suriname.

78) **Criterion 8.2 –**

(a) There are no policies in place that promote accountability, integrity, and public confidence in the administration and management of NPOs.

(b) Additionally, no outreach and educational programmes are being conducted to raise awareness among NPOs and donors about the potential misuse of NPOs by money launders and financiers of terrorism.

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<sup>18</sup> Article 1 of the Act defines foundation as a legal person created by a legal act, which has no members and who, with the aid of a capital intended for that purpose, aims to achieve a certain goal.

- (c) Suriname has not worked with NPOs to develop and refine best practices to address terrorist financing risk and vulnerabilities, which would also protect NPOs from TF abuse.
  - (d) There are no mechanisms/ process in place that encourages NPOs to only conduct transactions via regulated financial channels.
- 79) **Criterion 8.3** – Suriname has not promoted effective supervision or monitoring of NPOs and thus, as mentioned in criterion 8.1, has not conducted any risk assessment on the NPO sector. The country is therefore unable to demonstrate that risk-based measures apply to NPOs at risk of terrorist financing abuse.
- 80) **Criterion 8.4** –
- (a and b) As mentioned earlier, Suriname has not conducted any risk assessment on the NPO sector, and a supervisory body was not appointed to supervise or monitor the NPO sector. Therefore, the country could not demonstrate that effective, proportionate and dissuasive sanctions for violations of established rules, principles, guidelines or frameworks by NPOs or persons acting on behalf of NPOs were in place.
- 81) **Criterion 8.5** –
- (a and b) - Suriname did not demonstrate that effective co-operation, co-ordination and information-sharing was taking place among all levels of appropriate authorities that hold relevant information on NPOs. Additionally, the country did not demonstrate that they have the investigative expertise and capability to examine NPOs suspected of being exploited by, or actively supporting terrorist activities or terrorist organisations.
- (c) - The Suriname authorities did not indicate that investigative bodies' have access to information on the administration and management of particular NPOs during an investigation.
- (d) - There are no mechanisms in place to ensure that when there is suspicion or reasonable grounds to suspect that an NPO is wittingly or unwittingly involved in terrorist financing that this information is promptly shared with competent authorities for them to take preventive or investigative action.
- 82) **Criterion 8.6** – There are no appropriate points of contact and procedures to respond to international requests for information regarding NPOs suspected of TF or involvement in other forms of terrorist support.

### *Weighting and Conclusion*

- 83) Suriname has not conducted any risk assessment to identify the features and types of NPOs operating in the country as well as the subset of foundations that fall within the FATF definition of NPOs. Additionally, there are no legal instruments or any other measures to address the requirements of Recommendation 8. **Recommendation 8 is rated as non-compliant.**

### **Recommendation 9 – FI secrecy laws**

- 84) This Recommendation, formerly R.4, was rated 'PC' in Suriname's 3rd MER. The deficiencies noted were attributed to the lack of measures allowing the sharing of information between FIs and competent authorities, either domestically or internationally (See Para. 325 Section 3.4.3). The Suriname 11<sup>th</sup> Follow-up report noted that the-then R.4 remained deficient.
- 85) **Criterion 9.1** – There are no financial secrecy laws in Suriname. Information can be obtained either by production of a court order or by the relevant competent authorities. The following legislative framework facilitates limited sharing and access to information:

- 86) *Access to information by competent authorities:* Article 23 and 29 of the BCSS Act empower the CBvS authority to access all relevant information from the credit institutions. The employees of the CBvS have a strict confidentiality obligation under article 45 of the BCSS Act as well as under article 27 of the Money Transaction Offices Supervision (MTOS) Act. Under article 19 of the MTOS Act, the CBvS has the power to request any information from money transaction offices in order to perform its supervisory duties. Pursuant to article 8 of the Capital Market Act, 2014 (the “CM Act”), the CBvS has unrestricted access to information from stock brokerage or stock exchange in performance of its supervisory duties. The CBvS also has the power to request information from any person, company or institution in performance of its supervisory functions (See section 10 of the BCSS Act, which also covered insurance companies and pension funds as per the 3rd MER - Para. 322).
- 87) *Sharing of information between competent authorities:* Pursuant to Article 13 of the MOT Act, the relevant competent authorities, subject to any applicable confidentiality provisions, are required to inform the FIUS if in performance of their duties, they discover facts that point to or could reasonably point to ML. However, the MOT Act does not address the GSCI’s (GSCI) ability to share information. Also, article 46 section 1(e) of the BCSS Act creates an inhibition on the part of the competent authority’s access to complete information. The Suriname Authorities noted that the basis for full information exchange as required by R.2 and R.40 is yet to be embedded in Suriname’s legislation.
- 88) *Sharing of information between FIs where required by R.13, R.16 or R.17:* Suriname Authorities have not defined the measures for the FIs to share information amongst themselves where required by R.13, R.16 or R.17.

### *Weighting and Conclusion*

- 89) Whilst most of the competent authorities have access to information, there are no measures in place for the GSCI to share information, either domestically or internationally. Article 46 section 1(e) of the BCSS Act creates an inhibition on the part of the CBvS’ access to complete information to perform its AML/CFT functions. Furthermore, there are no defined measures for the FIs to share information where required by R.13, R.16 or R.17. The deficiencies are not heavily weighted as Suriname has no financial secrecy laws. **Recommendation 9 is rated largely compliant.**

### **Recommendation 10 – Customer due diligence**

- 90) This Recommendation, formerly R.5, was rated ‘NC’ in the 3rd MER on the basis that Suriname’s legislation had incomplete CDD requirements for the FIs (See Para 309 Section 3.2.3 Pg. 71 to 72). The Suriname 11th Follow-up report noted that most of the identified deficiencies pertaining to the inadequate CDD requirements in the 3rd MER had been satisfactorily addressed (See Para.57). Consequently, Suriname’s compliance with the-then R.5 was upgraded to a level comparable at minimum to an LC (See Para.57). Since then, the FATF requirements for CDD have substantially changed. Suriname’s 11th Follow-up report noted the following outstanding deficiencies: (a) the activity of ‘Individual and collective portfolio management’ had not been adequately included in the WID and MOT Acts to meet the definition of “financial activities” as per the FATF Methodology; and (b) the SDIUT did not specify the threshold for carrying out occasional transactions.
- 91) **Criterion 10.1** – Pursuant to section 2 I. of the 2016 CBvS Directive (Pg.9), FIs are prohibited from opening any anonymous accounts or accounts under fictitious names on behalf of customers. Under article 7 section 1 of the WID Act, service providers (defined in article 1 of the WID include all the FATF activities of FIs), FIs are required to record the following information: the name, address and place of residence, or the place of registered office of the client and party in whose name an account or a custody account has been opened, or of the party that receives access to a safe deposit

box, or of the party in whose name a payment or transaction is being performed, as well as of their representatives. They cannot reasonably administer anonymous accounts or accounts in obviously fictitious names.

92) **Criterion 10.2** – FIs are required to undertake CDD measures when:

- (a) *establishing business relationships according to* article 2 subsection 2a of the WID Act and section 2 I. of the 2016 CBvS Directive (Pg.8) when entering into a business relationship in or from Suriname.
- (b) *carrying out occasional transactions.* Pursuant to section 2 I. of the 2016 CBvS Directive (Pg.8), CDD measures should be undertaken when executing incidental transactions in accordance with the applicable threshold established under SDUIT or during electronic transfers of funds. Article 2 subsection 2b of the WID Act requires CDD measures to be undertaken when performing non-recurring transactions with values as established in the SDUIT. However, the SDUIT does not specify the threshold of USD/EUR 15,000 for carrying out occasional transactions as required by the FATF recommendations.
- (c) *carrying out occasional wire transfer transactions in circumstances covered by R.16.* Section 2 I. of 2016 CBvS Directive (Pg.9 to 13) sets out the designated threshold is USD/EUR 1,000 for cross-border wire transfers for the application of requirements of R.16.
- (d) *there is a suspicion of ML/TF, regardless of any exemptions or thresholds.* Article 2 subsection 2c and 2e of the WID Act and section 2 I requires FIs to perform CDD if there are indications that the client is involved in money laundering or terrorist financing and if there is similar suspicion regarding an existing client.
- (e) *the FI has doubts about the veracity or adequacy of previously obtained customer identification data.* Under article 2 subsection 2d of the WID Act FIs are required to perform CDD in cases where there is doubt in the reliability of previously obtained information from the client.

93) **Criterion 10.3** – Articles 2 subsection 1a,3 and 3a of the WID Act and section 2I. of the 2016 CBvS Directive (Pg.8) sets out the identification and verification requirements for customers (whether natural persons or legal entities). Article 3a of the WID Act stipulates establishing the identity of legal persons based on a certified extract from the Commercial Register of the CCI where that legal entity is listed or with the aid of a deed drawn up by a civil-law notary practising in Suriname. While the above measures require the identifying and verifying the identity of customers, there is no specification as to whether the customer includes legal arrangements.

94) **Criterion 10.4** – Article 3a (2o) of the WID Act requires FIs to establish the identity of any third party who is a natural person acting on behalf of the customer, through submitted documents.

95) **Criterion 10.5** – Article 2 subsection 1b of the WID Act requires the identification and verification of the ultimate beneficial owners and to take reasonable measures to verify his/her identity in such a manner that the FI is convinced of the identity of the ultimate beneficial owner. The above provision complies with the criterion except for the requirement of using relevant information or data obtained from a reliable source. Also, section 2 I. of the 2016 CBvS Directive broadly requires the identification and verification of the identity of the ultimate beneficiaries.

96) **Criterion 10.6** – Article 2 subsection 1 c of the WID Act requires FIs to carry out CDD including determining the objective and intended nature of the business relationship. This provision does not include the requirement to understand and, and as appropriate, obtain information on, the purpose and intended nature of the business relationship.

97) **Criterion 10.7** – FIs are required to conduct ongoing due diligence on the business relationship, specifically:

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- (a) Article 2 sub 1d requires FIs in carrying out CDD measures to perform ongoing checks of the business relationship and the transactions performed during the relationship, for the purpose of ensuring that the transactions correspond with the knowledge that the FI has of the risk profile of the client and the ultimate beneficial owner, with, as appropriate, investigation into the source of the capital involved in the transaction or the business relationship. This provision fully complies with the requirements of the sub-criterion. (Section 2 I. of the 2016 CBvS Directive (Pg.8)).
  - (b) Article 6 subsection 2 of the WID Act requires FIs to ensure that the data and information that have been received within the context of CDD measures, in particular those which relate to clients, ultimate beneficial owners or business relationships constituting a higher risk of money laundering and terrorist financing, have been updated and are relevant. This provision complies with the sub-criterion with the exception for undertaking reviews of existing records. Additionally, pursuant to section 2 I. of the 2016 CBvS Directive (Pg.8), FIs should continue to apply CDD-procedures on a risk-based approach basis even after the customer has been identified.
- 98) **Criterion 10.8** – Article 3a of the WID Act specifies the identification and verification procedures that should be conducted in order to establish the identity of customers that are legal entities. This provision does not require FIs for customers that are legal persons or legal arrangements to understand the nature of the customer’s business and its ownership and control structure. Section 2 I. of the 2016 CBvS Directive also requires the identification and verification of ultimate beneficiaries.
- 99) **Criterion 10.9** – Article 3a of the WID Act requires that identification of local or foreign legal entities registered in Suriname should include a certified extract from the Commercial Register of the CCI where that legal entity is listed, or a deed drawn up by a civil-law notary practising in Suriname.
- 100) Article 3a 2 requires that identification of a foreign legal entity that is not also registered in Suriname, a certified extract from the CCI, or from the official Commercial Register of the country where the registered office of that legal entity is located, or with the aid of a statement, issued by a civil-law notary or another officer from that country acting independently of the legal entity that can sufficiently guarantee the reliability of this statement on the basis of the nature of his position. The certified extract for the above entities should contain the following information: (a) the legal form, name in articles of association and proof of existence; (b) address with house number, registered office, country of registered office (c) the registration number at the CCI or the Commercial Register and (d) the registered place of business.
- 101) Article 3a 3 requires that identification of a legal entity governed by public law, be established by a statement of the administrative authority, if it concerns a Surinamese legal entity governed by public law, or a statement of the competent authority, if it concerns a foreign legal entity governed by public law.
- 102) Article 3a 4 requires that identification of religious organisations, independent parts thereof or bodies in which they are united may be established by a statement of the organisation of which the religious organisation, the independent part or the body is part. If the religious organisation, independent part or the body is not part of an organisation, the identity can be established on the basis of the religious organisations or the body’s own statement, which statement should contain the legal form, name, address, place and country of establishment of the religious organisations. The above provisions for identifying and verifying the identity of local or foreign legal entities registered in Suriname and foreign legal entities not also registered in Suriname complies with the requirements of (a) and (c). There are no provisions for the powers that regulate and bind the legal person, as well as the names of the relevant persons having a senior management position in the

legal person or arrangement. Regarding a legal entity governed by public law and religious organisation, in addition to the same deficiency as local or foreign entities there is no requirement for proof of existence. The above provisions do not include legal arrangements.

- 103) **Criterion 10.10** – Article 2 subsection 1b of the WID Act requires the identification and verification of the ultimate beneficial owners. Section 2 I. of the 2016 CBvS Directive requires the conduct of CDD measures, including the identification and verification of the identity of the ultimate beneficial owner. This provision complies with the requirement of sub-criterion (a). There are no measures for the alternatives under sub-criteria (b) and (c) for legal arrangements.
- 104) **Criterion 10.11** – There are no measures for FIs to take identification and reasonable measures to verify the identity of beneficial owners through (a) trust, the identity of the settlor, the trustee (s), the protector (if any), the beneficiaries or class boundaries and any other natural person exercising the ultimate effective control over the trust. (b) there are no measures for the identity of persons in equivalent or similar positions for other types of legal arrangements.
- 105) **Criterion 10.12** – Article 7 subsection 2e of the WID Act requires CDD information to be established in the case of taking out, surrendering and paying, as well as acting as a broker in taking out, surrendering and paying a life insurance agreement and other investment-linked insurance products, including the insured amount and the relevant policy number. This provision does not include the requirements of this criterion.
- 106) **Criterion 10.13** – There are no measures for FIs to include the beneficiary of a life insurance policy as a relevant risk factor in determining whether enhanced CDD measures are applicable.
- 107) **Criterion 10.14** – Article 2a subsection 1 of the WID Act requires the identification and verification measures for the customer and beneficial owner to be conducted prior to entering into the business relationship or executing a non-recurring transaction. FIs can verify the identity of the client and the ultimate beneficial owner during the business relationship, if such is necessary so as to not disrupt the service and little risk exists of ML or TF; in that case the FI shall verify the identity as quickly as possible after the first contact with the client. The provision complies with the requirements of the criterion.
- 108) **Criterion 10.15** – Pursuant to article 2a subsection 2b, 2c and 2d of the WID Act, service providers may complete verification of a customer and beneficial owner after establishment of the business relationship. This provision does not comply with the requirement that FIs must adopt risk management procedures concerning the conditions under which a customer may utilise the business relationship prior to verification.
- 109) **Criterion 10.16** – Article 2 subsection 1d of the WID Act requires ongoing monitoring to be conducted on customers. Further, pursuant to section 2 I. of the 2016 CBvS Directive, FIs should continue to apply CDD-procedures to new and existing customers, adjusting the scope of the measures on a risk sensitivity basis according to the type of customer, the business relationship or the transaction, including ongoing monitoring.
- 110) **Criterion 10.17** – Article 4 of the WID Act and section 2 I. of the 2016 CBvS Directive (Pg.8-9)) requires FIs to perform enhanced due diligence measures where higher ML/TF risk have been identified. The above provision complies with the requirements of the criterion.
- 111) **Criterion 10.18** – There are no specific measures for SDD where lower risks are identified.
- 112) **Criterion 10.19** – . Pursuant to article 2a subsection 3 of the WID Act, if the FI is unable to comply with the relevant CDD measures: (a) it is prohibited from entering into a business relationship or executing a transaction. Further, article 2a subsection 4 of the WID Act require FIs to terminate the business relationship without delay if the customer identify can no longer be verified; (b)

Pursuant to article 2a subsection 5 of the WID Act, FIs are required to terminate the business relationship and make a disclosure to the FIUS, pursuant to article 12 of the MOT Act. However, the requirement is only applicable in the situation after the business relationship has commenced and the FI cannot perform CDD measures.

- 113) **Criterion 10.20** – Pursuant to article 12 of the MOT Act, FIs are expected to make a disclosure to the FIUS if in performance of their tasks, they discover facts such as suspicions of ML/TF, insider trading and market manipulation. Sections 2 X. of the 2016 CBvS Directive also notes that FIs and their management and staff may not disclose to the customer or third parties that information has been provided to the FIUS under the MOT Act or that an investigation into ML activities is being carried out, unless the FIUS desires otherwise.

### *Weighting and Conclusion*

- 114) Whilst most of the CDD measures are in place in Suriname, deficiencies were noted in current AML/CFT legislative framework. Suriname has no provision that specify the threshold of USD/EUR 15,000 for carrying out occasional transactions by FIs which is considered a minor deficiency. In the insurance context, Suriname had no CDD measures for beneficiaries of life insurance policies. Further, there is no legislation that requires the FIs to include the beneficiary of a life insurance policy as a relevant risk factor in determining whether enhanced CDD measures are applicable. These deficiencies are not weighted heavily based on Suriname's risk and context and size of the insurance sector. With respect to CDD measures, there are no measures with respect to: (1) identification and verification requirements for legal arrangements (including their beneficial owners); (2) understanding and, as appropriate, obtaining information on, the purpose and intended nature of the business relationship; (3) understanding the nature of a customer's business and its ownership and control structure for legal persons or legal arrangements; and (4) obtaining information on the powers that regulate and bind legal persons or arrangements. These deficiencies are weighted heavily as some relate to higher risk areas such as identification and verification of beneficial ownership. In terms of timing of verification, whilst there are measures for the timing of verification, but they do not include appropriate risk management procedures. This is a minor deficiency. With respect to applying a RBA, whilst there were no SDD measures in place, this is considered a minor deficiency on the basis that standard CDD measures are applied irrespective of the customer's risk. Lastly, there are no measures for a situation where performing CDD will tip off the customer, which is a minor deficiency. **Recommendation 10 is rated partially compliant.**

### *Recommendation 11 – Record-keeping*

- 115) This recommendation, formerly R.10, was rated 'PC' in the 3rd MER. The key deficiencies noted were attributed to the lack of measures to ensure that: (a) all records are maintained during the course of the business relationship and are kept for at least five years after termination of the business relationship; (b) all records are maintained for a period longer than seven (7) years if requested by the competent authority; (c) FIs make all relevant information to the competent authority on a timely basis upon request (See Para. 342 sub section 3.5.3). The Suriname 11th Follow-up report noted that all the identified deficiencies in the 3rd MER had been satisfactorily addressed (See Para.58). Consequently, in 2017, Suriname's compliance with the then R.10 was upgraded to a level comparable to C (See Para.59).
- 116) **Criterion 11.1** – Article 16 subsection 1 of the MOT Act, FIs are obliged to retain all necessary records on transactions both domestic and international for at least seven years after the end of the business relationship or performance of the relevant transaction. Articles 5 and 8 of the WID Act also require identification documents of clients be maintained for a minimum period of seven years after termination of the business relationship or for a further time period beyond seven years if requested by the competent authorities. The above provision is beyond the five-year requirement of

the criterion. Article 14 section 2 of the MTOS Act requires money transaction offices to maintain all relevant transaction records for a period of at least ten years. Part V of the 2016 CBvS Directive requires that FIs retain all necessary records on transactions, both domestic and international, for at least seven years following the end of the business relationship, or the completion of the transaction concerned. At the request of the competent authorities, the FIs are required to retain all documents for longer than seven years.

- 117) **Criterion 11.2** – Articles 5 and 8 subsection 1 of the WID Act require CDD documentation to be maintained at least seven years after termination of the business relationship. Article 15 of the MOT Act requires FIs to document all national and international unusual transactions as fully as possible.
- 118) Article 49 of the BCSS Act requires FIs to maintain all correspondences and account records for at least ten years. While the above provisions would include all records, the retention period of ten years does not specify whether the period begins after the termination of the business relationship or the date of the transaction. Article 14 section 2 of the MTOS Act requires the Board of executive directors of Money Transaction Offices to maintain all relevant records for a period of at least ten years. Article 26 of the Capital Market Act (O.G. 2014, No. 53) (“CM Act”) requires that the executive board of a stock brokerage firm or stock exchange maintain all relevant records for a period of at least ten years.
- 119) Section V of the 2016 CBvS Directive requires the FIs to retain all relevant CDD records (such as, copies of official identification documents such as passports, identity cards, driving licenses or comparable documents, account files and business correspondences) for at least seven years after termination of the business relationship or the execution of the applicable transaction. At the request of the competent authorities, the FIs are required to retain all documents for longer than seven years. There is no explicit requirement for service providers to keep records of the results of any analysis undertaken.
- 120) **Criterion 11.3** – Article 16 subsection 1 of the MOT Act requires FIs to retain data and information in such a way that separate transactions can always be reconstructed and can be produced for inspection at the request of the competent authorities. Article 16 sub 1 a, b and c of the MOT Act details the particulars which the data and information must include. They are sufficient to permit reconstruction of individual transactions.
- 121) **Criterion 11.4** – Pursuant to article 16 subsection 1 of the MOT Act, all records kept by FIs must be retained in a manner which permits transactions to be reconstructed without much effort and loss of time, at the request of the competent authorities.

### *Weighting and Conclusion*

- 122) There is the minor deficiency that the measures in place do not explicitly address the need for service providers to keep records of the results of any analysis undertaken. **Recommendation 11 is rated largely compliant.**

### **Recommendation 12 – Politically exposed persons**

- 123) In its 3rd Mutual Evaluation Suriname was rated non-compliant with these requirements, formerly R.6, on the basis that Suriname had “not implemented any AML/CDD measures regarding the establishment and maintenance of customer relationships with Politically Exposed Persons (“PEPs”) (Para. 309 sub paragraph 3.2.3 Pg 72). The Suriname 11th Follow-up report noted that all the identified deficiencies in the 3rd MER had been satisfactorily addressed. Since then, the FATF requirements for PEPs have changed.
- 124) **Criterion 12.1** – In relation to foreign PEPs, in addition to performing CDD measures required under R.10, FIs are required to:

- (a) put in place adequate policies and procedures to determine whether a customer, a potential customer or an ultimate beneficial owner is a PEP. (*See articles 9 subsection 1 of the WID Act and section 2 I. of the 2016 CBvS Directive (Pg.13)*).
  - (b) obtain executive or senior management approval before establishing a business relationship (or continuing, for existing customers) or performing a transaction with a PEP (*See articles 9 subsections 2a,3 of the WID Act and section 2 I. of the 2016 CBvS Directive (Pg.13)*).
  - (c) establish the source of wealth and funds of customers and ultimate beneficial owners regarded as PEP. (*See articles 9 subsection 1 of the WID Act and section 2 I. of the 2016 CBvS Directive (Pg.13)*).
  - (d) conduct enhanced ongoing monitoring of the PEP business relationships (*See 4g of the WID Act, 9 subsection 2b of the WID Act and section 2 I. of the 2016 CBvS Directive (Pg.8-9)*)
- 125) **Criterion 12.2** – Suriname’s current legislation does not define or make any reference to the domestic PEPs. Both the WID Act (article 1) and 2016 CBvS Directive (Pg.13) broadly define PEPs as persons with a prominent political function abroad. Suriname Authorities noted that the future amendments in its legislation will include the domestic PEPs and the requirements for the domestic PEPs will be similar to those for foreign PEPs. Therefore, there are no defined CDD measures for the domestic PEPs or persons who have been entrusted with a prominent function by an international organisation.
- 126) **Criterion 12.3** – The PEP definitions as set out in both the WID Act (article 1) and 2016 CBvS Directive (Pg.13) takes into consideration the immediate family members and close associates. Therefore, the CDD measures outlined in criterion 12.1 apply to the family members or close associates of all foreign PEPs (*See article 9 subsection 4 and section 2I. of the 2016 CBvS Directive (Pg.13)*). Suriname’s current legislation does not make any reference to the domestic PEPs. Therefore, there are no defined CDD measures for the domestic PEPs (see Criteria 12.2). Additionally, there are no measures for family members or close associates of domestic PEPs or persons who have been entrusted with a prominent function by an international organisation.
- 127) **Criterion 12.4** – In article 2a subsection 2 b of the WID Act it is stated that a life insurer may conduct the identification of the beneficiary of a policy and verification of the identity after the business relationship has been entered into; in which case identification and the verification of the identity shall take place on or prior to the time of payment, or on or prior to the time when the beneficiary desires to exercise his/her rights under the policy. Article 4g of the WID Act requires all FIs (including life insurers) to conduct enhanced customer due diligence both prior to the business relationship or transaction and during the business relationship for PEPs. Article 9 of the WID Act does require all FIs (including life insurers) to take reasonable measures to take reasonable measures to establish whether a customer, potential customer or an ultimate beneficial owner is a PEP. Notwithstanding, the above measures are only applicable to foreign PEPs. Suriname legislation does not define or make any reference to domestic PEPs (See Criterion 12.2).

### **Weighting and Conclusion**

- 128) Suriname’s current legislation does not define or make any reference to the domestic PEPs or persons who have been entrusted with a prominent function by an international organisation and their immediate family members and close associates. There is no stipulation for enhanced ongoing monitoring of domestic PEPs. There are no defined CDD measures for the domestic PEPs or persons who have been entrusted with a prominent function by an international organisation. These deficiencies are weighted heavily given Suriname’s risk and context and risks posed by the domestic PEPs. There is no requirement in Suriname’s legislation that requires FIs to determine whether the beneficiaries and/or where required, the beneficial owner of a beneficiary of a life insurance policy

is a domestic PEP. In relation to life insurance policies, there are also no measures to determine whether the beneficiaries and/or, where required, the beneficial owner of the beneficiary, are domestic PEPs. Due to the limited risks, the issues relating to life insurance are given minimal weighting. **Recommendation 12 is rated partially compliant.**

### Recommendation 13 – Correspondent banking

- 129) This recommendation, formerly R.7, was rated ‘NC’ in the 3rd MER on the basis that Suriname had no legal requirements applicable to correspondent banking relationships (Para. 309 sub paragraph 3.2.3 Pg 72). The Suriname 11th Follow-up report noted that the identified deficiency in the 3rd MER had been satisfactorily addressed (See Para.134). Consequently, in 2017, Suriname achieved compliance with correspondent banking requirements under the-then R.7 (See Para.134).
- 130) **Criterion 13.1** – In relation to cross-border correspondent banking and other similar relationships, FIs are required to:
- (a) Article 13 section 1a of the WID Act requires that a banking institution that is planning to enter into a correspondent banking relationship ensure that it compiles sufficient information on the correspondent institution in order to understand the nature of its business operations, its reputation and the quality of the supervision exercised on that bank, including information on potential investigations in respect of ML and TF or measures taken under supervision. However, the Article does not specify measures to be adopted for other similar relationships, apart from correspondent banking relationships, to include securities transactions or funds transfers whether for the cross-border FIs as principal or for its customers.
  - (b) Article 13 section 1b of the WID Act states that a banking institution will review the procedures and measures for the prevention of money laundering and terrorist financing on the part of the bank concerned and satisfy itself that these are adequate and effective. This does not satisfy the criterion to assess the adequacy of the respondent institutions’ AML/CFT systems, procedures and controls.
  - (c) Article 13 section 2 of the WID Act states that a banking institution shall enter into a new correspondent banking relationship only after a decision to that effect of the persons charged with the overall management of the bank. Persons charged with overall management constitute senior management.
  - (d) Article 13 section 1c of the WID Act states that the responsibilities of both banks, with regard to combating money laundering and terrorist financing, are recorded in writing. A clear understanding is not a passive undertaking but requires a proactive stance to assessing the materiality, contextual approaches and ML/TF risks associated with the responsibilities undertaken.
- 131) **Criterion 13.2** – Pursuant to section 2 II. of the 2016 CBvS Directive and Article 13 section 3 of the WID Act, with respect to “payable-through accounts”, FIs are required to satisfy themselves that:
- (a) the bank concerned has identified its clients that have direct access to those transit accounts and has verified their identity in accordance with internationally accepted standards for identification and identity verification; and
  - (b) the bank concerned is able to furnish the bank on request with all relevant identity data of a client. For the application of the first sentence, the term ‘transit account’ shall be understood to mean an account held by a bank concerned at a bank to which third parties have direct access for the execution of transactions for the benefit of themselves.

- 132) **Criterion 13.3** – Pursuant to Article 14 section 1 of the WID Act, a bank is prohibited from entering into or maintaining a correspondent banking relationship with a shell bank. Pursuant to article 14 section 2 of the WID Act, the Banks are also expected to satisfy themselves that the financial service providers that have their registered office outside of Suriname with which they enter into or maintain a correspondent banking relationship do not permit their accounts to be used by shell banks. If a situation occurs as referred to in the first sentence, the relevant bank shall terminate the correspondent banking relationship without delay and report such to the Office for the disclosure of unusual transactions. Section 2 II. of the 2016 CBvS Directive (Pg.14) also notes that the FIs are not permitted to enter into correspondent banking relationships with shell banks.

### *Weighting and Conclusion*

- 133) The Correspondent banking measures are partially in place. However, there are no specific measures to be adopted for other similar relationships, apart from correspondent banking relationships, to include securities transactions or funds transfers whether for the cross-border FIs as principal or for its customers. Further, there are no defined measures to assess the adequacy of the respondent institutions' AML/CFT systems, procedures and controls. These deficiencies are considered moderate given the risks posed by correspondent banking relationships within Suriname. **Recommendation 13 is rated partially compliant.**

### *Recommendation 14 – Money or value transfer services*

- 134) This Recommendation (formerly SR IV) was rated 'NC' in the 3rd round MER (see para. 495 and 496). Suriname's Eleventh Follow-up Report noted that the deficiency for Recommendation 14 was sufficiently addressed through legislation that mandates the reporting of unusual transaction reports (UTRs) whenever there is suspicion that a transaction may involve the financing of terrorism. Given that sufficient measures were put in place, it was noted that the compliance with this recommendation was up to a level comparable at minimum to "LC".
- 135) **Criterion 14.1** – Pursuant to Article 3 of the MTOS Act, all operators of money transaction offices (or MVTs providers) are required to be licensed by the CBvS. The CBvS is exclusively authorised to grant a licence to a legal entity wishing to carry on the business of a money transaction office. According to Article 1 (b), the money transaction office must be a limited liability company established under the laws of Suriname or a corporate legal entity established under the laws of a member state of the Caribbean Community with exclusive liability. Article 2 (3) and (4) of the MTOS Act states that it is prohibited for a natural person to carry out money exchange transactions or money transfer transactions commercially or at the request of a third party, or to perform a commercial service in the realisation of such money exchange transactions or money transfer transactions.
- 136) **Criterion 14.2** – Pursuant to Article 9 of the MTOS Act if a natural or legal person is operating as a money transaction office without a licence, this person is required, at the CBvS' instructions to immediately cease business operations and under the CBvS supervision reverse any actions it may have taken within a period to be determined by the Bank. If a person continues to operate the business of a money transaction office after the CBvS instructions, the CBvS is authorised under the MTOS Act to demand that the Subdistrict Court prohibits the person from carrying on the business of a money transaction office. Operating a money transaction office without a licence is considered a serious offence, punishable with imprisonment of up to two years and a fine of the seventh category of the General Fines Act (MTOS Act article 39).
- 137) The CBvS uses its knowledge of the sector to identify persons who operate MVTs without a licence. When a licence is revoked, measures are put in place to ensure the MVTs provider ceases operations. These include visiting the location of the operator to ensure it is not operational and

publishing the decision that was taken in local newspapers, on the CBvS website and on social media. Also, banks are prohibited from doing business with these persons. The decision regarding the revocation is also communicated to the Cabinet, law enforcement authorities and the Foreign Exchange Commission.

- 138) Criterion 14.3 – Article 22 of the MOT Act identifies the CBvS as the designated competent authority with respect to AML/CFT supervision for financial service providers, including money transaction offices. Chapter 5 (Art. 17-26) of the MTOS Act empowered the CBvS to issue guidance to money transaction offices, however, this is mainly in relation to prudential supervision, only Article 26, para 1, sub-para (d) of the Act speak to the issuing guidelines in regard to ML and TF.
- 139) **Criterion 14.4** – There are no provisions in Suriname that prohibits or provides for the establishment of agents of Money Transaction Offices.
- 140) **Criterion 14.5** – Money Transaction Offices are not permitted to use agents.

### *Weighting and Conclusion*

- 141) The competent authority, the CBvS, is mandated to licence money transaction offices prior to the commencement of their operation. Branches can also be established by MTOs, upon written permission obtained from the CBvS and there are mechanisms for the regulation of these branches. The CBvS is empowered to monitor the sector and where unlicensed money transaction operators are identified, sanctions may be applied. There are minor shortcomings in this Recommendation as the supervision gaps identified at R.26 cascade to the supervision of MTVS providers. **Recommendation 14 is rated largely compliant.**

### *Recommendation 15 – New technologies*

- 142) This Recommendation (formerly R. 8) was rated ‘NC’ in the 3rd round MER (see para. 304 and 309). The NC rating was predicated on the absence of the legal requirement for FIs to have policies in place or take such measures as may be needed to prevent misuse of technological developments in ML or TF schemes. Suriname’s Eleventh Follow-up Report noted that the deficiency identified in the 3rd Round MER was addressed through the amendment of Article 11 of the WID Act, which requires FIs to pay special attention to ML/TF threats that can arise from new or developing technologies (See page 66).
- 143) **Criterion 15.1** – Suriname has not identified and assessed the ML/TF risk that may arise in relation to the development of new products and new business practices.
- 144) **Criterion 15.2 – (a and b)** Article 11 of the WID Act states that service providers (FIs) are required to pursue an adequate policy and utilise adequate procedures aimed at the prevention of abuse of new technologies and instruments for the purpose of ML/TF. In relation to credit entities, pursuant to Art. 19 para 1 (h) of the BCSS Act (O.G. 2011 No. 155) it is prohibited for banks to offer new financial products without written consent from the CBvS prior to the launch of new financial products. The Banking Supervision Department assesses applications for new products based on prudential and AML/CFT requirements. Such a proposal should contain the results of risk analysis and risk mitigation measures for at least CDD and cyber security risks besides prudential and ownership information. However, a similar requirement is not in place for entities not supervised pursuant to the BCSS Act. Also, there is no provision for reporting entities to take appropriate measures to manage and mitigate the risks relating to new products and practices.
- 145) **Criterion 15.3** –a) Suriname has not identified and assessed the ML and TF risks emerging from virtual asset activities and the activities or operations of VASPs. b) As a result, the country does not have an understanding of the ML/TF risk. At the time of the mutual evaluation on-site, Suriname

had not specific legislation for VASPs. c) VASPs are not required to take appropriate steps to identify, assess, manage and mitigate their ML and TF risks, as required by criteria 1.10 and 1.11.

- 146) **Criterion 15.4** – (a and b) There are no licensing or registration requirements in place for VASPs in Suriname. Also, no competent authority has been identified to provide supervision and monitoring of VASPs. **Criterion 15.5** – There are no mechanisms in place to identify natural or legal persons that carry out VASP activities in Suriname. Also, there are no proportionate and dissuasive sanctions in place.
- 147) **Criterion 15.6** – (a and b) There are no supervisory requirements in place for VASPs. Therefore, potential entrants are not subjected to any regulation and risk-based supervision or monitoring by a competent authority. There is also no requirement for a supervisory authority to compel the production of information and impose a range of disciplinary and financial sanctions.
- 148) **Criterion 15.7** – There is no provision in line with Recommendation 34, requiring competent authorities and supervisors to establish guidelines and provide feedback, which will assist VASPs in applying national measures to combat money laundering and terrorist financing, and, in particular, in detecting and reporting suspicious transactions.
- 149) **Criterion 15.8** – (a and b) There are no sanctions, whether criminal, civil or administrative, in place to deal with VASPs that fail to comply with AML/CFT requirements.
- 150) **Criterion 15.9 (a) and (b)** – There are no preventive measures in place that mandates VASPs to comply with recommendations 10 to 21. There is no threshold value defined for virtual asset transactions.
- 151) **Criterion 15.10** – In relation to targeted financial sanctions, article 3 paragraph 4 of the State Decree National Sanctions List mandates that all service providers (FIs and DNFBPs) who are entrusted with frozen funds should report this to the Council on International Sanctions. The authorities however did not demonstrate that these requirements are also applicable to VASPs.
- 152) **Criterion 15.11** - There is no legal basis for international co-operation in relation to VASP on ML, TF and predicate offences as set out in Recommendation 37 - 40. Suriname has not restricted VASP from operating in the country, however, the country is yet to identify a supervisor for these providers. Also, there is no legal basis for permitting relevant competent authorities (e.g. law enforcement agencies) to exchange information on issues related to VAs and VASPs with non-counterparts in the absence of a supervisory framework.

### *Weighting and Conclusion*

- 153) There are major deficiencies that were weighted as significant because no assessment was conducted to identify and assess the ML/TF risk that may arise in relation to the development of new products and new business practices, the risks emerging from virtual asset activities and the activities or operations of VASPs. Also, in relation to new product assessment, only entities supervised under the BCSS Act are required to submit their product for assessment by the CBvS prior to launch. Further, there is no provision for reporting entities to take appropriate measures to manage and mitigate risks relating to new products and practices. There are also no licensing or registration requirements in place for VASPs and no competent authority has been identified to provide supervision and monitoring of VASPs. **Recommendation 15 is rated non-compliant.**

### *Recommendation 16 – Wire transfers*

- 154) This Recommendation (formerly SR VII) was rated “NC” in the 3rd round MER. This rating was due to Suriname not having in place any requirement for FIs to obtain and maintain information regarding wire transfers. The Suriname Eleventh Follow up Report noted that in April 2012, the

CBvS issued AML/CTF regulations in relation to CDD measures for wire transfers. These include the requirement for accurate and meaningful originator information on funds transfer and enhanced scrutiny of and monitoring for suspicious activity funds transfers which do not contain complete originator information. It was suggested that the then recommendation SR VII be revised to “LC” (see page 155).

- 155) **Criterion 16.1** –CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Electronic Transfers of Funds require FIs to ensure that all cross-border wire transfers of USD/EUR 1,000 or more are accompanied by (a) the required and accurate originator information (name, account number and address or national identity number, or customer ID number or date and place of birth), and (b) the required beneficiary information (beneficiary name and account number). If the transaction is not made from or to a payment account, a unique transaction identifier is required rather than the account number.
- 156) **Criterion 16.2** – Paragraph I of the CBvS Directive on AML/CFT requires FIs to ensure that where several individual cross-border wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries, they may be exempted from the requirements in respect of originator information, provided that they include the originator’s account number or unique transaction reference number and the batch file contains required and accurate originator information, and full beneficiary information, that is fully traceable within the beneficiary country and the FI should include the originators' account number or unique transaction reference number.
- 157) **Criterion 16.3** – CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Electronic Transfers of Funds require that all wire transfers of below USD/EUR 1,000 are required to be accompanied by the name of the originator and beneficiary, and an account for the originator and beneficiary, or a unique transaction reference number.
- 158) **Criterion 16.4** –Article 2 subsection 2c and e of the WID Act requires that all transactions be verified when there is a suspicion that a client is involved in ML/TF. A similar requirement is stipulated in the CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Customer Due Diligence.
- 159) **Criterion 16.5** –In relation to domestic wire transfers, the same requirements as set out in criterion 16.1 applies unless this information can be made available to the FI of the beneficiary and the appropriate authorities by other means. In the latter case, the ordering FI needs to only include the account number or a unique transaction reference number, provided that this number or identifier will permit the transaction to be traced back to the originator or the beneficiary (See CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Electronic Transfers of Funds).
- 160) **Criterion 16.6** – Where the information accompanying the domestic wire transfer can be made available to the beneficiary FI, the ordering FI is required to only include the account number or a unique transaction reference number, provided that this number or identifier will permit the transaction to be traced back to the originator or the beneficiary. The ordering FI is required to immediately make information available after receiving the request from the beneficiary institution or the local competent authority (See CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Electronic Transfers of Funds). However, as it relates to law enforcement authorities, there is no requirement in place that allows them to compel the immediate production of such information.
- 161) **Criterion 16.7** – An ordering FI is required to maintain all information collected on the originator and beneficiary of wire transfers (See the CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Responsibilities of Ordering, Intermediary and Beneficiary FIs). The number of years within which this information should be retained was not outlined, however as indicated in criterion 11.1,

all transaction records are required to be maintained for at least seven years after the date of a transaction.

- 162) **Criterion 16.8** – Pursuant to the CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Responsibilities of Ordering, Intermediary and Beneficiary FIs, an ordering FI should not execute a wire transfer if it does not comply with criteria 16.1 to 16.7.
- 163) **Criterion 16.9** – Pursuant to the CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Responsibilities of Ordering, Intermediary and Beneficiary FIs, for cross border wire transfers, an intermediary FI processing these transactions must ensure that all originator and beneficiary information that accompanies the transaction is retained.
- 164) **Criterion 16.10** – In instances where technical limitations prevent the required originator or beneficiary information accompanying a cross-border wire transfer from remaining with a related domestic wire transfer, an intermediary institution is required to keep a record, for at least seven years, of all the information received from the ordering FI or another intermediary FI (CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I).
- 165) **Criterion 16.11** – Intermediary FIs are required to take reasonable measures that are consistent with straight-through processing, to identify cross-border wire transfers that lack required originator information or required beneficiary information (See CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Intermediary FIs).
- 166) **Criterion 16.12** – Intermediary FIs should have risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information; and (b) the appropriate follow-up action to be taken. (CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Intermediary FIs).
- 167) **Criterion 16.13** – Beneficiary FIs are required to take reasonable measures to identify cross-border wire transfers that lack required originator or beneficiary information. These measures may include post-event monitoring or real-time monitoring where feasible (CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Beneficiary FIs).
- 168) **Criterion 16.14** – For qualifying wire transfers, a beneficiary FI is required to verify the identity of the beneficiary if the identity was not previously verified and maintain this information for seven years in accordance with Recommendation 11 (CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Beneficiary FIs).
- 169) **Criterion 16.15 – Beneficiary** FIs are required to have risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking the required originator or required beneficiary information; and (b) the appropriate follow-up action to be taken. (See CBvS Memorandum Directive on AML/CFT – Oct 2016, Para. I, Beneficiary FIs).
- 170) **Criterion 16.16** – MVTS providers are classified as FIs and are required to comply with criteria 16.1 to 16.15 pursuant to the CBvS Memorandum Directive which provides guidance to FIs that conduct wire transfers, pursuant to article 16.1 of the BCSS Act.
- 171) **Criterion 16.17** – There is no requirement for MVTS provider that controls both the ordering and the beneficiary side of a wire transfer to (a) take into account all the information from both the ordering and beneficiary sides in order to determine whether an STR should be filed, and (b) file an STR in any country affected by the suspicious wire transfer and make relevant transaction information available to the FIU. However, under Article 12 of the MOT Act, MVTS providers are obligated to report STRs to the FIUS if in executing their business, they discover facts that indicate money laundering, financing of terrorism, insider trading and market manipulation may be taking place.

- 172) **Criterion 16.18** – legal and natural persons in Suriname, including FIs, are required to take freezing action and comply with prohibitions from conducting transactions with designated persons and entities (see article 3 sections 1, 3 and 4 of the State Decree of 14 October 2016 – International Sanctions Act O.G. 2016 no 34) (see analysis of R.6).

### *Weighting and Conclusion*

- 173) Most criteria for Recommendation 16 are met. Minor deficiencies were identified as there is no requirement that allows law enforcement authorities to compel the immediate production of information that accompanies a domestic wire transfer. Also, MVTs providers are not required to comply with criteria set out in recommendations 16.1 to 16.15 as they are not governed under the BCSS Act. **Recommendation 16 is rated largely compliant.**

### *Recommendation 17 – Reliance on third parties*

- 174) This Recommendation, formerly R.9, was rated ‘NC’ in the 3rd MER on the basis that: (a) Suriname had no legal requirements specifically addressing the reliance on intermediaries or third-party introducers to perform some of the elements of the CDD process or to introduce business; and (b) the CDD measures by the FIs relying on the third parties were not adequately defined (Para. 317 sub-para. 3.3.3 Pg 73). The Suriname 11th Follow-up report noted that all the identified deficiencies in the 3rd MER had been satisfactorily addressed (See Para.134). Consequently, in 2017, Suriname achieved compliance with the reliance on third parties requirements under the-then R.9 (See Para.136).
- 175) **Criterion 17.1** – Under Part IV of the CBvS Directive on AML/CFT, FIs are permitted to rely on third-party FIs as intermediaries to apply CDD measures or introduce new business. The ultimate responsibility for CDD measures remains with the FI which are required to:
- (a) immediately obtain from the third party or intermediary the necessary information concerning certain elements of the CDD measures (Article 12a of the WID Act and section 2 IV. of the 2016 CBvS Directive).
  - (b) take adequate steps to satisfy itself that copies of the identification data and other relevant CDD requirements documentation will be made available from the third party or intermediary upon request without delay (Article 12a of the WID Act and section 2 IV. of the 2016 CBvS Directive (Pg.17)).
  - (c) satisfy itself that the third party or intermediary is regulated and supervised and has measures in place to comply with the CDD and recordkeeping requirements (Article 12b of the WID Act and section 2 IV. of the 2016 CBvS Directive).
- 176) **Criterion 17.2** – Paragraph IV of the CBvS Directive on AML/CFT states FIs can rely on third parties or intermediaries from countries that adequately apply the FATF Recommendations. However, there is no requirement under the WID Act or the CBvS Directive on AML/CFT that FIs should have regard to information available on the level of country risk when determining which countries a third party that meets the condition can be based.
- 177) **Criterion 17.3** – Section 2 IV of the 2016 CBvS Directive (page 16) in Suriname does not have any specific provision relevant to reliance on third-parties that are part of the same financial group. As such, reliance on third parties from other institutions within their group are treated the same as other non-group third party introductions. Any written agreements with the intermediaries or third parties must be made available to the supervisor upon request during on-site inspections (*See (Pg.16)*).

### *Weighting and Conclusion*

- 178) Suriname largely has in place measures with respect to reliance on third parties for conducting. However, there are no requirements to ensure that the FIs group programmes against ML/TF are applied in accordance with Recommendation 18. Further, Suriname has no measures to implement the CDD and record keeping requirements and AML/CFT programmes to ensure that they are supervised at a group level by a competent authority. There are also no measures for higher country risk to be adequately mitigated by the groups AML/CFT policies. Due to the limited number of foreign FIs and associated risks, the issues relating to reliance on third parties within financial groups are given minimal weighting. **Recommendation 17 is rated largely compliant.**

### **Recommendation 18 – Internal controls and foreign branches and subsidiaries**

- 179) This recommendation, formerly R.15 and R.22, was rated ‘NC’ in the 3rd MER. The-then R.15 deficiencies noted were attributed to the lack of: (a) employee screening and training procedures;(b) compliance management arrangements such as appointment of compliance officers at management level; (c) such other procedures of internal control, including an independent audit function to periodically test the AML/CFT systems and controls. (See Para. 422 sub section 3.8.3). The then R.22 deficiencies were attributed to the inadequate implementation of group-wide programmes against ML/TF which were applicable, and appropriate to, all branches and majority-owned subsidiaries of the financial group. (See Para. 422 sub section 3.8.3). The Suriname 11th Follow-up report noted that all the identified deficiencies in the 3rd MER had been satisfactorily addressed, “with the exception of the requirement that the internal audit function be adequately resourced.” (See Para.139 and 142).
- 180) **Criterion 18.1** – Under the CBvS Directive on AML/CFT, paragraph XI, FIs are required to develop a compliance program that is designed to combat and prevent ML and TF within their institution, and should at a minimum include the following control policies, procedures and mechanisms:
- (a) appointment of a compliance officer at the management level (*Section 2 XI. of the 2016 CBvS Directive (Pg.21 and 22)*).
  - (b) screening procedures to ensure high standards when hiring employees (*Section 2 XI. of the 2016 CBvS Directive (Pg.21 and 23)*).
  - (c) establish an ongoing employee training programme (*Section 2 XI. of the 2016 CBvS Directive (Pg.21 and 23)*).
  - (d) establish an independent audit function to test the AML/CFT systems and controls (*Section 2 XI of the 2016 CBvS Directive (Pg.21,23,24)*).
- 181) **Criterion 18.2** – Whilst there are no requirements for the FIs to implement specific requirements set out in C.18.1 and C.18.2 at the group level, section 2 XII of the 2016 CBvS Directive broadly requires the FIs to apply the requirements in the directive to all offices, branches and subsidiaries in Suriname and abroad.
- 182) **Criterion 18.3** – Pursuant to section 2 XII. of the of the 2016 CBvS Directive, FIs are required to apply the requirements in this directive to all offices, branches and subsidiaries in Suriname and abroad, with particular attention where these are operating in countries that insufficiently abide by the FATF standards. Where there are differences in the legal requirements of the two countries, the highest standard should apply. Where local requirements impede the application of the requirements the institution should report it to the CBvS.

### *Weighting and Conclusion*

- 183) Suriname legislation covers most of the internal controls and foreign branches and subsidiaries' requirements. However, Suriname's current legislation does not have any defined provisions for the FIs to implement specific requirements set out in C.18.1 and C.18.2 at the group level. Due to the limited number of foreign FIs and associated risks, the issues relating to reliance on third parties within financial groups are given minimal weighting. **Recommendation 18 is rated largely compliant.**

### **Recommendation 19 – Higher-risk countries**

- 184) This recommendation, formerly R.21, was rated 'NC' in the 3rd MER since there were no requirements for FIs to: (a) apply appropriate measures against countries or persons from countries that do not sufficiently apply the FATF recommendations; and (b) keep written findings available to assist competent authorities and auditors [Para. 351 Pg. 81/82]. The Suriname 11th Follow-up report noted that all the identified deficiencies in the 3rd MER had been partially addressed on the basis that Suriname's legislation: (a) lacked effective measures to ensure that FIs are advised of concerns about weaknesses in the AML/CFT systems of other countries; and (b) lack of requirements to apply counter measures on countries which do not appropriately apply the FATF Recommendations (See Para.141).
- 185) **Criterion 19.1** – FIs in Suriname are required to apply enhanced due diligence, proportionate to the risks, business relationships and transactions with natural and legal persons (including FIs) from countries, when called for by the FATF. Specifically:
- (a) Article 4f of the WID Act requires enhanced due diligence measures to be applied for natural persons and legal entities that originate in countries or jurisdictions that do not adequately comply with internationally accepted standards on combating ML and TF.
  - (b) Article 10 (1)(a) of the WID Act requires enhanced scrutiny of business relationships and transactions involving natural persons and legal entities that originate in countries or jurisdictions that do not adequately comply with internationally accepted standards on combating ML and TF.
  - (c) Section 2 I. of the 2016 CBvS Directive (Pg.8 and 9) requires enhanced due diligence measures to be applied upon entering correspondent banking relationships and when dealing with individuals and legal entities from countries or jurisdictions that do not fully comply with international standards on combating ML and TF.
  - (d) Section VII. of the 2016 CBvS Directive (Pg.18) requires enhanced due diligence measures to be applied for foreign business relationships in high-risk countries.
- 186) **Criterion 19.2** – Suriname has not defined the specific countermeasures that are to be applied proportionate to the risks: (a) when called upon to do so by the FATF; and (b) independently of any call by the FATF to do so.
- 187) Notwithstanding the foregoing, article 10 (1)(a), (2) and (3) of the WID Act broadly requires FIs to pay particular attention to business relationships and transactions involving persons that originate in jurisdictions that do not adequately comply with "internationally accepted standards" on combating ML and TF. Whilst the Suriname Authorities have noted that "internationally acceptable standards" is sufficiently broad to capture both the calls of the FATF and any actions the institution deems necessary based on its own assessment of the country's status, this interpretation is not defined within the legislation.
- 188) **Criterion 19.3** – Suriname's legislation has no specific measures in place to ensure that FIs are advised of concerns about weaknesses in the AML/CFT systems of other countries.

### *Weighting and Conclusion*

- 189) Suriname legislation covers most of the high-risk countries' requirements. However, Suriname's current legislation has no specific measures in place to ensure that FIs are advised of concerns about weaknesses in the AML/CFT systems of other countries. Suriname has not defined the countermeasures that are to be applied proportionate to the risks as required in Criterion 19.2. Due to the associated higher risks, the deficiencies from the higher risk countries have been heavily weighted. **Recommendation 19 is rated partially compliant.**

### *Recommendation 20 – Reporting of suspicious transaction*

- 190) This Recommendation, formerly R.13 and SR. IV, was rated 'NC' in the 3rd MER. The-then R.13 deficiencies noted were attributed to: (a) lack of reporting obligations for transactions related to insider trading, market manipulation and terrorist financing activities; (b) inadequate awareness of the reporting obligations by the FIs and DNFBPs (including the quality and timeliness of reporting of suspicious transactions. (See Para. 396 sub section 3.7.3 Pg. 91-92). The-then SRIV deficiencies were attributed to the lack of direct requirements for FIs to report to the FIUS in cases where there are reasonable grounds to suspect that funds are linked to terrorist financing (See Para. 396 sub section 3.7.3 Pg. 92). Consequently, in 2017, Suriname's compliance with the-then R.13 was upgraded to a level comparable at minimum to a LC (See Para.68) as all the identified recommendations had not been fully implemented (See Para.66,67). All the deficiencies noted for the-then SR.IV were satisfactorily addressed (See Para.72).
- 191) **Criterion 20.1** – Pursuant to Article 12 subsection 1 of the MOT Act, FIs are required to report performed or intended unusual transactions immediately, in writing, when they discover facts that identify ML or TF, insider trading and market manipulation, subject to indicators set in the Indicators of Unusual Transactions Decree (as amended in 2013). On page 5 of the Unusual Transactions Decree (as amended in 2013) ("SDUIT"), the explanatory statement notes that reports on unusual transactions are made based on the objective and subjective indicators found in annex A, up to and including annex H, of the said Decree. Further, the indicators in these annexes are intended to be tools which service providers are required to use in order to establish whether a transaction is: (1) related to ML or TF (subjective indicator); (2) exceeding a certain threshold (objective indicator); undertaken with designated countries (objective indicator); and reported to the police or judicial authorities in connection with possible violation of the Penalization of Money Laundering Act (S.B.2002 no.64) and the Act on penalization of terrorist crimes and financing thereof (S.B. 2011 no.96) (objective indicator). Pursuant to article 2a subsection 5 of the WID Act, where an FI is unable to conduct the CDD after commencement of a business relationship, such a relationship is expected to be terminated and a disclosure made under article 12 of the MOT Act. Notwithstanding, in Suriname, ML has a specific meaning (see c.3.1), therefore by linking suspicious transactions reporting to ML, Suriname has set a higher threshold than that anticipated for c.20.1, which theoretically can result in transactions that are indicative of other criminal activities going unreported.
- 192) **Criterion 20.2** – Article 12 sub 1 of the MOT Act requires FIs to report all unusual transactions or attempted unusual transactions to the FIU. However, the deficiencies from c.20.1 have cascaded onto this criterion.

### *Weighting and Conclusion*

- 193) Suriname largely has measures for reporting suspicious transactions. However, in Suriname, ML has a specific meaning (see c.3.1) therefore by linking suspicious transactions reporting to ML, Suriname has set a higher threshold than that anticipated for c.20.1, which theoretically can result in transactions that are indicative of other criminal activities going unreported. The deficiencies are

considered minor as Suriname has adequate measures to ensure the reporting of all suspicious transactions. **Recommendation 20 is rated largely compliant.**

### **Recommendation 21 – Tipping-off and confidentiality**

- 194) This Recommendation (formerly R. 14) was rated “PC” during Suriname’s 3rd round MER. Suriname Eleventh Follow-up Report noted that the deficiency found was related to tipping-off not being enforceable through sanctions. The follow-up report further noted that this gap was fully closed through the enactment of Article 21 of the MOT Act. According to that article, violations of the rules laid down by the MOT Act constitute a criminal offence punishable by a maximum prison sentence of ten years and a maximum fine of SRD 5 million (see para. 130).
- 195) **Criterion 21.1** – Article 18 of the MOT Act outlined that FIs and their directors, officers and employees are protected by law from both criminal and civil liability for breach of any restriction imposed on the disclosure of information if they disclose information on ML to the FIUS. This protection however does not extend to disclosures related to TF.
- 196) **Criterion 21.2** – FIs and their directors, officers and employees are prohibited by law from disclosing the fact that an STR or related information is being filed with the FIUS. Under Article 25 of the MOT Act, data and information provided or received by or pursuant to the provisions of this Act are confidential and anyone who provides or receives such data or information, as well as those parties who make disclosure under Article 12, paragraph 1, are bound to keep it confidential. Also, the CBvS Directive on AML and CFT (October 2016), paragraph X notes that FIs and their management and staff may not disclose to the customer concerned or to a third party that information has been provided to FIUS under the MOT Act or that an investigation into ML activities is being carried out unless the FIUS desires otherwise.

### **Weighting and Conclusion**

- 197) FIs and their directors, officers and employees are protected by law from both criminal and civil liability when they disclose information on ML to the FIUS, however, this protection does not extend to disclosures related to TF. This was weighted as a moderate shortcoming. **Recommendation 21 is rated partially compliant.**

### **Recommendation 22 – DNFBPs: Customer due diligence**

- 198) This Recommendation (formerly R. 12) was rated “NC” in the 3rd round MER due to deficiencies with the country’s ID law (see para. 533). Suriname Eleventh Follow-up Report noted that the deficiency identified in the 3rd Round MER was addressed except for one, which relates to continuous and effective guidance to DNFBPs, on the purpose of, and compliance with the ID law (para. 147).
- 199) **Criterion 22.1** – (a to e) Pursuant to categories e, f and h of the State Decree Indicators of Unusual Transactions (SDIUT), games of chance providers (including casinos), real estate entities, dealers in gold, other precious metals and gemstones, notaries, accountants, and lawyers may apply enhanced CDD measures to transactions (conducted or intended) whereby there is reason to believe that they may be connected to money laundering or terrorist financing. The SDIUT also outlines objective and subjective scenarios that can be used by DNFBPs as a guide for reporting entities.
- 200) As it relates to games of chance providers, Suriname uses a de minimis amount of US\$5,000 and above when applying CDD measures to certain transactions (see Category H of the SDIUT) and this amount is above the recommended USD/EUR 3,000 and is not predicated on the result of a risk assessment.

- 201) **Criterion 22.2** –Under Article 5 of the WID Act and Article 16 of the MOT Act DNFBPs have the same record keeping requirements as FIs. Please see R.11 (Record-keeping) for a full analysis of the existing deficiencies.
- 202) **Criterion 22.3** –Under Article 9 sub 1 to 4 of the WID Act, DNFBPs have the same PEPs requirements as FIs. Please see R.12 (PEPs) for a full analysis of deficiencies existing under Article 9 of the WID Act.
- 203) **Criterion 22.4** –Suriname has not identified and assessed the ML/TF risks that may arise in relation to the development of new products and new business practices, neither is there any requirement for DNFBPs to do so. Further, there are no AML/CFT obligations regarding virtual assets (See R.15 for the full details).
- 204) **Criterion 22.5** – Pursuant to Article 12 of the WID Act, DNFBPs may rely on the client screening performed by a financial service provider having its registered office in Suriname in regard to a client introduced by a financial service provider. The authorities did not indicate if DNFBPs are allowed to rely on third-party CDD measures conducted by third parties based overseas.

### **Weighting and Conclusion**

- 205) The deficiencies identified in respect of CDD measures, record keeping, PEPs, ML/TF risks assessment and mitigating controls against new technologies, VA/VASPs and reliance on third parties, equally apply to DNFBPs. The deficiencies on record keeping and reliance on third parties are minor. Deficiencies on CDD are moderate given the important role that CDD plays in preventing criminals and their associates from using DNFBPs as a vehicle to commit ML/TF. Deficiencies on PEPs, new technologies and VA/VASPs are significant. **Recommendation 22 is rated partially compliant.**

### **Recommendation 23 – DNFBPs: Other measures**

- 206) This Recommendation (formerly R. 16) was rated ‘NC’ in the 3rd round MER on the basis that: (a) deficiencies and shortcomings were detected in the MOT legislative framework. These include, the absence of TF-related provisions; compliance supervision; effective, proportionate and dissuasive sanctions to enforce compliance; and the lack of clear and effective guidance; (b) The reporting system that was in place for DNFBPs was ineffectiveness due to resource constraints; (c) The definition of legal professional’s services in the MOT Act and the Decree Indicators Unusual Transactions was excessive while the legal professional secrecy of lawyers and civil notaries was not been taken into account; (d) Only some groups of DNFBPs or individual DNFBPs submit unusual transactions reports to the FIU; (e) Only unusual transactions based on objective indicators containing monetary thresholds are reported, while unusual transactions based on subjective indicators are not reported; (f) With respect to AML/CFT programs, no requirement was in place as required by Recommendation 15; and (g) There was absence of measures or legal basis for such measures with respect to countries that do not or insufficiently comply with the FATF Recommendations (see para. 567). Suriname Eleventh Follow-up Report noted that this rating remained unchanged (see pages 84 - 88).
- 207) **Criterion 23.1** – (a - c) Pursuant to Articles 12 of the MOT Act, non-financial service providers, including lawyers, notaries, dealers in precious metals or stones, accountants and other independent professionals are mandated to report suspicious transactions relating to ML, TF, insider trading and market manipulation.
- 208) **Criterion 23.2** – The FIUS and GSCI have issued guidelines to the supervised sectors requiring the implementation of compliance programmes giving regard to the ML/TF risk and size of the business. However, there is no requirement regarding group wide programmes or foreign branches

and majority owned subsidiaries (Chapter 4 of AML-CFT Specific Guidelines for notaries, real estate professionals, accountants, administration offices and attorneys -July 2021) and Chapter 4 of AML-CFT Specific Guidelines for dealers in precious metals and stones, motor vehicle Dealers - July 2021 and Section I Directive no. 002.21 - The GSCI).

- 209) **Criterion 23.3** – Under Art 10 of the WID, DNFBPs are required to comply with the higher risk countries requirements as set out in R.19. The deficiencies identified also apply to the DNFBP sector.
- 210) **Criterion 23.4** – DNFBPs are subject to the same requirements for tipping-off and confidentiality as set out in R.21. The deficiencies identified in R.21 also apply to DNFBPs.

### *Weighting and Conclusion*

- 211) There are moderate shortcomings with regard to higher risk requirements as Suriname's legislation does not have provisions that require the application of countermeasures upon a call by the FATF or independently of any call by the FATF to do so. Also, Suriname's legislation has no measures in place to ensure that DNFBPs are advised of concerns about weaknesses in the AML/CFT systems of other countries. Additionally, whilst DNFBPs are required to comply with tipping-off and confidentiality requirements in relation to disclosures made to the FIUS in relation to ML, this protection does not extend to disclosures related to TF. These shortcomings were weighted as moderate. **Recommendation 23 is rated partially compliant.**

### *Recommendation 24 – Transparency and beneficial ownership of legal persons*

- 212) This Recommendation (formerly Recommendation 33) was rated NC in the 3rd Round MER. The technical deficiencies included absence of measures to prevent the unlawful use of legal persons in relation to money laundering and terrorist financing; no adequate transparency concerning the beneficial ownership and control of legal persons; and the information contained in the registries could not be verified as they are not kept up to date.
- 213) **Criterion 24.1** – Suriname has different types and forms of legal persons which are identified in Article 2 of the Trade Register Act. The legal persons are Limited Liability Companies (by shares), Partnership Firms (regular partnership), Foundations, Associations, Cooperative Associations and Limited Partnerships.
- 214) Article 1 of the Trade Register Act requires each legal person to be registered in the trade register. Article 3 of the Trade Register Act imposes obligations on the owners, managers and directors of legal persons to ensure that each of these legal persons are registered in the trade register. Articles 5 to 12 of the Trade Register Act outlines the basic information in the trade register, recorded with respect to each of these legal persons. Article 21 of the Trade Register Act outlines the processes for obtaining basic information from the trade register, on each of these legal persons. The Trade Register Act is publicly available.
- 215) The processes for the creation of each of these legal persons are governed by their respective laws. With respect to Limited Liability Companies (by shares), Article 33 of the Commercial Code provides that subject to exceptions, it is created by one or more persons by notarial deed under penalty of nullity, or by standard model deeds. With respect to Foundations, Article 31 of the Foundation Act provides that a Foundation is incorporated by a notarial deed, unless the State of Suriname is founder or co-founder. With respect to Cooperative Associations, Article 3 of the Cooperative Associations Act provides that, subject to exceptions, a Cooperative Association is established by its deed of incorporation, which must contain its articles of association and shall be executed by notarial in the Dutch language under penalty of nullity, or by standard model deeds. All the aforementioned laws are publicly available.

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- 216) The various laws were provided which show the basic features of each type of legal person and the processes for their creation. Additionally, there are no processes in place for obtaining and recording beneficial ownership information with respect to each type of legal person.
- 217) **Criterion 24.2** – Suriname has not assessed the ML/TF risks associated with all types of legal persons created in the country.
- 218) **Criterion 24.3** – Article 1 of the Trade Register Act requires legal persons to be registered in the trade register at the office of the CCI. According to the Trade Register Act, all legal persons are required to register the name of the establishment and legal form and status. As it is not relevant for Partnership Firms (regular partnership) and Limited Partnership, only the other types of legal persons are required to register a list of directors, managers and board members. With the exception of Foundations, Partnership Firms (regular partnership) and Limited Partnership, all of the other types of legal persons are required to register proof of incorporation in the trade register. Article 21 of the Trade Register Act states that the trade register is publicly available free of charge. With respect to Foundations, its proof of incorporation is registered in the foundation register, and this is publicly available, pursuant to Article 7 of the Decree Foundation Act.
- 219) There is no requirement for any of the legal persons to register the address of their registered office and basic regulatory powers.
- 220) **Criterion 24.4** – There is no requirement for any of the legal persons to maintain the information set out in criterion 24.3. Under Article 54 of the Commercial Code, only the board of Limited Liability Companies (by shares) is mandated to keep a register of their shareholders which includes *inter alia*, type of shares and the associated voting rights. The number of shares held by each shareholder is not kept in the register. Additionally, there is no requirement that this information should be maintained within Suriname at a location notified to the trade register.
- 221) **Criterion 24.5** – Article 19 of the Trade Register Act authorizes the CCI to, at least once a year, request from legal persons a written statement regarding the correctness and completeness of the data regarding the business, entered in the trade register. There are no mechanisms to verify the accuracy of the written statement. Additionally, in regard to Limited Liability Companies (by shares), Article 54 of the Commercial Code mandates that the register of their shareholders be kept up to date. For each mutation, the day on which it is applied shall be indicated. There are no mechanisms to verify the accuracy of the register. The deficiencies found in criteria 24.3 and 24.4 regarding the types of information that need to be captured cascade into this criterion.
- 222) **Criterion 24.6** – There are no mechanisms to ensure that information on the beneficial ownership of a legal person is obtained by that legal person and available at a specified location; or can be otherwise determined in a timely manner by a competent authority.
- 223) **Criterion 24.7** – There are no measures to ensure that beneficial ownership information is accurate and as up-to-date as possible.
- 224) **Criterion 24.8** - There are no measures to ensure that companies co-operate with competent authorities to the fullest extent possible in determining the beneficial owner.
- 225) **Criterion 24.9** – There is no requirement for beneficial ownership information and associated records to be held by or on behalf of the legal persons in the circumstances described under this criterion.
- 226) **Criterion 24.10** – Competent authorities, and in particular law enforcement authorities, do not have all the powers necessary to obtain timely access to basic and beneficial ownership information held by the relevant parties.

- 227) **Criterion 24.11** –According to Article 33 of the Commercial Code, a Limited Liability Company (by shares), is a legal entity with one or more registered shares. Article 51 of the Commercial Code requires share certificates to be registered. As a result of amended legislation in 2016, all Limited Liability Companies (by shares) must have shares registered. The holders of bearer shares issued before 2016 were given a transitional period of three years to have same converted to registered shares. After the expiration of that period, if the bearer shares were not converted to registered shares, it was automatically converted by the operation of the law. There are no other legal persons established in Suriname with shareholders or able to issue bearer shares or to have nominee shares and nominee directors.
- 228) **Criterion 24.12** – With respect to Limited Company by Shares, Article 60 of the Commercial Code doesn't impose any of the mechanisms to prevent nominee shares and nominee directors from being misused.
- 229) **Criterion 24.13** – Article 24 of the Trade Register Act imposes a liability of a term of imprisonment not exceeding one year, or a fine not exceeding one thousand guilders (approx. US\$555), on any person who intentionally submits an incorrect or incomplete trade register. Article 25 of the Trade Register Act imposes a liability of a fine not exceeding one thousand guilders (approx. US\$555) on any person who does not comply with his legal obligation to submit a statement for registration in the trade register. These sanctions only relate to basic information. Beneficial ownership information is not contained in the trade register and therefore no sanctions are associated with it. The application of these Articles is ambiguous as they create no distinction between legal or natural persons. Further, in the case of legal and natural persons, these sanctions are not proportionate and dissuasive for failing to comply with the requirements of the Trade Register Act. Article 54 of the Commercial Code and Article 9 of the Foundation Act imposes requirements, but there are no penalties for failing to comply. Many of the other requirements do not attract a sanction for failure to comply.
- 230) **Criterion 24.14** – Article 9 of the MOT Act provides for the exchanging of data from the FIUS register with agencies outside of Suriname only if their duties are comparable to those of the FIUS, and on the basis of a treaty/convention or in the Memorandum of Understanding. At the time of exchanging the data, the FIUS can acquire basic information on legal persons from the CCI. Articles 467 to 477 of the Criminal Proceeding Code allows for providing international legal assistance in relation to basic information. Articles 471 and 472 of the Criminal Proceeding Code outlines several circumstances when requests for international legal assistance would not be complied with. Further, there is no provision within the Trade Register Act which facilitates access by foreign competent authorities to the basic information held.
- 231) **Criterion 24.15** – There is no monitoring of the quality of assistance received from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad.

### **Weighting and Conclusion**

- 232) The ML/TF risks associated with all the types of legal persons created have not been assessed. No information was provided on the basic features of each type of legal person and on the processes for the creation of Partnership Firms (regular partnership), Associations and Limited Partnerships. Additionally, there are no processes in place for obtaining and recording beneficial ownership information with respect to each type of legal person. There is no requirement for any of the legal persons to register the address of their registered office and basic regulatory powers. Legal persons are not required to maintain the information set out in criterion 24.3. Although Limited Liability Companies (by shares) maintains a register, it does not contain all of the shareholder information. Additionally, there is no requirement that this information should be maintained within Suriname at

a location notified to the trade register. There are no mechanisms to ensure that information on the beneficial ownership of a legal person is obtained by that legal person and available at a specified location; or can be otherwise determined in a timely manner by a competent authority. This has a cascading effect throughout this Recommendation. There are no mechanisms to prevent nominee shares and nominee directors from being misused. The sanctions for a natural and legal person failing to comply with the requirements are not proportionate and dissuasive. There is no monitoring of the quality of assistance received from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad. **Recommendation 24 is rated non-compliant.**

### **Recommendation 25 – Transparency and beneficial ownership of legal arrangements**

- 233) Suriname is not a signatory to the Hague Convention on Laws Applicable to Trusts and their Recognition and its legislation does not recognize express trust or otherwise. Although there is no law governing the formation and operation of trusts or other legal arrangements in the country, there is no prohibition on foreign trusts operating in Suriname with a trustee appointed in the country or any provision that precludes foreign trustees to start a business relationship with an FI or DNFBP in Suriname.
- 234) There is no information on other legal arrangements that can be established in the country. Nevertheless, according to the NRA, banks and insurance companies provide asset management services through subsidiaries and provide information on the AML/CFT measures that these FIs must apply accordingly.
- 235) **Criterion 25.1** – Suriname doesn't give legal recognition to trusts. However, they recognize financial and non-financial service providers, being a natural person, legal entity, company or partnership that provides professional or commercial services to clients, which covers trustee-like services. A client is defined as the party with whom a business relationship is entered into, as well as the party that arranges for a transaction to be performed, being a natural person or a legal entity to or for whom/which a service is provided. Article 1 of the WID Act provides the definition and activities of financial and non-financial service providers.
- (a) Article 2 of the WID Act requires service providers to perform a client screening which includes inter alia, the identification of the client and verification of his/her identity, and the identification of the ultimate beneficial owner and the taking of reasonable measures to verify his/her identity, and the determination of the objective and the intended nature of the business relationship. Article 3 of the WID Act provides for the information which a service provider must obtain in order to be satisfied of the identity when the client is a natural person. Article 3a of the WID Act provides for the information which a service provider must obtain in order to be satisfied of the identity when a client is a Surinamese or foreign legal person. Article 7 of the WID Act provides the additional information which must be obtained when specific services are provided.
  - (b) The financial and non-financial service providers are not required to hold basic information on other regulated agents and service providers, including investment advisors or managers, accountants and tax advisors.
  - (c) Articles 5 and 8 of the WID Act mandates service providers to keep copies of identification documents of clients for a period of at least seven years after the service has been terminated or after the execution of the service. The deficiency in criterion 25.1(b) has a cascading effect here.
- 236) **Criterion 25.2** – Article 2(1)(d) of the WID Act requires that service providers shall perform a client screening which is comprised of performing on-going checks of the business relationship and

transactions performed during this relationship, for the purpose of ensuring that these transactions correspond with the knowledge that the service provider has of the client and the ultimate beneficial owner, of the risk profile, with as appropriate, an investigation into the source of the capital involved in the transaction or the business relationship. Also, Article 6(2) of the WID Act provides that service providers shall ensure that the data and information that have been received within the context of a client screening, in particular those which relate to clients, ultimate beneficial owners, or business relationships constituting a higher risk of ML and TF have been updated and are relevant (accurate). However, no measures are in place which provide for a timeframe for the updating of client information. Additionally, the deficiency in criterion 25.1(b) has a cascading effect here.

- 237) **Criterion 25.3** – There are no measures which impose an obligation on service providers to disclose their status to financial institutions and DNFBPs when forming a business relationship or carrying out an occasional transaction above the threshold.
- 238) **Criterion 25.4** – Article 8(2) of the WID Act provides that service providers are obliged, at the request of a competent authority thereto, to keep identification information in an accessible manner, even after the statutorily required period of seven years. Additionally, there are no measures in place which prevent service providers from providing financial institutions and DNFBPs, upon request, with information on the beneficial ownership and the assets of the trust to be held or managed under the terms of the business relationship.
- 239) **Criterion 25.5** – There are no provisions for other competent authorities, and in particular LEAs, to have all the powers necessary to obtain timely access to information held by trustees or by FIs and DNFBPs regarding the beneficial ownership and control of the foreign trust.
- 240) **Criterion 25.6** – Article 466a of the Criminal Proceeding Code only addresses requests for legal assistance by Suriname to another State. There are no measures which provide international co-operation in relation to information, including beneficial ownership information, on trusts and other legal arrangements, on the basis of recommendations 37 and 40.
- 241) **Criterion 25.7** – There are measures in place to ensure that service providers are either legally liable for any failure to perform the duties relevant to meeting their obligations, and there are proportionate and dissuasive criminal sanctions, for failing to comply. Article 15 of the WID Act states that the violation of the rules is considered an offence and punishable by a maximum prison sentence of ten years and a maximum fine of SRD 5,000,000 (USD 231,696). The deficiencies identified in criterion 25.1(b) have a cascading effect here.
- 242) **Criterion 25.8** – There are no proportionate and dissuasive sanctions, whether criminal, civil or administrative, for failing to grant to competent authorities timely access to information referred to in criterion 25.1.

### **Weighting and Conclusion**

- 243) Suriname doesn't give legal recognition to trusts. However, they recognize financial and non-financial service providers which perform trustee-like services. The failure of financial and non-financial service providers to hold basic information on other regulated agents and service providers, including investment advisors or managers, accountants and tax advisors has a cascading effect on this Recommendation. There are no measures which impose an obligation on service providers to disclose their status to financial institutions and DNFBPs when forming a business relationship or carrying out an occasional transaction above the threshold. There are no provisions for other competent authorities, and in particular LEAs, to have all the powers necessary to obtain timely access to information held by trustees or by FIs and DNFBPs regarding the beneficial ownership and control of the foreign trust. There are no measures which provide international co-

operation in relation to information, including beneficial ownership information, on trusts and other legal arrangements, on the basis of recommendations 37 and 40. There are no proportionate and dissuasive sanctions, whether criminal, civil or administrative, for failing to grant to competent authorities timely access to information referred to in criterion 25.1 **Recommendation 25 is rated non-compliant.**

### Recommendation 26 – Regulation and supervision of FIs

- 244) This Recommendation, formerly R.23, was rated ‘NC’ in the 3rd MER on the basis that : (a) a relevant supervisory authority had not been designated for all FIs and DNFBPs to ensure the compliance with the AML/CFT requirements ; (b) money & value transfer companies, money exchange offices and stock exchange were not subject to AML/CFT supervision; (c) money transfer offices and money exchange offices are not registered or licensed and appropriately regulated (See Para. 483 sub section 3.10.3 Pg. 108). Consequently, in 2017, Suriname’s compliance with the-then R.13 was upgraded to a level comparable at minimum to a LC as most of the identified recommendations had been fully implemented (See Para.87).
- 245) **Criterion 26.1** – Article 22 of the MOT Act designates the CBvS to supervise FIs’ compliance with obligations relative to disclosure of unusual transactions. There is no designated supervisor for compliance with the WID Act that outlines the CDD, EDD and record keeping AML/CFT requirements and obligations. However, the CBvS has issued directives, which are enforceable, for compliance with AML/CFT obligations. Broadly, CBvS supervises banking institutions, insurance companies, credit unions, pension funds, money transaction offices and money exchange offices, and the capital market. CBvS’ supervisory tasks and powers are set out in the Act of 10 October 1956 - Regulation of the Central Banking Sector (“the Bank Act”) (See Chapter III) and in other specific acts such as the BCSS Act (See Chapter IV), MTOS Act (See Chapter 5), the CM Act, 2014 (See Chapter III) and the Pension Funds and Provident Funds Act (O.G. 2005 No. 75) (“the PFPF Act”) (See Article 46).
- 246) Further, whilst the FIs have AML/CFT compliance requirements under the WID Act, the legislation does not designate an AML/CFT supervisor or establish appropriate links to MOT Act which defines the AML/CFT Supervisors. Notably, Article 17 of the WID Act, broadly notes that the Minister of Justice and Police is entrusted with the implementation of provisions of the Act.
- 247) The Council on International Sanctions is responsible for the supervision of all FIs Supervision for compliance with provisions by or pursuant to the International Sanctions Act.
- 248) **Criterion 26.2** – Suriname’s legislation provides for the licensing of its FIs as follows:
- (a) *Credit institutions.* Article 2 of the BCSS Act, requires legal entities operating as credit institutions in Suriname to be licensed. Credit institutions are defined under article 1 1ab of the BCSS Act.
  - (b) *Money transaction offices (I.e. money transfer offices and exchange offices).* Article 3 of the MTOS Act requires money transaction offices to be licensed.
  - (c) *Insurance Companies.* Pursuant to Article 3 of the Business and Professional Act 2017 and Article 1 of the State Decree of May 2011 No. 64, Insurance companies are among the businesses that are required to obtain a licence prior to operation. Specifically, insurance companies are expected to apply for a licence from the Ministry of Economic affairs, Entrepreneurship and Innovation and for a letter of no objection from CBvS to operate.
  - (d) *Pension funds.* Article 5 and 7 of PFPF Act, requires pension funds and provident funds to register with the CBvS and obtain a declaration of no objection from the CBvS except for

the general pension fund (APF) that was established in accordance with the provisions of the General Pension Act 2014 (O.G. no.113).

- (e) *Securities*. Article 2 of the CM Act requires a stockbroker or a stock exchange in Suriname to be licensed prior to conducting any business.
- 249) There is no prohibition on the establishment, or continued operation, of shell banks. However, under article 14 of the WID Act, it is prohibited to enter or maintain a correspondent banking relationship with a shell bank. Any correspondent banking dealings with shell banks are also prohibited (see Criterion 13.3).
- 250) **Criterion 26.3** – Suriname’s legislation empowers competent authorities or financial supervisors to take necessary measures to prevent criminals or their associates from holding (or being the beneficial owner of) a significant controlling interest or holding a management function in most of the FI. Specifically:
- (a) *Credit institutions*. Article 18 of BCSS Act, outlines the criteria for fitness and propriety assessments to be conducted on a director, manager, supervisor director or holder of a qualified holding in a credit institution as part of the licensing procedures. Article 20 of the BCSS Act also broadly requires that shares not be issued or transferred to a natural person or legal entity without prior approval of the CBvS.
  - (b) *Money transaction offices (i.e. money transfer offices and exchange offices)*. Article 16 of MTOS Act requires fitness and propriety assessments to be conducted by an executive director, supervisory director or holder of a qualifying holding in the money transaction office.
  - (c) *Insurance Companies*. Article 9 of the Bank Act includes CBvS’ general duties, that include the supervision of the “insurance system”. The CBvS issued the Insurers’ Directive, March 10,2021 that sets out the fitness and proprietary requirements for executive directors, supervisory board members, and holders of qualifying holdings of insurers.
  - (d) *Pension funds*. Article 9 of PFPF Act, requires fitness and proprietary assessment to be conducted for directors of pension and provident funds.
  - (e) *Securities*. Article 12 of the CM Act requires fitness and propriety assessments to be conducted on a supervisory director or holder of a qualifying holding in a stock brokerage firm or stock exchange.
- 251) Notwithstanding, whilst the BCSS Act, MTOS Act, CM Act and the Insurer’s Directive, March 10,2021, refers to fitness and proprietary procedures conducted for holders of a “qualified holding”, there are no specific measures for beneficial owners as defined by the FATF. Therefore, the fitness and proprietary measures for beneficial owners are not adequately defined.
- 252) **Criterion 26.4** – FIs in Suriname are subject to a risk-based approach to supervision and monitoring as follows:
- (a) *Core principles institutions*. FIs in Suriname are regulated and supervised in line with the core principles, where relevant for AML/CFT. The main requirements set by the BCBS and IAIS are incorporated in the 2016 CBvS Directive and the Corporate Governance Code and Group II Regulations (6-10) issued for banking institutions. However, the Group II Regulations (6-10) make no reference to AML/CFT requirements. Suriname has not defined the nature and extent of application of consolidated AML/CFT group supervision policies and procedures. Also, there are no guidelines in line with IOSCO and the AML/CFT guideline for insurance companies, which is anticipated to be based on the IAIS principles, is still in draft.

- (b) *Other FIs.* Other FIs are supervised by the CBvS as set out under Criterion 26.1. Monitoring and supervisory activities are coordinated where possible, including for off-site monitoring and on-site inspections.
- 253) **Criterion 26.5** – The frequency and intensity of on-site and off-site AML/CFT supervision of FIs is determined based on:
- (a) *the ML/TF risks, internal controls and procedures associated with the institution (banks).* Each is assigned an overall compliance rating with the applicable AML/CFT legislative requirements. Such a rating that considers the bank's ML/TF risks, internal controls and procedures determines the nature and extent of ongoing supervision and monitoring of the relevant bank.
  - (b) *the ML/TF risks, internal controls and procedures associated with the institution (Money Transaction Offices).* The frequency and intensity of on-site and off-site AML/CFT supervisions for the Money Transaction Offices is currently not based on the ML/TF risks, internal controls and procedures associated with entities supervised. The CBvS is still in the process of conducting individual ML/TF risk assessments for the Money Transaction Offices.
  - (c) *the ML/TF risks present in the country (Banks and Money Transaction Offices).* Based on the findings in the NRA, CBvS will review and where necessary, change their AML/CFT supervision policies and procedures to take into consideration the ML/TF risks identified at the national level.
  - (d) *Characteristics of FIs (banks).* CBvS has no risk-based framework in place, and it only utilises a simplified rating system that focuses on both technical compliance and effectiveness. For each part of the 2016 CBvS Directive, an assessment is given of the degree to which a FI meets (or does not meet) the minimum standards. CBvS has also developed the AML-CFT Self-Assessment Matrix and Integrity Matrix to facilitate such an assessment. With the outcome of the rating system, the CBvS determines the frequency and scope of AML/CFT monitoring. Although there is no risk-based framework yet, CBvS developed a Matrix AML/CFT and Matrix Integrity which the banks must fill in prior to the on-site inspection, to determine the scope.
  - (e) *Characteristics of FIs (Money Transaction Offices S).* The existing risk-based supervision on Money Transaction Offices is undergoing further enhancements. Currently, the money exchange offices report in a web portal and money transfer offices report in an Excel sheet (Reporting Template form) and this is verified on correctness and completeness. Transaction monitoring is conducted based on the aforementioned data in order to assess risk-based whether the transactions carried out by the client involve unusual patterns that may indicate ML or TF. The Suriname Authorities indicated that a money transaction offices manual (for on-site and off-site inspections) is completed, and it describes the RBA considering the new FATF recommendations, as appropriate.
- 254) Notwithstanding the noted deficiencies above, Suriname has also not defined the nature and extent of application of consolidated AML/CFT group supervision policies and procedures. Also, the Suriname Authorities have not demonstrated the determinants for the frequency and intensity of on-site and off-site AML/CFT supervision for securities, insurance and pension fund companies. Further, monitoring by conducting risk-focused AML/CFT on-site inspections is not specifically mentioned in the policies for securities and insurance sectors but is no mention in the draft manual. The AML/CFT On-site for the pension sector was only put in place in March 2022 during the onsite.
- 255) **Criterion 26.6** – The Suriname Authorities noted that CBvS is in the phase of drafting a Risk-based framework and manual which will focus on both on-site and off-site examinations. Furthermore, there are no requirements with respect to the frequency of the periodic review of the risk

assessments conducted for the FIs or groups. Moreover, there are no defined trigger events (such as occurrence of major events or changes in the management) that would necessitate a periodic review of the risk assessments for the FIs.

### *Weighting and Conclusion*

- (a) Whilst most measures required under R.26 have partially been put in place in Suriname, deficiencies were noted in the AML/CFT legislative framework. The MOT Act designates the CBvS as the AML/CFT supervisor for FIs' compliance with obligations relative to disclosure of unusual transactions. There is no designated supervisor for compliance with the WID Act that outlines the CDD, EDD and record keeping AML/CFT requirement and obligations. However, the CBvS has issued directives, which are enforceable, for compliance with AML/CFT obligations. This deficiency has been moderately weighted based on an existing directive that broadly grants CBvS the powers to supervise FIs for AML/CFT requirements. Suriname has no prohibition on the establishment, or continued operation, of shell banks. However, under article 14 of the WID Act, it is prohibited to enter into enter or maintain a correspondent banking relationship with a shell bank. Any correspondent banking dealings with shell banks are also prohibited (see Criterion 13.3). This is a minor deficiency on the basis that Suriname's licensing requirements would deter the licensing of shell banks. Whilst fitness and proprietary procedures are conducted for holders of a "qualified holding", there are no specific measures for beneficial owners as defined by the FATF. Therefore, the fitness and proprietary measures for beneficial owners are not adequately defined. Due to the associated higher risks with beneficial ownership, these deficiencies have been heavily weighted. With respect to RBA to supervision and monitoring, there are no measures with respect to regulation and supervision of FIs in line with the core principles such as IOSCO, IAIS etc. In the context of group-wide supervision, Suriname had no measures to identify beneficial owners of CDD for beneficiaries of life insurance policies. These deficiencies are not weighted heavily based on Suriname's risk and context and few FIs that are part of group structures. **Recommendation 26 is rated partially compliant.**

### **Recommendation 27 – Powers of supervisors**

- 256) This Recommendation (formerly R. 29) was rated "NC" in the 3rd round MER on the basis that: (a) the CBvS did not have the authority to conduct inspections of relevant FIs; (b) The CBvS did not have the general power to compel production or to obtain access to all records, documents or information relevant to monitoring compliance; and (c) The CBvS did not have adequate powers to sanction FIs and their directors or senior management for failure to comply with the AML/CFT requirements (see page 184). After the 3rd round MER, Suriname Eleventh Follow-up Report noted that all the deficiencies identified had been satisfactorily addressed owing to the CBvS being given the general power to compel production or to obtain access to all records, documents or information relevant to monitoring compliance under the BCSS Act and the MOT Act (see para 143).
- 257) **Criterion 27.1** – The CBvS has the power to monitor compliance by FIs with their AML/CFT obligations regarding the disclosure of unusual transactions outlined in the MOT Act (Article 22). As it relates to the WID Act, which outlines the CDD, EDD and records keeping AML/CFT requirements and obligations, the CBvS is not designated as a supervisor. However, the CBvS has issued directives, which are enforceable, for compliance with AML/CFT obligations pursuant to its role as a prudential supervisor for FIs (refer to criterion 26.1).
- 258) Regarding the implementation of international sanctions, the amended International Sanctions Act (2016), empowers the Council on International Sanctions to supervise FIs and DNFBPs for compliance with the provisions outlined in the Act (Article 5b subsection 1).

- 259) **Criterion 27.2** – As stated earlier in criterion 14.3 and criterion 27.1, the remit of the MOT Act only extends to the supervision of FIs in relation to compliance concerning the disclosure of unusual transactions. Suriname's other principal AML/CFT legislation, the WID Act, which deals with identification requirements does not identify an AML/CFT supervisor.
- 260) In relation to prudential supervision, the CBvS is empowered under principal acts that formalize prudential supervision to conduct inspections. These powers are set out in the Bank Supervision Act of 1986 (Article 10), the BCSS Act (Article 29 subsection 2), Capital Market Act (Article 8 para. 1a) and the MTOS Act (Article 19). As it regards the monitoring of compliance with the International Sanctions Act, the Council on International Sanctions is empowered to collect all the information that may be reasonably considered to be necessary when conducting its function (Article 5c of the amended Sanctions Act – 2016).
- 261) **Criterion 27.3** – In carrying out its supervisory function, the CBvS, is authorised to compel credit entities; stock brokerage firms and the stock exchange; and remittance companies to produce any information deemed relevant to the monitoring of compliance. This is however in relation to prudential supervision. This power is not predicated on the need to secure or acquire a court order (see Art 29 BCSS Act, Art 8 Capital Market Act and Art 19 MTOS Act).
- 262) As it relates to the MOT Act, the provision regarding the production of information only relates to the FIUS requesting information relating to the reporting of unusual transactions (Art 22a).
- 263) **Criterion 27.4** – As stated in criterion 27.1, the CBvS is empowered to supervise financial service providers to facilitate compliance with the MOT Act. However, the provision outlined under this Act, is only in relation to supervision regarding unusual transactions. Under this Act the supervisor may impose a maximum fine of SRD 1 million for each violation by a service provider that does not comply or does not comply on time, with the directives issued by the CBvS (Article 22 (3) MOT Act). This maximum amount may be amended by State Decree. The supervisor may collect a fine imposed pursuant to this article (article 22), as well as the collection of costs, by means of a writ of execution. The writ of execution will be served at the offender's expense by means of a bailiff's notification and constitutes an enforceable document. Under Article 21 of the MOT Act, criminal sanctions can be brought against a FI by the FIUS for violations of the rules laid down by or pursuant to this Act. Criminal offences are punishable by a maximum prison sentence of ten years and a maximum fine of SRD 5 million. As it relates to the WID Act, the CBvS may have difficulty enforcing the sanctions outlined therein given that it is not explicitly empowered to supervise compliance under the said Act.
- 264) In regard to credit entities, the BCSS Act enables the CBvS to impose a fine for non-compliance with the Act (Article 56). This provision is however in relation to prudential supervision.
- 265) In regard to money service businesses (money transaction offices), the MTOS Act authorises the CBvS to impose a fine of up to SRD 1 million (Article 38). The CBvS is also authorised to revoke the licence of a money service provider in the event it does not comply with the condition of its license (Article 10 of the MTOS Act). These sanctions range from the imposition of fines to the suspension or revocation of license. These provisions are in relation to prudential supervision.
- 266) Regarding pension funds and insurance companies, the act cited by the authorities as the governing legislation in relation to prudential supervision, the Bank Act, does not contain provisions regarding disciplinary sanctions for non-compliance and does not contain the power to withdraw, restrict or suspend these entities' licence in relation to AML/CFT matters. As it relates to stock brokerage firms or the stock exchange, the sanctions outlined in Articles 34 and 35 of the Capital Market Act are not in relation to licensees' failure to comply with AML/CFT requirements. The Council on International Sanctions is empowered to impose fine not exceed one million SRD per day for noncompliance with guidance issued (Article 5b of the International Sanctions Act). The Council

may require a penalty imposed under this article as well as the costs of collection by writ of execution.

### *Weighting and Conclusion*

- 267) The CBvS is identified as the AML supervisory authority for financial service providers under the MOT Act. This authority only extends to the supervision of unusual transactions reporting. Also, as it relates to the supervision and monitoring of the WID Act (Identification Requirements), the CBvS may find it challenging to enforce the sanctions therein because the said Act does not give the CBvS any supervisory powers. This was weighted as a moderate shortcoming as the CBvS' powers to monitor and enforce sanctions pursuant to the WID act could be challenged. **Recommendation 27 is rated partially compliant.**

### **Recommendation 28 – Regulation and supervision of DNFBPs**

- 268) This Recommendation (formerly R. 24) was rated “NC” in Suriname’s 3rd round MER on the basis that: (a) there was no AML/CFT regulation and supervision in place for casinos. (b) The AML/CFT regulatory and monitoring measures that were in place for the other categories of DNFBPs were not adequate. Suriname’s Eleventh Follow-up Report noted that to remediate the identified deficiencies, Article 22 (sub 1b) was added to the MOT Act, which appoints the Gaming Control Board as the supervisory authority for casinos and lotteries. As the supervisory authority, the GSCI is empowered to issue AML/CFT guidelines. Under Article 22 (sub 1c) of the MOT Act, the FIUS is appointed as the supervisory authority for all other DNFBP (except for the Gaming Sector) and is authorized to issue AML/CFT guidelines (see pages 173). At the time of the Eleventh Follow-up Report, the only outstanding deficiency that was noted was the need for the drafting of regulations related to the supervision of the Gaming Industry (see pages 104 and 105).
- 269) **Criterion 28.1 –**
- a) Casinos must be licenced by the President of the Republic of Suriname in accordance with the Gaming Law of 1962 (Article 1). The GSCI performs an advisory role in the licensing process.
  - b) There are no legal or regulatory measures to prevent criminals or their associates from holding (or being the beneficial owner of) a significant or controlling interest, or holding a management function, or being an operator of a casino.
  - c) The GSCI is responsible for the supervision and monitoring of games of chance (Article 2 of the Act of 2 June 2009). Also, the MOT Act identifies the GSCI as the authority responsible for the supervision and monitoring of casinos (Article 22, sub 1b). Supervision in relation to the MOT Act is however limited to disclosure of unusual transactions. The GSCI is also empowered to issue regulations/directives to operators of games of chance (Article 3 of the Act of 2 June 2009 Supervision and Monitoring). As it relates to the WID Act, which details identification requirements for service providers, there are no provisions in place that grants the GSCI supervisory powers pursuant to the Act.
- 270) For the implementation of international sanctions, the Council on International Sanctions is empowered to supervise casinos compliance with the provisions outlined in the Act (Article 5b sub 1 of the amended International Sanctions Act, 2016).
- 271) **Criterion 28.2 –** Pursuant to Article 22 of the MOT Act, the FIUS is responsible for monitoring and ensuring DNFBPs, other than casinos, comply with the UTR disclosure requirements outlined

in the Act. As it relates to the WID Act, which details CDD, EDD and record-keeping obligation, the FIUS has no supervisory powers. The Council on International Sanctions supervises DNFBPs' compliance with TFS obligations.

- 272) **Criterion 28.3** – As noted above in criterion 28.2, the FIUS is responsible for monitoring and ensuring compliance of non-financial service providers (except for the Gaming Sector) with regards to the disclosure of unusual transactions pursuant to the MOT Act. In carrying out its role as the competent authority, the FIUS issued guidelines to DNFBPs (administrative offices, real estate professionals, dealers in precious metals and notaries, accountants and lawyers) under its purview in July 2021. Like FIs, as it relates to the WID Act, which details identification requirements for service providers, there are no provisions in place that grants the FIUS supervisory powers pursuant to the Act.
- 273) Pursuant to the MOT Act, the FIUS may conduct inspections of DNFBPs in relation to the disclosure of unusual transactions (Article 22a). Under this Article, the director of the FIUS and also the officers of the FIUS appointed by the director, is authorized to request information and inspect all data that could aid in the supervision of service providers. As indicated earlier, the WID Act, which details identification requirements for service providers does not have any provisions in place that grants the FIUS supervisory powers pursuant to the Act. The Council on International Sanctions is tasked with monitoring DNFBP's compliance with TFS obligations.
- 274) **Criterion 28.4** –
- (a) Article 22 of the MOT Act gives the FIUS the powers to monitor AMLCFT compliance and to give directives to the service providers under its supervisory remit as it relates to the disclosure of unusual transactions. Also, as stated earlier, t, there are no provisions under the WID Act in place that grants the FIUS supervisory powers pursuant to this Act.
  - (b) Suriname did not demonstrate that measures are in place to prevent criminals or their associates from being professionally accredited, or holding (or being the beneficial owner of) a significant or controlling interest or holding a management function in a DNFBP is in place, and
  - (c) The FIUS is empowered to impose financial and administrative sanctions on DNFBPs that fail to comply with reporting requirements (Article 22 of the MOT Act). Similar to the provisions available to the supervisory authority for FIs pursuant to the MOT Act, the FIUS may impose a maximum fine of SRD one million for each contravention on a service provider that does not comply or does not comply on time, with the obligations laid down in the directives issued by the FIUS (Article 22). Article 15 of the WID Act outlines the penalty of 10 years imprisonment and maximum fine of SRD\$5,000,000 (USD\$227,272) for any offence therein. However, there are no provisions regarding the supervisory authority with powers to enforce accordingly. As stated in criterion 27.4, the Council on International Sanctions is empowered to impose a burden under a penalty on the service provider who does not or does not in a timely manner fulfil the obligations outlined in guidance issued by the Council. The penalty (sanction) shall not exceed one million SRD per day (Article 5b of the International Sanctions Act).
- 275) **Criterion 28.5** – (a and b) The FIUS and GSCI supervisory process are not based on a risk-sensitive approach. Also, the authorities did not indicate the mechanisms in place to determine the frequency and intensity of AML/CFT supervision of DNFBPs. In relation to the Council on International Sanctions, the competent authority is yet to develop a supervisory framework to monitor compliance with the International Sanctions Act.

### *Weighting and Conclusion*

- 276) The gaps in R28 were weighted as moderate. DNFBP supervisors are not empowered to supervise compliance in relation to CDD, EDD and records-keeping provisions in the WID Act. Also, Suriname did not demonstrate that there are measures to prevent criminals or their associates from holding significant or controlling interest, or holding a management function, or being an operator of a casino. Additionally, supervision is not conducted on a risk-sensitive basis. **Recommendation 28 is rated partially compliant.**

### **Recommendation 29 - Financial intelligence units**

- 277) Suriname was rated partially compliant with respect to the requirements of this recommendation (formerly Rec 26) in its 3rd round MER. The main technical deficiency was that the FIUS' remit did not cover terrorist financing related disclosures. Consequently, Article 2 of the MOT Act was amended to include TF related disclosures. For the 4th round, effectiveness issues are now assessed separately under IO.6.
- 278) **Criterion 29.1** – The Suriname Financial Intelligence Unit (FIUS) is an administrative FIU that was established in 2002, under Article 2 of the MOT Act, and is an independent unit of the Ministry of Justice and Police. The mandate of the FIUS includes the gathering, registering, processing and analysing of data, including UTRs, in order to ascertain whether this data may be important for the prevention and investigation of ML, TF, and their underlying predicate offences. Additionally, the FIUS is responsible for disseminating the results of its analysis in accordance with the provisions of the (MOT) Act; and carrying out research into the developments in the area of ML, TF and into improving methods for preventing and investigating ML/TF.
- 279) **Criterion 29.2** –
- (a) The FIUS is the central agency for the receipt of disclosures filed by reporting entities. Article 12 of the MOT Act notes that reporting entities (service providers), where they discover information that indicates possible ML and TF, are obligated to report the performed or intended unusual transaction immediately in writing (whether digital or not) to the FIUS.
  - (b) The FIUS is the central agency that receives other information and threshold reports in the form of Objective UTRs from reporting entities pursuant to State Decree of the 2<sup>nd</sup> July 2013.
- 280) **Criterion 29.3** –
- (a) If necessary for the analysis of the disclosure, Article 7 of the MOT Act gives the FIUS the power to request information concerning a party in respect of which a disclosure is made. Under Article 5 of the MOT Act, the FIUS is authorised to request additional information from a reporting entity that made a disclosure, in order to assess whether the information is related to ML/TF. Such information could be provided to competent authorities entrusted with the investigation and prosecution of criminal offences by means of a Financial Intelligence Report. Upon request, the reporting entity must provide the additional information in writing, or orally in urgent cases, within a timeframe stipulated by the FIUS. The deficiency here is that such additional information can only be requested from the reporting entity which filed the UTR.
  - (b) Article 7 of the MOT Act provides for the FIUS to obtain data from government, financial, non-financial and public sources. However, the institutional and administrative framework required for the FIUS to access government held data and information has not been put in place, therefore the FIUS only has access to some government institutions,

the KPS, financial institutions, the CCI and Industry and open sources. This information is obtained through formal request.

281) **Criterion 29.4** – Article 2 of the MOT Act provides a general obligation for the FIUS to conduct analysis. The law is specific however, in that analysis is related to research on emerging developments within the ML and TF sphere and for improving prevention methods of ML and TF. Reference is also made to gathering, registering and processing data.

(a) In practice, the FIUS conducts operational analysis of the UTRs in line with its Operational Analysis Manual. It receives and has been using obtainable information to enhance this analytical product. A review of this product shows where specific targets and the trails of transactions were identified. The FIUS has also produced targeted operational analyses in response to requests from the PG.

(b) Strategic analysis is conducted in accordance with the FIUS Strategic Analysis Manual. The 2018 strategic analysis product evidenced used information in the FIUS' own register and open-source information to arrive at trends in the types of currency preferred in the transaction (objective and subjective) filed with the FIUS.

282) **Criterion 29.5** – Article 6 of the MOT Act provides the basis upon which the FIUS is obligated to disseminate information, both spontaneously and upon request. The provisions however do not include the use of dedicated, secure and protected channels for disseminating information, even though in practice the FIUS employs encryption technology and only hands over information to a named official from the PG's office. The FIUS can only disseminate, through the PG, to the competent authorities and officials that are entrusted with the investigation and prosecution of criminal offences. Dissemination to other competent authorities can only be done once the precondition of an existing MOU is met.

283) **Criterion 29.6** –

(a) Article 25 of the MOT Act states that all data and information provided or received pursuant to the provisions of the Act, are confidential. Additionally, anyone who provides or receives such data and information, or makes a disclosure under Article 12, is legally bound to confidentiality. However, there is an absence of actual rules to govern how information is handled, securely stored, and disseminated.

(b) Employees of the FIUS are governed by the FIUS Code of Conduct, 2017 (Standard for professionalism, integrity, and confidentiality). The Code mandates that employees are required to maintain secrecy both during their employment and after the termination of their employment. Employees are also required to sign non-disclosure agreements. FIUS employees have an understanding in the handling, storage, dissemination and protection of information. The Code of Conduct is limited as it does not address factors such as security clearance levels and the handling and dissemination of sensitive information.

(c) There is round the clock security surrounding the FIUS premises, which limits access except for authorised persons. Employees have keys to their assigned department or section and those keys do not allow access to any other section of the unit. Only the four analysts have access to the FIUS' register.

284) **Criterion 29.7** –

(a) Article 2 of the MOT establishes the FIUS as an independent unit of the Ministry of Justice and Police, allowing authority and autonomous decision making in respect of its duties. The FIUS however does not have the power to disseminate the results of its analysis directly and can only do so through the PG.

- (b) Article 9 of the MOT provides for the exchange of information with foreign counterparts once a treaty/convention or Memorandum of Understanding is in place. However, the provisions do not provide for the FIUS to independently engage with its domestic counterparts. In practice and as stated by the Director during the onsite the FIUS can established MOUs on their own.
- (c) According to Article 2 of the MOT, the FIUS is an independent entity within the Ministry of Justice and Police and has distinct core functions which sets it apart from that government ministry (see c.29.1). The Director is responsible for the day-to-day management of the unit.
- (d) The FIUS is not able to deploy the human and budgetary resources necessary to carry out its functions. Under Article 2 (4) of the MOT, the budget for the FIUS is set each year by an order of the Ministry of Justice and Police, however, the budgetary allocations are unknown and subject to the discretionary priorities of the Minister of Justice and Police. The process for recruiting and retaining staff and the duties and functions of the Director are not prescribed. Pursuant to Article 11 of the MOT Act, the PG is entrusted with supervising the FIUS even though Article 2 of the MOT established the unit as an independent body.

285) **Criterion 29.8** – Although the Suriname FIUS is not currently an Egmont Group member, an application was submitted and the FIUS has been sponsored by two Egmont members. Suriname FIU's Egmont Group membership is currently pending.

### *Weighting and Conclusion*

- 286) The institutional and administrative framework required for the FIUS to access information and data from government sources has not been put in place thus resulting in it having limited access to such information. The FIUS cannot spontaneously disseminate information to domestic competent authorities unless it shares an MOU with them and is not authorised to independently engage with such domestic competent authorities regarding sharing information. The analysis of R.29 has also discerned that the budgetary allocations are unknown, and the duties of the Director are unprescribed. Contextually, considering that the NRA has flagged corruption as posing a high threat to Suriname and the UNDP Corruption Risk Report of 2021 concluded that Suriname suffers from rampant corruption despite Government's efforts to control it, the deficiencies at c.29.3, c.29.7 are heavily weighted. In addition to these deficiencies, there are no rules or legal framework providing for dissemination to be done via dedicated, secured and protected channels. There are some measures in place such as the Code of Conduct and the physical security of the premises, but those measures are limited; and dissemination is restricted to investigative and prosecutorial authorities. **Recommendation 29 is rated partially compliant.**

### **Recommendation 30 – Responsibilities of law enforcement and investigative authorities**

- 287) This Recommendation (formerly Rec 27) was rated as partially compliant in the last MER. The noted deficiencies were in relation to issues of effectiveness, which are now primarily assessed in IOs 7 and 9. Changes to the Recommendation include ML/TF investigations in a national context, and the designation of a competent authority to identify, trace and initiate actions to freeze property subject to confiscation.
- 288) **Criterion 30.1** – The LEA responsible for investigating ML related offences, under the supervision of the Office of the AG, is the Financieel Onderzoek Team (FOT), a department in the Surinamese Police Force (KPS). TF investigative responsibility has not been specifically designated. Notwithstanding, by Order No. SPG 2986/21 of the AG dated September 20, 2021, the Judicial Intervention Team (JIT) under the leadership of the Procurator General (PG) was designated

responsible for conducting the cross-border elements of ML and TF. Investigations into predicate offences are conducted by other departments within the KPS force such as the FED, Capital Crimes and the Narcotics Department. For tax evasion offences, the Tax Authority office, as of March 2021, was designated with such responsibility through an amendment to the Tax Administration Organisation Order G.B. 1970 no 41. The investigations are guided by the Code of Criminal Procedure.

- 289) **Criterion 30.2** – Pursuant to Article 134 (1) of the Criminal Code, the following persons are charged with the investigation of criminal offences: the PG and other members of the Public Prosecution Service; the District Commissioner; the officers of the KPS and the special police officers, if and to the extent that they have been appointed for that purpose by the Ministry of Justice and Police. Regarding the District Commissioners and the special police officers, their investigative authority is limited to the territories in which they are appointed. The JIT is responsible for investigating the cross-border element of ML and TF (see c.30.1). They are all able to refer cases to the FOT to follow up with such investigations.
- 290) **Criterion 30.3** – Pursuant to articles 83 to 91 of the Criminal Proceeding Code the Examining magistrate (Article 86a) can grant an investigating officer authorisation to identify, trace and seize property suspected to be the proceeds of crime.
- 291) **Criterion 30.4** – There are no other competent authorities which are not law enforcement authorities, *per se*, responsible for pursuing financial investigations of predicate offences in Suriname.
- 292) **Criterion 30.5** – There are no anti-corruption authorities designated to investigate ML/TF offences.

### *Weighting and Conclusion*

- 293) The JIT has been designated with responsibility for investigating the cross-border element of TF. However, there no law enforcement agency specifically designated with responsibility for ensuring that all elements of TF are properly investigated. The deficiency was weighted heavily. **Recommendation 30 is rated partially compliant.**

## **Recommendation 31 - Powers of law enforcement and investigative authorities**

- 294) In its 3rd round MER, this Recommendation (formerly Rec 28) was rated Compliant. There are now more detailed requirements under Recommendation 31 as compared to the former Recommendation 28.
- 295) **Criterion 31.1** – The competent authorities can use compulsory measures in furtherance of investigations. The FOT is the competent authority responsible for investigating ML and the JIT is the competent authority responsible for investigating the cross-border elements of TF. The Public Prosecutors are responsible for guiding and leading the authorities with those investigations and conducting the subsequent prosecutions.
- (a) The LEAs conducting investigations of ML, associated predicate offences (see c.30.1) and TF have full investigative powers under Article 134 of the Code of Criminal Procedure which allows them to use the compulsory measures available pursuant to Articles 85-113 of the said Code.
  - (b) Articles 85 and 113 of the Criminal Procedure Code grant powers, for the search of persons and premises, which may be used for the investigation of ML and TF offences.
  - (c) Article 21 of the Code of Criminal Procedure allows LEAs to take witness statements during an interrogation.

- (d) Article 83 of the Code of Criminal Procedure grants powers to LEAs to seize and obtain evidence in the possession of a suspect.

296) **Criterion 31.2** –

- (a, c and d) There are no measures in place in respect to undercover operations, accessing computer systems, and controlled delivery. Whilst art 82 of the Criminal Procedure Code provides a general authority to seize objects that can serve to uncover the truth or to prove unlawfully obtained gains. This general provision does not give any authority to assess the system of the object (computer or other electronic device) seized.
- (b) 31. 2 Article 89 of the Code of Criminal Procedure allows for the interception of communications via tapped or recorded telephone calls once ordered by the examining magistrate. The offences to which this is applicable are subsumed under Article 56 of the Code of Criminal Procedure which references offences that carry a statutory term of imprisonment of four years or more. Competent authorities conducting investigations cannot utilise this investigative technique because the Authorities and telecommunication service providers have not been able to agree on how to meet the costs associated with obtaining the additional equipment and personnel required carry out the wiretapping.

297) **Criterion 31.3** –

- (a) There are no measures to support the identification, in a timely manner, whether natural or legal persons hold or control accounts.
- (b) There are no measures to support this action.

- 298) **Criterion 31.4** – There are no measures to support competent authorities being able to ask for all relevant information held by the FIUS, when conducting investigations of ML, associated predicate offences and TF.

### Weighting and Conclusion

- 299) The competent authority can use compulsory measures in furtherance of investigations into ML and TF. There are some limitations to the powers of competent authorities as it relates to the exercise of compulsory measures and they include: no measures to conduct undercover operations, access computer systems and conduct control deliveries.
- 300) Competent authorities conducting investigations cannot utilise wiretapping as an investigative technique because the Authorities and telecommunication service providers have not been able to agree on how to meet the costs associated with obtaining the additional equipment and personnel required carry out the wiretapping. **Recommendation 31 is rated partially compliant.**

### Recommendation 32 – Cash Couriers

- 301) In the 3rd round MER, this was rated as Non-Compliant under SR. IX Cross Border Declaration & Disclosure. It was noted that no declaration/disclosure system existed regarding the cross-border control of currency in an AML/CFT context.
- 302) **Criterion 32.1** – Suriname has implemented a declaration system for incoming and outgoing cross border transportation of currency and valuable papers<sup>19</sup>, including cheques and bearer securities. The legal basis which underpins this system is General Decision No. 221 of the Foreign Currency Board made pursuant to the art. 17 of the Foreign Currency Act, G.B. 1947 No. 136. However, there

<sup>19</sup> Suriname uses the term ‘valuable papers’ instead of BNIs. BNI is defined in the FATF Glossary. For consistency with the Methodology, the acronym BNI will be used throughout the analysis of this Recommendation.

is no information on whether declarations are also required for the physical cross-border transportation through mail or cargo.

- 303) **Criterion 32.2** – All persons making a physical cross border transportation of currency and BNIs exceeding the threshold of USD\$10,000 or the equivalent in a convertible currency must make a written truthful declaration using the declaration form established by the Foreign Currency Commission.
- 304) **Criterion 32.3** - Suriname uses a written declaration system instead of a disclosure system.
- 305) **Criterion 32.4** – There are no measures which grants competent authorities the authority to request and obtain further information from the carrier with regard to the origin of the currency or BNIs, and their intended use, upon discovery of a false declaration of currency of BNI or a failure to disclose them.
- 306) **Criterion 32.5** – The 4<sup>th</sup> paragraph of the established declaration form states clearly that in the event of a false, incorrect or incomplete declaration or where the carrier does not comply with the declaration obligations, the cash or BNI may be retained by Customs or seized by the competent authority and a fine, to be determined by the Court, may also be imposed for a breach of the Foreign Currency Regulations of 1947. The carrier also risks a term of imprisonment of up to six years if they are found importing or exporting USD10 000 or more, or the equivalent in other currencies, without filling a declaration form. The sanctions are considered proportionate and dissuasive.
- 307) **Criterion 32.6** – Paragraph 5 of the established declaration form states that “the provided information and personal details will be recorded and processed by Customs and made available to the Financial Intelligence Unit Suriname and the Foreign Currency Board”. In practice, the information provided is collected and processed by Customs, who then sends it to the FCB where the information is compiled into an Excel spreadsheet before transmission to the FIUS.
- 308) **Criterion 32.7** – Suriname has mechanisms in place to ensure adequate co-operation among relevant authorities (see R.2). Information on currency declarations is maintained by Customs and shared with the FCB which in turn shares such information with the FIUS. There is co-operation between Customs and the district police whereby, whenever there are false or non-disclosures detected by Customs, persons are handed over to the police to continue the investigations.
- 309) **Criterion 32.8** – There are no provisions for specifically stopping or restraining currency or BNIs for a reasonable time in order to ascertain whether there may be evidence of ML/TF in cases where there is suspicion of ML/TF or predicate offences or where there is a false declaration.
- 310) **Criterion 32.9** - All declarations are retained by the FCB for the purpose of further investigations by the OvJ if warranted. Consequently, declarations exceeding the threshold and false declarations are maintained. Notwithstanding, the measures which specifically address the requirement that records should be retained when: a declaration or disclosure exceeds the prescribed threshold; or when there is a false declaration; or when there is suspicion of ML/TF were not available. The information provided by passengers in relation to declarations of currency and BNIs is shared with the FIUS which has established MOUs with foreign FIUs for the exchange of information. Additionally, Suriname’s Customs is a member of the World Customs Organisation and the Caribbean Customs Law Enforcement Council which permit members to share information for the purpose of international co-operation.
- 311) **Criterion 32.10** – There are safeguards in place, through the Foreign Currency Act, which binds the FCB, and any experts including Customs, which are carrying out any activities related to the implementation of the said Act. These safeguards do not interfere with trade payments or the free movement of capital.

312) **Criterion 32.11** - The cross-border transportation of currency related to ML/TF and predicate offences can broadly be covered and subject to seizure under Article 82 of the Penal Code. Article 50 of the Penal Code broadly covers the confiscation of such currency or BNIs.

- (a) Persons who are carrying out physical cross-border transportation of currency or BNIs may be subject to the penalties for false, incorrect or incomplete declarations (see c.32.5), or where there is a conviction for a criminal offence, to the penalties applicable for such offences (see R.3).
- (b) Forfeiture may be imposed upon conviction of any criminal offence (Article 50 Criminal Code). Objects belonging to a convicted person in respect of which the offence was committed (Article 50a (1)(b) and by means of which the offence was committed (Article 50a (1)(c) can be forfeited.

### *Weighting and Conclusion*

313) Suriname has implemented a declaration system for incoming and outgoing cross-border transportation of currency and BNIs. However, there are some deficiencies within the system including the lack of specificity regarding how currency or BNIs transported by mail and cargo are to be treated. In the context that the NRA has identified Suriname as having porous borders; and the Assessment Team's conclusion that the country has a limited understanding of its TF risk, the deficiencies regarding the competent authorities having no authority to stop or restrain currency or BNIs for a reasonable time to ascertain whether evidence of ML/TF, where there is a suspicion of ML/TF, and the lack of proportionate and dissuasive sanctions applicable to the physical cross-border transportation of currency or BNI related to TF, were rated heavily. **Recommendation 32 is rated partially compliant.**

### *Recommendation 33 – Statistics*

314) Suriname was rated as non-compliant in its 3rd round MER regarding this Recommendation. It was noted that aside from most FIU related statistics, there was a general deficiency of meaningful statistical data regarding ML investigations and prosecutions, seizures, and mutual legal assistance.

315) **Criterion 33.1** –

- (a) The FIUS maintains statistics on UTRs received which is broken down into categories of objective and subjective, as well as the number of UTRs disseminated per year.
- (b) The FOT maintains data on ML investigations conducted by the FOT and Attorney General, including the number of suspects arrested, prosecuted and convicted.
- (c) Comprehensive statistics are not maintained on property seized during ML investigations and their subsequent confiscation. The value of the seized property is not included in the data.
- (d) Statistics are maintained on the number of requests for mutual legal assistance made by foreign jurisdictions during the ME assessment period. No request was made by Suriname for MLA in relation to ML/TF investigations.

### *Weighting and Conclusion*

316) While there is data regarding UTRs, ML investigations and MLA, overall Suriname is lacking in maintaining sufficiently comprehensive data on property seized during ML investigations and their subsequent confiscation. **Recommendation 33 is rated as largely compliant.**

### Recommendation 34 – Guidance and feedback

- 317) This Recommendation (formerly Rec 25) was rated as Partially Compliant in Suriname's 3rd round MER. Among the deficiencies highlighted, was the lack of requirement for the FIUS to provide FIs and DNFBPs with sufficient information on ML and TF techniques and trends, as well as feedback to reporting entities on STRs received. There was also no guidance on the implementation and compliance of AML/CFT requirements for DNFBPs.
- 318) **Criterion 34.1** – *Guidelines for reporting Unusual Transactions (October 2019)* provides financial and non-financial service providers with guidance on submitting UTRs to the FIUS inclusive of the criteria and principles for reporting as well as guidance on online report submission, correction, and final approval. There is similar guidance created for DNFBPs. The FIUS has also established and implemented a standard prescribed feedback form for reporting entities regarding their submitted unusual transactions. In addition, the FIUS has conducted numerous outreach sessions with FIs and DNFBPs regarding continuous awareness and compliance with their AML/CFT obligations. The CBvS also issues guidelines pursuant to Article 16 of the BCSS Act. The GSCI has also issued guidance and provided outreach sessions on AML/CFT matters.

### Weighting and Conclusion

- 319) The lone criterion is met. **Suriname is compliant with Recommendation 34.**

### Recommendation 35 – Sanctions

- 320) This Recommendation, formerly R.17, was rated 'NC' in the 3rd MER on the basis that: (a) the range of sanctions was not sufficiently broad; (b) there was no requirement to report suspicion of TF and consequently no supervision of this issue; (c) penal sanctions have not been imposed for AML failings (See Para. 483 subsection 3.10.3 Pg. 108). Consequently, in 2017, Suriname remediated all the identified deficiencies in the-then R.17 (See Para.87).
- 321) **Criterion 35.1** – In part, Suriname has put in place a range of proportionate and dissuasive sanctions, which includes criminal and administrative measures to deal with natural or legal persons that fail to comply with the AML/CFT requirements. The measures in place for R.6, and R.8 to 23 are detailed below:
- (a) *R.6 AML/CFT requirements.* Guidelines issued by the Council on International Sanctions must be followed immediately and promptly by service providers (Art. 5b paragraph of O.G. 2016 no.31, containing amendments to the International Sanctions Act). Consequently, the Council on International Sanctions may impose a penalty, not exceeding one million SRD (USD47 000) per day, on any service provider who either does not comply, or is untimely with its compliance with the guidelines issued by the Council (Art. 5b paragraph 5 of O.G. 2016). The Council may require a penalty imposed under Art. 5b as well as the costs of collection by writ of execution (Art. 5b paragraph 6 O.G. 2016 no 31). Art. 2 of the O.G. 2016 no.31 stipulates that intentional breach of prohibitions and regulations imposed by or under this act shall be punished with imprisonment not exceeding fifteen years and a fine of the fifth category. Art. 7a of the same act states that non-intentional violation of prohibitions and requirements imposed by or under this act, as well as failure to meet the obligation referred to in Art. 5c paragraph 2, shall be punished with imprisonment not exceeding one year or a fine of the third category. These applicable sanctions are considered proportionate and dissuasive for service providers.
- (b) *R8 AML/CFT Requirement:* The NPO Sector does not currently fall under the country's AML/CFT framework, and no risk assessment was conducted to understand the risk within the sector, which would facilitate the development of an appropriate supervisory framework and the

implementation of proportionate and dissuasive sanctions (see assessment of Recommendation 8).

- (c) *R.9 to R.23* AML/CFT requirements. The CBvS, FIUS and the GSCI are empowered to supervise financial service providers to facilitate compliance with the reporting obligations of the MOT Act. These supervisors may issue directives to the service providers that fall under their supervision (Art. 22 paragraph 2 of the MOT Act). Where there is a violation of such directives Pursuant to the MOT Act, the CBvS, FIUS and the GSCI are empowered to supervise financial service providers to facilitate compliance with the MOT Act. However, the provision outlined under this Act is only in relation to supervision regarding unusual transactions, the supervisor may impose a maximum fine of SRD 1 million (USD47,000) for each violation (Art. 22, paragraph 3 of the MOT Act). This maximum amount may be amended by State Decree. The supervisor may collect a fine imposed pursuant to this article (Art. 22), as well as the collection of costs, by means of a writ of execution. The writ of execution will be served at the offender's expense by means of a bailiff's notification and constitutes an enforceable document.

At Art. 4 of the MOT Act the FIU is empowered to make rules regarding the reporting of UTRs and a violation of these rules is a criminal offence punishable by a maximum prison sentence of ten years and a maximum fine of SRD 5 million (USD235 000) (Art 21 of the MOT Act). The sanctions applicable for violations of the MOT Act are considered proportionate and dissuasive.

- (d) Pursuant to Art. 15 of the WID Act, non-compliance with any provisions of the act shall be considered to be an offence and punishable by a maximum prison sentence of ten years and a maximum fine of SRD 5 million (USD235 000), however, as noted earlier, the WID Act does not identify the relevant AML/CFT supervisors as a result of this, supervisors may find it difficult to impose penalty outlined in the Act. In relation to ML/TF relating to credit institutions, under Art. 56 of the BCSS Act, the CBvS can impose a fine for non-compliance with articles 16 of the Act. Art. 16 of the BCSS Act notes among others, that the CBvS guidelines that should be complied with by all credit institutions will also relate to the combating of money laundering and financing of terrorism. Arts. 17 and 18 of the BCSS Act provide statutory grounds for dismissal, to allow key persons to be dismissed where they have failed to meet or no longer meet the requirements and obligations of the Act, these provisions are however in relation to prudential supervision. The amount or penalty charged for non-compliance with the Act is set out in Art. 56 of the BCSS Act and may not exceed SRD 1,000,000 (USD47,000). There are a range of administrative sanctions available to the CBvS. However, there is no provision indicating that it is available to natural and legal persons. Regarding the Council on International Sanctions, Article 5b of the International Sanctions Act empowers the Council to impose a burden under penalty to service providers who do not or does not timely fulfil the obligations outlined in guidance issued by the Council. The penalty (sanction) shall not exceed one million SRD (USD47,000) per day. The Council may require a penalty imposed under this article as well as the costs of collection by writ of execution. Suriname did not demonstrate that the sanctions in place for other legal and natural persons also extend to VASP (see recommendation 15).

- 322) **Criterion 35.2** – Provisions are applicable to service providers whether they are legal or natural persons. However, the directors and senior management of service providers are not captured for AML/CFT breaches.

### *Weighting and Conclusion*

- 323) The deficiencies identified in R35 were identified as moderate shortcomings. Regarding R8, the NPO sector is not regulated, therefore there are no sanctions in place to deter ML/TF. Also, the sanctions outlined in the BCSS Act are mainly in relation to prudential supervision. As it relates to

VASP, Suriname does not have a supervisory framework for VASP, as a result, there are no sanctions in place to dissuade ML/TF. **Recommendation 35 is rated partially compliant.**

### Recommendation 36 – International instruments

- 324) In the previous evaluation round, Suriname was rated PC on R.35 and NC on SR. I, because the country was not a party to the TF Convention, the Vienna and Palermo Conventions were not implemented effectively and there was no effective implementation of UNSCRs 1267 and 1373. These deficiencies were addressed, inter alia, with the enactment of the Act that Covers the Enforcement of Foreign Final Court Sentences including Confiscation Orders (WOTS Act, as abbreviated in Dutch), the International Sanctions Act on May 21, 2014, and the State Decree O.G. 2016 no. 34, and with the accession to the TF Convention on July 18, 2013. Current R. 36 includes the new requirement of becoming party to and implementing the Merida Convention.
- 325) **Criterion 36.1** – Suriname is party to the Vienna Convention<sup>20</sup>, the Palermo Convention<sup>21</sup>, the Terrorist Financing Convention<sup>22</sup> and the Merida Convention<sup>23</sup>.
- 326) **Criterion 36.2** – Suriname has implemented most of the Articles of the Vienna Convention by virtue of the Act on Money Laundering Penalization, Narcotics Act, Criminal Code, Criminal Proceeding Code and the Extradition Act. Suriname has however not fully implemented the Vienna Convention, as there are no measures in relation to Article 5(5) on sharing of proceeds or property confiscated; Article 6 on extradition in the absence of a treaty; Article 11 on controlled delivery; Article 15 on commercial carriers; and Article 17 on illicit traffic by sea and Article 19 on the use of mails.
- 327) Suriname has implemented most of the Articles of the Palermo Convention by virtue of the Act on Money Laundering Penalization, Narcotics Act, Criminal Code, Criminal Proceeding Code and the Extradition Act. Suriname has however not fully implemented the Palermo Convention, as there are no measures in relation to Article 14(3) on sharing of proceeds or property confiscated, Article 16 on extradition in the absence of a treaty, Article 20 on special investigative techniques and Article 26 on measures to enhance co-operation with law enforcement authorities.
- 328) Suriname has implemented most of the Articles of the Merida Convention by virtue of the Act on Money Laundering Penalization, Narcotics Act, Criminal Code, Criminal Proceeding Code and the Extradition Act. Suriname has however not fully implemented the Merida Convention, as there are no measures in relation to Article 44 on extradition in the absence of a treaty and Article 50 on special investigative techniques.
- 329) The Terrorist Financing Convention has been adopted in Suriname (see rec. 5).

### *Weighting and Conclusion*

- 330) Suriname is a party to all of the required Conventions. However, the Conventions are not fully implemented as there are no measures in relation to several of the Articles contained therein. **Recommendation 36 is rated partially compliant.**

### Recommendation 37 - Mutual legal assistance

- 331) Suriname received a Compliant rating for Recommendation 36 and a Non-Compliant rating for Special Recommendation V (both of which are predecessors to the combined new Recommendation

<sup>20</sup> [Acceded on 28 October 1992](#)

<sup>21</sup> [Acceded on 25 May 2007.](#)

<sup>22</sup> [Acceded on 19 July 2013.](#)

<sup>23</sup> [Acceded on 18, November 2021](#)

- 37) in its 2009 3rd Round MER. The deficiencies were with respect to the criminalisation of all designated predicate offences and terrorism financing and a restrictive interpretation of the dual criminality principle.
- 332) **Criterion 37.1** – Articles 466a to 477 of the Criminal Procedure Code provides a legal basis for Suriname to provide a range of mutual legal assistance to foreign jurisdictions allowing for international co-operation to be rendered, subject to the conditions set out in Articles 470, 471 and 472. In accordance with Article 470 of the Code of Criminal Procedure, requests can be made pursuant to a treaty. However, in the absence of a treaty, reasonable requests, which do not contradict a statutory regulation, can be made. Suriname has concluded two (2) treaties, namely a bi-lateral one with the Netherlands and multilateral one with the OAS.
- 333) The nature of the assistance that can be rendered is set out in Article 467 of the Code of Criminal Procedure which directs that legal assistance requests are applicable to criminal proceedings and include the performance of acts of investigation, the provision of co-operation in such acts, the transmission of documents, files or items of evidence, the provision of information to send notices and the disclosure of information to third parties. Further, Article 473 allows the Procurator General to place certain written requests of a foreign judicial authority in the hands of the examining magistrate, for instance, the taking of statements, entry into places other than public places or the seizure of items of evidence. Article 473(2) of the Criminal Proceeding Code allows the Procurator General to place the request of a foreign judicial authority in the hands of an examining magistrate, when it is not made in furtherance of a concluded treaty.
- 334) TF has been criminalized consistent with Article 2 of the International Convention for the Suppression of the Financing of Terrorism. Therefore, mutual legal assistance can be provided in relation to this offence.
- 335) **Criterion 37.2** – Articles 466a(1), 468 & 469 of the Criminal Procedure Code provides that the Procurator General is the central authority for the transmission and execution of requests for mutual legal assistance. With regard to incoming requests, Article 468 stipulates that legal assistance requests received by the Judiciary or Police from foreign countries are to be forwarded forthwith to the Procurator General and in that regard, Article 469 empowers the Public Prosecutor to make decisions on the action to be taken with regard to the speedy and efficient execution of such requests. However, these Articles have no clear processes for the timely prioritisation and execution of mutual legal assistance requests. Similarly, these Articles do not provide for the maintenance of a case management system to monitor the progress on requests. Although it was stated that the case management of requests for mutual legal assistance is done by the Bureau called DIRSIB, there are no formal or written procedures on how these requests are managed.
- 336) **Criterion 37.3** – Article 471 of the Criminal Procedure Code outlines the circumstances in which mutual legal assistance requests would not be complied with, for instance, the request has been made for the purpose of an investigation with the intention to prosecute, punish or otherwise affect the suspect in connection with his religious or political beliefs, nationality, race or the group of the population to which he belongs. Also, when the request has been made in relation to an offence where a person has already been prosecuted or the prosecution has been discontinued. Another ground for refusal is where the request is made for the purpose of an investigation into offences for which the suspect is prosecuted in Suriname. The two latter grounds for refusal are unreasonable and unduly restrictive.
- 337) **Criterion 37.4** – Article 471 of the Criminal Procedure Code outlines the circumstances in which mutual legal assistance requests would not be complied with. Article 472(2) of the Criminal Procedure Code doesn't automatically refuse a request for mutual legal assistance on the sole ground that the offence is also considered to involve fiscal matters. However, it provides that for

such requests to be granted, it must be based on a treaty and the authorization of the Surinamese government must be obtained. Articles 471 and 472 of the Code of Criminal Procedure do not identify laws that impose secrecy or confidentiality requirements on FIs or DBFBPs as a ground for refusal of a request for mutual legal assistance.

- 338) **Criterion 37.5** – The Criminal Procedure Code doesn't provide for the confidentiality of information contained within the mutual legal assistance requests received by Suriname. At the Office of the AG there exists a bureau called the Desk for International Legal Assistance in Criminal Cases and International Relations (DIRSIB), which is responsible for requests in relation to MLA. The responsibilities of the DIRSIB include *inter alia* ensuring the confidentiality of MLA requests. To ensure confidentiality, an informal mechanism exists which requires the maintenance of short communication lines between the AG and the Head of the competent authority who is required to give effect to the request for MLA, for example the Head of the FOT which is within the KPS.
- 339) **Criterion 37.6** – Dual criminality is not a condition for rendering mutual legal assistance to requests which do not involve coercive actions.
- 340) **Criterion 37.7** – Dual criminality is not a condition for rendering mutual legal assistance.
- 341) **Criterion 37.8** – The deficiencies identified in criteria 31.2 and 36.2 having a cascading effect here. Articles 466a to 477 of the Criminal Procedure Code makes available powers and investigative techniques as required under Recommendation 31 (powers of law enforcement and investigative authorities) in response to requests for mutual legal assistance. Specifically, Article 467 of the Code of Criminal Procedure directs that legal assistance requests are applicable to criminal proceedings and include the performance of acts of investigation, the provision of co-operation in such acts, the transmission of documents, files or items of evidence, the provision of information to send notices and the disclosure of information to third parties. Further, Article 473 allows the Procurator General to place certain written requests of a foreign judicial authority in the hands of the examining magistrate, for instance, the taking of statements, entry into places other than public places or the seizure of items of evidence. Article 470(2) of the Criminal Procedure Code allows an examining magistrate to take similar action when a request is not based on an existing treaty.

### **Weighting and Conclusion**

- 342) There are no clear processes for the timely prioritisation and execution of mutual legal assistance requests and there are no provisions for the maintenance of a case management system to monitor the progress on requests. It is unreasonable and unduly restrictive that a request for assistance would be refused if made for the purpose of an investigation into offences for which a person was prosecuted, the prosecution was discontinued, or the suspect is prosecuted in Suriname. A formal mechanism for the confidentiality of information contained within the mutual legal assistance requests received by Suriname is not maintained. **Recommendation 37 is rated partially compliant.**

### **Recommendation 38 – Mutual legal assistance: freezing and confiscation**

- 343) Suriname was rated PC for R.38 in its 3<sup>rd</sup> MER on account that seizure and confiscation possibilities were negatively affected in the MLA context by the non-criminalisation of all designated predicate offences and TF and there was no formal legal basis for enforcement of foreign confiscation orders. R.38 now has new requirements regarding requests for non-conviction-based confiscation and measures for managing and disposing of confiscated property.
- 344) **Criterion 38.1** – Articles 467 to 477 of the Code of Criminal Procedure is the authority for the provision of mutual legal assistance in response to requests by foreign countries. Article 469 of the Code of Criminal Procedure states that the Public Prosecutor shall decide forthwith, in the interest

of a speedy and efficient execution of the request, on the action to be taken. Article 467(2) of the Code of Criminal Procedure states that requests for legal assistance shall be regarded as requests to perform acts of investigation or to provide co-operation. Several Articles within the Code of Criminal Procedure allow for investigations and co-operation which involve ‘identifying, freezing and seizing’ of (a) laundered property from, (b) proceeds from, (c) instrumentalities used in, or (d) instrumentalities intended for use in, money laundering and predicate offences; or (e) property of corresponding value. For example, Article 82 provides for the seizure of objects, Article 86a provides for the use of Production Orders and Article 91 authorizes an examining magistrate during a preliminary judicial investigation to freeze objects. Regarding MLA for confiscation, according to Articles 9, 50, 50a, 54b & 54c of the Criminal Code, this is permitted. Additional limitations are that firstly, the definition of objects at Article 50a(5) of the Criminal Code is not as expansive as the FATF definition of property. The definition of objects doesn’t include corporeal or incorporeal, tangible or intangible, and legal documents or instruments evidencing title to, or interest in such assets. These limitations have a cascading effect on this Recommendation.

- 345) **Criterion 38.2** – According to Article 11(2)(a) of the Law Take-Over and Transference Execution Criminal Judgements, at the request of a foreign state, objects can only be confiscated if according to Surinamese law it is permitted. According to Articles 9, 50, 50a, 54b & 54c of the Criminal Code, the confiscation of objects can only occur upon the conviction of a person for a criminal offence. Therefore, Suriname doesn’t have the authority to provide assistance to requests for co-operation made based on non-conviction-based confiscation proceedings and related provisional measures, even at a minimum in circumstances when a perpetrator is unavailable by reason of death, flight, absence, or the perpetrator is unknown.
- 346) **Criterion 38.3** – The Law Take-Over and Transference Execution Criminal Judgments, in particular Articles 11 to 13, provides an arrangement for coordinating seizure and confiscation actions with other countries. Articles 102 to 104 of the Code of Criminal Procedure outlines mechanisms for managing, and when necessary, disposing of, property frozen, seized or confiscated. The limitations identified at c.38.1 have cascaded unto this criterion.
- 347) **Criterion 38.4** – There are no mechanisms or laws in Suriname which enables them to share confiscated property with other countries, in particular when confiscation is directly or indirectly a result of co-ordinated law enforcement actions.

### *Weighting and Conclusion*

- 348) Suriname is capable of taking expeditious action in response to requests by foreign countries. The limitations which have a cascading effect on this Recommendation are that the definition of objects at Article 50a (5) of the Criminal Code is not as expansive as the FATF definition of property. Suriname does not have the authority to provide assistance to requests for co-operation made on the basis of non-conviction-based confiscation proceedings and related provisional measures. There are no mechanisms or laws in Suriname which enable the country to share confiscated property with other countries, in particular when confiscation is directly or indirectly a result of co-ordinated law enforcement actions. **Recommendation 38 is rated non-compliant.**

### **Recommendation 39 – Extradition**

- 349) Suriname was rated largely compliant with the requirements for this Recommendation in the 3rd round MER. The main shortcoming was that extradition was grounded on certain designated predicate activity and was subject to challenge.
- 350) **Criterion 39.1** –
- (a) Pursuant to Article 3(1)(a) of the Decree on Extradition (S.B. 1983 No. 52) ML is an extraditable offence in Suriname. Article 3(1)(a) states that extraditions can be granted for a

criminal investigation initiated by the authorities of the requesting state with regard to the suspicion that the requested person has committed an offence for which, under both the law of Suriname and the requesting state, a custodial sentence of one year or longer duration can be imposed. ML offences in Suriname attract custodial sentences of up to 15 years.

(b) No information on processes for prioritisation and existence of a case management system for timely execution of requests were provided.

(c) The legal requirements set out in the Decree on Extradition have included generally accepted ground for refusal which are not considered to be unduly restrictive. They include that Suriname will not extradite in cases where at the time of the decision on the extradition request a criminal action is pending against the person in Suriname, he/she has been acquitted or discharged from legal proceedings by final decision by a Suriname Court and where the person is sentenced in absentia, and he is not given an opportunity to make his defence.

- 351) **Criterion 39.2** (a) & (b) The Decree on extradition states that (a) Extradition will take place only pursuant to a Treaty and Surinamese are not to be extradited. However, while article 466a of the Criminal Proceeding Code authorises the AG to make requests to foreign jurisdictions for legal assistance, this provision is insufficient to comply with the requirements of c39.2(b) as it places no obligation on Suriname, at the request of the country seeking extradition, to pursue a domestic prosecution for the offences set forth in the request.
- 352) **Criterion 39.3** – Dual criminality is a requirement for extradition but differences in categorisation and/or terminology do not arise (article 3 (1) (a) & (b) of the Decree on extradition). What is necessary is that either: 1) extradition is needed for a criminal investigation where the person for whom extradition is being requested has committed an offence, for which under both the laws of Suriname and the requesting state, a custodial sentence of one year or longer duration can be imposed; and 2) extradition is needed for the execution of a custodial sentence of four months or more to be served by the requested person under 1) above.
- 353) **Criterion 39.4** – Chapter IV, Article 15 and 38 of the Decree on Extradition consist of a simplified mechanism for extradition.

### *Weighting and Conclusion*

- 354) Suriname has a Decree on Extradition that allows for the extradition of foreigners regarding offences committed in Suriname that imposes a custodial sentence of one year or longer. Most important is that an offence under Surinamese laws as it relates to extradition includes an offence that has infringed the laws of the requesting state. There are however deficiencies in the extradition regime relating to processes, prioritisation and nonexistence of a case management system for timely execution of requests; and there is no obligation on Suriname to request the country seeking extradition to submit the case file without undue delay for the purpose of prosecution by the offences set forth in the extradition request. **Recommendation 39 is rated partially compliant.**

### **Recommendation 40 – Other forms of international co-operation**

- 355) This Recommendation was rated as ‘PC’ in the 3rd round MER. The deficiencies identified included the insufficient physical and formal protection for the exchanged information (See Para. 685 Section 6.5.2 - Pg. 162). Relative to TF, the FIU, LEAs and supervisors had no legal framework for TF related information exchange and other forms of (non-legal) mutual assistance. Some of the deficiencies were remedied by measures adopted by Suriname during the follow-up process.

- 356) **Criterion 40.1** – There are various legislative provisions which provide for international co-operation. Article 30 of the BCSS Act authorises the CBvS to order those foreign agencies charged with the supervision of credit institutions, be granted access to credit institutions that are established in Suriname and under the consolidated supervision of said supervisory agencies. Article 46 of the BCSS Act authorises the CBvS to provide data or information obtained in the performance of its duties, to a supervisory authority or an authority charged with the supervision of other financial markets in another country. However, the provision of data or information by the CBvS under those Articles cannot be done spontaneously. It can only be done if there exists a concluded information exchange agreement with the relevant authority or body.
- 357) Similarly, Article 28 of the MTOS Act allows the CBvS to provide data or information acquired during the fulfilment of its task to foreign government institutions or to foreign institutions designated by the government which are charged with the supervision of the financial markets or to natural persons and legal entities working in these markets. However, the provision of data or information cannot be done spontaneously. In the event that the data or information involves an investigation into criminal offences, it can only be supplied with the prior permission from the Attorney General of the Court of Justice. Additionally, the CBvS must have concluded an agreement for this purpose with the foreign authority or institution.
- 358) Article 9 of the MOT Act also allows the FIUS to exchange data from the FIUS register with agencies outside of Suriname whose duties are comparable to those of the FIUS. This can only take place on the basis of a treaty/convention or a memorandum of understanding. The exchange of this data cannot be done spontaneously. Under Article 4 of the MOT Act, data can be provided spontaneously only to service providers in or from within Suriname. Under Article 6 & 8 of the MOT Act, data can be provided spontaneously only to the domestic investigation and prosecution authorities through the Attorney General.
- 359) Articles 467 to 477 of the Code of Criminal Procedure allows the Attorney General to provide international legal assistance. However, this assistance is not possible spontaneously.
- 360) Agreements entered into by the Republic of Suriname and the Republics of Guyana (Nieuw-Nickerie Declaration), France and Brazil allow the KPS to provide international co-operation with those respective countries, either spontaneously or upon request.
- 361) No information was available on whether the other competent authorities in Suriname are able to provide international co-operation in relation to ML and associated predicate offences and TF.
- 362) **Criterion 40.2** – There are various legislative provisions which provide a lawful basis for international co-operation. For instance, Articles 467 to 477 of the Code of Criminal Procedure relating to requests made to an arm of the judiciary or the police, Articles 30 and 46 of the BCSS Act relating to the CBvS, Article 28 of the MTOS Act relating to requests to the CBvS and Article 9 of the MOT Act relating to requests to the FIUS. Additionally, the agreements entered into allow the KPS to provide international co-operation. No information was available on whether the other competent authorities in Suriname have a lawful basis for providing co-operation. The Assessment Team has not been provided with information on the competent authorities' satisfaction of sub-criteria (b) to (e).
- 363) **Criterion 40.3** – The CBvS has entered into a Multilateral Memorandum of Understanding among the Regional Regulatory Authorities (Caribbean Group of Bank Supervisors) for the Exchange of Information and Co-operation and Consultation in July 2012. The CGBS consists of 12 jurisdictions. The FIUS has entered into MOUs with nine other FIUs. It is noted however that the MOUs entered are not indicative of a wide range of foreign counterparts. Several agreements were entered into to allow the KPS to partner with neighbouring countries to enforce border protection. No information was provided regarding GSCI, Council on International Sanctions Customs, Police

and other relevant competent authorities. Suriname has not provided statistics on the timeframe for its competent authorities to negotiate and enter into bilateral or multilateral agreements or arrangements to co-operate.

- 364) **Criterion 40.4** – In Suriname, there exists no legislative or other avenue for requesting competent authorities to provide feedback in a timely manner, to competent authorities from whom they have received assistance, on the use and usefulness of the information obtained.
- 365) **Criterion 40.5** –
- (a) In relation to requests involving fiscal matters, Article 80 of the Income Tax Act prohibits the exchange of information or assistance. An exception exists in circumstances where there is an agreement.
  - (b) There are no provisions which prohibit the exchange of information or assistance where the laws require FIs or DNFBPs to maintain secrecy and confidentiality.
  - (c) In relation to inquiry's, investigations or proceedings underway in the requested country, there are no prohibitions, unreasonable or unduly restrictive conditions, or refusals on, the provision of exchange of information or assistance.
  - (d) A request for assistance is not refused on the ground that the nature or status (civil, administrative, law enforcement, etc.) of the requesting counterpart authority is different.
- 366) **Criterion 40.6** – Articles 30 and 46(1)(c) of the BCSS Act and Article 28(1)(f) of the MTOS Act provides safeguards that the data or information exchanged by the CBvS is used only for the purpose for, and by the authorities. Only Article 46(1)(c) of the BCSS Act allows for its use for an alternative purpose, provided the prior consent is obtained from the CBvS. There are no Articles which provide for the protection of confidential information received by Suriname from their foreign exchange partners. Also, no authoritative information was provided on safeguards available to the other competent authorities.
- 367) **Criterion 40.7** – Article 46(1)(d) of the BCSS Act and Article 28(1)(d) of the MTOS Act provides safeguards for the confidentiality of information exchanged by the CBvS. However, there is no requirement that their duty of confidentiality be consistent with their respective obligations concerning privacy and data protection. No authoritative information was provided on the other competent authorities.
- 368) **Criterion 40.8** – Competent authorities are able to conduct inquiries on behalf of foreign counterparts. The exchange of information is limited to the terms of the mutual legal assistance treaty concluded with the foreign counterpart and doesn't extend to all information that would be obtainable by them if such inquiries were being carried out domestically.
- 369) **Criterion 40.9** - Articles. 9.1 and 9.3 of the MOT Act authorises the FIUS to exchange information which is on its register and information obtained from government departments and service providers with foreign FIUs whose duties are comparable. The register contains information on disclosures (Article 8) by FIs, DNFBPs and government departments (Article 7) on facts that indicate money laundering and financing of terrorism (Article 12.1). This exchange will only take place on the basis of a treaty/convention or a Memorandum of Understanding (Article 9.2). A review of the MOUs which the FIUS has signed with foreign FIUs shows that there is no barrier regarding the type of FIU with which the FIUS can establish a legal basis for co-operating.
- 370) **Criterion 40.10** - There is a prescribed FIUS feedback form which shows the FIUS can provide feedback from to foreign FIUs upon request.
- 371) **Criterion 40.11** -

- 372) (a) The FIUS is authorised to request further information from a party that has made a disclosure (Article 5 Disclosure of Unusual Transactions Act) and to request information from the government, FIs and DNFBPs (Article 7). Articles 9.1 and 9.3 of the MOT Act authorise the FIUS to exchange information which is on its register and information obtained from government departments and service providers with foreign FIUs.
- 373) (b) The FIUS is not able to exchange information subject to the principle of reciprocity but rather subject to a treaty, convention or MOU.
- 374) **Criterion 40.12** - Article 46 of the BCSS Act allows CBvS to exchange information with foreign supervisors regarding all aspects of the supervisory work for the credit institutions only. Further, whilst article 22 of the MOT Act designates the CBvS as the AML/CFT supervisor for FIs, CBvS is only entrusted with supervising compliance with the provisions of or pursuant to the MOT Act which only includes disclosure of unusual transactions.
- 375) **Criterion 40.13** - This exchange would be possible under the conditions of article 46 of the BCSS Act. Art 46 BCSS Act allows CBvS to exchange information obtained in the performance of its duties, on the basis of a MOU, with foreign supervisors for the credit institutions only. Notwithstanding, Article 46 section 1(e) of the BCSS Act creates an inhibition on the part of the CBvS' whereby the information and data provided by the CBvS cannot contain names of individual depositors of the relevant credit institution.
- 376) **Criterion 40.14** - The CBvS is the designated supervisor of FIs in Suriname and therefore operates similar to a super regulator. As it relates to the sharing of information with overseas financial supervisors, the CBvS is able to exchange the following types of information relevant for AML/CFT purposes:
- (a) regulatory information that includes laws, regulations and data on the financial sector on CBvS' website ([www.cbvs.sr](http://www.cbvs.sr)). However, the authorities did not demonstrate that provisions are in place for the exchange of regulatory information (on the domestic system, and general information on the financial sector) outside of information available on its website.
- (b) The CBvS is part of the Caribbean Group of Banking Supervisors (CGBS), a regional forum that facilitates the sharing of information among regulators of regionally operated financial groups. In the colleges, the supervisors discuss e.g. the safety and soundness of the institutions, changes in UBO's or management, new products and new market entries. Outside of this medium, the authorities did not demonstrate that other mechanisms are in place that would allow for the sharing of prudential information among supervisors.
- (c) In relation to institutions offering credit, Article 46 sub 1.d of the BCSS Act authorises the CBvS to provide data or information obtained in the performance of its duties as a regulator with other local and overseas competent authorities. As it relates to other FIs, a similar requirement was not in place.
- 377) **Criterion 40.15** - No information was provided regarding the legal basis upon which the CBvS can conduct inquiries on behalf of foreign counterparts. Art. 30 of the BCSS Act gives power to the CBvS to authorise foreign counterparts with whom the CBvS has an information exchange agreement to conduct inquiries in Suriname. However, the inquiries are only in relation to prudential information and access is limited to credit institutions and not the full range of FIs as defined in the FATF Recommendations.
- 378) **Criterion 40.16** - Art. 46 (1)(c) of the BCSS Act requires that the CBvS ensures that there are sufficient guarantees that the data or information will be used for no purpose other than that for which they were intended, except where the Bank's prior consent has been obtained for such use. The provisions laid out in the BCSS Act are applicable to credit entities and there are no other Act

that have similar provisions for other FIs. On the basis of reciprocity, which is a condition for information exchange imposed by Art. 46(1)(d), the CBvS must also satisfy this condition. To date, the CBvS has entered into a single MOU with a regional supervisory body (Caribbean Group of Banking Supervisors) and there has been no request made under this MOU. The MOU stipulates that if the Requesting Authority wants to use the information obtained for any purpose other than that stated in Clause 7.1 in the MOU (para 7.3) and has so advised the Requested Authority pursuant to Clause 4.3(a), the Requesting Authority must notify the Requested Authority of its intention and the Requested Authority shall, if it deems fit, consent in writing to such use prior to the information being used by the Requesting Authority for such other purpose.

- 379) **Criterion 40.17** - The KPS by being a member of INTERPOL can share domestically available information with that entity. No information was available regarding sharing through other organisations, like ARIN CARIB.
- 380) **Criterion 40.18** - The KPS is a member of INTERPOL and can use its powers and the investigative techniques available to it to assist its counterparts. Such engagements are governed by the rules of INTERPOL.
- 381) **Criterion 40.19** - No information was available on the ability of the KPS and the AG to form joint investigative teams to conduct cooperative investigations and establish bilateral and multilateral arrangements.
- 382) **Criterion 40.20** – The authorities have not provided any information to show that its competent authorities are permitted to exchange information indirectly with non-counterparts and that measures are in place that ensures that the competent authority that requests information indirectly always makes it clear for what purpose and on whose behalf the request is made.

### *Weighting and Conclusion*

- 383) The country has shown that there are a wide range of mechanisms through which it can co-operate with foreign counterparts, but with moderate shortcomings. In many instances, all competent authorities are not covered, and some mechanisms require a pre-existing agreement and prior permission from the Attorney General before information can be exchanged. For fiscal matters requests can only be entertained if there is an existing treaty and the authorisation of the Surinamese government must be obtained. Other than the CBvS, there are no safeguards available to the other competent authorities for ensuring that information exchanged is used for the purpose intended. **Recommendation 40 is rated partially compliant.**

## *Summary of Technical Compliance – Key Deficiencies*

**Annex Table 1. Compliance with FATF Recommendations**

| <b>Recommendations</b>                              | <b>Rating</b> | <b>Factor(s) underlying the rating</b>  |
|---|---------------|---|
| 1. Assessing risks & applying a risk-based approach | PC            | <ul style="list-style-type: none"> <li>• The NRA did not cover several relevant areas recommended under the FATF Methodology, these include the NPO sector, legal persons and legal arrangements, and the risk posed by new technologies and VASPs.</li> <li>• The NRA's coverage of TF risk was limited.</li> <li>• Suriname has not used a risk-based approach to allocate resources and implement measures to prevent or mitigate ML/TF, based on the country's understanding of risk.</li> <li>• Higher risk scenarios identified via Suriname's NRA were not addressed through changes in the country's AML/CFT regime.</li> <li>• There are no requirements in place for FIs and DNFBPs to incorporate the findings from the NRA into their risk assessments.</li> <li>• The risk mitigation measures are not predicated on the identification of higher risk as evidenced by a national or sectoral risk assessment or other forms of risk assessments.</li> <li>• There are no specific legislative provisions in place for FIs and DNFBPs to apply simplified measures to some of the FATF Recommendations.</li> <li>• The WID Act does not designate a supervisor, therefore this limitation could prevent the supervisors from implementing measures to assess ML and TF risk using a risk-based approach.</li> <li>• Suriname's AML/CFT provisions do not require FIs and DNFBPs supervised by the CBvS and the FIUS to document their risk assessments.</li> <li>• There are no requirements for FIs to consider all the relevant risk factors in determining the level of overall risk and the relevant mitigation measures.</li> </ul> |
| 2. National co-operation and co-ordination          | PC            | <ul style="list-style-type: none"> <li>• Suriname has no co-operation and co-ordination mechanisms to combat PF.</li> <li>• Suriname has no mechanisms in place for the co-operation and co-ordination between relevant authorities to ensure the compatibility of AML/CFT requirements with Data Protection and Privacy rules</li> </ul>   |

|   |    |   |
|---|----|---|
|   |    | and other similar provisions (e.g. data security/localisation).   |
| 3. Money laundering offences                              | PC | <ul style="list-style-type: none"> <li>• Money laundering having been criminalized under Articles 1 and 3 of the Act on Money Laundering Penalization, doesn't incorporate the purposive element of converting and transferring an item, the acts of being in 'possession' of an item and concealing or disguising 'ownership' of an item.</li> <li>• The Act doesn't provide a definition of criminal offence and all of the categories of offences designated by the FATF have not been adopted as TF is excluded.</li> <li>• The definition of "items" in the Act on Money Laundering Penalization does not comply with the FATF standards.</li> <li>• The criminal sanctions for legal persons are not proportionate and dissuasive.</li> </ul>   |
| 4. Confiscation and provisional measures                  | LC | <ul style="list-style-type: none"> <li>• The objects which can be forfeited or withdrawn from circulation do not incorporate all types of property as per the FATF definition.</li> <li>• There was no evidence of steps taken to prevent or void actions that prejudice the country's ability to freeze or seize or recover property that is subject to confiscation.</li> </ul>   |
| 5. Terrorist financing offence                            | PC | <ul style="list-style-type: none"> <li>• The criminalisation of terrorist financing does not cover all the elements required under the FATF Standards.</li> <li>• There is no clear definition of funds in the context of TF offence.</li> </ul>  |
| 6. Targeted financial sanctions related to terrorism & TF | NC | <ul style="list-style-type: none"> <li>• There are no mechanisms for identifying targets for designation, based on the designation criteria set out in the relevant United Nations Security Council resolutions.</li> <li>• An evidentiary standard of proof of "reasonable grounds" or "reasonable basis" is not applied when deciding whether or not to make a proposal for designation.</li> <li>• The procedures and (in the case of UN Sanctions Regimes) standard forms for listing, as adopted by the relevant committee (the 1267/1989 Committee or 1988 Committee) are not followed.</li> <li>• As much relevant information as possible on the proposed name, a statement of case which contains as much detail as possible on the basis for the listing, and (in the case of proposing names to the 1267/1989 Committee) whether their status as a designating state may be made known is not provided for.</li> <li>• In relation to designations pursuant to UNSCR 1373, (i) there are no mechanism(s) for identifying targets for designation, (ii) the appropriate evidentiary standard of proof is not applied, and (iii) there are no procedures for the necessary information to be provided when requesting another country to give effect to actions initiated under the freezing mechanisms.</li> <li>• There are no legal authorities and procedures or mechanisms to collect or solicit information to identify persons and entities that, based on reasonable grounds, or a reasonable basis to suspect or</li> </ul> |

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|  |    | <p>believe, meet the criteria for designation.</p> <ul style="list-style-type: none"> <li>• There are no legal authorities and procedures or mechanisms to operate <i>ex parte</i> against a person or entity who has been identified and whose (proposal for) designation is being considered.</li> <li>• Targeted financial sanctions are not implemented without delay.</li> <li>• There is no requirement to freeze without delay and without prior notice the funds or other assets of designated persons and entities.</li> <li>• The obligation to freeze is not extensive.</li> <li>• There are no mechanisms for the communication of designations immediately to service providers.</li> <li>• Reporting requirements do not extend to transactions or attempted transactions, directed at frozen assets.</li> <li>• There is no consideration at the country level to determine whether the person no longer meets the criteria for designation, prior to submission to the UN Ombudsman.</li> <li>• Pursuant to UNSCR 1373, there are no procedures or mechanisms to de-list.</li> <li>• There are no procedures to facilitate review of designations in accordance with any applicable guidelines or procedures, including those of the Focal Point mechanism.</li> <li>• Procedures for unfreezing funds or other assets of persons or entities inadvertently affected by a freezing mechanism are limited to a service provider recognising the false positive.</li> <li>• There is no requirement for communicating de-listing and unfreezing to the financial sector immediately upon taking such action.</li> <li>• There is no authorisation for the access to funds or other assets, if freezing measures are applied to persons and entities designated by a (supra-) national country pursuant to UNSCR 1373.</li> </ul> |
| 7. Targeted financial sanctions related to proliferation | NC | <ul style="list-style-type: none"> <li>• No steps have been taken to implement this recommendation.</li> </ul>   |
| 8. Non-profit organisations                              | NC | <ul style="list-style-type: none"> <li>• Suriname has not identified the subset of foundations that fall within the FATF definition of NPOs</li> <li>• Suriname has not conducted any risk assessment to identify the threat posed to the sector by terrorist entities and determine how terrorist actors can abuse NPOs.</li> <li>• There is no undertaking by Suriname authorities to review the adequacy of measures, including laws and regulations, that relate to the subset of the NPO sector that may be abused for TF support</li> <li>• There has been no periodic reassessment of the NPO sector in</li> </ul>  |

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|                            |    | <p>Suriname.</p> <ul style="list-style-type: none"> <li>• There are no measures in place that promote accountability, integrity, and public confidence in the administration and management of NPOs.</li> <li>• No outreach and educational programmes are being conducted to raise awareness among NPOs and donors about the potential misuse of NPOs by money launders and financiers of terrorism.</li> <li>• Suriname has not worked with NPOs to develop and refine best practices to address terrorist financing risk and vulnerabilities, which would also protect NPOs from TF abuse.</li> <li>• There are no mechanisms/ process in place that encourages NPOs to only conduct transactions via regulated financial channels.</li> <li>• NPOs are not subjected to effective supervision as a designated supervisory authority is not in place.</li> <li>• No ability to apply effective, proportionate and dissuasive sanctions for violations of established rules, principles, guidelines or frameworks by NPOs or persons acting on behalf of NPOs.</li> <li>• Given that the risk within the sector has not been assessed, risk-based measures are not being applied.</li> <li>• There was no evidence or information provided by the jurisdiction of mechanisms for effective co-operation, coordination and information sharing among authorities that hold relevant information on NPOs.</li> <li>• No provision in place for information to be promptly shared with competent authorities, when it is suspected that an NPO is being misused.</li> </ul> |
| 9. FI secrecy laws         | LC | <ul style="list-style-type: none"> <li>• Whilst most of the competent authorities have access to information, there are no measures in place for the GSCI to share information, either domestically or internationally.</li> <li>• There are no measures for the FIs to share information where required by R.13, R.16 or R.17.</li> <li>• Article 46 section 1(e) of the BCSS Act creates an inhibition on the part of the competent authority's access to complete information to perform its AML/CFT Functions.</li> </ul>  |
| 10. Customer due diligence | PC | <ul style="list-style-type: none"> <li>• The SDUIT does not specify the threshold of USD/EUR 15,000 for carrying out occasional transactions as required by the FATF Recommendations.</li> <li>• There is no specification whether the customer identification requirements include legal arrangements.</li> <li>• The requirement for FIs to identify the beneficial owner and take reasonable measures to verify their identity does not include the usage of relevant information or data obtained from a reliable source.</li> </ul>   |

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|                                 |    | <ul style="list-style-type: none"> <li>• Suriname has no evidence of any legislation that requires the FIs to include the beneficiary of a life insurance policy as a relevant risk factor in determining whether enhanced CDD measures are applicable.</li> <li>• There are no provisions requirements for FIs to understand the purpose and intended nature of the business relationship;</li> <li>• There is no specification as to whether the customer includes legal arrangements.</li> <li>• There are no provisions to understand the nature of a customer's business and its ownership and control structure.</li> <li>• There is no provision to undertake review of existing records when ensuring CDD information is kept up-to-date and relevant.</li> <li>• There are no measures for information on legal arrangements or on the powers that regulate and bind legal persons or arrangements.</li> <li>• There are no measures to identify beneficial owners of legal arrangements or CDD for beneficiaries of life insurance policies.</li> <li>• There are no measures for the alternatives under sub-criteria 10.10 (b) and (c).</li> <li>• There are measures for the timing of verification, but they do not include appropriate risk management procedures.</li> <li>• Simplified CDD measures are not mentioned in Suriname's current legislation.</li> <li>• The requirement for making a disclosure to the FIUS is limited to when the service provider (FIs) cannot perform CDD after the business relationship has commenced.</li> <li>• There are no measures for a situation where performing CDD will tip off the customer.</li> </ul> |
| 11. Record keeping              | LC | <ul style="list-style-type: none"> <li>• No explicit requirement for service providers to keep records of the results of any analysis undertaken.</li> </ul>  |
| 12. Politically exposed persons | PC | <ul style="list-style-type: none"> <li>• Suriname's current legislation does not define or make any reference to the domestic PEPs or persons who have been entrusted with a prominent function by an international organization and their immediate family members and close associates.</li> <li>• There is no stipulation for enhanced ongoing monitoring of domestic PEPs.</li> <li>• There are no defined CDD measures for the domestic PEPs and their family members or close associates, neither are there measures for persons who have been entrusted with a prominent function by an international organization.</li> <li>• There is no requirement in Suriname's legislation that requires FIs to determine whether the beneficiaries and/or where required, the beneficial owner of a beneficiary of a life insurance policy is</li> </ul>  |

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|                                      |    | <p>a domestic PEP.</p> <ul style="list-style-type: none"> <li>● In relation to life insurance policies, there are also no measures to determine whether the beneficiaries and/or, where required, the beneficial owner of the beneficiary, are domestic PEPs.</li> </ul>  |
| 13. Correspondent banking            | PC | <ul style="list-style-type: none"> <li>● There are no specific measures to be adopted for other similar relationships, apart from correspondent banking relationships, to include securities transactions or funds transfers whether for the cross border FIs as principal or for its customers.</li> <li>● There are no defined measures to assess the adequacy of the respondent institutions' AML/CFT systems, procedures and controls.</li> </ul>   |
| 14. Money or value transfer services | LC | <ul style="list-style-type: none"> <li>● Supervision under the MTOS Act is primarily in relation to prudential supervision only Article 26, para 1, sub-para (d) of the Act speaks to the issuing guidelines in regard to ML and TF. The CBvS does not have the authority to supervise for AML/CFT compliance with the WID Act.</li> </ul>  |
| 15. New technologies                 | NC | <ul style="list-style-type: none"> <li>● Suriname's NRA did not identify and assess the ML/TF risk that may arise in relation to the development of new products and new business practices.</li> <li>● In relation to new product assessment, only entities supervised under the BCSS Act are required to submit their product for assessment by the CBvS prior to launch.</li> <li>● There is no provision for reporting entities to take appropriate measures to manage and mitigate risks relating to new products and practices.</li> <li>● In relation to virtual assets, Suriname has not identified and assessed the ML and TF risks emerging from virtual asset activities and the activities or operations of VASPs.</li> <li>● There are also no licensing or registration requirements in place for VASPs and no competent authority has been identified to provide supervision and monitoring of VASPs.</li> <li>● There are also no mechanisms in place to identify natural or legal persons that carry out VASP activities.</li> <li>● There are no proportionate and dissuasive sanctions in place.</li> <li>● There is no provision in line with Recommendation 34, requiring competent authorities and supervisors to establish guidelines and provide feedback, which will assist VASPs in applying national measures to combat ML and TF, in particular, in detecting and reporting suspicious transactions.</li> <li>● There are no preventive measures in place that mandates VASPs to comply with recommendations 10 to 21 and there is no threshold value defined for virtual asset transactions.</li> <li>● There is no legal basis for international co-operation in relation to VASP on ML, TF and predicate offences as set out in</li> </ul> |

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|   |    | Recommendations 37 - 40.   |
| 16. Wire transfers  | LC | <ul style="list-style-type: none"> <li>There is no requirement in place that allows law enforcement authorities to compel the immediate production of information that accompanies a domestic wire transfer.</li> <li>MVTS providers are not required to comply with criteria set out in Recommendations 16.1 to 16.15 as they are not governed under the BCSS Act.</li> </ul>   |
| 17. Reliance on third parties                               | LC | <ul style="list-style-type: none"> <li>There are no requirements to ensure that the FIs group programmes against ML/TF are applied in accordance with Recommendation 18.</li> <li>Suriname has no measures to implement the CDD and record keeping requirements and AML/CFT programmes to ensure that they are supervised at a group level by a competent authority.</li> <li>Suriname has no measures for higher country risk to be adequately mitigated by the groups AML/CFT policies.</li> </ul>   |
| 18. Internal controls and foreign branches and subsidiaries | LC | <ul style="list-style-type: none"> <li>There are no defined requirements for the financial institutions to implement specific requirements set out in c.18.1 and c.18.2 at the group level.</li> </ul>   |
| 19. Higher-risk countries                                   | PC | <ul style="list-style-type: none"> <li>No specific measures in place to ensure that FIs are advised of concerns about weaknesses in the AML/CFT systems of other countries.</li> <li>Suriname has not defined the countermeasures that are to be applied proportionate to the risks as required in c.19.2</li> </ul>   |
| 20. Reporting of suspicious transaction                     | LC | <ul style="list-style-type: none"> <li>In Suriname, ML has a specific meaning (see c.3.1) therefore by linking suspicious transactions reporting to ML, Suriname has set a higher threshold than that anticipated for c.20.1, which theoretically can result in transactions that are indicative of other criminal activities going unreported.</li> </ul>   |
| 21. Tipping-off and confidentiality                         | PC | <ul style="list-style-type: none"> <li>FIs and their directors are not protected by law from both criminal and civil liability when they disclose information related to TF.</li> </ul>  |
| 22. DNFBPs: Customer due diligence                          | PC | <ul style="list-style-type: none"> <li>The deficiencies identified in respect of CDD measures, record keeping, PEPs, ML/TF risks assessment and mitigating controls against new technologies, VA/VASPs and reliance on third parties, equally apply to DNFBPs.</li> </ul>  |
| 23. DNFBPs: Other measures                                  | PC | <ul style="list-style-type: none"> <li>In relation to higher risk requirements, Suriname legislation does not have provisions that require the application of countermeasures upon a call by the FATF or independently of any call by the FATF to do so.</li> <li>There are no measures in place to ensure that DNFBPs are advised of concerns about weaknesses in the AML/CFT systems of other countries.</li> <li>Whilst DNFBPs are required to comply with tipping-off and confidentiality requirements in relation to disclosures made to</li> </ul> |

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|  |    | the FIUS in relation to ML, this protection does not extend to disclosures related to TF.   |
| 24. Transparency and beneficial ownership of legal persons | NC | <ul style="list-style-type: none"> <li>• The ML/TF risks associated with all the types of legal persons created have not been assessed.</li> <li>• There are no processes in place for obtaining and recording beneficial ownership information with respect to each type of legal person.</li> <li>• There is no requirement for any of the legal persons to register the address of their registered office and basic regulatory powers.</li> <li>• Legal persons are not required to maintain the information set out in criterion 24.3.</li> <li>• Although Limited Liability Companies (by shares) maintains a register, it does not contain all of the shareholder information. There is no requirement that this information should be maintained within Surname at a location notified to the trade registry.</li> <li>• There are no mechanisms to ensure that information on the beneficial ownership of a legal person is obtained by that legal person and available at a specified location; or can be otherwise determined in a timely manner by a competent authority.</li> <li>• There are no measures to ensure that beneficial ownership information is accurate and as up-to-date as possible.</li> <li>• There are no measures to ensure that companies co-operate with competent authorities to the fullest extent possible in determining the beneficial owner.</li> <li>• No requirement for beneficial ownership information and associated records to be held by or on behalf of the legal person in the circumstances described under c.29.9.</li> <li>• Competent authorities, and in particular law enforcement authorities, do not have all the powers necessary to obtain timely access to basic and beneficial ownership information held by relevant parties.</li> <li>• There are no mechanisms to prevent nominee shares and nominee directors from being misused.</li> <li>• The sanctions for a natural and legal person failing to comply with the requirements are not proportionate and dissuasive.</li> <li>• There is no provision within the Trade Register Act which facilitates access by foreign competent authorities to the basic information held.</li> <li>• There is no monitoring of the quality of assistance received from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad.</li> </ul> |
| 25. Transparency and                                       | NC | <ul style="list-style-type: none"> <li>• The financial and non-financial service providers are not</li> </ul>   |

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| beneficial ownership of legal arrangements |    | <p>required to hold basic information on other regulated agents and service providers, including investment advisors or managers, accountants and tax advisors.</p> <ul style="list-style-type: none"> <li>• No measures are in place which provide for a timeframe for updating client information.</li> <li>• There are no measures which impose an obligation on service providers to disclose their status to financial institutions and DNFBPs when forming a business relationship or carrying out an occasional transaction above the threshold.</li> <li>• There are no provisions for other competent authorities, and in particular LEAs, to have all the powers necessary to obtain timely access to information held by trustees or by FIs and DNFBPs regarding the beneficial ownership and control of the foreign trust.</li> <li>• There are no measures which provide international co-operation in relation to information, including beneficial ownership information, on trusts and other legal arrangements, on the basis of Recommendations 37 and 40.</li> <li>• There are no proportionate and dissuasive sanctions, whether criminal, civil or administrative, for failing to grant to competent authorities timely access to information referred to in c.25.1.</li> </ul>  |
| 26. Regulation and supervision of FIs      | PC | <ul style="list-style-type: none"> <li>• Whilst article 22 of the MOT Act designates the CBvS as the AML/CFT supervisor for FIs, CBvS is only entrusted with supervising compliance with the provisions of or pursuant to the MOT Act which only includes disclosure of unusual transactions. Therefore, there is no provision that designates CBvS as being responsible for the supervision and monitoring of FIs with AML/CFT requirements.</li> <li>• There is no prohibition on the establishment or continued operation of shell banks.</li> <li>• Whilst FIs have AML/CFT requirements under the WID Act, the legislation does not designate an AML/CFT supervisor.</li> <li>• Whilst the Insurers' Directive, March 10, 2021, the BCSS Act, the MTOS Act and the CM Act makes reference to fitness and proprietary procedures conducted for holders of a "qualified holding", there are no specific measures for beneficial owners as defined by the FATF.</li> <li>• The frequency and intensity of AML/CFT supervision (on-site and off-site) is not adequately based on the ML/TF risks present in the country and ML/TF characteristics and risks for the FIs that are part of a group.</li> <li>• The frequency and the triggers for the periodic review of the financial entities risk assessments are not documented, to ensure that the risk assessments for the FIs are kept up to date.</li> <li>• The risk-based supervision framework (for both the off-site monitoring and on-site inspections) for the credit unions, banks,</li> </ul> |

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|  |    | <p>insurance and securities is still under development.</p> <ul style="list-style-type: none"> <li>● Suriname Authorities have not demonstrated the determinants for the frequency and intensity of on-site and off-site AML/CFT supervision for securities and insurance companies.</li> <li>● The monitoring by conducting risk-focused AML/CFT on-site inspections is not specifically mentioned in the policies but is now mentioned in the draft Manual AML/CFT On-site for insurance and securities sectors.</li> </ul>  |
| 27. Powers of supervisors                | PC | <ul style="list-style-type: none"> <li>● The CBvS is identified as the AML supervisory authority for financial service providers under the MOT Act. This authority only extends to supervision of unusual transactions reporting. As it relates to supervision and monitoring in relation to compliance with the WID Act (Identification Requirements for Service Providers Act), the Act does not grant the CBvS supervisory powers.</li> <li>● The CBvS' authority to compel the production of information deemed relevant to the monitoring of compliance is limited to prudential supervision.</li> <li>● The provisions of the MOT Act regarding the production of information only relates to the FIUS requesting information to the reporting of unusual transactions (Art. 22a).</li> <li>● As it relates to the WID Act, the CBvS may have difficulty enforcing the sanctions outlined therein given that it is not explicitly empowered to supervise compliance under the act.</li> <li>● The CBvS' power to impose a fine for non-compliance with the BCSS Act (Article 56) is in relation to prudential supervision.</li> <li>● The CBvS' power to impose a fine or revoke the licence of a money service provider for non-compliance with the conditions of the licence is in relation to prudential supervision.</li> <li>● As it relates to insurance companies and pension funds, the supervisor is not empowered by legislation (Bank Act and MOT Act) to compel the production of any information relevant to monitoring compliance with the AML/CFT requirements.</li> <li>● In relation to sanctions, the current legislation relating to pension funds and insurance companies does not contain disciplinary sanctions for non-compliance and does not contain the power to withdraw, restrict or suspend these entity licences in relation to AML/CFT matters.</li> <li>● As it relates to stock brokerage firms or the stock exchange, the sanctions outlined in Articles 34 and 35 of the Capital Market Act are not in relation to licensees' failure to comply with AML/CFT requirements.</li> </ul> |
| 28. Regulation and supervision of DNFBPs | PC | <ul style="list-style-type: none"> <li>● There are no measures to prevent criminals or their associates from holding significant or controlling interest, or holding a management function, or being an operator of a casino.</li> </ul>   |

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|                                  |    | <ul style="list-style-type: none"> <li>• The GSCI's supervisory responsibility under the MOT Act is limited to the disclosure of unusual transactions, consequently, it has no authority to supervise casinos of compliance with other AML/CFT obligations (under the WID Act).</li> <li>• As it relates to the WID Act which details identification requirements for service providers, there are no provisions in place that grants the supervisors the power to supervise, monitor and impose sanctions on DNFBPs pursuant to the WID Act.</li> <li>• For both casinos and other DNFBPs, supervision is not conducted on a risk-sensitive basis.</li> <li>• There are no measures in place to prevent criminals or their associates from being professionally accredited or holding (or being the beneficial owner of) a significant or controlling interest or holding a management function in a DNFBP.</li> <li>• The authorities did not indicate the mechanisms in place to determine the frequency and intensity of AML/CFT supervision of DNFBPs.</li> <li>• In relation to the Council on International Sanctions, the Council is yet to develop a supervisory framework to monitor compliance with the Act.</li> </ul>  |
| 29. Financial intelligence units | PC | <ul style="list-style-type: none"> <li>• Additional information can only be requested from the reporting entity which filed the UTR.</li> <li>• The institutional and administrative framework required for the FIUS to access government held data and information has not been put in place.</li> <li>• No provisions for the use of dedicated, secure and protected channels for disseminating information.</li> <li>• The FIUS however does not have the power to disseminate the results of its analysis directly and can only do so through the PG.</li> <li>• Dissemination to other competent authorities, other than those entrusted with the investigation and prosecution of criminal offences (KPS and OvJ) can only be done once the precondition of an existing MOU is met.</li> <li>• No actual rules to govern how information is handled, securely stored, and disseminated.</li> <li>• The Code of Conduct is limited as it does not address factors such as security clearance levels and the handling and dissemination of sensitive information.</li> <li>• No provisions for the FIUS to independently engage with its domestic counterparts.</li> <li>• The FIUS is not able to deploy the human and budgetary resources necessary to carry out its functions; budgetary allocations are unknown; the process for recruiting and retaining staff and the duties and functions of the Director are not prescribed; the PG is entrusted with supervising the FIUS even though Article 2 of the MOT established the unit as an</li> </ul> |

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|   |    | independent body.   |
| 30. Responsibilities of law enforcement and investigative authorities | PC | <ul style="list-style-type: none"> <li>• The JIT has been designated with responsibility for investigating the cross-border element of TF. However, there no law enforcement agency specifically designated with responsibility for ensuring that all elements of TF are properly investigated.</li> </ul>  |
| 31. Powers of law enforcement and investigative authorities           | PC | <ul style="list-style-type: none"> <li>• There are no measures in place in respect to undercover operations, accessing computer systems, and controlled delivery.</li> <li>• Competent authorities conducting investigations cannot utilise wiretapping because the Authorities and telecommunication service providers have not been able to agree on how to meet the costs associated with obtaining the additional equipment and personnel required carry out the wiretapping.</li> <li>• There are no measures to support the identification, in a timely manner, whether natural or legal persons hold or control accounts.</li> <li>• There are no measures to support competent authorities being able to ask for all relevant information held by the FIUS, when conducting investigations of ML, associated predicate offences and TF.</li> </ul>  |
| 32. Cash couriers   | PC | <ul style="list-style-type: none"> <li>• There is no information on whether declarations are also required for the physical cross-border transportation through mail or cargo.</li> <li>• There are no measures which grants competent authorities the authority to request and obtain further information from the carrier about the origin of currency or BNIs, and their intended use, upon discovery of a false declaration of currency of BNI or a failure to disclose them.</li> <li>• There are no provisions for specifically stopping or restraining currency or BNIs for a reasonable time in order to ascertain whether there may be evidence of ML/TF in cases where there is suspicion of ML/TF or predicate offences or where there is a false declaration.</li> <li>• No measures which specifically address the requirement that records should be retained when: a declaration or disclosure exceeds the prescribed threshold; or when there is a false declaration; or when there is suspicion of ML/TF.</li> </ul> |
| 33. Statistics  | LC | <ul style="list-style-type: none"> <li>• No legal provision requiring law enforcement type competent authority such as the Tax and Customs Administration to collect and retain stats on the seizure and or the subsequent confiscation of property.</li> </ul>   |
| 34. Guidance and feedback   | C  | The requirements of the lone criterion are met.   |
| 35. Sanctions   | PC | <ul style="list-style-type: none"> <li>• Regarding R8, the NPO sector is not regulated, therefore there are no sanctions in place to deter ML/TF.</li> <li>• In relation to the WID Act, the supervisor may find it difficult to impose sanctions outlined in the Act as it does not identify the</li> </ul>  |

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|  |    | <p>relevant AML/CFT supervisors. Further, the sanctions outlined in the BCSS Act are mainly in relation to prudential supervision.</p> <ul style="list-style-type: none"> <li>● As it relates to VA/VASP, Suriname does not have a supervisory framework for VA/VASP, as a result, there are no sanctions in place to dissuade ML/TF.</li> </ul>   |
| 36. International instruments                          | PC | <ul style="list-style-type: none"> <li>● The Vienna Convention is not fully implemented as there are no measures in relation to Article 5(5) on sharing of proceeds or property confiscated; Article 6 on extradition in the absence of a treaty; Article 11 on controlled delivery; Article 15 on commercial carriers; and Article 17 on illicit traffic by sea and Article 19 on the use of mails.</li> <li>● The Palermo Convention has not been fully implemented as there are no measures in relation to Article 14(3) on sharing of proceeds or property confiscated, Article 16 on extradition in the absence of a treaty, Article 20 on special investigative techniques and Article 26 on measures to enhance co-operation with law enforcement authorities.</li> <li>● The Merida Convention is not fully implemented as there are no measures in relation to Article 44 on extradition in the absence of a treaty and Article 50 on special investigative techniques.</li> <li>● The Terrorist Financing Convention has been adopted, but the offence at Article 2 has not been implemented within Surinamese law.</li> </ul> |
| 37. Mutual legal assistance                            | PC | <ul style="list-style-type: none"> <li>● There are no clear processes for the timely prioritisation and execution of mutual legal assistance requests.</li> <li>● No formal provisions for the maintenance of a case management system to monitor the progress on requests.</li> <li>● No written procedures on how requests are to be managed at the DIRSIB.</li> <li>● It is unreasonable and unduly restrictive that a request for assistance would be refused if made for the purpose of an investigation into offences for which a person was prosecuted, the prosecution was discontinued, or the suspect is prosecuted in Suriname.</li> <li>● The confidentiality of information contained within the mutual legal assistance requests received by Suriname is not maintained.</li> </ul>  |
| 38. Mutual legal assistance: freezing and confiscation | NC | <ul style="list-style-type: none"> <li>● The limitations which have a cascading effect on this Recommendation are that (i) the definition of objects at Article 50a(5) of the Criminal Code is not as expansive as the FATF definition of property, (ii) all of the FATF designated categories of offences have not been adopted, and (iii) terrorist financing is not a criminal offence.</li> <li>● There is no authority to provide assistance to requests for co-operation made on the basis of non-conviction-based confiscation proceedings and related provisional measures.</li> </ul>   |

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|   |    | <ul style="list-style-type: none"> <li>There are no mechanisms or laws in Suriname which enable them to share confiscated property with other countries, in particular when confiscation is directly or indirectly a result of co-ordinated law enforcement actions.</li> </ul>  |
| 39. Extradition                               | PC | <ul style="list-style-type: none"> <li>No information on processes for prioritisation and existence of a case management system for timely execution of requests were provided.</li> <li>No obligation on Suriname, at the request of the country seeking extradition, to pursue a domestic prosecution for the offences set forth in the request.</li> </ul>  |
| 40. Other forms of international co-operation | PC | <ul style="list-style-type: none"> <li>The exchange of data or information by the CBvS cannot be done spontaneously and is only possible if there exists a concluded information exchange agreement with the relevant authority or body. In the event that the data or information involves an investigation into criminal offences, it can only be supplied with the prior permission from the Attorney General or the Court of Justice. Additionally, the CBvS must have concluded an agreement for this purpose with the foreign authority or institution.</li> <li>The MOT Act also allows the FIUS to exchange data from the FIUS register with agencies outside of Suriname whose duties are comparable to those of the FIUS. This can only take place on the basis of a treaty/convention or a memorandum of understanding. The exchange of this data cannot be done spontaneously. Whilst the AG can provide international legal assistance this assistance is not possible spontaneously.</li> <li>No information was available on whether the other competent authorities (AG; KPS; GSCI; Council on International Sanctions) in Suriname can provide international co-operation in relation to ML and associated predicate offences.</li> <li>There are legal bases for providing for co-operation on the part of the judiciary, KPS, CBvS and the FIUS. However, no information was available on the other competent authorities (AG; GSCI; Council on International Sanctions).</li> <li>Whilst the CBvS and the FIUS has signed MOUs, it is not known whether these were done in a timely manner and whether the other competent authorities (AG; KPS; GSCI; Council on International Sanctions) are able to execute MOUs in a timely manner.</li> <li>No legislative or other avenue for requesting competent authorities to provide feedback in a timely manner.</li> <li>Requests on fiscal matters can only be granted if there is an existing treaty and the authorization of the Surinamese government must be obtained.</li> <li>Requests for mutual legal assistance shall not be complied with once the request is made for the purpose of an investigation into</li> </ul> |

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|  |  | <p>offences for which the suspect is prosecuted in Suriname.</p> <ul style="list-style-type: none"> <li>• Other than the CBvS, no authoritative information was provided on safeguards available to the other (AG; FIUS; KPS; GSCI; Council on International Sanctions) competent authorities for ensuring that information exchanged is used for the purpose intended.</li> <li>• For the CBvS, the MTOS Act provides no requirement no requirement that their duty of confidentiality be consistent with their respective obligations concerning privacy and data protection and no authoritative information was provided on the AG; FIUS; KPS; GSCI; Council on International Sanctions.</li> <li>• Competent authorities are able to conduct inquiries on behalf of foreign counterparts. The exchange of information is limited to the terms of the mutual legal assistance treaty concluded with the foreign counterpart and doesn't extend to all information that would be obtainable by them if such inquiries were being carried out domestically.</li> <li>• The FIUS is not able to exchange information subject to the principle of reciprocity but rather subject to a treaty, convention or MOU.</li> <li>• Whilst article 46 of the BCSS Act allows CBvS to exchange information with foreign supervisors, the CBvS is only entrusted with supervising compliance with the provisions of or pursuant to the MOT Act which only includes disclosure of unusual transactions therefore the information permitted to be exchanged is limited.</li> <li>• Article 46 section 1(e) of the BCSS Act creates an inhibition on the part of the CBvS' access to complete information to perform its AML/CFT functions for the credit institutions.</li> <li>• Suriname did not demonstrate that provisions are in place for the exchange of regulatory information (on the domestic system, and general information on the financial sector) outside of information available on the CBvS' website.</li> <li>• Outside of the medium created by the Caribbean Group of Banking Supervisors, the authorities did not demonstrate that other mechanisms are in place that would allow for the sharing of prudential information among supervisors.</li> <li>• Sharing of AML/CFT information by the CBvS is restricted to financial institutions offering credit.</li> <li>• No information was provided regarding the legal basis upon which the CBvS can conduct inquiries on behalf of foreign counterparts and the inquiries are only in relation to prudential information and access is limited to credit institutions and not the full range of FIs as defined in the FATF Recommendations.</li> <li>• Whilst article 46 (1)(c) of the BCSS Act requires that the CBvS ensures that its prior consent is obtained from the requested</li> </ul> |
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|  |  | <p>supervisor. The provisions laid out in the BCSS Act are applicable to credit entities and there are no laws with similar provisions for other FIs.</p> <ul style="list-style-type: none"><li>• Outside of INTERPOL, no information was available regarding sharing domestically available information through other organisations, like ARIN CARIB.</li><li>• No information was available on the ability of the KPS and the AG to form joint investigative teams to conduct co-operative investigations and establish bilateral and multilateral arrangements.</li><li>• The authorities did not demonstrate that Suriname has permitted its competent authorities to exchange information indirectly with non-counterparts and that measures are in place that ensures that the competent authority that requests information indirectly always makes it clear for what purpose and on whose behalf the request is made.</li></ul> |
|--|--|---|

### *Glossary of Acronyms<sup>24</sup>*

|         | DEFINITION   |
|---------|--|
| AG      | Attorney General   |
| AML/CFT | Anti-Money Laundering and Combating the Financing of Terrorism |
| ASC     | Anti-Money Laundering Steering Council                         |
| BCSS    | Banking and Credit System Supervision Act 2011                 |
| BO      | Beneficial Ownership   |
| BSD     | Banking Supervision Department                                 |
| BZC     | Major Crimes Division  |
| CAN     | Correction or Addition Notification                            |
| CDD     | Customer Due Diligence   |
| CARICOM | Caribbean Community  |
| CCI     | Chamber of Commerce and Industry                               |
| CBvS    | Central Bank of Suriname                                       |
| CUSD    | Credit Union Supervision Department                            |
| DNFBP   | Designated Non-Financial Businesses and Professionals          |
| DPMS    | Dealers in Precious Metals and Stones                          |
| EDD     | Enhanced Due Diligence   |
| EO      | Exchange Office  |
| EU      | European Union   |
| FCB     | Foreign Currency Board   |
| FED     | Fraud and Economics Offences                                   |
| FI      | Financial Institution  |
| FIR     | Financial Intelligence Report                                  |
| FIUS    | Financial Intelligence Unit Suriname                           |
| FOT     | Financial Investigations Team                                  |
| FRA     | Final Receipt Acknowledgement                                  |
| GSCI    | Gaming Supervision, and Control Institute                      |
| IDB     | Inter-American Development Bank                                |
| IMF     | International Monetary Fund                                    |
| ISD     | Insurance Supervision Department                               |
| JIT     | Judicial Intervention Team                                     |
| KPS     | Suriname Police Force  |
| LEA     | Law Enforcement Agency   |
| LPA     | Legal Persons & Arrangements                                   |
| MOT     | Disclosure of Unusual Transactions Act                         |
| MLA     | Mutual Legal Assistance  |
| MTOs    | Money Transaction Office                                       |
| MTOS    | Money Transaction Offices Supervision                          |
| NAMLAC  | National Anti-Money Laundering Committee                       |
| NRA     | National Risk Assessment                                       |
| OAS     | Organization of American States                                |
| OFAC    | Office of Foreign Assets Control                               |

<sup>24</sup>

Acronyms already defined in the FATF 40 Recommendations are not included in this Glossary.

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|        |  |
|--------|--|
| OvJ    | Public Prosecutors Office                                    |
| PF     | Proliferation Financing                                      |
| PFSD   | Pension Funds Supervision Department                         |
| PG     | Procurator General   |
| PIU    | Project Implementation Unit                                  |
| PMT    | Project Management Team                                      |
| SBA    | Suriname Bar Association                                     |
| REPSYS | Online Digital Reporting System                              |
| SCAI   | Suriname Chartered Accountants Institute                     |
| SNPO   | Surinamese Notarial Professional Organisation                |
| SOP    | Standard Operating Procedure                                 |
| SRD    | Surinamese Dollar  |
| TF     | Terrorist Financing  |
| TTO    | Tripartite Regulators Consultation                           |
| UBO    | Ultimate Beneficial Owner                                    |
| UNSCR  | United Nations Security Council Resolution                   |
| UTR    | Unusual Transaction Report                                   |
| VA     | Virtual Assets   |
| VASP   | Virtual Asset Service Provider                               |
| WID    | Act on the identification requirements for Service Providers |



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## Anti-money laundering and counter-terrorist financing measures – SURINAME *Mutual Evaluation Report*

In this report: a summary of the anti-money laundering (AML) / counter-terrorist financing (CTF) measures in place in Suriname as at the date of the on-site visit, February 28<sup>th</sup> – March 11<sup>th</sup>, 2022. The report analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Suriname's AML/CTF system and provides recommendations on how the system could be strengthened.

