



# Fifth Follow-Up Report

## BELIZE

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## BELIZE – FIFTH FOLLOW-UP REPORT

### I. Introduction

1. This report presents an analysis of Belize's report to the Caribbean Financial Action Task Force (CFATF) Plenary regarding progress made to correct the deficiencies identified in its third round Mutual Evaluation Report (MER). The third round Mutual Evaluation Report of Belize was adopted by the CFATF Council of Ministers in May 2011 in Honduras. Belize was placed on expedited follow-up and required to report every Plenary. Belize submitted follow-up reports in November 2011, May and November 2012 and May 2013. In May 2013, the Plenary placed Belize on a list of jurisdictions with strategic anti-money laundering/combating the financing of terrorism (AML/CFT) deficiencies that have not made sufficient progress in addressing the deficiencies and required Belize to take specific steps to address these deficiencies by November 2013. Belize has submitted information in the attached matrix on measures taken since the adoption of the third round Mutual Evaluation Report to comply with the examiners' recommendations. Belize was rated partially compliant or non-compliant on 14 Core and Key Recommendations and 27 other Recommendations. The Core and Key Recommendations are indicated in italics in the table below.

**Table 1; Ratings of Core and Key Recommendations**

Rec.	1	3	4	5	10	13	23	26	35	36	40	I	II	III	IV	V
Rating	PC	LC	PC	NC	PC	PC	PC	PC	PC	LC	PC	PC	PC	PC	PC	NC

2. With regard to the remaining Recommendations, Belize was rated partially compliant or non-compliant on twenty-four (24) as indicated below:

**Table 2: Non Core and Key Recommendations rated Partially Compliant and Non-Compliant**

<b>Partially Compliant (PC)</b>	<b>Non-Compliant (NC)</b>
R. 12 (DNFBP – R.5,6,8-11)	R. 8 (New technologies & non face-to-face business)
R. 15 (Internal controls, compliance & audit)	R. 9 (Third parties and introducers)
R. 16(DNFBP – R.13-15 & 21)	R. 17 (Sanctions)
R. 18 (Shell banks)	R. 19 (Other forms of reporting)
R. 21 (Special attention for higher risk countries)	R.22 (Foreign branches & subsidiaries)
R. 27 (Law Enforcement authorities)	R. 24 (DNFBP – regulation, supervision and monitoring)
R. 29 (Supervisors)	R. 25 (Guidelines & Feedback)
R. 39 (Extradition)	R. 30 (Resources, integrity and training)
SR. VI (AML requirements for money value transfer services)	R. 31 (National co-operation)
SR. IX (Cross-border Declaration & Disclosure)	R. 32 (Statistics)
	R. 33 (Legal persons – beneficial owners)
	R. 34 (Legal arrangements – beneficial owners)
	SR. VII (Wire transfer rules)
	SR. VIII (Non-profit organizations)

3. The following table gives some idea of the level of risk in the financial sector by indicating the size and integration of the sector in Belize.

**Table 3: Size and integration of Belize's financial sector  
As at June 30, 2013**

		<b>Domestic Banks \$'000</b>	<b>Int'l Banks \$'000</b>	<b>Other Credit Institutions \$'000</b>	<b>Securities \$'000</b>	<b>Insurance* \$'000</b>	<b>TOTAL \$'000</b>
<b>Number of institutions</b>	Total #	5	6	9		14	34
<b>Assets</b>	US\$	\$1,408,197	\$708,749	\$346,882		\$109,785	\$2,573,613
<b>Deposits</b>	Total: US\$	\$1,158,039	\$550, 819	\$288,520			\$1,997,378
	% Non-resident	1.38% of deposits	100% of deposits				
<b>International Links</b>	% Foreign-owned:	86.86% of assets	71.908% of assets	0% of assets	% of assets	62.05% of assets	% of assets
	#Subsidiaries abroad	N/A	N/A	N/A		N/A	N/A

\*Unaudited as at March 31, 2013

## II. Summary of progress made by Belize

4. New Anti-Money Laundering and Combating the Financing of Terrorism Guidelines (AML/CFT Guidelines) were issued by the Central Bank and took effect in June 2010. These are applicable to banks, financial institutions, credit unions and money transfer services providers that fall under the Central Bank's regulatory powers, and replace the previously issued Guidance of 1998.

5. As noted in the MER, the AML/CFT Guidelines issued by the Central Bank were not considered "other enforceable means" (OEM) since there were no penalties for breaching any of the measures outlined except for those which directly mirrored requirements in legislation with penalties. However, it was indicated that the AML/CFT Guidelines were considered OEM for licensees under the International Financial Services Commission (IFSC) due to regulations 3 and 33 of the International Financial Services Practitioners (Code of Conduct) Regulations (IFSPCCR) which empowers the IFSC to impose penalties on its licensees for breaches of the AML/CFT Guidelines issued by the Central Bank. It is noted that due to the enactment of the Money Laundering and Terrorism (Prevention) (Amendment) Act 2013 (MLTPAA) in February 2013, section 18 of the MLTPAA revises section 83 of the MLTPA providing for the imposition of a penalty for failure to comply with a guideline issued by a supervisory authority which include the Central Bank, the IFSC, the Supervisor of Insurance (SOI), the Financial intelligence Unit (FIU) and the Ministry of Finance. The penalty consists on summary conviction to a fine not exceeding twenty-five thousand dollars or to imprisonment for a term not exceeding three years. Given the above, the AML/CFT Guidelines of the Central Bank are now OEM.

6. The MLTPAA was enacted in February 2013 and includes provisions covering customer due diligence (CDD) record-keeping and retention, reporting and internal AML/CFT control systems, wire transfers, introduced customers, foreign branches and subsidiaries and

sanctions. Since the last follow-up report of May 2013, legislation has been enacted and became enforceable in October 2013 as follows:

- Financial Intelligence Unit (Amendment) Act, 2013
- International Financial Services Commission (Amendment) Act, 2013
- Customs Regulations (Amendment) Act, 2013
- Gaming Control (Amendment) Act, 2013
- Firearms (Amendment) Act, 2013
- Interception of Communications (Amendment) Act, 2013
- Non-Governmental Organization (Amendment) Act, 2013
- International Foundations (Amendment) Act, 2013
- Trusts (Amendment) Act, 2013
- Companies (Amendment) Act, 2013.
- Misuse of Drugs (Amendment of Schedule) Order, 2013

7. Additionally a second Bill to amend the Money Laundering and Terrorism (Prevention) Act (MLTPA) has been drafted and is under review by the FIU. Designated non-financial businesses and professions (DNFBPs) Regulations, including provisions for administrative penalties, have also been drafted and are expected to be in force shortly.

8. The Plenary in November 2012 in the Virgin Islands decided that countries in the International Co-operation Review Group (ICRG) process would be required to achieve substantial progress on outstanding recommendations and fully comply with all outstanding recommended measures in the their key and core Recommendations by November 2013. Given the above, this report will assess whether Belize has achieved full compliance in the outstanding key and core recommendations and the progress made in the remaining outstanding recommendations. As indicated in the MER Belize was unable to achieve full compliance in any of the 16 Core and Key Recommendations. The last follow-up report noted that Belize had fully implemented the examiners' remedial action in two (2) Core and one (1) Key Recommendations (Rec. 10, Rec. 4 and SR. II). Given the above, this report will be assessing the level of compliance of the Core and Key Recommendations 1, 3, 5, 13, 23, 26, 35, 36, 40, SR. I, SR. III, SR. IV, SR. V. An overall conclusion and a recommendation on the status of the follow-up process are presented at the end of the report.

## **Core Recommendations**

### **Recommendation 1**

9. The last report noted that two examiners' recommendations were outstanding. The range of narcotic drugs and psychotropic substances set out in table I and II of the Annex of the Vienna Convention have been included in an amendment to Schedule 2 of the Misuse of Drugs Act which became enforceable in October 2013. This fully complies with examiners' recommendation.

10. The recommendation for the promulgating of legislation to introduce the criminal offences of illicit arms trafficking, extortion, piracy and insider trading in the laws of Belize is to be included in amendments to the Firearms Act and the Criminal Code. The Firearms (Amendment) Act 2013 which became enforceable in October 2013 provides for the insertion in

the principal Act of Section 31A which criminalizes the offence of illicit trafficking in arms. This complies with the recommendation for the introduction of the criminal offence of illicit arms trafficking. The Criminal Code (Amendment) Act 2013 (CCAA) has been enacted and is due to be signed by the Governor General. Sections 4 and 7 of the CCAA creates the offences of insider trading and piracy respectively and will fully comply with the examiners' recommendations with regard to these offences once the CCAA has been signed. Based on the above, introduction of the criminal offences of extortion, piracy and insider trading in the laws of Belize are outstanding thus making this recommendation partially met.

## **Recommendation 5**

11. As reported in the last report, seven of the examiners' recommendations were partially met and one was fully outstanding. The recommendation for regulation 4 of the MLPR and section 15(1) of the MLTPA to be amended to correct the inconsistency in the transaction threshold has been included in further amendments to the MLTPA, the draft of which is complete and which is in the process of vetting by the Attorney General (AG) for presentation to the National Assembly as soon as possible.

12. The recommendation for financial institutions to be required to ensure that documents, data or information collected under the customer due diligence (CDD) process is kept up-to-date and relevant by undertaking reviews of existing records, particularly for higher risk categories of customers or business relationships, was evaluated as being partially met. While the cited provision of section 3(b) of the MLTPAA incorporates the examiners' recommendation it limits its application only to higher risk categories of customers or business relationships rather than requiring that the documents, data or information of CDD process is kept up-to-date and relevant for all customers or business relationships. The authorities have advised that section 3(b) of the MLTPAA is to be amended to accord with the examiners' recommendations. This amendment was included in the draft of further amendments, which is in the process of being vetted by the AG for presentation to the National Assembly. Consequently this recommendation is still partially met.

13. The recommendations for financial institutions to be required to perform enhanced due diligence for higher risk categories of customer, business relationship or transaction and for simplified CDD measures to be prohibited when there is a suspicion of money laundering or terrorist financing or specific higher risk scenarios have been included in further amendments to the MLTPA which are in the process of being vetted for presentation to the National Assembly. As noted in the report of May 2012 these recommendations are set out in paragraphs 52(ii) and 234 of the AML/CFT Guidelines which are enforceable on the licensees of the Central Bank of Belize and the IFSC. As such, these recommendations are still partially met.

14. The recommendations that financial institutions should be required to adopt risk management procedures concerning the conditions under which a customer may utilize a business relationship prior to verification, and consider making a suspicious transaction report when terminating an application for a business relationship or a one-off transaction due to inability to identify and verify the identity of the applicant have been included in section 3(d) of the MLTPAA.

15. The recommendation requiring financial institutions which have doubts about the veracity or adequacy of previously obtained customer identification to terminate the relationship and consider making a suspicious transaction report on failure to renew customer identification has also been incorporated in section 3(d) of the MLTPAA.

16. While the above provisions fully comply with the letter of the recommendation it is noted that the requirements are imposed on financial institutions, while other provisions are imposed on reporting entities. The MLTPA defines reporting entities to include all financial

institutions and DNFBPs while financial institutions only include domestic and offshore banks or financial institutions as defined in the Banks and Financial Institutions Act (BFIA) and brokerage firms and insurance companies. Financial institutions as defined in the Domestic Bank and Financial Institutions Act (the Act which replaced the former BFIA) do not include credit unions, building societies or money service business operators. Consequently the requirement for financial institutions is not applicable to credit unions, building societies, money service business operators or DNFBPs. It should be noted that the requirements of the Recommendation 5 have to be also imposed on DNFBPs as required by Recommendation 12. In order for the provision to be consistent, the above requirements will have to be applicable to all reporting entities. The authorities have advised that section 3(d) of the MLTPAA is to be amended to subject all reporting entities to the requirements. This amendment is included in the further amendments which are in the process of being vetted for presentation to the National Assembly. As such these four recommendations are still partially met.

17. Given the above, the overall level of compliance remains unchanged with seven examiners' recommendations partially met and one fully outstanding.

### **Recommendation 13**

18. As noted in the section of this report dealing with Rec. 1 the examiners' recommended action for the criminalization of offences of illicit arms trafficking, extortion, piracy and insider trading in the laws of Belize, is to be included in amendments to the Firearms Act and the Criminal Code. The Firearms (Amendment) Act 2013 which criminalizes the offence of illicit trafficking in arms was enacted in October 2013 and complies with the examiners' recommendation. The Criminal Code (Amendment) Act 2013 (CCAA) has been enacted and is due to be signed by the Governor General. Sections 4 and 7 of the CCAA creates the offences of insider trading and piracy respectively and will fully comply with the examiners' recommendations with regard to these offences once the CCAA has been signed. Based on the above, introduction of the criminal offences of extortion, piracy and insider trading in the laws of Belize are outstanding thus making this recommendation partially met.

19. With regard to specific guidance being provided for reporting entities as to how to treat suspicious transactions involving tax matters the authorities advise that the AML/CFT Guidelines issued by Central Bank, at paragraph 278, provide guidance to financial institutions and money services businesses on how to treat suspicious transactions involving tax matters. Likewise, paragraph 237 of the AML/CFT Guidelines for Insurers and Insurance Intermediaries provides guidance specific to tax matters. However, because these two guidelines are limited in their application to licensees of the IFSC, Central Bank and the SOI, the recommendation is only partially met. As for other reporting entities, the situation remains unchanged from the last report when the authorities advised that the same level of diligence and guidelines will be applied to suspicious transactions reports involving tax matters but will additionally be corroborated with the General Sales Tax Department, as well as the Income and Business Tax Department. Given the above, this Recommendation remains partially outstanding.

### **Special Recommendation IV**

20. With regard to SR. IV the examiners made no recommendation, however the specific rating factor was the low number of STRs submitted by financial institutions suggesting that STR reporting is ineffective. The authorities have submitted information regarding reporting of STRs by financial institutions as follows:

**Table 4: Comparative Table of STRs for 2010 to June 2013**

Type of reporting entity	2013	2012	2011	2010	Total
Casino	2	0	0	0	2
Corporate Service Providers	2	3	2	1	8
Credit Unions	0	1	0	0	1
Domestic Banks	25	52	40	37	154
Offshore Banks	29	39	43	20	131
Lawyers/Notary/Accountant	1	1	0	1	3
Local Regulatory	0	0	0	1	1
Money Services Business	0	2	0	1	3
Other	1	1	0	0	2
<b>Total</b>	<b>60</b>	<b>99</b>	<b>85</b>	<b>61</b>	<b>305</b>

21. While the number of STRs has been increasing from 2010 to 2013, domestic and offshore banks continue to account for a significant majority (93%) of STRs for the whole period. Only 20 STRs were submitted by non-bank reporting entities for the review period. The number is extremely low when compared with the number of non-bank reporting entities which as indicated at the time of the MER included 146 licensees under the International Financial Services Commission (IFSC), 13 insurance companies, 13 credit unions, 3 non-bank financial institutions and DNFBPs. The above figure suggests that STR reporting remains ineffective among the non-bank reporting entities.

### **Key Recommendations**

#### **Recommendation 3**

22. The recommendation was rated LC in the MER with the recommendation that the authorities consider amending section 67 of the MLTPA to facilitate the making of *ex parte* applications for the seizure and detention of terrorist cash. Section 15 of the MLTPAA allows for the FIU to as soon as practicable make an *ex parte* application for a detention order for cash seized under subsection (1) i.e. terrorist cash. This provision complies with the examiners' recommendation.

#### **Recommendation 23**

23. The authorities have advised that the recommendations for changes in management or shareholding of insurance companies to be approved by the SOI on the basis of a fit and proper assessment and for applications for licences for associations of underwriters and insurance intermediaries to be subject to fit and proper assessment will be included in an Insurance Amendment Act which is due to be enacted by November 2013. With regard to shareholders or owners of IFS practitioners being subject to fit and proper assessment, the authorities have advised that amendments to section 4 of the IFSC Licensing Regulations incorporating the recommendation will be drafted by the IFSC for enactment. Given the above, the three examiners' recommendations remain outstanding.

## **Recommendation 26**

24. As indicated in the last report, three examiners' recommendations were outstanding. The authorities advised in the previous follow-up report in relation to the recommendation for the FIU to consider making its Annual Report public and include statistics, typologies and trends as well as information regarding its activities that the FIU was compiling a draft of its Annual Report. This Report was finalized and published on November 14, 2013. Consequently this recommendation has been met.

25. With regard to the recommendation for the provision of feedback to the financial institutions the authorities had advised in the last follow-up report that a database system had been created for easy generation of feedback. Information regarding the categorization of the STRs to be used in generating feedback was submitted. On June 26 and June 27, 2013 the FIU held meetings with all financial institutions providing general feedback based on reports generated from the database on the quality and information submitted in the STRs. Feedback on statistics and typologies was also given. Given the above this recommendation has been met. It should be noted that this recommendation is an ongoing requirement which the FIU should report on for future reports. With regard to the recommendation for measures to be considered to ensure the operational independence of the FIU, the authorities advised in a previous report that the FIU operates independently and that the Minister is only legislatively required to approve employment of staff which does not affect the independence of the FIU. It is noted that the concern about the operational independence of the FIU is based as recorded in paragraph 205 of Belize's MER on an instance "where, as a result of Government intervention, a case against a particular financial institution was dropped." The above response does not address the possibility of such an event occurring again. No further information on this matter for provided for this report. Consequently the examiners' recommendation remains outstanding. Based on the above, two recommendations have been met and one remains outstanding.

## **Recommendation 35**

26. With regard to the recommendation for the authorities to consider promulgating legislation to fully implement Articles 8,11,15,17, and 19 of the Vienna Convention, Articles 20,24,25,30 and 31 of the Palermo Convention and Articles 6,13,14,15 and 16 of the Terrorist Financing Convention, the authorities have advised that drafting has commenced for new legislation treating with mutual legal assistance and international co-operation and amendments to the MLTPA incorporating other requirements have been submitted to the AG for vetting and consideration by the National Assembly. Consequently, this Recommendation remains outstanding.

## **Recommendation 36**

27. This recommendation was rated LC in the MER and three remedial actions were recommended. The first recommended action was for the authorities to consider amending the Belize/USA Treaty Act to provide that a request for mutual legal assistance cannot be denied on the grounds of secrecy or confidentiality. The authorities have advised that the Attorney General's Office, International Legal Affairs deals with mutual legal assistance requests and that mutual legal assistance agreements are dealt with on a country by country basis. This does not address the recommendation which remains outstanding.

28. The second recommended action requires the authorities to consider the establishment of a single competent authority for the receipt and processing of requests for mutual legal assistance. The authorities advised that the handling of mutual legal assistance requests is fully within the Attorney General's Ministry. The Ministry has created an office for the handling of



International Legal Affairs which deals with mutual legal assistance matters. This measure complies with the recommendation.

29. The last recommendation requires the authorities to consider making arrangements for the best venue for prosecuting defendants in cases where such may be facilitated in more than one country. No information addressing this recommendation has been submitted for this report. Given the above, two recommendations remain outstanding.

#### **Recommendation 40**

30. With regard to the recommendation for legislation to empower the Office of the Attorney General and the Ministry of Foreign Affairs to undertake international co-operation inquiries for and on behalf of foreign countries, the authorities advise that drafting has commenced for new legislation to legally formalize the administrative structures that have been put in place and address, among other things, mutual service of process, provision of evidence and enforcement of foreign court orders.

31. The authorities indicate that provisions to empower the police, the customs authorities and other law enforcement agencies to undertake international co-operation inquiries for and on behalf of foreign countries are under consideration for inclusion in the legislation referred to above. Although this signifies progress, this Recommendation remains outstanding.

#### **Special Recommendation I**

32. As noted in relation to Recommendation 35 the authorities have advised that amendments to the MLTPA incorporating the requirements have been submitted to the AG for vetting and consideration by the National Assembly. Consequently, this Recommendation remains outstanding.

#### **Special Recommendations III**

33. Seven examiners' recommended actions are outstanding. The authorities have advised that six of the recommended actions have been included in an amendment to the MLTPA which has been drafted and submitted to the AG for vetting and consideration by the National Assembly. On the remaining recommendation, the authorities report the FIU has considered issuing guidance to reporting entities in relation to their obligations in this regard, but has determined not to do so until after the UN training session, which follows Plenary. The above measure complies with the recommendation. . Consequently six of the seven recommended actions remain outstanding.

#### **Special Recommendation V**

34. There are two outstanding examiners' recommendations. The first recommendation advised that the legislative and other deficiencies noted in the areas of the financing of terrorism, terrorism and terrorist organizations should be remedied to facilitate for improved international cooperation. In order for this recommendation to be met the deficiencies identified in SR. II and SR. III will have to be addressed. As noted in a previous report SR. II has been met. SR. III requires amendments to the MLTPA which is in the process of being vetted by the AG for presentation to the National Assembly. As such, this recommendation has been partially met.

35. The second recommendation requires that noted deficiencies concerning extradition should be remedied to facilitate improved international co-operation consistent with SR. V. Compliance with this recommendation will require dealing with the examiners' recommendation

for Rec, 39 which as of this report remains outstanding. Given the above, one recommendation has been partially met and one is outstanding.

## **Other Recommendations**

### **Recommendation 8**

36. As indicated in the last follow-up report the examiners' recommendations consisting of the criteria requirements were incorporated in paragraphs 122 and section 4.7.2 of the AML/CFT Guidelines issued by the Central Bank. However, while the Guidelines are OEM for the licensees of the IFSC, they are not OEM for the licensees of the Central Bank. It is noted that section 18 of the MLTPAA revises section 83 of the MLTPA providing for the imposition of a penalty for failure to comply with a guideline issued by a supervisory authority which include the Central Bank, the IFSC, the SOI, the FIU and the Ministry of Finance. The penalty consists on summary conviction to a fine not exceeding twenty-five thousand dollars or to imprisonment for a term not exceeding three years. Given the above, the AML/CFT Guidelines of the Central Bank are now OEM and the examiners' recommendations have been effectively imposed on the licensees of the Central Bank. Likewise, paragraph 159 and section 4.7.2 of the AML/CFT Guidelines issued by the SOI addresses matters to be considered and measures to be taken in relation to technological developments and non-face to face business. However, these requirements are not applicable to the entities under the supervision of the FIU or the Ministry of Finance.

37. \The authorities have advised that further amendments to the MLTPA imposing both requirements on all reporting entities have been drafted and are in the process of being vetted by the AG for presentation to the National Assembly.. Given the above, the examiners' recommendations have only been partially met since they are only enforceable on the licensees of IFSC and the Central Bank.. Consequently this Recommendation is largely compliant.

### **Recommendation 9**

38. As noted in the last report, one recommendation was still outstanding and another had been partially met. With regard to the recommendation that financial institutions relying on a third party should be required to immediately obtain from the third party the necessary information concerning the elements of the CDD process in criteria 5.3 to 5.6, the authorities advise that subsection 3(e)(ii) of the MLTPAA revises subsection 15(7) of the MLTPA by inserting a paragraph requiring a reporting entity to immediately obtain from the third party, copies of identification data and other documents relating to the obligations of the customer due diligence process. While the above provision meets the general requirements of the examiners' recommendation the only reference to the specifics of criteria 5.3 to 5.6 is identification data. Information on ownership, in particular beneficial ownership, control structure and purpose and intended nature of the business relationship needs to be specified. The authorities have advised that the requisite amendment to the MLTPA has been drafted and is in the process of being vetted by the AG for presentation to the National Assembly. As such, this recommendation still remains partially met.

39. In relation to the recommendation for competent authorities to take into account information available on countries which adequately apply FATF recommendations in determining which countries third parties can be based, the authorities cite subsection 3(e)(ii) of the MLTPAA inserting paragraph (d) in subsection 15(7) of the MLTPA. Paragraph (d) stipulates that reporting entities must ensure that countries where third parties are based adequately apply the Financial Action Task Force Recommendations. The provision as stated is applicable to reporting entities whereas the recommendation sets out an obligation for competent authorities. The authorities have advised that the requisite amendment to the MLTPA has been drafted and is in the process of being vetted by the AG for presentation to the National Assembly. Consequently

this recommendation remains outstanding. Given the above, although progress has been made, the situation remains unchanged with one recommendation being partially met and another outstanding.

### **Recommendation 12**

40. The examiners' recommendation stipulates that recommended measures made in relation to Recs. 5, 6 and 8-11 are also applicable to DNFBPs since they are subject to the requirements of the MLTPA. As such the analysis with regard to Recs. 5, 6 and 8-11 in this report is also applicable to the DNFBPs. The FIU has issued guidelines for DNFBPs. As already noted section 18 of the MLTPAA revises section 83 of the MLTPA providing for the imposition of a penalty for failure to comply with a guideline issued by a supervisory authority which includes the Central Bank, the IFSC, the SOI, the FIU and the Ministry of Finance. The penalty consists on summary conviction to a fine not exceeding twenty-five thousand dollars or to imprisonment for a term not exceeding three years. Given the above, the AML/CFT Guidelines for DNFBPs issued by the FIU are now OEM and are acceptable for compliance with FATF requirements in this report. The authorities advise that DNFBP regulations have been finalized and submitted to the AG for vetting and signature by the Minister. These regulations, among other things, provide for the imposition of a wide range of sanctions and administrative penalties. The other recommendation requiring that the transaction threshold level for casinos be amended in the MLTPA to comply with the requirements of Rec.5 and Rec.10 has been included in instructions for an amendment to the MLTPA imposing both requirements on all financial institutions. This amendment has been drafted and is in the process of being vetted by the AG for presentation to the National Assembly. This Recommendation remains partially outstanding.

### **Recommendation 15**

41. As noted in the last report one recommendation was still largely compliant. The examiners' recommended action requires financial institutions to maintain adequately resourced, independent internal audit function which includes sample testing for compliance. Section 6(b) of the MLTPAA revises subsection 18(1)(c) of the MLTPA to require reporting entities to establish an independent audit function to test compliance (including sample testing) of its anti-money laundering and combating the financing of terrorism procedures and systems. The above provision complies with the recommendations except for the absence of adequately resourced. The authorities have advised that the requisite amendment to the MLTPA has been drafted and is in the process of being vetted by the AG for presentation to the National Assembly. Consequently, this recommendation remains largely met.

### **Recommendation 16**

42. The examiners' recommendation stipulates that recommended measures made in relation to Recs. 13 to 15 and 21 are also applicable to DNFBPs since they are subject to the requirements of the MLTPA. As such the analysis with regard to Recs. 13 to 15 and 21 in this report is also applicable to the DNFBPs. As already noted under Recommendation 12 in this report guidelines for DNFBPs have been issued by the FIU and are considered enforceable and acceptable for compliance with FATF requirements in this report. The authorities advise that DNFBP regulations providing for the imposition of a wide range of sanctions and administrative penalties have been finalized and submitted to the AG for vetting and signature by the Minister, but are not yet in force. This Recommendation remains partially outstanding.

### **Recommendation 18**

43. The examiners' recommendation requires the authorities to enact measures that obligate financial institutions to satisfy themselves that a respondent financial institution in a foreign country does not permit the accounts to be used by shell banks. Subsection 3(c)(iii) of the MLTPAA inserts a new paragraph (d) to subsection 15(6) of the MLTPA requiring banks or financial institutions to satisfy themselves that the respondent bank or financial institution in a foreign country shall not permit its accounts to be used by shell banks unless that shell bank is subject to effective consolidated supervision by a competent authority in that foreign country. This provision initially complies with the requirement of the recommendation, however the qualification for the shell bank to be subject to effective consolidated supervision is not part of the examiners' recommendations which mandates a complete prohibition on accounts being used by shell banks. The authorities have advised that the requisite amendment to the MLTPA has been drafted and is in the process of being vetted by the AG for presentation to the National Assembly.. As such this recommendation is only partially met.

### **Recommendation 19**

44. As indicated in the May 2012 follow-up report the examiners' recommendation that the authorities consider the feasibility and utility of implementing a system where financial institutions report all transactions in currency above a fixed threshold to a national central agency with a computerized data base was considered and was to be formally documented. The authorities have advised that at a meeting of the Money Laundering Committee on July 23, 2013 the feasibility and utility of implementing a national system of all currency transactions above a fixed threshold was discussed but no conclusion was reached. The authorities have submitted minutes of this meeting showing that further consideration was necessary. Consequently this Recommendation has been met.

### **Recommendation 21**

45. With regard to the examiners' recommendation for measures to be put in place to ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries, subsection 6(a)(ii) of the MLTPAA inserts subparagraph (vii) in subsection 18(1)(b) of the MLTPA requiring reporting entities to disseminate warning notices and other information received from the competent authority relating to a weakness in the anti-money laundering and combating the financing of terrorism systems of other countries. This provision has reporting entities disseminating notices about concerns about weaknesses in the AML/CFT systems of other countries rather than being advised about these concerns. The authorities have advised that the requisite amendment to the MLTPA has been drafted and is in the process of being vetted by the AG for presentation to the National Assembly. Consequently this provision does not comply with the examiners' recommendation.

46. With regard to the recommendation for a mechanism to be put in place to apply appropriate counter measures to countries that continue not to apply or insufficiently applies the FATF Recommendations, the authorities have referred to subsection 6(a)(ii) of the MLTPAA which as noted above does not deal with the application of appropriate counter measures to countries that do not apply or insufficiently apply the FATF Recommendations. The authorities have advised that the requisite amendment to the MLTPA has been drafted and is in the process of being vetted by the AG for presentation to the National Assembly.. Given the above, both recommended actions remain outstanding

## **Recommendation 22**

47. As noted in the last report one examiners' recommendation was partially outstanding. This recommendation requires financial institutions to pay particular attention that their branches and subsidiaries in countries which do not or insufficiently apply FATF Recommendations observe AML/CFT measures consistent with home country requirements and the FATF Recommendations. The last paragraph of subsection 8(a)(i) of the MLTPAA requires financial institutions to pay particular attention that their branches and subsidiaries in countries which do not or insufficiently apply FATF Recommendations, observe measures consistent with Belize's requirement to combat money laundering and the financing of terrorism and the FATF Recommendations. While this provision fully complies with the letter of the recommendation it is noted that the requirement is imposed on financial institutions, while the other provisions are imposed on reporting entities. The MLTPA defines reporting entities to include all financial institutions and DNFBPs while financial institutions only include domestic and offshore banks or financial institutions as defined in the Banks and Financial Institutions Act (BFIA) and brokerage firms and insurance companies. Financial institutions as defined in the Domestic Bank and Financial Institutions Act (the Act which replaced the former BFIA) do not include credit unions, building societies or money service operators. Consequently the provision for financial institutions is not applicable to credit unions, building societies or money service operators as required by the recommendation. In order for the provision to be consistent, the above requirement will have to be applicable to all reporting entities. The authorities have advised that the requisite amendment to the MLTPA has been drafted and is in the process of being vetted by the AG for presentation to the National Assembly. Given the above this recommendation remains partially outstanding.

## **Recommendation 24**

48. The last report indicated that two examiners' recommendations were outstanding and two had been partially met. The two examiners' recommendations which were partially met require that casinos and other DNFBPs except for trust and company service providers be subject to a comprehensive regulatory and supervisory regime that ensures they are effectively implementing the AML/CFT measures required under the FATF Recommendations. The FIU is the designated supervisory authority for casinos and other DNFBPs except for trust and company service providers and a new amendment to section 85B of the MLTPA will require all DNFBPs supervised by the FIU to register with the FIU. As noted in the last report, the AML/CFT Guidelines for DNFBPs issued by the FIU are OEM and are acceptable for compliance with FATF requirements. The FIU commenced on-site inspections of casinos completing ten (10) inspections of 5 casinos in 2012 and as of July 31, 2013 inspecting 2 casinos. The FIU has commenced the registration of certain sectors of DNFBPs that it supervises. As of July 2013, 209 DNFBPs were registered and included as follows:

- Vehicle Dealers – 20
- Dealing in real estate - 39
- Non-Governmental Organizations – 135
- Dealing in precious metals & stones - 13

49. The FIU issued surveys to persons dealing in real estate and non-governmental organizations to assess risk and will commence on-site inspections of DNFBPs apart from casinos after the initial survey based assessment. The FIU has drafted regulations governing the DNFBPs which have been submitted to the AG for vetting and signature by the Minister, but they are not yet enforceable. These actions are good initial measures which should be continued and information on the numbers and results of the examinations, any sanctions applied for AML/CFT breaches and the total number of registered DNFBPs should be submitted in future reports, This together with information on the length of the inspection cycle would help in assessing whether the regime can ensure that casinos and other DNFBPs except for trust and company service providers are effectively implementing AML/CFT measures. Given the above, two of the examiners' recommendations remain partially met.

50. The first of the two outstanding recommendations require the obtaining of information on natural persons behind the corporate shareholders of applicants for licences for the provision of gaming facilities by hotels for their guests. The Gaming Control (Amendment) Act, 2013 became enforceable in October 2013. While the Act requires that every applicant for a gaming licence disclose the full particulars of all directors, chief executive officer, managing director, executive officer and shareholders, there is no specific requirement that information on the natural persons behind the corporate shareholders be obtained. As such, this recommendation remains outstanding.

51. The last recommendation required adequate measures in relation to the granting of licences for gaming premises and the use of gaming machines to prevent criminals or their associates from holding or being beneficial owner of a significant or controlling interest or holding a management function in or being an operator under these licences. The obligation under the Gaming Control (Amendment) Act as noted above only provides for the obtaining of information about the control and management of an applicant for a gaming licence and does not provide measures for the use of fit and proper criteria for assessing an applicant to prevent criminals or their associates from holding or being beneficial owner of a significant or controlling interest or holding a management function in or being an operator under these licences. As such, this recommendation remains outstanding.. Given the above, two recommendations remain partially met and two are outstanding.

## **Recommendation 25**

52. With regard to the examiners' recommendations for the FIU to provide general feedback to financial institutions, as indicated in the previous follow-up report the authorities advised that a database for the recording and management of information pertaining to STRs and requests for information had been created by the Network Administrator for the easy generation of feedback and has been in operation since June 2012. On June 26 and June 27, 2013 the FIU held meetings with all financial institutions providing general feedback based on reports generated from the database on the quality and information submitted in the STRs. Feedback on statistics and typologies was also given.

53. With regard to the recommendation for guidelines to be issued for licensees of the SOI and IFSC, the authorities advise that the IFS practitioners refer to the regulations for guidance, however the IFSC is in the process of drafting guidelines to regulate their licensees. The SOI issued AML/CFT guidelines to the insurance sector in 2011. This recommendation has been partially met. Given the above, one of the recommendations has been met while the other has been partially met.

### **Recommendation 27**

54. With regard to the examiners' recommendation for Belize to consider taking measures to allow competent authorities investigating ML cases to postpone or waive the arrest of suspected persons and/or seizure of money for the purpose of identifying persons involved in such activities or for evidence gathering, the authorities have advised that the time of arrest is a tactical consideration taken into account by the investigating police after consultation with the legal officer of the FIU that works with the investigative unit and the approach depends upon the circumstances of the case. While this practice should allow for the measures outlined in the recommendation, there is need to provide some documentation supporting this practice. As such, this recommendation remains outstanding.

### **Recommendation 29**

55. As indicated in the last report two examiners' recommendations remained outstanding. With regard to the recommendation that the IFSC should implement AML/CFT on-site inspections of its reporting entities the IFSC has developed an on-site inspection schedule and inspections commenced on 4<sup>th</sup> November 2013. To date three entities have been inspected and the IFSC is in the process of preparing reports on its findings.

56. In relation to the recommendations that the IFSC should have the power to carry out on-site inspections the authorities have cited section 21(2) (a) of the MLTPA which provides for the supervisory authority responsible for the relevant reporting entity to examine and supervise those entities and regulate and oversee effective compliance with AML/CFT obligations of the MLTPA or any other preventative AML/CFT measures through on-site examinations or other means. The IFSC is an AML/CFT designated supervisory authority under section 2(1) of the MLTPA as set out in the Third Schedule of the MLTPA. Given the above the IFSC does have the power to carry on AML/CFT on-site inspections. It is noted that the International Financial Services Commission (Amendment) Act which became enforceable in October 2013 incorporates a requirement to carry out on-site inspections. Based on the above, both recommendations have been met, although the authorities will be expected to submit information on the implementation of the on-site inspection regime in future updates.

### **Recommendation 30**

57. The examiners' recommendations include increasing the technical and human resources of the FIU, the Customs Department, the Major Crimes Unit (MCU) the Anti-Drugs Unit (ADU) and the Ministry of Foreign Affairs along with the provision of training in AML/CFT to these agencies and the judiciary.

58. With regard to two of the recommendations concerning the FIU for relocation to a larger office and consideration of increasing staff, the FIU 's relocation to an independent and more spacious office where the security measures of IT and other information are totally controlled by the Unit was completed as of September 13, 2012. With regard to staff, the FIU hired 2 legal officers and 2 financial analysts in June 2013 and a legislative drafter with experience in AML/CFT issues in October 2013. The FIU currently employs 2 legal officers, 1 legislative drafter, 2 financial analysts, 1 compliance examiner, 1 compliance officer, 1 senior investigator, 4 police investigators, a floating officer and a network/IT systems administrator. The investigative department of the FIU has a legal officer dedicated to working in consultation with the department. The staff received technical assistance from the IMF to strengthen operations.

59. With regard to the recommendation for the FIU to consider providing examiner specific training to FIU staff to facilitate them to carry out their function as Supervisory Authority the

authorities advised that the compliance officer completed the Association of Certified Anti-Money Laundering Specialists (ACAMS) certification and in January 2013 participated in the Egmont Group AML/CFT Supervisory Pilot Course. The Compliance Officer also completed and received the Certified Fraud Examiner (CFE) certification in August 2013. The Director also attended the 2013 Caribbean and Americas Forum on Financial Crime Prevention. The training as completed by the compliance officer should facilitate in the FIU carrying out its function as a Supervisory Authority and therefore complies with the recommendation.

60. With regard to the recommendations for the Customs Department requiring more in-depth background check on officers applying to join, the augmenting of current staff, provision of additional technical resources and the provision of AML/CFT training, the Customs Regulation (Amendment) Act 2013 provides for investigations and inquiries to ascertain whether a person is fit and proper to be appointed to the Customs Department. This amendment became enforceable in October 2013. As such, one recommendation has been met and three are outstanding.

61. With regard to the recommendations for the Police Force and in particular the Major Crimes Unit (MCU) and the Anti-Drugs Unit (ADU) for AML/CFT training, provision of more technical, capital and human resources, the authorities report that two investigators attended training on financial investigative techniques in March 2013. As such five of the six recommendations dealing with the MDU and the ADU remain outstanding.

62. With regard to the recommendation for the provision of training for judges and courts concerning AML/CFT offences and the seizure, freezing and confiscation of property that is the proceeds of crime or is to be used to finance terrorism the judiciary, including both judges and magistrates underwent a week long training in October 2013, sponsored by SICA, on adjudication of money laundering cases, including confiscation and ancillary matters.

63. As noted in the follow-up report of May 2012 the recommendations for the human and other resources of the Ministry of Foreign Affairs/Office of the Attorney General to be strengthened to properly manage requests for international cooperation with foreign countries was addressed by making the Attorney General's Ministry responsible for handling mutual legal assistance requests. The AG Ministry was restructured and expanded to efficiently facilitate the process. The Ministry created an office for the handling of International Legal Affairs and instituted a new position of Deputy Solicitor General to head the new office which deals with mutual legal assistance matters, including undertaking international co-operation inquiries for and on behalf of foreign countries as requested in the last report. The authorities advise that drafting has commenced for new legislation to legally formalize the administrative structures that have been put in place and specify procedures and standards for executing international co-operation requests. Given the above five recommendations have been met; one has been partially complied with while eight (8) recommendations remain outstanding.

### **Recommendation 31**

64. The examiners' recommended that Belize consider the formation of a special task force or group comprising various representatives of law enforcement authorities focused on the development and implementation of policies and activities that would foster greater cooperation and coordination among law enforcement entities in matters of ML and FT. The authorities advised in the follow-up report of May 2012 that a Task Force Committee was established and is chaired by the FIU and has senior representatives from various government institutions such as Customs, Central Bank, Police, IFSC, Immigration, Business Tax, and Income Tax. The authorities have advised that the Task Force Committee meets on the last Friday of every quarter. No information on the responsibilities and functions of the Task Force Committee or on any tangible results from its operation has been provided as requested in the report of May 2012. As such, this Recommendation has only been partially met.



**Recommendations 32**

65. The examiners' recommendations included the maintenance of statistics on the following:

- formal requests for assistance made or received by the FIU, including whether the request was granted or refused,
- spontaneous referrals made by the FIU to foreign authorities
- formal requests for assistance made or received by supervisors relating to or including AML/CFT including whether the request was granted or refused.

66. The authorities submitted the following information on incoming requests for information for the period 2009 to June 2013.

**Table 5: Incoming Requests for Information by Offences 2009 – June 2013**

Type of Offence Reported	2009	2010	2011	2012	2013	Total
Drug Trafficking	1	5	2	3	0	11
Due Diligence	3	1	9	23	1	37
Embezzlement	1	7	6	0	3	17
Fraud	48	47	99	38	10	242
Human Trafficking	0	2	1	2	0	5
Illegal Trade	0	1	1	2	0	4
Money Laundering	33	30	46	39	16	164
Organized Crime	0		3	0	0	3
Ponzi Scheme	3	1	4	4	0	12
STR	67	37	31	47	22	204
Tax evasion	2	6	10	4	1	23
Terrorist Financing	0	2	1	2	1	6
Theft	6	9	10	3	0	28
Other	6	24	26	10	3	69
Total	170	172	249	177	57	825

**Chart 1: Requests for Information by Case Status 2009 – June 2013**

67. The above table provides a breakdown of requests for information by type of offence received by the FIU for the period 2009 to June 2013. The chart provides information on the status of the requests as to whether they have been closed or remain open. The chart shows that for the three years 2009 to 2011 the number of closed cases approximate 80% of the total number of requests. However, this figure declined to 33% in 2012 and to 19% for the first six months of 2013. No information about requests for assistance made by the FIU was submitted for this report. As such, the above information partially meets the requirement for statistics on formal requests for assistance made or received by the FIU, including whether the request was granted or refused. The other required statistics remain outstanding. The recommendation for the authorities to develop a mechanism to review the effectiveness of their systems for combating money laundering and terrorist financing on a regular basis remains outstanding. As result of the above, one recommendation has been partially met and three are outstanding.

### **Recommendation 33**

68. The authorities advise that further instructions to amend the Companies Act to address the first recommendation with regard to implementing measures to ensure that the company register maintains adequate, reliable and timely information on the beneficial ownership of registered companies have been issued with an expected deadline of November 2013 for completion.

69. With the regard to the recommendation for registered agents to be subject to measures to ensure that the beneficial ownership information on international business companies (IBCs) that they maintain is adequate, reliable and timely section 2 of the International Financial Services Commission (Amendment) Act, 2013 empowers the IFSC to carry out on-site inspections of any entity carrying on international financial services which includes registered agents. This measure should allow for the IFSC to ensure that the beneficial ownership information on international business companies (IBCs) maintained by registered agents is adequate, reliable and timely. The IFSC has developed an on-site inspection schedule inspections

commenced on 4<sup>th</sup> November 2013 and three service providers have been inspected for AML/CFT compliance. No information was submitted regarding the findings of these inspections. The authorities will have to submit information on the implementation of an on-site inspection regime in future updates.. With regard to the recommendation that registered agents be subject to on-site inspections to ensure that the measures for the immobilization of bearer shares of IBCs are adequate and reliable, the same provision and comments as mentioned above are applicable. Consequently, both recommendations are partially met.

70. With regard to the recommendation that there should be measures to ensure that bearer share warrants for local companies are not misused for money laundering, the authorities have enacted the Companies (Amendment) Act 2013 which in section 5 of the Act prohibits the issue of bearer shares or share warrants and in sections 4, 6, and 12 of the same statute repeals or modifies all provisions containing references to bearer shares or share warrants to delete such references. Additionally, section 14 of the Companies (Amendment) Act 2013 requires the conversion of any bearer share warrants into registered shares within 6 months and the cancellation by the Registrar of any shares remaining unconverted after 6 months. The above measures effectively prohibit bearer share warrants in Belize and fully comply with the examiners' recommendation. Consequently one recommendation has been met and three are outstanding.

#### **Recommendation 34**

71. As indicated in the last report four examiners' recommendations were outstanding. With regard to the recommendation that the register of international foundations and registered agents should be required to maintain adequate, reliable and timely information on the control of foundations, the authorities have enacted the International Foundations (Amendment) Act 2013 (IFAA 2013). Section 2 of the IFAA 2013 requires a registered agent to give notice to the Registrar of International Foundations of any changes in relation to a member, protector, beneficiary or any person having been granted a power of attorney by the foundation. Sections 4(a) and 4(b) of the IFAA requires a registered agent and the Secretary of the foundation to keep a register of the identification particulars of the members, protector and beneficiaries and auditors where applicable and any persons having power of attorney granted by the foundation and to record and notify the Registrar within 14 days of any changes in these particulars. These measures should provide for the register of international foundations and registered agents to maintain adequate, reliable and timely information on the control of foundations and thus complies with the recommendations.

72. With regard to the authorities considering making it a legal requirement for the registration of all domestic trusts created under the Trust Act, the authorities have enacted the Trusts (Amendment) Act, 2013 (TAA 2013). Section 3 of the TAA creates a domestic trust register, defines domestic trust as a written express trust which does not include international or offshore trusts and identifies the Registrar of the Court as Registrar. Section 3 also specifies information to be retained by the register as including the name of the trust, name of settlor or trustee, date of settlement of the trust, date of registration of the trust and any other information as may be specified by Regulations. Section 4 of the TAA requires compulsory registration of all domestic trusts which includes submission of a certified copy of the instrument creating the trust and requires notice to the Registrar of any variation in the terms, or termination of a trust and empowers the Registrar to require production of information from settlors and trustees. Finally, section 5 of the TAA provides a 6 month transitional period for all existing domestic trusts to register before becoming invalid. These measures fully complies with the examiners' recommendation.

73. The recommendation that the register of international trusts should include information on beneficiaries of trusts remains outstanding with no information provided for this report..

However, while section 3 of the Trust Amendment Act 2007 lists the information that should be maintained by the register of international trusts it does not include information on beneficiaries of trusts.

74. With regard to the recommendation to implement measures to ensure the scope and reliability of information on domestic and international trusts maintained by relevant DNFBPs and trust agents respectively, the authorities have referred to the FIU's efforts to register DNFBPs it is responsible to supervise for AML/CFT compliance and the plans to commence on-site inspections after a survey to assess risk of certain DNFBPs sectors. These measures are preliminary in setting up a relevant supervisory regime which is necessary in implementing the examiners' recommendation. At present, the recommendation remains outstanding. Given the above, two recommendations remain outstanding. .

### **Recommendation 39**

75. The examiners' recommendations called for the authorities to consider enactment of a single Extradition Act, conclusion of extradition treaties with a broader range of countries and equipping the competent authority with the appropriate tools to efficiently manage requests for extraditions. The authorities advise that the Attorney General and the Minister of Foreign Affairs has formed a committee to consider these issues. The committee comprises representatives from International Affairs Office, Litigation Department and Drafting Unit. The committee has met on numerous occasions to consider these issues and is currently compiling a report for Cabinet. No documentation has been submitted to verify this development. Consequently, these recommendations remain outstanding.

### **Special Recommendation VII**

76. As indicated in the last report, one recommendation remained partially met. The recommendation stipulated that a receiving intermediary financial institution should be required to keep records for five years of all information received from an ordering financial institution in the case where technical limitations would prevent the full originator information that should accompany a cross border wire transfer from being transmitted with a related domestic wire transfer. This recommendation was included in section 4(b) of the MLTPAA. However, it was noted that the provision while requiring financial institutions to implement the examiners' recommendation, the term "financial institutions" as defined by the MLTPA does not include credit unions, building societies and money service business operators whereas the term reporting entity as defined in the MLTPA covers all financial institutions and DNFBPs. Consequently this recommendation only partially complied with the examiners' recommendation. The authorities have advised that an amendment to section 3(b) of the MLTPAA to impose the above recommendation has been drafted and is currently being vetted by the AG for consideration by the national Assembly. As such, this recommendation remains outstanding.

### **Special Recommendation VIII**

77. With regard to the examiners' recommendation for the authorities to consider undertaking a review of the adequacy of Belize's laws relating to non-profit organizations (NPOs) with a view to determine the sector's susceptibility to being used by terrorist organizations or for terrorist activities no documented review has been submitted. However, the authorities cite section 20 of the MLTPAA which amends the First Schedule of the MLTPA to include non-governmental organizations making them subject to the AML/CFT requirements of the MLTPA. However, there is no definition of a non-governmental organization in the MLTPA to verify whether it includes the FATF definition of a non-profit organization as a legal entity or

organization that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes or for the carrying out of other types of “good works”. Authorities advise that this amendment will be included in the further amendment to the MLTPA, which are currently being vetted by the AG for consideration by the National Assembly. The above measures aim to address inadequacies in Belize’s laws in relation to NPOs by subjecting them to AML/CFT obligations, thereby satisfying the intent of the recommendation. Consequently, this recommendation has been met.

78. No information has been provided concerning the recommendation for the authorities to consider implementing an outreach program to the NPO sector in Belize thereby leaving this recommendation outstanding. With regard to the recommendation to implement measures to monitor or supervise NPOs and churches incorporated under the Companies Act, the authorities advised that First Schedule of the MLTPA is to be amended accordingly to address this matter and that the amendment has been drafted and is in the process of being vetted by the AG for presentation to the National Assembly. Consequently this recommendation is outstanding.

79. With regard to the recommendation for the authorities to enact legislation that authorizes public access to non-governmental information duly maintained by the register, the authorities have prepared a Non-Governmental Organizations (Amendment) Act 2013 (NGOAA) became enforceable in October 2013.. Section 2 of the NGOAB authorizes public access to information maintained by the Registrar on registered non-governmental organizations. This provision complies with the recommendation.

80. With regard to the recommendation for the authorities to consider enacting legislation that imposes other criminal, civil or administrative sanctions for violations of oversight measures or rules relating to NGOs further to those prescribed under section 18 of the Non-Governmental Organizations Act (NGOA), section 4 of the NGOAA stipulates additional sanctions. However, these sanctions are specific to making or issuing false statements and do not address violations of oversight measures such as record-keeping and reporting requirements. DNFBP regulations have been drafted and are being vetted by the AG for signature by the Minister. These regulations provide for a full range of administrative and criminal sanctions for failure to meet any AML/CFT obligation and will apply to NGOs and NPOs when they are enacted. As such, progress has been made, but this recommendation remains outstanding.

81. The recommendation for requiring NGOs to maintain records of their domestic and international transactions for a minimum period of five years is included in section 3 of the NGOAA. This provision complies with the recommendation.

82. The authorities have referred to section 22(3) of the MLTPA as addressing the recommendation requiring measures to ensure effective cooperation, coordination and information sharing between the FIU and the Registrar of Non-Governmental Organizations. The section currently provides that any “supervisory or regulatory authority or the competent disciplinary authority that discovers facts likely to constitute indication of money laundering or financing of terrorism shall so inform the Financial Intelligence Unit”. The term “regulatory authority”, although not defined is interpreted to include, in the case of NGOs, the Registrar. Authorities advise that an amendment to clarify this provision and specify “relevant regulatory authority”, which is defined to include the Registrar of NGOs, will be included in the further amendments to the MLTPA. The authorities also refer to the forthcoming DNFBP Regulations, which provide for consultation. However, the section above is specific to the reporting of suspicion to the FIU and does not address the recommendation requirement for effective co-operation, coordination and information sharing between the FIU and the Registrar of Non-Governmental Organizations. Additionally, the provision is not specific with regard to the Registrar of Non-Governmental Organizations. Consequently this recommendation remains outstanding. Given the above, two of the examiners’ recommendations have been met and four are outstanding.

### **Special Recommendation IX**

83. As indicated in the last report, two examiners' recommendations are outstanding. The authorities have advised that amendments to section 37 of the MLTPA to include the requirements of both recommendations have been drafted and are in the process of being vetted by the AG for presentation to the National Assembly. Consequently the two recommendations remain outstanding.

### **III. Conclusion**

84. The enactment of the various pieces of legislation has resulted in improvement in the level of compliance of Belize with several Recommendations (Rec. 1, 8, 13, 19, 25, 26, 29, 30, 32, 33, 34, and SR. III, SR. VIII).. With regard to the Core and Key Recommendations as already noted Belize achieved full compliance in the last report in two (2) Core and one (1) Key Recommendations (Rec. 10, SR. II and Rec. 4). At present, Belize is also fully compliant with Rec. 3. While there has been improvement in the level of compliance in Rec. 1, 13, and 26 Belize has not achieved full compliance in twelve (12) Core and Key Recommendations (Recs. 1, 5, 13, 23, 26, 35, 36, 40, SR. I, SR. III, SR. IV and SR. V). It should be noted that the level of compliance of four of these Recommendations (Rec. 5, 35, SR. I and SR. III) can be considered at a PC level. The level of compliance has also improved in eight (8) of the 27 other Recommendations that Belize was rated PC or NC. These recommendations are Rec. 19, 25, 29, 30, 32, 33, 34, and SR. VIII. It should be noted that the enactment of the planned amendments to the MLTPA should improve the compliance of fourteen Recommendations (Rec. 5, 8, 9, 12, 15, 18, 21, 22, 35, SR. I, SR. III, SR. V. SR. VII and SR. IX.

85. With regard to the decision of the November 2012 Plenary concerning full compliance with all outstanding core and key recommendations by all jurisdictions in the ICRG process, Belize still has outstanding recommendations in twelve (12) core and key Recs. 1, 5, 13, 23, 26, 35, 36, 40, SR. I, SR. III, SR. IV, and SR. V. Additionally the level of compliance of four of the Recommendations can be considered at a PC level. Consequently in accordance with the Public Statement of May 2013 it is recommended that Plenary in a formal CFATF statement identify Belize as not taking sufficient steps to address its AML/CFT deficiencies and call upon its Members to consider implementing counter measures to protect their financial systems from the ongoing money laundering and terrorist financing risks emanating from Belize and to consider referring Belize to the Financial Action Task Force International Co-operation Review Group. Given the above, it is also recommended that Belize remains in enhanced follow-up and be required to report to the next Plenary in May 2014.

**Matrix with Ratings and Follow Up Action Plan 3rd Round Mutual Evaluation  
Belize**

Forty Recommendations	Rating	Summary of factors underlying rating	Recommended Actions	Undertaken Actions
<b>Legal systems</b>				
1.ML offence	PC	<ul style="list-style-type: none"> <li>Schedule II of the MDA does not include the range of narcotics drugs and psychotropic substances set out in tables I and II of the Annex to the Vienna Convention.</li> <li>The following criminal offences are not a part of Belize's criminal laws (1) illicit arms trafficking (2) extortion (3) piracy and (4) insider trading.</li> <li>The offence of theft in the second schedule of the MLTPA, contains a minimum property value of BZ\$10,000.(\$5,000.00 USD).</li> <li>The low number of ML convictions demonstrates ineffective implementation which may be due to insufficient training of the law enforcement agencies and judiciary</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider amending Schedule II of the MDA to include the range of narcotics drugs and psychotropic substances set out in tables I and II of the Annex to the Vienna Convention.</li> <li>The authorities should consider promulgating legislation to introduce the following criminal offences into the laws of Belize (1) illicit arms trafficking (2) extortion (3) piracy and (4) insider trading.</li> <li>The authorities should consider amending the second schedule of the MLTPA, to remove the present minimum property value of BZ\$10,000.(\$5,000.00 USD) that attaches to the offence of theft.</li> <li>The authorities should consider making legislative amendments that would remove the possible constitutional concerns over the DPP and FIU's parallel jurisdiction to prosecute money laundering offences in Belize.</li> </ul>	<p>The range of substances set out in Table I and II of the Annex to the Vienna Convention is included in the Final Draft of the Misuse of Drugs (Amendment of Schedule) Order 2013. There is a timeline of September 2013 for this Order to be signed by the Minister and to enter into force. See the Order attached.</p> <p>The Firearms (Amendment) Bill, 2013 and the Criminal Code (Amendment) Bill, 2013 was prepared. The Bill was introduced at the House of Representatives on August 7<sup>th</sup>, 2013 and was discussed at the House Committee meeting on August 19<sup>th</sup>, 2013 and has been recommended for a second reading in the House. There is a timeline of September 2013 for the Bills to be enacted. See the Bills attached.</p> <p>Section 21(a) of Act 4 of 2013 removes the property value for theft. (Act 4 of 2013 is attached)</p> <p>The Money Laundering Committee has documented a decision stating that as a jurisdiction, Belize will maintain the status quo as there has been no problems, nor are there any foreseen. (Executed document is attached)</p>

2.ML offence – mental element and corporate liability	LC	<ul style="list-style-type: none"> <li>The low number of ML convictions demonstrates ineffective implementation which may be due to insufficient training of the law enforcement agencies and judiciary.</li> </ul>		<p>Training sponsored by GOVRISK in collaboration with American Bar Association was held from January 9 – 17, 2012. This training targeted Judiciary, Prosecutors, Investigators, and Regulators. GOVRISK is expected to do more trainings in the future. A presentation was made to the Magistrates during their Magistrate's Retreat on February 9, 2013 regarding appropriate evidence for Money Laundering Charges.</p> <p>There have been three convictions between January 2012 to December 2012, involving 5 natural persons and 1 corporate entity, this includes two failure to declare conviction, and one money laundering conviction. There have been three failure to declare convictions as of July 31<sup>st</sup>, 2013.</p>
3. Confiscation and provisional measures	LC	<ul style="list-style-type: none"> <li>Section 67 of the MLTPA does not facilitate the making of ex parte applications for the seizure and detention of terrorist cash.</li> <li>.Ineffective implementation of seizure, restraint and confiscation regime</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider amending section 67 of the MLTPA to facilitate the making of ex parte applications for the seizure and detention of terrorist cash.</li> </ul>	Section 15 of Act 4 of 2013
<b>Preventive measures</b>				
4. Secrecy laws consistent with the Recommendations	PC	<ul style="list-style-type: none"> <li>No provision allowing the designated supervisory authorities the CBB, SOI, IFSC and Ministry of Finance to share information among themselves.</li> <li>The IFSC can only access information from its supervised entities when necessary for criminal investigations, prosecutions or proceedings</li> </ul>	<ul style="list-style-type: none"> <li>The designated supervisory authorities, the Central Bank, SOI, IFSC and Ministry of Finance should have the power to share information among themselves.</li> <li>The IFSC should be able to access information from its supervised entities as necessary for carrying on its functions.</li> </ul>	<p>Section 8 (a) (ii) of Act 4 of 2013</p> <p>Section 8 (b) of Act 4 of 2013</p>
5.Customer due diligence	NC	<ul style="list-style-type: none"> <li>No requirement for financial institutions to obtain proof of incorporation or similar evidence to verify legal status of corporate entities.</li> <li>No requirement for financial institutions to verify legal status of legal arrangements such as trusts.</li> <li>No requirement for financial institutions to take</li> </ul>	<ul style="list-style-type: none"> <li>Regulation 4 of the MLPR and section 15(1) of the MLTPA should be amended to correct the inconsistency in the transaction threshold.</li> <li>Financial institutions should be required to obtain proof of incorporation or similar evidence to verify legal status of corporate entities.</li> <li>Financial institutions should be required to verify</li> </ul>	<p>Further instructions have been given to amend the MLTPA to correct the inconsistencies. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Section 3(a) (iii) of Act 4 of 2013.</p>



		<p>reasonable measures to understand the ownership and control structures of legal arrangements or determine who are the natural persons that ultimately own or control legal arrangements .</p> <ul style="list-style-type: none"> <li>• No requirement in legislation or regulations for financial institutions to conduct ongoing due diligence on business relationships</li> <li>• No requirement for financial institutions to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records, particularly for higher risk categories of customers or business relationships</li> <li>• No requirement for financial institutions to perform enhanced due diligence for higher risk categories of customer, business relationship or transaction.</li> <li>• No requirement prohibiting simplified CDD measures where there is a suspicion of money laundering or terrorist financing or specific higher risk scenarios</li> <li>• No requirement for financial institutions when completing the verification of the identity of the customer and beneficial owner following the establishment of the business relationship for the money laundering risks to be effectively managed.</li> <li>• No requirement for a financial institution to adopt risk management procedures concerning the conditions under which a customer may utilise a business relationship prior to verification.</li> <li>• No requirement for financial institutions to consider making a suspicious transaction report when terminating an application for a business relationship or a one-off transaction due to inability to identify and verify the identity of the applicant.</li> </ul>	<p>legal status of legal arrangements such as trusts.</p> <ul style="list-style-type: none"> <li>• Financial institutions should be required to take reasonable measures to understand the ownership and control structures of legal arrangements or determine who are the natural persons that ultimately own or control legal arrangements .</li> <li>• Financial institutions should be required either in legislation or regulations to conduct ongoing due diligence on business relationships</li> <li>• Financial institutions should be required to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records, particularly for higher risk categories of customers or business relationships</li> <li>• Financial institutions should be required to perform enhanced due diligence for higher risk categories of customer, business relationship or transaction.</li> <li>• Simplified CDD measures should be prohibited when there is a suspicion of money laundering or terrorist financing or specific higher risk scenarios</li> <li>• Financial institutions should be required when completing the verification of the identity of the customer and beneficial owner following the establishment of the business relationship to ensure that the money laundering risks are effectively managed.</li> <li>• Financial institutions should be required to adopt risk management procedures concerning the conditions under which a customer may utilise a business relationship prior to verification.</li> <li>• Financial institutions should be required to consider making a suspicious transaction report when terminating an application for a business relationship or a one-off transaction due to inability to identify and</li> </ul>	<p>Section 3(a) (iii) of Act 4 of 2013</p> <p>Section 3(a) (iii) of Act 4 of 2013</p> <p>Section 3(a) (iv) of Act 4 of 2013</p> <p>Section 3(b) of Act 4 of 2013 Instructions have been given to amend section 3(b) to impose an obligation to conduct ongoing reviews that will apply to all customers and particularly to higher risk category of customers or business relationships. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Further instructions to amend the MLTPA to deal with this issue. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Further instructions for an amendment to the MLTPA to prohibit simplified CDD where there is a suspicion of ML/TF or specific higher risk scenarios. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Section 3(a) (iv) (d) of Act 4 of 2013</p> <p>Section 3(d) of Act 4 of 2013 Instructions have been given to amend section 3(d) to place this requirement on all reporting entities. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Section 3(d) of Act 4 of 2013 Instructions have been given to amend section 3(d) to</p>
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6. Politically exposed persons	LC	<ul style="list-style-type: none"> <li>No requirement for the senior management of a reporting entity to approve continuing the relationship with an existing customer who subsequently becomes or is found to be a PEP</li> <li>Some institutions did not have systems to determine whether a potential customer, a customer or beneficial owner is a politically exposed person</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions should be required to obtain senior management approval to continue a business relationship with an existing customer or beneficial owner who subsequently becomes or is found to be a PEP</li> <li>Authorities should ensure that all financial institutions in Belize have in place systems to determine whether a potential customer, a customer or the beneficial owner is a politically exposed person.</li> </ul>	<p>Section 3(a) (iv) of Act 4 of 2013</p> <p>Section 3(a)(iv) of Act 4 of 2013</p>
7. Correspondent banking	LC	<ul style="list-style-type: none"> <li>No requirement for financial institutions to ascertain whether a respondent institution has been subject to a money laundering or terrorist financing investigation or regulatory action</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions should be required to ascertain whether a respondent institution has been subject to a money laundering or terrorist financing investigation or regulatory action.</li> </ul>	<p>Section 3(c) of Act 4 of 2013</p>
8. New technologies & non face-to-face business	NC	<ul style="list-style-type: none"> <li>No requirement for financial institutions to have policies in place or take such measures to prevent the misuse of technological developments in money laundering or terrorist financing schemes.</li> <li>No requirement for financial institutions to have in place policies and procedures to address specific risks associated with non-face to face business relationships or transactions, particularly when establishing customer</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions should be required to have policies in place or to take measures to prevent the misuse of technological developments in money laundering or terrorism financing schemes.</li> <li>Financial institutions should be required to have in place policies and procedures to address specific risks associated with non-face to face business relationships or transactions, particularly when establishing customer relationships and when</li> </ul>	<p>Further instructions to amend the MLTPA to require financial institutions to have policies in place or take measures to prevent the misuse of technological developments in ML/TF schemes. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Further instructions to amend the MLTPA to require financial institutions to have in place policies and procedures in place to address specific risks associated with non-face to face business. Timeline for this action is June 2013. There is a timeline of October 2013 for the amendments to be enacted.</p>

		relationships and when conducting ongoing due diligence.	conducting ongoing due diligence	
9.Third parties and introducers	NC	<ul style="list-style-type: none"> <li>Financial institutions relying on a third party are not required to immediately obtain from the third party the necessary information concerning the elements of the CDD process in criteria 5.3 to 5.6</li> <li>The requirement for third parties or intermediaries to be regulated and supervised does not specify this in accordance with the FATF Recs. 23, 24 and 29.</li> <li>Competent authorities do not take into account information available on countries which adequately apply FATF Recs in determining which countries third parties can be based.</li> <li>Current legislation does not address the FATF requirement for the ultimate responsibility for customer identification and verification to remain with the financial institution relying on the third party</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions relying on a third party should be required to immediately obtain from the third party the necessary information concerning the elements of the CDD process in criteria 5.3 to 5.6</li> <li>Third parties or intermediaries should be regulated and supervised in accordance with the requirements of FATF Recs. 23, 24 and 29.</li> <li>Competent authorities should take into account information available on countries which adequately apply FATF Recs in determining which countries third parties can be based.</li> <li>The ultimate responsibility for customer identification and verification should remain with the financial institution relying on the third party</li> </ul>	<p>Section 3(e) (ii) of Act 4 of 2013 Further instructions to amend the MLTPA to require reporting entities to obtain from the third party, copies of identification data, information on ownership, in particular beneficial ownership, control structure, purpose and intended nature of business relationship. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Section 3(e)(i) of Act 4 of 2013</p> <p>Section 3(e)(ii) of Act 4 of 2013 Further instructions to amend the MLTPA to require the competent authority to take into account information available on countries which adequately apply FATF Recommendations in determining which countries third parties can be based. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Section 3(e)(ii) of Act 4 of 2013</p>
10.Record keeping	PC	<ul style="list-style-type: none"> <li>No explicit legal provision requiring financial institutions under the supervision of the CBB, SOI and the FIU to ensure that all customer and transaction records and information are available on a timely basis to domestic competent authorities upon appropriate authority.</li> <li>Licensees of the IFSC are required to ensure that all documentation is accessible within a reasonable time to only court orders or court directives</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions under the supervision of the Central Bank, SOI, the FIU and the IFSC should be required to ensure that all customer and transaction records and information are available on a timely basis to all domestic competent authorities upon appropriate authority.</li> </ul>	Section 4(b) of Act 4 of 2013
12.DNFBP – R.5, 6, 8-11	PC	<ul style="list-style-type: none"> <li>Deficiencies identified in Recs.5, 6 and 8-11in relation to the above recommendations would also be applicable to the DNFBPs since they are subject to the requirements of the MLTPA.</li> </ul>	<ul style="list-style-type: none"> <li>Deficiencies identified in Recs.5, 6 and 8-11in relation to the above recommendations would also be applicable to the DNFBPs since they are subject to the requirements of the MLTPA. Implementation of the specific recommendations in the relevant sections of</li> </ul>	Guidelines for DNFBP are now in effect.

		<ul style="list-style-type: none"> <li>The transaction threshold level for casinos to comply with the requirements of Rec. 5 and Rec. 10 are well above the FATF level of US\$3,000.</li> </ul>	<p>this Report will also apply to listed DNFBPs</p> <ul style="list-style-type: none"> <li>The transaction threshold level for casinos should be amended in the MLTPA to comply with the requirements of Rec. 5 and Rec. 10.</li> </ul>	<p>Further instructions to amend the MLTPA to comply with transaction threshold for casinos as stipulated in FATF Recommendations. There is a timeline of October 2013 for the amendments to be enacted.</p>
13.Suspicious transaction reporting	PC	<ul style="list-style-type: none"> <li>The obligation to submit suspicious transaction reports does not apply to the proceeds of all FATF predicate offences</li> <li>Low number of STRs submitted by financial institutions suggests that STR reporting ineffective in non-bank reporting entities.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences by criminalizing racketeering, illicit arms trafficking, illicit trafficking in stolen and other goods, hostage taking, smuggling, extortion, piracy and insider trading.</li> <li>Specific guidance should be provided for reporting entities as to how to treat suspicious transactions involving tax matters</li> </ul>	<p>The range of substances set out in Table I and II of the Annex to the Vienna Convention is included in the Final Draft of the Misuse of Drugs (Amendment of Schedule) Order 2013. There is a timeline of September 2013 for this Order to be signed by the Minister and to enter into force. See the Order attached.</p> <p>The Firearms (Amendment) Bill, 2013 and the Criminal Code (Amendment) Bill, 2013 was prepared. The Bill was introduced at the House of Representatives on August 7th, 2013 and was discussed at the House Committee meeting on August 19th, 2013 and has been recommended for a second reading in the House. There is a timeline of September 2013 for the Bills to be enacted. See the Bills attached.</p> <p>The same level of diligence and guidelines will be applied to STRs involving tax matters, but will additionally be corroborated with the General Sales Tax Department, as well as the Income and Business Tax Department.</p>
14.Protection & no tipping-off	LC	<ul style="list-style-type: none"> <li>No provision for protection against criminal,</li> </ul>	<ul style="list-style-type: none"> <li>There should be provision for protection against</li> </ul>	<p>Section 15 of the Financial Intelligence, as well as</p>

		civil, disciplinary or administrative proceedings for breaches of banking or professional secrecy for reporting STRs to be available even if the underlying criminal activity is not precisely known and regardless of whether illegal activity actually occurred	criminal, civil, disciplinary or administrative proceedings for breaches of banking or professional secrecy for reporting STRs even if the underlying criminal activity is not precisely known and regardless of whether illegal activity actually occurred.	Section 81 and 82 of the MLTPA addresses this issue
15.Internal controls, compliance & audit	PC	<ul style="list-style-type: none"> <li>No requirement for internal audit to be adequately resourced, independent and include sample testing for compliance</li> <li>Requirement only allows for reasonable access to information by the AML/CFT compliance officer rather than unimpeded access</li> <li>Access to information is limited to AML/CFT compliance officers and not extended to other appropriate staff.</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions should be required to maintain adequately resourced, independent internal audit function which includes sample testing for compliance.</li> <li>Financial institutions should be required to ensure timely access by the AML/CFT compliance officer and other appropriate staff to information necessary to consider the reporting of suspicious transactions.</li> </ul>	<p>Section 6(b) of Act 4 of 2013</p> <p>Further instructions to amend the MLTPA to include the requirement of 'adequately resourced' before independent internal audit function. There is a timeline of October 2013 for the amendment be enacted</p> <p>Section 6(d) of Act 4 of 2013</p>
16.DNFBP – R.13-15 & 21	PC	<ul style="list-style-type: none"> <li>Deficiencies identified in Recs.13 to 15 and 21 in relation to the above recommendations would also be applicable to the DNFBPs since they are subject to the requirements of the MLTPA</li> </ul>	<ul style="list-style-type: none"> <li>Deficiencies identified in Recs.13 to 15 and 21 in relation to the above recommendations would also be applicable to the DNFBPs since they are subject to the requirements of the MLTPA. Implementation of the specific recommendations in the relevant sections of this Report will also apply to listed DNFBPs.</li> </ul>	<p>Guidelines for DNFBP have been implemented to address these shortcomings.</p> <p>The FIU commenced on-site inspections of DNFBPs and has completed this process with Casinos. 10 inspections have been executed on 5 casinos for the year 2012. The FIU has commended on-site inspections on the Casino's for the year 2013. 2 casinos have been inspected as of July 31<sup>st</sup>, 2013.</p> <p>The DNFBP Guidelines are now being implemented. The website for Belize FIU reflects that these Guidelines were issued in the last quarter of 2011.</p> <p>The FIU has commenced the registration of certain sectors of DNFBPs that it supervises. As of July 2013, 209 DNFBPs have been registered. They are:</p> <ol style="list-style-type: none"> <li>1) Vehicle Dealers – 20</li> <li>2) Dealing in real estate – 39</li> <li>3) Non-Governmental Organizations – 135</li> </ol>

				<p>4) Dealing in precious metals &amp; stones – 13</p> <p>The FIU has issued surveys to persons dealing in real estate and non-governmental organizations to assess risk and will commence on-site inspections of the other sectors of DNFBP's apart from casino's after the initial survey based assessment.</p>
17.Sanctions	NC	<ul style="list-style-type: none"> <li>Administrative fines under supervisory sanctions of subsection 22(1) are not dissuasive.</li> <li>Unable to assess effectiveness of supervisory sanctions since none have been applied</li> </ul>	<ul style="list-style-type: none"> <li>Administrative fines under supervisory sanctions of subsection 22(1) should be dissuasive.</li> </ul>	Section 9(b) of Act 4 of 2013
18.Shell banks	PC	<ul style="list-style-type: none"> <li>No requirement for financial institutions to satisfy themselves that a respondent financial institution in a foreign country does not permit its accounts to be used by shell banks.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should enact measures that require financial institutions to satisfy themselves that a respondent financial institution in a foreign country does not permit its accounts to be used by shell banks</li> </ul>	Section 3(c)(ii) of Act 4 of 2013 Further instructions to amend the MLTPA to completely prohibit accounts being used by shell banks. There is a timeline of October 2013 for the amendment to be enacted.
19.Other forms of reporting	NC	<ul style="list-style-type: none"> <li>No consideration has been given to the feasibility and utility of implementing a system where financial institutions report all transactions in currency above a fixed threshold to a national central agency with a computerized data base.</li> </ul>	<ul style="list-style-type: none"> <li>Belize should consider the feasibility and utility of implementing a system where financial institutions report all transactions in currency above a fixed threshold to a national central agency with a computerized data base.</li> </ul>	On July 23 <sup>rd</sup> , 2013 a meeting of the Money Laundering Committee was convened and the feasibility and utility of implementing a national system of all currency transactions above a fixed threshold was discussed and the motion not to adopt such a system was put to the committee. The motion is being fully considered by virtue of the Round Robin procedure.
21.Special attention for higher risk countries	PC	<ul style="list-style-type: none"> <li>No measures in place to ensure that financial institutions were advised of concerns about weaknesses in the AML/CFT systems of other countries</li> <li>No mechanism to apply appropriate counter measures to countries that continue not to apply or insufficiently applies the FATF Recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>Measures should be put in place to ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries.</li> <li>A mechanism should be in place to apply appropriate counter measures to countries that continue not to apply or insufficiently applies the FATF Recommendations.</li> </ul>	<p>Section 6(a)(ii) of Act 4 of 2013</p> <p>Further instructions to amend the MLTPA to require supervisory, regulatory or competent authority to put measures in place to ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries. There is a timeline of September 2013 for the amendment to be enacted.</p> <p>Section 6(a)(ii) of Act 4 of 2013</p> <p>Further instructions to amend the MLTPA to create a system of application of appropriate counter measures. There is a timeline of October 2013 for the amendment to be enacted.</p>
22.Foreign branches & subsidiaries	NC	<ul style="list-style-type: none"> <li>Requirement that the reporting entity should ensure that their foreign branches and subsidiaries adopt and enforce measures consistent with the MLTPA to the extent that local laws and regulations so permit has not been imposed by supervisory authorities.</li> </ul>	<ul style="list-style-type: none"> <li>The requirement that the reporting entity should ensure that their foreign branches and subsidiaries adopt and enforce measures consistent with the MLTPA to the extent that local laws and regulations so permit should be imposed by supervisory authorities.</li> </ul>	Section 8(a)(i) of Act 4 of 2013

		<ul style="list-style-type: none"> <li>• No requirement for financial institutions to pay particular attention that their branches and subsidiaries in countries which do not or insufficiently apply FATF Recommendations observe AML/CFT measures consistent with home country requirements and the FATF Recommendations.</li> <li>• No requirement, where the minimum AML/CFT requirements of the home and host countries differ, for the branches and subsidiaries of financial institutions in host countries to apply the higher standard, to the extent that host country laws and regulations permit.</li> <li>• The requirement for financial institutions to report to the designated supervisory or regulatory authority or the competent disciplinary authority where the foreign branch or subsidiary is unable to adopt and observe certain AML/CFT measures has not been imposed by the supervisory authority.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial institutions should be required to pay particular attention that their branches and subsidiaries in countries which do not or insufficiently apply FATF Recommendations observe AML/CFT measures consistent with home country requirements and the FATF Recommendations.</li> <li>• Financial institutions should be required, where the minimum AML/CFT requirements of the home and host countries differ, to ensure that branches and subsidiaries in host countries apply the higher standard, to the extent that host country laws and regulations permit.</li> <li>• The requirement for financial institutions to report to the designated supervisory or regulatory authority or the competent disciplinary authority where the foreign branch or subsidiary is unable to adopt and observe certain AML/CFT measures should be imposed by the supervisory authority.</li> <li>•</li> </ul>	<p>Section 8(a)(i) of Act 4 of 2013 Further instructions to amend the MLTPA to make the requirement applicable to all reporting entities. There is a timeline of September 2013 for the amendments to be enacted.</p> <p>Section 8(a)(i) of Act 4 of 2013</p> <p>Section 8(a)(i) of Act 4 of 2013</p>
23.Regulation, supervision and monitoring	PC	<ul style="list-style-type: none"> <li>• No requirement for changes in management or shareholding of insurance companies to be approved by the SOI on the basis of a fit and proper assessment.</li> <li>• Applications for licences for associations of underwriters and insurance intermediaries are not required to be subject to fit and proper assessment.</li> <li>• Shareholders or owners of IFS practitioners are not subject to fit and proper assessment.</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in management or shareholding of insurance companies should be approved by the SOI on the basis of a fit and proper assessment.</li> <li>• Applications for licences for associations of underwriters and insurance intermediaries should be subject to fit and proper assessment.</li> <li>• Shareholders or owners of IFS practitioners should be subject to fit and proper assessment</li> </ul>	<p>There are drafting instructions at the AG's Ministry for an Insurance Amendment Act that will incorporate the examiner's recommendations for fit and proper assessment for changes in management and shareholdings and application for licences for associations of underwriters and insurance intermediaries. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>The IFSC will draft and see the passage of amendments to section 4 of IFSC Licensing Regulations to require that shareholders or owners of IFS practitioners be subject to fit and proper assessments.</p>

24. DNFBP – regulation, supervision and monitoring	NC	<ul style="list-style-type: none"> <li>Casinos are not subject to a comprehensive regulatory and supervisory regime that ensures they are effectively implementing the AML/CFT measures required under the FATF Recommendations.</li> <li>Designated supervisory for casinos does not have the power to request regular reporting or access any information necessary to carry out its functions in particular monitoring.</li> <li>Fines applicable by the designated supervisory authority under section 22(1) of the MLTPA are not dissuasive</li> <li>No requirement for information on natural persons behind the corporate shareholders of applicants for licences for the provision of gaming facilities by hotels for their guests</li> <li>No adequate provisions in relation to the granting of licences for gaming premises and the use of gaming machines to prevent criminals or their associates from holding or being beneficial owner of a significant or controlling interest, holding a management function in or being an operator under these licences.</li> <li>No comprehensive regulatory and supervisory regime to ensure effective implementation of AML/CFT measures required under the FATF Recommendations has been instituted for other DNFBPs except for trust and company service providers</li> </ul>	<ul style="list-style-type: none"> <li>Casinos should be subject to a comprehensive regulatory and supervisory regime that ensures they are effectively implementing the AML/CFT measures required under the FATF Recommendations.</li> <li>Designated supervisory for casinos should have the power to request regular reporting or access any information necessary to carry out its functions in particular monitoring.</li> <li>Fines applicable by the designated supervisory authority under section 22(1) of the MLTPA should be dissuasive.</li> <li>Information should be required on natural persons behind the corporate shareholders of applicants for licences for the provision of gaming facilities by hotels for their guests</li> <li>There should be adequate measures in relation to the granting of licences for gaming premises and the use of gaming machines to prevent criminals or their associates from holding or being beneficial owner of a significant or controlling interest, holding a management function in or being an operator under these licences.</li> <li>A comprehensive regulatory and supervisory regime to ensure effective implementation of AML/CFT measures required under the FATF Recommendations should be instituted for other DNFBPs except for trust and company service providers</li> </ul>	<p>Guidelines for DNFBP have been implemented to address these shortcomings. The FIU is in the process of drafting regulations to govern DNFBP. There is a timeline of September 2013 for the draft of the regulations.</p> <p>Casinos are presently submitting a month transaction report to the supervisory authority. Also Section 8(b) of Act4 of 2013) gives the supervisory authority the power to obtain access to information, records, documents</p> <p>Section 9(b) of Act 4 of 2013</p> <p>In the process of drafting legislation to set up a Commission, who will be responsible for this action and also for new standards.</p> <p>Gaming Control (Amendment) Bill, 2013 was prepared. The Bill was introduced at the House of Representatives on August 7th, 2013 and was discussed at the House Committee meeting on August 26th, 2013 and has been recommended for a second reading in the House. The Bill requires information on natural person behind the corporate shareholders of applicants for licenses for the provision of gaming facilities. There is a timeline of September 2013 for the Bill to be enacted. See the Bill attached</p> <p>Guidelines for DNFBP have been implemented to address these shortcomings. The FIU is in the process of drafting regulation to govern DNFBP. There is a timeline of September 2013 for the draft of the regulations.</p>
25. Guidelines & Feedback	NC	<ul style="list-style-type: none"> <li>Feedback is limited only to acknowledgement of receipt of STRs</li> <li>No guidelines have been issued for the DNFBPs except for the trust and company service providers.</li> </ul>	<ul style="list-style-type: none"> <li>The FIU should provide general feedback to financial institutions with regard to statistics on the number of disclosures or information on current techniques, methods, trends and typologies.</li> </ul>	<p>A database for the recording and management of information pertaining to STRs and Requests for Information has been created and in operation since June 2012.</p> <p>On June 26<sup>th</sup> and June 27<sup>th</sup> the FIU conducted meetings</p>



		<ul style="list-style-type: none"> <li>No guidelines have been issued for licensees of the SOI and IFSC</li> </ul>	<ul style="list-style-type: none"> <li>Guidelines should be issued for licensees of the SOI and IFSC</li> </ul>	<p>with all the Financial Institutions giving them general feedback based on reports generated from the database on the quality and information that they have provided in STRs. The FIU also gave feedback on statistics and typologies.</p> <p>The IFS practitioners refer to the regulations to guide the sector. The IFSC are in the process of drafting guidelines to regulate the sector. The SOI has issued guidelines to the insurance sector.</p>
<b>Institutional and other measures</b>				
26.The FIU	PC	<ul style="list-style-type: none"> <li>Minimal security arrangements for custody of information with main vulnerabilities being security and IT support provided by personnel not in the employ of the FIU.</li> <li>Minimal feedback is provided to financial institutions and DNFBPs by the FIU in relations to STRs filed or requests made of the institutions.</li> <li>No publicly released periodic reports which include statistics, typologies and trends as well as information regarding activities.</li> <li>Operational independence of the FIU is vulnerable to external influence.</li> </ul>	<ul style="list-style-type: none"> <li>Belize should consider providing a more secure location for its FIU, since information held at the FIU may be accessed by persons other than FIU staff, since the security officers of the Central Bank building has access to the FIU offices after work hours.</li> <li>The FIU should consider removing internet access from its server on which sensitive data and information is stored and establish a system where their server is stand alone. Consideration should be given to storing the FIU's server backups offsite.</li> <li>Measures should be considered to ensure the operational independence of the FIU</li> <li>The FIU should consider implementing a mechanism that allows for the provision of some level of feedback to financial institutions and DNFBPs that pertains to STRs submitted to it, requests made of these institutions, and the provision of information that contains trends, statistics and typologies.</li> <li></li> </ul>	<p>On September 13<sup>th</sup> 2012, the FIU moved into its new building. The architecture of the permanent office is done in accordance with the security, staffing and record storing needs of the FIU.</p> <p>The professional staff essential to the core functions of the FIU has grown. The FIU currently employs 2 Legal Officers as of June 24<sup>th</sup>, 2013, 2 Financial Analysts as of June 24<sup>th</sup>, 2013, 1 Compliance Examiner, 1 Compliance Officer, 1 Senior Investigator, 4 Police Investigators and a floating officer. The FIU has hired a Network/ IT Systems Administrator since April 23, 2012. The investigative department of the FIU now has a legal offer dedicated to working in consultation with that department.</p> <p>This has been done by the Systems Administrator. Our server is stand alone and we also have two server back-up onsite, and one offsite</p> <p>FIU operates independently. Legislatively, the Minister approves the employment of staff, but this does not affect the independence of the FIU.</p> <p>Mechanism presently in place categorizes STR by:</p> <ol style="list-style-type: none"> <li>1) the type of entity,</li> <li>2) the name of the entity,</li> <li>3) the type of suspicious transaction</li> <li>4) Date of transaction</li> <li>5) Subject of STR</li> </ol> <p>These categorization may be used to generate feedback.</p> <p>On June 26<sup>th</sup> and June 27<sup>th</sup> the FIU conducted meetings</p>

			<ul style="list-style-type: none"> <li>The FIU should consider making its Annual Report public and include statistics, typologies and trends as well as information regarding its activities in it.</li> <li></li> </ul>	<p>with all the Financial Institutions giving them general feedback based on reports generated from the database on the quality and information that they have provided in STRs. The FIU also gave feedback on statistics and typologies.</p> <p>The FIU has compiled a draft of its Annual Report to be finalized for September 2013.</p>
27.Law enforcement authorities	PC	<ul style="list-style-type: none"> <li>No measures, whether legislative or otherwise, to allow competent authorities investigating ML cases to postpone or waive the arrest of suspected persons and/or the seizure of the money for the purpose of identifying persons involved in such activities or for evidence gathering.</li> </ul>	<ul style="list-style-type: none"> <li>Belize should consider taking measures, whether legislative or otherwise, that allow competent authorities investigating ML cases to postpone or waive the arrest of suspected persons and/or the seizure of the money for the purpose of identifying persons involved in such activities or for evidence gathering.</li> </ul>	<p>Section 4 of the Police Act, Chapter 138 of the Laws of Belize RE 2000, states that one of the functions of the police is the apprehension of offenders. There are no restrictions or limitations as to when to arrest an offender. Section 10 of Police Regulations Paragraph 6 of Police Standing Order (specifically item (c) and (g)) The time of arrest is a tactical consideration taken into account by the investigating police after consultation with the legal officer of the FIU that works with investigative unit. The approach depends upon the circumstances of the case.</p>
28 Powers of competent authorities	LC	<ul style="list-style-type: none"> <li>No written provisions granting the FIU powers to be able to take witness statements for use in investigations and prosecutions of ML, FT and predicate offenses in Belize</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider written provisions granting the FIU powers to be able to take witness statements for use in investigations and prosecutions of ML, FT and predicate offences in Belize</li> </ul>	<p>The Belize FIU is a hybrid FIU. Police officers are attached to the unit and these officers retain all their powers as a police officer and have the authority to take witness statements for use in investigations and prosecutions of ML, FT and predicate offences in Belize. The officers received instructions from the Director in executing their duties, but are still subjected to all the rules and regulations of the Belize Police Department</p> <p>The Interception of Communications (Amendment) Bill, 2013 has been prepared. This amendment will allow the Director of the FIU to make interception applications among the other orders pursuant to that act. The Bill was introduced at the House of Representatives on August 7th, 2013 and was discussed at the House Committee meeting on August 20th, 2013 and has been recommended for a second reading in the House. There is a timeline of September 2013 for the Bill to be enacted. See the Bill attached</p> <p>Also see Recommendation 27</p>
29.Supervisors	PC	<ul style="list-style-type: none"> <li>IFSC does not carry out AML/CFT on-site inspections</li> </ul>	<ul style="list-style-type: none"> <li>The IFSC should implement AML/CFT on-site inspections of its reporting entities</li> </ul>	<p>The IFSC has factored the hiring of additional staff and the execution of onsite inspections.</p>

		<ul style="list-style-type: none"> <li>• IFSC does not have the power to carry out on-site inspection except for international insurance companies</li> <li>• The IFSC can only access or compel production of records from licensees under the MFA and the IIA.</li> </ul>	<ul style="list-style-type: none"> <li>• IFSC should have the power to carry out on-site inspection of all its reporting entities.</li> <li>• The IFSC should have access or be able to compel production of records from all its reporting entities.</li> </ul>	<p>Section 6(1) of IFSC Act Section 23 of IFSC (Code of Conduct) Regulations Section 21(2) (a) MLTPA 2008 International Financial Services Commission (Amendment) Bill, 2013 was prepared. The Bill was introduced at the House of Representatives on August 7th, 2013 and was discussed at the House Committee meeting on August 26th, 2013 and has been recommended for a second reading in the House. There is a timeline of September 2013 for the Bills to be enacted. See the Bill attached.</p> <p>Section 8(b) of Act 4 of 2013</p>
30.Resources, integrity and training	NC	<ul style="list-style-type: none"> <li>• There is inadequate staffing at the FIU currently to allow it to effectively carry out its functions as investigator, prosecutor and supervisory authority.</li> <li>• The office space presently being occupied by the FIU is inadequate and lacks the potential for expansion and greater storage capacity.</li> <li>• Members of staff at the FIU have not been provided with examiner specific training to facilitate them in carry out their functions as Supervisory Authority.</li> <li>• Limited numbers of the Customs Department staff have been exposed to AML/CFT training.</li> <li>• Lack of human and technical resource to facilitate effective enforcement of Customs Act.</li> <li>• No in-depth background checks are done on officers applying to join the Customs Department.</li> <li>• No ML/TF training has been received by members of the ADU or the MCU.</li> <li>• There are an inadequate number of police officers assigned to the ADU to allow it effectively police Belize's 8866 square miles of land and sea.</li> </ul>	<ul style="list-style-type: none"> <li>• Belize should consider relocating the FIU to a larger office space with greater storage capacity to facilitate expansion and greater efficiency within the Unit.</li> <li>• The FIU should consider providing examiner specific training to FIU staff to facilitate them in carry out their functions as Supervisory Authority.</li> <li>• Belize should consider augmenting the staff at the FIU to allow it to effectively carry out its functions relative to ML, TF, Prosecutor and that of Supervisory Authority.</li> <li>• Belize's Customs Department should consider conducting a more in-depth background check on officers applying to join the Customs Department.</li> </ul>	<p>On September 13<sup>th</sup> 2012, the FIU moved into its new building. The architecture of the permanent office is done in accordance with the security, staffing and record storing needs of the FIU.</p> <p>Also, the office provides room for additional employees and storage of physical records.</p> <p>Compliance Officer has completed ACAMS, and in <b>January 2013</b>, participated in the Egmont Group AML/CFT Supervisory Pilot Course. The Compliance Officer has completed received CFE certification in <b>August 2013</b>. The Director went to the 2013 Caribbean and Americas Forum on Financial Crime Prevention.</p> <p>The professional staff essential to the core functions of the FIU has grown. The FIU currently employs 2 Legal Officers as of June 24th, 2013, 2 Financial Analysts as of June 24th, 2013, 1 Compliance Examiner, 1 Compliance Officer, 1 Senior Investigator, 4 Police Investigators and a floating officer. The FIU has hired a Network/ IT Systems Administrator since April 23, 2012. The investigative department of the FIU now has a legal offer dedicated to working in consultation with that department. The staff has received technical assistance from the IMF to strengthen operations. See Agenda attached.</p> <p>Customs Regulations (Amendment) Bill, 2013 was prepared. The Bill was introduced at the House of Representatives on August 7th, 2013 and was</p>

		<ul style="list-style-type: none"> <li>• There is very limited office space available to the MCU to facilitate it in carrying out of its functions. The MCU is equipped with one (1) vehicle, firearms and computers.</li> <li>• There are no cameras, tape recorders or bullet proof vest assigned to the ADU. Training obtained by the members of the Unit is mostly on the job training; especially when collaborating with the FIU in joint investigations; legal advice is provided by the DPP on a needs basis</li> <li>• The human and other resources of the Ministry of Foreign Affairs/Office of the Attorney General are inadequate to properly manage requests for international cooperation with foreign countries</li> <li>• The competent authorities are not properly equipped to efficiently manage requests for mutual legal assistance.</li> </ul>	<ul style="list-style-type: none"> <li>• Belize should consider augmenting the current staff complement of the Customs Department to allow it to effectively carry out its functions in all of Belize.</li> <li>• Belize should consider providing additional technical resources such as sniffer dogs, vehicles and computers and other equipment requested by Custom to allow it to effectively carry out its functions.</li> <li>• Belize should provide training to staff of the Customs Department in relation to money laundering (especially customs related offences that spawn ML cases) and terrorist financing.</li> <li>• Belize should consider providing ML/TF training to members of the ADU and the MCU.</li> <li>• Belize should consider procuring an additional engine in order to make the two (2) vessels in its maritime section functional.</li> <li>• Belize should consider augmenting the ADU to allow it effectively police Belize's 8866 square miles of land and sea. Though considerable strides have been made in the Unit's anti-drug efforts, inadequate staffing remains one of its major challenges.</li> <li>• Belize should consider providing greater office space to the MCU to facilitate it in carrying out of its functions. The ADU is equipped with one (1) vehicle, firearms and computers.</li> <li>• Belize should consider providing a wider array of technical resources to the MCU i.e. cameras, tape recorders and bullet proof vest to allow it to effectively carry out its functions.</li> <li>• Belize should consider developing a mechanism that provides training to members of the MCU on a more formal basis than what obtains currently which is mostly on the job training; especially when collaborating with the FIU in joint investigations.</li> </ul>	<p>discussed at the House Committee meeting on August 19<sup>th</sup>, 2013. There is a timeline of September 2013 for the Bills to be enacted. See the Bill attached.</p> <p>Belize has a fully operational Belize Coast Guard Service with a fleet of 22 vessels to deal with Maritime issues among other things. They also work in collaboration with the Police Department and well as the Belize Defence Force.</p> <p>A Mobile Interdiction Team has also been formed, which includes immigration officers, customs officers, and police officers. This team works jointly with other law enforcement agencies to specifically target crimes/criminals involving drugs, money laundering, weapons, trafficking, criminal organizations, and border patrol.</p> <p>In June 2012, 17 vehicles were donated to the Belize Police Department to assist with crime scenes investigation, mobile patrol, and community policing. Also donated were 16 analog/digital radios, batteries and charger to boost the communications system. In the same month, bullet proof vests, binoculars, and night vision glasses were also donated to the Belize Coast Guard service to assist with patrol and operations</p>
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31.National co-operation	NC	<ul style="list-style-type: none"> <li>• No mechanism in place for policy makers, supervisors and other competent authorities to co-operate and where appropriate coordinate domestically with each other concerning the development and implementation of policies and activities to combat money laundering and terrorist financing..</li> </ul>	<ul style="list-style-type: none"> <li>• Belize should consider the formation of a special task force or group comprising various representatives of LEAs, focused on the development and implementation of policies and activities that would foster greater cooperation and coordination among these LEA entities in matters of ML and TF.</li> </ul>	<p>A Task Force Committee has been established. This Committee is chaired by the FIU and has senior representations from various government institutions such as Customs, Central Bank, Police, IFSC, Immigration, Business Tax, Income Tax. The Task Force meets on the last Friday of every quarter.</p>
32.Statistics	NC	<p>No statistics on the following:</p> <ul style="list-style-type: none"> <li>• Other formal requests for assistance made or received by the FIU, including whether the request was granted or refused.</li> <li>• Spontaneous referrals made by the FIU to foreign authorities</li> <li>• Formal requests for assistance made or received by supervisors relating to or including AMI/CFT including whether the request was granted or refused</li> <li>• Comprehensive statistics are not maintained at the FIU that would lend to analysis efforts, identification of trends, typologies and</li> </ul>	<p>Statistics should be maintained on the following:</p> <ul style="list-style-type: none"> <li>• Other formal requests for assistance made or received by the FIU, including whether the request was granted or refused.</li> <li>• Spontaneous referrals made by the FIU to foreign authorities</li> <li>• Formal requests for assistance made or received by supervisors relating to or including AMI/CFT including whether the request was granted or refused.</li> <li>• The authorities should develop a mechanism to review the effectiveness of their systems for combating money laundering and terrorist financing on a regular basis</li> </ul>	<p>A database system has been created and is being reviewed in order to comply with this recommendation.</p>

		<p>techniques</p> <ul style="list-style-type: none"> <li>No mechanism in Belize whereby the authorities review the effectiveness of their systems for combating money laundering and terrorist financing on a regular basis.</li> </ul>		
33. Legal persons – beneficial owners	NC	<ul style="list-style-type: none"> <li>Information on the companies register is limited to legal ownership and does not include beneficial ownership information and is not necessarily reliable.</li> <li>Registered agents are not subject to on-site inspection and it is not clear how reliable the beneficial ownership information of IBCs they maintain would be.</li> <li>There are no specific measures to ensure that bearer share warrants for local companies are not misused for money laundering.</li> <li>Reliability and implementation of measures for the immobilisation of bearer shares of IBCs by registered agents is doubtful since registered agents are not subject to on-site inspections to check these measures.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider implementing measures to ensure that the company register maintains adequate, reliable, and timely information on the beneficial ownership of registered companies.</li> <li>Registered agents should be subject to measures to ensure that the beneficial ownership information on IBCs that they maintain is adequate, reliable and timely</li> <li>There should be measures to ensure that bearer share warrants for local companies are not misused for money laundering.</li> <li>Registered agents should be subject to on-site inspections to ensure that the measures for the immobilisation of bearer shares of IBCs are adequate and reliable</li> </ul>	<p>Further instructions to amend the Companies Act. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>International Financial Services Commission (Amendment) Bill, 2013 was prepared. The Bill was introduced at the House of Representatives on August 7th, 2013 and was discussed at the House Committee meeting on August 26th, 2013 and has been recommended for a second reading in the House. There is a timeline of September 2013 for the Bills to be enacted. See the Bill attached.</p> <p>Statutory Instrument 108 of 2012 dated December 8, 2012 requires registered agents to retain physical possession of bearer shares and requirements in dealing with professional intermediary</p>
34. Legal arrangements – beneficial owners	NC	<ul style="list-style-type: none"> <li>Registration of domestic trusts is optional and the register is not open to public inspection.</li> <li>No requirements for financial institutions to verify legal status of legal arrangements such as trusts.</li> <li>The register of international trusts is inadequate as it does not include information on beneficiaries of trusts.</li> <li>Scope and reliability of information on domestic and international trusts maintained by relevant DNFBPs and trust agents respectively is doubtful since there is no inspection regime to verify the information..</li> <li>Neither the register of international foundations</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider making it a legal requirement for the registration of all domestic trusts created under the TA</li> <li>Financial institutions should be required to verify the legal status of legal arrangements such as trusts.</li> <li>The register of international trusts should include information on beneficiaries of trusts.</li> <li>The authorities should implement measures to ensure the scope and reliability of information on domestic and international trusts maintained by relevant DNFBPs and trust agents respectively.</li> </ul>	<p>Trusts (Amendment) Bill, 2013 was prepared. The Bill was introduced at the House of Representatives on August 7th, 2013 and was discussed at the House Committee meeting on August 26th, 2013. There is a timeline of September 2013 for the Bills to be enacted. See the Bill attached.</p> <p>Section 3(a)(iii) of Act 4 of 2013</p> <p>Section 3 of Trust Amendment Act 2007 See Trusts (Amendment) Bill, 2013 attached clause 5.</p> <p>The FIU has commenced the registration of certain sectors of DNFBPs that it supervises. As of July 2013, 209 DNFBPs have been registered. They are:</p> <ol style="list-style-type: none"> <li>Vehicle Dealers – 20</li> <li>Dealing in real estate – 39</li> </ol>

		nor registered agents are required to maintain adequate information on the control of foundations.	<ul style="list-style-type: none"> <li>The register of international foundations and registered agents should be required to maintain adequate, reliable and timely information on the control of foundations</li> </ul>	<p>3) Non-Governmental Organizations – 135</p> <p>4) Dealing in precious metals &amp; stones – 13</p> <p>The FIU has issued surveys to persons dealing in real estate and non-governmental organizations to assess risk and will commence on-site inspections of the other sectors of DNFBP's apart from casino's after the initial survey based assessment.</p> <p>The International Foundations (Amendment) Bill was prepared. The Bill was introduced at the House of Representatives on August 7th, 2013 and was discussed at the House Committee meeting on August 26th, 2013 and has been recommended for a second reading in the House. There is a timeline of September 2013 for the Bills to be enacted. See the Bill attached.</p>
<b>International Co-operation</b>				
35.Conventions	PC	<ul style="list-style-type: none"> <li>There is no legislation in Belize that fully implements Articles 8,10,11,15, 17 and 19 of the Vienna Convention, Articles 20,24,25,30 and 31 of the Palermo Convention and Articles 6, 13,14,15 and 16 of the Terrorist Financing Convention</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider promulgating legislation to fully implement Articles 8,,11,15, 17 and 19 of the Vienna Convention, Articles 20,24,25,30 and 31 of the Palermo Convention and Articles 6, 13,14,15 and 16 of the Terrorist Financing Convention.</li> </ul>	Further instructions issued to address this Recommendation by amending the MLTPA. There is a timeline of October 2013 for the amendments to be enacted.
36.Mutual legal assistance (MLA)	LC	<ul style="list-style-type: none"> <li>The Belize/USA Treaty Act does not provide that a request for mutual legal assistance cannot be denied on the ground of secrecy or confidentiality.</li> <li>The existence of two competent authorities for the receipt and processing of requests for mutual legal assistance may potentially reduce the effectiveness of the system.</li> <li>There are no arrangements for the best venue for prosecuting defendants in cases where such may be facilitated in more than one country.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider amending the Belize/USA Treaty Act to provide that a request for mutual legal assistance cannot be denied on the ground of secrecy or confidentiality.</li> <li>The authorities should consider establishing a single competent authority for the receipt and processing of requests for mutual legal assistance.</li> <li>The authorities should consider making arrangements for the best venue for prosecuting defendants in cases where such may be facilitated in more than one country.</li> </ul>	<p>The Attorney General's Office, International Legal Affairs deal with MLAT requests. This department is headed by a Deputy Solicitor General, and has a staff of four Crown Counsels. MLAT agreements are dealt with on a country by country basis.</p> <p>Handling of mutual legal assistance requests is now fully within the Attorney's General's Ministry. The AG Ministry has restructured and expanded to efficiently facilitate this process. The said Ministry has created an office for the handling of International Legal Affairs; and instituted a new position in its hierarchy as Deputy Solicitor General who is charged with the responsibility to head the new office.</p>
37.Dual criminality	LC	<ul style="list-style-type: none"> <li>The Belize/USA Treaty Act requires dual criminality in relation to search, seizure and</li> </ul>		

		forfeiture		
38.MLA on confiscation and freezing	LC	<ul style="list-style-type: none"> <li>Section 76 of the MLTPA does not state that the Supreme Court and the other competent authorities shall expeditious handle requests for mutual assistance from other countries.</li> <li>No provisions allowing for mutual legal requests for property of corresponding value in the Belize/Caribbean Treaty Act, the Belize/USA Act or the MLTPA</li> </ul>		Further instructions issued to amend section 76 state that the Supreme Court and the other competent authorities shall expeditious handle requests for mutual assistance from other countries. There is a timeline of October 2013 for the amendments to be enacted.
39.Extradition	PC	<ul style="list-style-type: none"> <li>The procedures for extradition are long and unwieldy.</li> <li>Belize has only concluded extradition treaties with the USA and Guatemala.</li> <li>Effective implementation is adversely affected by the competent authority not being appropriately equipped</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider enacting a single Extradition Act that seeks to simplify and expedite the procedures for extradition applications in Belize whilst safeguarding the rights of the defendant.</li> <li>The authorities should consider concluding extradition treaties with a broader range of countries.</li> <li>The authorities should consider equipping the competent authority with the appropriate tools to efficiently manage requests for extraditions</li> </ul>	
40.Other forms of co-operation	PC	<ul style="list-style-type: none"> <li>There is no legislation empowering the police, the customs authorities and other law enforcement agencies to undertake international cooperation inquiries for and on behalf of foreign countries;</li> <li>There is no legislation empowering the Office of the Attorney General and the Ministry of Foreign Affairs to undertake international cooperation inquiries for and on behalf of foreign countries</li> </ul>	<ul style="list-style-type: none"> <li>Legislation should be created empowering the police, the customs authorities and other law enforcement agencies to undertake international cooperation inquiries for and on behalf of foreign countries;</li> <li>Legislation should be created empowering the Office of the Attorney General and the Ministry of Foreign Affairs to undertake international cooperation inquiries for and on behalf of foreign countries</li> </ul>	Handling of mutual legal assistance requests is now fully within the Attorney's General's Ministry. The AG Ministry has restructured and expanded to efficiently facilitate this process. The said Ministry has created an office for the handling of International Legal Affairs; and instituted a new position in its hierarchy as Deputy Solicitor General who is charged with the responsibility to head the new office.
<b>Nine Special Recommendations</b>		<b>Summary of factors underlying rating</b>		
SR.I Implement UN instruments	PC	<ul style="list-style-type: none"> <li>There is no legislation in Belize that fully implements Articles 6, 12,13,14,15 and 16 of the Terrorist Financing Convention</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider promulgating legislation to fully implement Articles 8, 11, 15, 17 and 19 of the Vienna Convention, Articles 20,24,25,30 and 31 of the Palermo Convention and Articles 6, 13, 14, 15 and 16 of the Terrorist</li> </ul>	Further instructions issued to address this Recommendation by amending the MLTPA. There is a timeline of October 2013 for the amendments to be enacted.



			Financing Convention.	
SR.II Criminalise terrorist financing	PC	<ul style="list-style-type: none"> <li>The definition of the term “funds” does not include the qualifying phrase or the qualifying term “in any form including electronic or digital” into the description of legal documents and instruments that prove a defendant’s title or interest in property.</li> <li>Prosecution of the range of ancillary offences set out under section 68(2) of the same Act is not exempt from being required to establish that funds provided by the defendant were actually used in the commission of a terrorist act.</li> <li>No provision for the prosecution of a defendant who commits an ancillary terrorist financing offence in another jurisdiction.</li> <li>The DPP and the FIU’s parallel jurisdiction to prosecute financing of terrorism matters in Belize could adversely affect implementation.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider amending the definition of the word “funds” in section 2 (1) of the MLTPA to incorporate the qualifying terms “however acquired” and “in any form including electronic or digital” into the description of legal documents and instruments that prove a defendant’s title or interest in property.</li> <li>The authorities should consider amending section 68(3) of the MLTPA to include the range of ancillary offences set out under section 68(2) of the same Act.</li> <li>The authorities should consider amending section 68(1)(b) of the MLTPA to provide for the prosecution of a defendant who commits an ancillary terrorist financing offence in another jurisdiction.</li> <li>The authorities should consider making legislative amendments that would remove the constitutional concerns relating to the DPP and FIU’s parallel jurisdiction to prosecute financing of terrorism matters in Belize.</li> <li></li> </ul>	<p>Section 2 of Act 4 of 2013</p> <p>Section 16 of Act 4 of 2013</p> <p>Section 16 of Act 4 of 2013</p> <p>In our jurisdiction, the FIU does all prosecuting of money laundering and other related offences. The Office of the DPP and the FIU work in collaboration with each other and there has not been any concern about conflicts. As a result, the jurisdiction has decided that the constitutional change required for this recommendation is not necessary. <b><i>Please find attached document recording that decision</i></b></p>
SR.III Freeze and confiscate terrorist assets	PC	<ul style="list-style-type: none"> <li>Section 76 of the MLTPA does not expressly provide that assistance rendered to a superior court or competent authority of another jurisdiction must be facilitated expeditiously by the Belizean counterparts.</li> <li>Unable to assess the practical effectiveness of provisions giving effect to freezing mechanisms initiated in other jurisdictions due to lack of requests</li> <li>Definition of terrorist property does not extend to property jointly owned or controlled directly or indirectly by terrorists, those who finance terrorism or terrorist organisations or property</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider amending section 76 of the MLTPA to provide that assistance rendered to a superior court or competent authority of another jurisdiction must be facilitated expeditiously by the Belizean counterparts.</li> <li>The authorities should consider promulgating legislation that would enable the authorities to publicly delist persons or entities in a timely manner.</li> <li>The authorities should consider promulgating legislation that requires competent authorities to communicate to the financial sector actions taken under the freezing mechanisms in essential criteria III.1 to III.3.</li> </ul>	<p>Further instructions issued to amend section 76 state that the Supreme Court and the other competent authorities shall expeditious handle requests for mutual assistance from other countries. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Further instructions issued to allow authorities to publicly delist persons or entities in a timely manner. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Further instructions issued to amend the MLTPA to require competent authorities to communicate to the financial sector actions taken under the freezing mechanisms in essential criteria III.1 to III.3. There is a timeline of October 2013 for the amendments to be enacted.</p>

		<p>derived or generated from funds or other assets owned or controlled directly or indirectly by terrorists, those who finance terrorism or terrorist organisations.</p> <ul style="list-style-type: none"> <li>• There is no legislative or other provision that enables the authorities to publicly delist persons or entitles in a timely manner.</li> <li>• There is no legislative or other provision that requires competent authorities to communicate to the financial sector actions taken under the freezing mechanisms in essential criteria III.1 to III.3.</li> <li>• Section 40 (2) of the MLTPA which enables a court to consider the reasonable living expenses of an applicant's dependants and an applicant's debts incurred in good faith may undermine the intended effect of S/RES1452..</li> <li>• Reporting entities do not have clear guidance as it relates to their obligations for the freezing of funds belonging to terrorists on the United Nations designated list.</li> <li>• Designated supervisory authorities are not required to monitor compliance with the provisions concerning SRIII</li> <li>• Section 67 (1) of the MLTPA does not enable an affected party to apply to the court for relief against an order seizing and detaining terrorist cash</li> </ul>	<ul style="list-style-type: none"> <li>• The definition of terrorist property in the MLTPA should extend to property jointly owned or controlled directly or indirectly by terrorists, those who finance terrorism or terrorist organisations or property derived or generated from funds or other assets owned or controlled directly or indirectly by terrorists, those who finance terrorism or terrorist organisations</li> <li>• The authorities should consider amending section 40 (2) of the MLTPA to exclude from its ambit the reasonable living expenses of an applicant's dependants and an applicant's debts incurred in good faith.</li> <li>• Designated supervisory authorities should be required to monitor compliance with the provisions concerning SRIII</li> <li>• The authorities should consider providing reporting entities with clear guidance as it relates to their obligations for the freezing of funds belonging to terrorists on the United Nations designated list.</li> <li>• The authorities should consider amending section 67 (1) of the MLTPA to enable an affected party to apply to the court for relief against an order seizing and detaining terrorist cash.</li> </ul>	<p>Further instructions issued to extend the definition of "terrorist property" in the MLTPA to include the recommendation. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Section 14 of Act 4 of 2013.</p> <p>Further instructions issued to amend section 67 (1) of the MLTPA. There is a timeline of October 2013 for the amendments to be enacted.</p>
SR.IV Suspicious transaction reporting	PC	<ul style="list-style-type: none"> <li>• Low number of STRs submitted by financial institutions suggests that STR reporting is ineffective in non-bank reporting entities.</li> </ul>		See Statistics attached demonstrating STR reporting since 2009 up to June, 2013.
SR.V International co-operation	NC	<ul style="list-style-type: none"> <li>• The deficiencies identified with regard to MLAT for ML are also applicable for FT</li> <li>• Deficiencies noted with regard to extradition are</li> </ul>	<ul style="list-style-type: none"> <li>• The legislative and other deficiencies noted throughout this report in the areas of financing of terrorism, terrorism and terrorist organisations should</li> </ul>	Handling of mutual legal assistance requests is now fully within the Attorney's General's Ministry. The AG Ministry has restructured and expanded to

		<p>also applicable for FT</p> <ul style="list-style-type: none"> <li>The legislative and other deficiencies noted throughout this report in the areas of financing of terrorism, terrorism and terrorist organisations affect improved international cooperation in these areas;</li> <li>The noted deficiencies concerning extradition in Belize also affect improved international cooperation that is consistent with Special Recommendation V.</li> </ul>	<p>be remedied to facilitate for improved international cooperation in these areas;</p> <ul style="list-style-type: none"> <li>The noted deficiencies concerning extradition in Belize should be remedied to facilitate improved international cooperation that is consistent with Special Recommendation V.</li> </ul>	<p>efficiently facilitate this process. The said Ministry has created an office for the handling of International Legal Affairs; and instituted a new position in its hierarchy as Deputy Solicitor General who is charged with the responsibility to head the new office.</p>
SR VI AML requirements for money/value transfer services	PC	<ul style="list-style-type: none"> <li>Supervisory fines under the MLTPA are not dissuasive for financial institutions</li> <li>Number of inspections suggests ineffective monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>Supervisory fines under the MLTPA should be dissuasive.</li> </ul>	Section 9 of Act 4 of 2013
SR VII Wire transfer rules	NC	<ul style="list-style-type: none"> <li>Definition of originator information does not include the originator's address</li> <li>No provision for a receiving intermediary financial institution to keep records (for five years) of all information received from an ordering financial institution in the case where technical limitations would prevent the full originator information that should accompany a cross border wire transfer from being transmitted with a related domestic wire transfer.</li> <li>No requirement for beneficiary financial institutions to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information.</li> <li>The fine penalty is not dissuasive nor is it applicable to directors and senior management</li> </ul>	<ul style="list-style-type: none"> <li>The definition of originator information should include the originator's address or a national identity number, customer identification number or date and place of birth</li> <li>A receiving intermediary financial institution should be required to keep records (for five years) of all information received from an ordering financial institution in the case where technical limitations would prevent the full originator information that should accompany a cross border wire transfer from being transmitted with a related domestic wire transfer.</li> <li>Beneficiary financial institutions should be required to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information.</li> <li>The fine penalty of section 19(5) of the MLTPA should be dissuasive and applicable to directors and senior management</li> </ul>	<p>Section 7 of Act 4 of 2013</p> <p>Section 4 of Act 4 of 2013-02-27 Instructions have been given to amend section 3(b) to impose an obligation to keep records for 5 years of all information received from an ordering financial institution in the case where technical limitations would prevent the full originator information that should accompany a cross border wire transfer from being transmitted with a related domestic wire transfer. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Section 5(a) of Act 4 of 2013-02-27</p> <p>Section 7(c) of Act 4 of 2013</p>

SR.VIII Non-profit organisations	NC	<ul style="list-style-type: none"> <li>• There has been no review of the adequacy of Belize's laws and regulations relating to NPOs to determine the sector's susceptibility to being used by terrorist organisations or for terrorist activities.</li> <li>• There has been no outreach programme to the NPO sector in Belize to raise awareness about the risks of terrorist abuse and the available measures to protect against such abuse and promote transparency, accountability, integrity and public confidence in the administration and management of all NPOs..</li> <li>• No monitoring or supervision of NPOs and churches incorporated under the Companies Act</li> <li>• There is presently no legislation in Belize that authorises public access to NGO information duly retained by the RNGO.</li> <li>• There is no legislation that imposes other criminal, civil or administrative sanctions for violations of oversight measures or rules relating to NGOs further to those prescribed under section 18 of the NGOA.</li> <li>• There is no legislation that requires NGOs to maintain records of their domestic and international transactions for a minimum period of five years.</li> <li>• No measures to ensure effective cooperation, coordination and information sharing between the FIU and the RNGO.</li> </ul>	<ul style="list-style-type: none"> <li>• The authorities should consider undertaking a review of the adequacy of Belize's laws relating to NPOs with a view to determine the sector's susceptibility to being used by terrorist organisations or for terrorist activities.</li> <li>• The authorities should consider implementing an outreach programme to the NPO sector Belize to raise awareness about the risks of terrorist abuse and the available measures to protect against such abuse and promote transparency, accountability, integrity and public confidence in the administration and management of all NPOs.</li> <li>• The authorities should implement measures to monitor or supervise NPOs and churches incorporated under the Companies Act</li> <li>• The authorities should promulgating legislation that authorises public access to NGO information duly retained by the registrar.</li> <li>• The authorities should consider promulgating legislation that imposes other criminal, civil or administrative sanctions for violations of oversight measures or rules relating to NGOs further to those prescribed under section 18 of the NGOA.</li> <li>• The authorities should consider enacting legislation requiring NGOs to maintain records of their domestic and international transactions for a minimum period of five years.</li> <li>• The authorities should implement measures to ensure</li> </ul>	<p>Section 20 of Act 4 of 2013</p> <p>The First schedule is to be amended to make Non-Profit Organizations subject to the MLTPA.. There is a timeline of October 2013 for the amendments to be enacted.</p> <p>Non-Governmental Organizations (Amendment) Bill, 2013 was prepared. The Bill was introduced at the House of Representatives on August 7<sup>th</sup>, 2013 and was discussed at the House Committee meeting on August 20<sup>th</sup>, 2013 and has been recommended for a second reading in the House. There is a timeline of September 2013 for the Bills to be enacted. See the Bill attached.</p> <p>Non-Governmental Organizations (Amendment) Bill, 2013 was prepared. The Bill was introduced at the House of Representatives on August 7<sup>th</sup>, 2013 and was discussed at the House Committee meeting on August 20<sup>th</sup>, 2013 and has been recommended for a second reading in the House. There is a timeline of September 2013 for the Bills to be enacted. See the Bill attached.</p> <p>Non-Governmental Organizations (Amendment) Bill, 2013 was prepared. The Bill was introduced at the House of Representatives on August 7<sup>th</sup>, 2013 and was discussed at the House Committee meeting on August 20<sup>th</sup>, 2013 and has been recommended for a second reading in the House. There is a timeline of September 2013 for the Bills to be enacted. See the Bill attached.</p> <p>Non-Governmental Organizations (Amendment) Bill,</p>
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			effective cooperation, coordination and information sharing between the FIU and the RNGO.	2013 was prepared. The Bill was introduced at the House of Representatives on August 7 <sup>th</sup> , 2013 and was discussed at the House Committee meeting on August 20 <sup>th</sup> , 2013 and has been recommended for a second reading in the House. There is a timeline of September 2013 for the Bills to be enacted. See the Bill attached.
SR.IX Cross Border Declaration & Disclosure	PC	<ul style="list-style-type: none"> <li>• No provision for restraint of negotiable instruments.</li> <li>• Provision does not allow for the seizure of currency under amounts of BZ\$10,000.</li> <li>• Penalties for making a false declaration or failure to make a declaration do not extend to directors and senior management of legal persons</li> <li>• The fine for legal persons who make a false declaration or fail to make a declaration is not dissuasive.</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• The authorities should amend the MLTPA with a provision for the restraint of negotiable instruments.</li> <li>• Section 38 of the MLTPA should be amended to allow for the seizure of currency of any amount.</li> <li>• Penalties for making a false declaration or failure to make a declaration should be extended to directors and senior management of legal persons.</li> <li>• The fine for legal persons who make a false declaration or fail to make a declaration should be made dissuasive.</li> </ul>	<p>Section 13 of Act 4 of 2013</p> <p>Section 13 of Act 4 of 2013</p> <p>Instructions have been given to amend section 37 to provide for penalties for making a false declaration or failure to make a declaration to be extended to directors and senior management of legal persons and for the penalty for legal persons to be dissuasive. There is a timeline of October 2013 for the amendments to be enacted.</p>