



Third Follow-Up Report

Sint Maarten
May 29th, 2014

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Introduction

1. This report represents the CFATF Secretariat's analysis of Sint Maarten' progress with regard to correcting the deficiencies identified its Mutual Evaluation Report (**MER**), as approved on November 2012 and subsequent by Round Robin on January 8th, 2013¹. This is the third follow-up report, based on a matrix of progress provided by Sint Maarten on March 11th, 2014 (see the attached matrix of progress). Sint Maarten was placed in regular-expedited follow-up process.
2. Sint Maarten received ratings of PC and NC on fourteen (14) of the sixteen (16) Core and Key Recommendations respectively as follows. It also received rating of LC in two (2) Recommendations:

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

3. With regard to the other non-Core or Key Recommendations, Sint Maarten was rated partially compliant or non-compliant, as indicated below.

Partially Compliant (PC)	Non-Compliant (NC)
R. 9 (Third parties and Introducers)	R. 12 (DNFBPs – R. ,6,8-11)
R. 14 Protection & no Tipping-off	R. 16 (DNFBP-R. 13-15 &21)
R. 17 (Sanctions)	R. 24 (DNFBP-regulation, supervision and monitoring)
R. 21 (Special attention for higher risk countries)	R. 33 (Legal persons-beneficial owners)
R. 25 (Guidelines & Feedback)	SR. VI (AML requirements for MVTS)
R. 27 (Law enforcement authorities)	SR. VIII (NPOs)
R. 30 (Resources)	SR. IX (Cross-border Declaration & Disclosure)
R. 31 (National co-operation)	
R. 32 (Statistics)	
R. 38 (MLA on confiscation and freezing)	
SR. VII (Wire transfer rules)	

4. The following table is indented to assist in providing an insight into the level of risk in the main financial sectors in Sint Maarten, as per December 2013:

¹ Post Plenary, in order to provide St Maarten with a comprehensive list of outstanding documents, it was discovered that translated Articles of the Netherlands Antilles Penal Code that were relevant to assessing compliance primarily with Recommendation 1 (Table of Designated Category of Offences) and also affecting Recommendation 3, 13, 35, 36, SR II and SR IV were not analysed by the Examiners. Accordingly, a post Plenary analysis was conducted, which resulted in the rated for Recommendation 1 being upgraded from a "PC" to a "LC". The ratings for Recommendations 3, 13, 35, 36, SR II and SR IV were not affected as the effect of the Penal Code articles on those Recommendations was minimal. The amended Post Plenary Report was forwarded to the Sint Maarten Authorities and approved for submission for approval of the specific parts by the Round Robin process. The Post Plenary Report was adopted by Plenary on January 8, 2013.

Size and integration of jurisdiction's financial sector Sint Maarten

		Banks²	Other Credit Institutions³ *	Securities⁴	Insurance	TOTAL
Number of institutions	Total #	7 local and 1 international bank	1		6 (1)	15
Assets	US\$	Local banks 1,872,291,000 International banks 134,280,000	15,482,000		US\$ 334,000,000 (2)	US\$ 2,356,053,000
Deposits	Total: US\$	Local banks 1,439,539,000 International banks 114,417,000	0		US\$ 116,000,000 (3)	US\$ 1,669,956,000
	% Non-resident	Local banks: 35% International banks: 100%	0%		0% (4)	
International Links	% Foreign-owned:	71%	100%		1% of Assets (5)	
	#Subsidiaries abroad	Local banks 3 International banks 0			3 (6)	6

² The figures of the banks, being local general banks, subsidiaries of foreign banks, branches of foreign banks, (non-) consolidated international banks, consist of figures as per December 31, 2013.

³ The figures of other credit institutions, being specialized credit institution, savings banks, credit union, savings and credit funds, savings and thrift funds, consist of figures as per December 31, 2013.

⁴ There are no local or foreign investment institutions under the Central Bank's supervision in Sint Maarten

- (1) This total includes:
 - 1 local life insurance company
 - 4 local non-life insurance companies
 - 1 pension fund
- (2) Total Assets as reported by the insurance companies, mentioned in point 1, **as per year end 2012** and by the pension fund **as per year end 2011**.
- (3) This amount is included in the Total Assets and represents the investments by the companies in (time) Deposits at (commercial) banks.
- (4) Represents the investments in (time) Deposits at foreign banks by the institutions in percentage of total investments in (time) Deposits.
- (5) Represents the Assets of branch offices and institutions with foreign shareholders in percentage of Total Assets.
- (6) Represents the number of subsidiaries abroad of local institutions.

I. Scope of the Report

- 5. The Plenary in November 2013 in Freeport, The Bahamas decided that Sint Maarten should report to the Plenary in May 2014. It was also decided, that countries under review by the CFATF ICRG, such as Sint Maarten should strive to complete their reforms by May 2014. Given the above, this report will focus on assessing whether Sint Maarten has achieved full compliance in the outstanding examiner's recommendations in its Core and Key Recommendations as well as other outstanding Recommendations rated as PC or NC in the **MER**.

II. Summary of progress made by Sint Maarten

- 6. Sint Maarten continued rectifying the deficiencies found in its AML-CFT systems reflected in the **MER**, successfully revised Provisions and Guidelines (hereinafter P&Gs), with regard to Designated Non-Financial Businesses and Professions (DNFBPs): P&Gs for Lawyers, Notaries, Accountants, Tax Advisers and Administration Offices; P&Gs for Real Estate Agents and P&Gs for Car Dealers and Jewelers.
- 7. As informed in the previous follow-up reports, Sint Maarten Penal Code was amended in June 2012, and is currently under review by the Constitutional Court; review should be completed in March 2014. After this review, the Minister of Justice will issue the Introduction National Ordinance (INO) and will be sent to the Parliament in order to be approved and have a new Penal Code in force. Additionally, Sint Maarten Authorities continue working in amending the Criminal Procedures Code (CPC); the CPC was presented to the Ministry of Justice on October, 2013.
- 8. Revisions for amending the National Ordinance on the Reporting of Unusual Transactions (NORUT) and National Ordinance on Identification of Clients when rendering Services (NOIS) continue underway. The draft amendment of the NORUT will be submitted to Parliament for approval in April 2014.
- 9. A proposal for the setup of the Gaming Control Board, legislation to supervise Casinos and an outline for the regulatory body was developed and sent to the Minister of Justice. The legislation and Guidelines to supervise Casinos and Internet Gambling will be presented in the second half of 2014.

10. The FIU / MOT (hereinafter referred to both as MOT or FIU) continues registering and supervising, to the DNFBP sector. Three on site visits to MTCs were carried out. Training program directed to all stake holders, was developed.

III. Core and Key Recommendations

Outstanding Core Recommendations

Recommendation 5

11. Recommendation was originally rated PC. Authorities had indicated in the first follow-up report, that the NOIS, NORUT and the P&Gs were being revised in order to address the deficiencies identified in the **MER** related to cover the activities and operations of: Lending (Factoring), Financial Leasing, Financial guarantees and commitments, Trading in money market instruments, Participation in securities issues and the provision of financial services related to such issues and Individual and collective portfolio. In addition, the P&Gs for IC and IB covers all life insurance companies and insurance intermediaries and the P&Gs for CI and MTC cover the credit institutions and Money Transfer Companies respectively, operating in Sint Maarten. Actually, the Ministry of Justice is preparing a drafting of law to set up the Gaming Control Board.
12. Regarding the requirements for CDD to be undertaken when carrying out occasional wire transfers, Sint Maarten pointed that the P&Gs for CI classifies the transactions to account holders and non-account holders or occasional customers as an incidental service including the services which involve cash or transfer transactions. The P&Gs requires credit institutions to include accurate and meaningful originator information (at least the name, address, and account number) as per the Interpretative Note to SR VII.
13. The recommended action related to verifying the identity of the customers, is covered in the P&Gs for CI which establish that the identity of the customer must also be verified when the credit institution has doubts about the veracity or adequacy of the identification data obtained from existing customers. The P&Gs for Administrators of investment Institutions and Self-Administered Investment Institutions (AII & SAI) establish the requirement to verify the identity of the individuals subjected to its CDD and must also be verified when the administrator has doubts about the veracity or adequacy of the identification data obtained. The P&Gs for Company (Trust) Service Providers (CTSP) establish the verification of the identity of resident and non-resident individuals when a business relationship is established and verifying when there are doubts about the veracity or adequacy of the identification data obtained.
14. Regarding the obligation to require financial institutions, through law or regulation, to conduct CDD when there is a suspicion of money laundering or terrorist financing, the P&Gs for CI and IC establish the obligation to report to the FIU if the institutions suspects or has reasonable grounds to suspect that funds are linked or related to, or are to be used for terrorism, terrorist acts, or by terrorist organizations. The P&Gs for MTC and AII & SAI require the reporting of unusual transactions related to money laundering and terrorist financing as well. The above, without indicating any thresholds or exemptions.
15. Regarding to the recommended action to require insurance companies and insurance brokers to re-examine the relationship with the client to determine whether it's necessary to terminate such relationship and to consider reporting to the MOT if doubts arise relating to

the identity of the client after the client has been accepted and accounts have been opened; the P&Gs clearly establish this obligation in the Section of Customer Due Diligence (CDD). According with this, the recommended action was duly addressed by Sint Maarten.

16. According to the updates received from Sint Maarten for this Recommendation, it is considered that there has been substantial progress. Notwithstanding, some deficiencies remain outstanding in order to fully comply with this Recommendation.

Recommendation 10

17. Recommendation was originally rated PC. As mentioned in the first follow-up report, the NOIS is being revised to address actions recommended in the **MER**: a) Need to include obligation to keep all necessary records on transactions in a law or regulation (NOIS); b) obligation to maintain records of business correspondence for at least five years, following the termination of an account or business relationship is not stated in law or regulation; c) need to require all customer and transaction records and information available to competent Authorities upon appropriate authority on a timely basis, at a law or regulation level. Until the text of the amendment of NOIS is finalized it is not possible to make a proper assessment. For the present follow-up report, as for the previous, no updates were provided, reason why, it is considered that the deficiencies remain outstanding.

Recommendation 13 and Special Recommendation IV

18. As indicated in the previous follow-up report, outstanding deficiencies remain. One of the key elements affecting compliance, is that not all designated categories of predicate offenses for ML are covered in order to eliminate any restrictions on reporting. Authorities indicated that the matter of predicate offenses, would be addressed in the revised Penal Code of Sint Maarten.
19. It was also requested, to amend the Ministerial Decree containing the establishment of indicators of the Unusual Transactions National Ordinance (MDIUT) to allow reporting entities to identify suspicion of ML or TF, and avoid reliance on prescriptive factors.
20. Authorities explained for the first and second follow-up report that even though the MDIUT does not explicitly mention it, it does not exclude tax matters when reporting a suspicious transaction. However, giving the prescriptive nature of the indicators as explained in the **MER** in paragraph 837, there is a need of an explicit provision to require that suspicious transactions be reported regardless of whether they involve tax matters (as envisioned by MDIUT modifications). At present, the authorities are incorporating this obligation in the amendment of the MDIUT.
21. For the third follow-up report, authorities indicated that all designated categories of predicate offences for ML will be covered by the Penal Code, which approval by the Constitutional Court is expected to the end of March 2014. As indicated in the Summary of this report, the INO issued by the Minister of Justice will be sent to the Parliament in order to be approved and have a new Penal Code in force. The modifications will be included in the MDIUT as well.

Special Recommendation II

22. Considering observations raised by the Evaluator in the **MER**, there are key issues that need to be addressed to ensure compliance with Special Recommendations I and II: 1) Need to expressly criminalise the indirect or unlawful provision of funding for the commission of a terrorism offence, as well as the wilful provisions of funds to individual terrorists and all offences referred in the TF Convention; 2) It is also important to incorporate specific penalties for the offence of TF, and a penalty for the legal person who participates in a terrorist organization.
23. Sint Maarten Authorities expect that with the new Penal Code, the deficiencies identified in the **MER** will be solved. In addition as indicated, a reform to the CPC is currently being drafted. Both documents are pending, therefore, compliance with these Recommendations, remains outstanding.

Outstanding Key Recommendations

Recommendation 3

24. For the first and second report, the Authorities indicated that new Penal Code of Sint Maarten was passed and is under review by the Constitutional Court. Once the Minister of Justice issues the Introduction National Ordinance (INO) it will be sent to the Parliament in order to be approved and have a new Penal Code in force. Authorities also mentioned on the previous follow-up report, that the CPC is being drafted by a joint Committee revising the CPC of Curacao, Aruba, Sint Maarten and the BES-Islands. The draft of the CPC was finalized and presented to the Ministry of Justice on October 2013. For this report, the Authorities added that the pre-conviction measures have been included to the new draft Criminal Procedure Code of Curacao, Aruba, Sint Maarten and the BES-Islands. In consequence, until the text of the new Penal Code and the CPC is provided, it is not possible to make an assessment; the deficiencies remain outstanding.

Recommendation 23

25. Key deficiencies identified for this Recommendation, included the need to prevent unlicensed Money Transfer Companies (MTC) to operate in Sint Maarten and to a low number of inspections on existing ones. It was also indicated in the MER that factoring services needed to be regulated and supervised, and a risk based approach system implemented to adequately ponder AML/CTF risks.
26. For this report, the Authorities reported that unlicensed MTCs will be closed by the Public Prosecutors Office (PPO). During 2013 the Central Bank performed 3 on-site visits to MTCs. Regarding factoring services, the Central Bank has conducted a thorough risk assessment of the factoring services and has reached the conclusion that the business is exposed to very low risk with reference to AML/CFT. Notwithstanding, the development of a risk based approach system is being implemented in order to determine the AML/CFT focus of onsite inspections as well. According with the above mentioned circumstances, this Recommendation presents significant progress.

Recommendation 26

27. As indicated in the second follow-up report, the Authorities clarified with regard to the need to clarify under which Ministry the FIU falls and the need of an FIU Head. Both these

deficiencies were addressed; the legal basis for the FIU Sint Maarten is the NORUT, as published on April, 2013, and a permanent Director is in place since January, 2013.

28. Regarding the need that the MOT improved its relationship with stakeholders and provide guidance on reporting, the correspondent Authorities are disseminating information to the financial entities. The DNFBPs are being registered and receive information on the laws and existence of the MOT. According with the scheduled activities, in 2014 informative sessions will be held, related to NORUT for the financial institutions and DNFBPs.
29. There is significant progress regarding to the autonomy of the FIU. The Authorities reported that although the FIU already operates autonomously, the NORUT has been further amended and the draft was submitted for the approval by the Parliament.
30. Sint Maarten finalized the review of P&Gs for DNFBPs. These P&Gs focus on the implementation of the NOIS and NORUT (i.e. card dealers and jewellers, real estate, lawyers, notaries, accountants, tax advisors and administration offices). Additionally the internal procedures of the MOT are being reviewed and they are considering to hire more personnel. It is expected that these actions will increase the number of investigated reports that are sent to the PPO. These actions are considered as significant advances in order to full comply in the near future, with the correspondent requirements.
31. In terms of physical security of the personnel, the files and data bases, the Authorities mentioned that this aspect was addressed and actually are in place. The security of the personnel and installations were strengthened with high standards.
32. Specifically regarding the deficiency related to publishing information on trends and typologies as well as outreach and developing a framework for DNFBPs, P&Gs fully comply with the objective, including a whole Section on Reporting, which refers to the obligation to report to the MOT, and some guidance in terms of what constitutes an unusual transaction, confidentiality of information, among others. Although this deficiency was fully addressed since the last report, the Authorities updated that the FIU will hire qualified and screened personnel to assist in the production of the Annual Reports of the MOT.

Recommendations 35, 36 and 40

33. All three Recommendations were initially rated as PC and most of the deficiencies identified will be addressed with a series of regulatory measures (including the modification of the NORUT) in progress. For the present report, as for the previous, there were not updates, therefore, compliance with these Recommendations remains outstanding, as it was indicated in the second follow-up report.
34. With regard to Recommendation 35, Authorities indicated in the last report that the Opium Legislation Act⁵ will be revised to address some of the issues in relation to compliance with the Vienna Convention. Additionally, as indicated before, with the new Penal Code and the upcoming reforms to the CPC, Sint Maarten Authorities expect to correct deficiencies identified in the **MER**.
35. Regarding Recommendation 40, the Authorities indicated that domestic laws, with the exception of the Regulations for Foreign Exchange Transactions for Curaçao and Sint

⁵ Opiumlandsverordening 1960.

Maarten (RFETCSM) do not allow for the CBCS to undertake investigations on behalf of their foreign counterparts. Such statement remained for this Report. With regard to the ability to provide international cooperation with/to their foreign counterparts, by all law enforcement entities, the Authorities referred to articles 183 – 185, 521 and 522 of the current CPC. The translation of these articles was provided by the Authorities on May 13th, 2013. Articles 183, 184, and 185 of the CPC, describe the different authorities that interact and that are entrusted functions related with the investigation and prosecution of criminal offenses, including officers, Attorney General and police agents, among others. Articles 521 and 522, refer to the possibility of pursuing investigations outside the Netherland Antilles, but only with regard to persons arrested, objects seized or equivalent crimes, within the territory. This provides in a way, a framework for international cooperation, although very limited. It is also mentioned, that any cooperation will be subject to limitations established by International and Inter-Regional Law. Related statistics will be provided at a later date.

Special Recommendations I, II, III & V

36. For the present report, no updates were provided for these Recommendations. As mentioned earlier in this report, Authorities indicated that the new Penal Code of Sint Maarten was passed and is under review by the Constitutional Court and it will be in force once the Parliament approves the INO. Sint Maarten Authorities expect that with the new Penal Code, the deficiencies identified in the **MER** will be solved. In addition as indicated, a reform to the CPC is currently being drafted. Both documents are pending, therefore, compliance with these Recommendations, remains outstanding.
37. With regard to Special Recommendation III, among others, it is necessary to review the freezing mechanism for persons listed pursuant to Resolution 1267 of the United Nations Security Council, and make the adjustments to ensure that its requirement of acting “without delay”, is complied with. Special Recommendation V is affected by deficiencies in Recommendation 36 and 40 (explained above) and Special Recommendation II, particularly, because of the ability to extend mutual legal assistance through extradition, with regard to TF and terrorist acts, as well as the ability to exchange information regarding TF.

IV. Other Recommendations

38. In the following paragraphs there is a brief update of the actions undertaken by Sint Maarten regarding the other non- Core or Key Recommendations. (For further information please refer to the attached matrix).

Recommendations 12, 16, 24, 25, 27, 30, 32, 33, 34, Special Recommendations VI, VIII and IX

Recommendation 12

Size of DNFBP Sector

Registered DNFBP	#
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Jewellery businesses	124
Real estate companies	51
Car dealers	8
Lawyers	14
Notaries	3
Tax advisors	3
Accountants+administration Offices	49
TOTAL	252

39. As mentioned before in this report and the previous, the NOIS and the NORUT are being revised to address some of the deficiencies identified in the **MER** with regard to the DNFBPs. This item is outstanding.
40. The authorities informed that the threshold for identification requirements for casinos established physically and by internet, was incorporated in the MDIUT which will be amended during the second half of the 2014, to be in accordance FATF standard and should be amended in this sense.
41. The following paragraphs will analyse the revised Provisions and Guidelines (P&Gs) for Lawyers, Notaries, Accountants, Tax Advisers and Administration Offices (herein after P&Gs for Professionals); Provisions and Guidelines for Car Dealers and Jewellers and Provisions and Guidelines for Real Estate Agents.
42. Regarding the need of establishing explicit requirements in law or regulation to perform CDD, the P&Gs for Professionals (Section 1.10) , Real Estate Agents (Section 1.8) and Car Dealers and Jewellers (Section 1.8) establish the following:

Criteria	Recommended action	P&Gs
	Undertake CDD when:	The service provider should be required to undertake customer due diligence measures when:
5.2 c	Carrying out occasional transactions that are wire transfers as per Interpretative Note to SR VII.	Carrying out occasional transactions that are above the applicable designated threshold (NAf20.000 equivalent to US\$11,000.00 approximately).
5.2 d	There is a suspicion of money laundering or terrorist financing, regardless of any exemptions or thresholds that are referred to elsewhere under the FATF Recommendations.	There is a suspicion of money laundering or terrorist financing.
5.2 e	They have doubts about the veracity or adequacy of previously obtained customer identification data.	The service provider has doubts about the veracity or adequacy of previously obtained customer identification data.

43. Although the above criteria are included in the P&Gs, it is necessary to incorporate these same requirements to the law or regulation issued by a legislative body, according to the Methodology for Assessing Compliance with the FATF 40 + 9 Recommendations. It is necessary to take into account, the deficiencies pointed in the **MER** in paragraph 705 and 1029 related to regulate this aspects in law or regulation.

44. As it was indicated in the previous follow-up report, the obligation to obtain information of the purpose and intended nature of the business relationship, as well as the obligation to conduct ongoing due diligence and scrutiny of transactions, among other measures included in criteria 5.7, were included in the P&Gs. Once, it has been included in law or regulation, this deficiency will be remedied.
45. Regarding criteria 5.5.2, the P&Gs established that the CDD measures need to be taken for identifying the beneficial owner, and taking reasonable measures to verify the identity of the beneficial owner, such that the service provider is satisfied that it knows who the beneficial owner is. For legal persons and arrangements this should include the service provider understanding the ownership and control structure of the customer.
46. Regarding criteria 5.5.2, the unique pending element is letter (b) regarding to determine by law or regulation, and not only in the P&Gs, who are the natural persons that ultimately own or control the customer.
47. P&Gs requires understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship. This complies with criteria 5.6.
48. Regarding criteria 5.8, as indicated in the previous follow-up report, P&Gs for professionals clearly established the obligation of using enhanced or supplementary client investigation when there is an increased risk of money laundering and terrorist financing. P&Gs for Car Dealers and Jewelers and Real Estate Agents, include specific provisions for PEPs, and they also establish that services providers or DNFBPs are required to take appropriate steps to identify and assess their money laundering and terrorist financing risks (for customers, countries, or geographic areas); and products, services, transactions or delivery channels). It is recommended to broaden the requirement to apply enhanced CDD to other high-risk clients (and not only for PEPs and high-risk jurisdictions) which according to their level of risk arising from the risk assessment performed by the services provider, may also require an enhanced investigation.
49. The P&Gs for professionals establish simplified client investigation according to the FATF Standards. P&Gs for Car Dealers and Jewelers and Real Estate Agents, include risk – orientated approach, considering carrying out simplified client investigation, depending on the level of risk. According to the above, criteria 5.9 is complied with.
50. It is pending to include in the P&Gs that where financial institutions are permitted to apply simplified or reduced CDD measures to customers resident in another country, this should be limited to countries that the original country is satisfied are in compliance with and have effectively implemented the FATF Recommendations. Once this be included in the P&Gs, criteria 5.10 will be complied with.
51. P&Gs for professionals clearly establish the prohibition to carry out simplified client investigation if there are suspicions of money laundering or the financing of terrorism, or where specific larger risks are involved. Notwithstanding the above, P&Gs for Car Dealers and Jewelers and Real Estate Agents, still need incorporate this in order to comply with criteria 5.11.
52. Regarding to criteria 5.16, P&Gs for Professionals establish that if there is already a business relationship with the client, then the service provider is obliged to terminate this if

it appears that he has not in a position to perform parts 1 to 3 inclusive of the standard client investigation. Once the business relationship has been terminated, the service provider should consider whether the specific circumstances amount to a (proposed) unusual transaction that should be reported to the FIU on the basis of the subjective indicator. In order to comply fully this criteria, it's necessary to add this requirement to the P&Gs of Car Dealers and Jewelers and Real Estate Agents.

53. In order to comply with criteria 5.17, it is necessary to include in all the P&Gs that cover the DNFBPs, that they should be required to apply CDD requirements to existing customers on the basis of materiality and risk and to conduct due diligence on such existing relationships at appropriate times.

Recommendations 16 and 24

54. Regarding the evaluator's recommendation to issue legislation for the DNFBPs supervised by the MOT and Casinos, the Authorities indicated that the Minister of Justice has received a proposal for the setup of the Gaming Control Board for approval. The legislation and Guidelines to supervise Casinos and Internet Gambling will be presented in the second half of 2014. Two legal experts have been recruited and are working on the setup of the administrative organization of the Supervision Department.

Recommendation 25

55. Authorities indicated in the first follow-up report, that MOT should provide feedback and continue its outreach programme to specifically encompass both feedback and guidance related to STRs. Sint Maarten Authorities indicated for the second follow-up report, that FIU and the PPO are analysing the typologies and all sanitized and specific cases; this process will be carried out periodically and when completed, feedback will be given to the financial institutions through a Typology Report. The FIU is holding regular meetings with other Law Enforcement Agencies, related to the preparation of this Report and other matters.
56. For this report, as for the previous, Sint Maarten indicated that the MOT routinely disseminates information to the DNFBPs supervised by the MOT regarding AML/TF requirements.
57. The FIU developed P&Gs for DNFBPs and this was a very important action. P&Gs include a separate section on reporting and clues or situations that should raise an alert and may lead to an unusual report being filed. This is part of the dissemination of information responsibility, of the FIU, regarding ALM/CTF requirements.
58. Also, the Authorities indicated that more guidance will be provided to financial institutions with respect to terrorist financing; a training program is in development. This matter is being discussed with the CBCS.
59. For the current report, the Authorities indicated that a training programme for all stakeholders (MOT, law enforcement, PPO, reporters and DNFBPs) has been developed and approved by the Minister of Justice. The execution of the training program started during March 2014. These actions represent a considered advancement in compliance with this Recommendation.

Recommendation 27

60. Regarding financial resources designated to provide training, the MOT has secured funds for the AML/CFT training of the law enforcement Agencies.
61. Regarding to the need of licencing of the MTCs, the MOT is in discussions with the PPO. It is expected that the PPO will close the MTCs operating without license. At present, one MTC is applying for an operational licence at the CBCS. It is necessary to take stronger actions in order to comply with this Recommendation.

Recommendations 30, 31, 32, 37, 28 and 39

62. With respect to Recommendation 30, Sint Maarten has taken the following actions to address its deficiencies:
 - a. The Director of the MOT has described the full time equivalent of the MOT functions. This established the staff complement of the MOT. The recruitment of a strategic analyst is underway.
 - b. The ML/TF training of MOT personnel started in January 2014.
 - c. The connections for offsite electronic data backup are expected to be completed in the second half of 2014.
 - d. The MOT has developed the ML/TF training program for all stakeholders (MOT, Police, Customs, PPO, *Landsrecherche*, Tax Office and National Security Agency) which was approved and financed by the Minister of Justice.
 - e. The Courts of Justice are using the extra facilities provided.
63. In this Recommendation the only element pending is to finalize the recruitment of the staff and acquiring tools to analyse UTRs.
64. Recommendation 31 remains in the same status as the previous follow-up report.
65. With regard to Recommendation 32, Authorities indicated that statistics on requests made to and from overseas FIUs are available. During 2014, three (3) requests for information were received from other units and four (4) requests were made to other units. There have been 2 cases involving requests to other units resulting in investigations also.
66. With regard to Recommendations 37 and 39, as indicated in the previous report, the only deficiency identified has to do with assistance being provided by Sint Maarten, regardless of dual criminality, being unclear, as well as the ability to provide mutual legal assistance and assistance through extradition. The pending actions related to Special Recommendation II, affect Recommendation 39 as well. For both Recommendations, the authorities indicated that this will be dealt by the new CPC and CC.

Recommendations 33 and 34

67. Status of compliance with these Recommendations is not different from the first and second follow-up reports. For Recommendation 33, the Authorities indicated that the law will be amended to require that all legal persons register the ultimate beneficial owner information at the Chamber of Commerce and that the Chamber of Commerce and distribute UBO

information to the FIU (MOT). For both Recommendations, the Authorities advised that the deficiencies will be examined by the Judicial Affairs Department at the Ministry of Justice. Therefore, this Recommendation is outstanding.

Special Recommendations VI and VII

68. As discussed on the first and second follow-up reports and for this report, above, the Authorities indicated that the matter of the unlicensed MTCs is going to be dealt by the PPO. They indicated also, that the MTCs operating without a licence will be closed by the PPO. One MTC is busy with an application for a license at the CBCS.
69. P&Gs were reviewed directly to implement the recommended actions regarding interpretative note on Special Recommendation VII, with regard to the measures that the Beneficiary Institution must take (on that the originator of a wire transfer must take) when information is missing or incomplete. This Recommendations remain pending.

Special Recommendation VIII

70. The Authorities have advised that deficiencies will be examined by the Judicial Affairs Department within the Ministry of Justice. Notwithstanding, this Recommendation remains pending, Sint Maarten continues monitoring these actions.

Special Recommendation IX

71. There were no updates to the status of this Recommendation. Recommendation was rated as NC. The following actions need to be implemented: 1. A declaration system to be completed by all passengers, instead of the ad hoc disclosure system currently in place. 2. A system to restrain currency when there is suspicion of ML or TF. 3. Process for confiscation of currency and negotiable instruments. 4. A system to identify the source, destination and purpose of movement of gold or other precious metals and stones.
72. As informed on the first follow-up report, the legal department of the Government will address some of the deficiencies pending for this Recommendation. On the last report, it was indicated that the Authorities advised that the Customs Department received software to generate statistics and a database to store this data; the MOT is working on the development of a training schedule for the Customs Department. For this report, the MOT has developed a training program for all the Law Enforcement Agencies. This Recommendation remains pending.

Recommendations 2, 7, 14, 17, 21, 22, 28, 31, 37, 38, 39 and Special Recommendation VII

73. The level of compliance of these Recommendations remains in the same level as the previous reports, due that updates for these Recommendations were not provided for this report.

V. Conclusion

74. Sint Maarten continued to strengthen the DNFBPs sector with the issuance and revisions to the P&Gs for Lawyers, Notaries, Accountants, Tax Advisers and Administration Offices; P&Gs for Real Estate Agents and P&Gs for Car Dealers and Jewelers. The country is also reviewing a proposal for a Gaming Control Board.

75. With regard to full compliance with all outstanding examiners recommendations in its Core and Key Recommendations, Sint Maarten continues in the process to comply with fourteen (14) of the sixteen (16). Updates for Recommendations 3, 4, 5, 13 and 23 were provided, but not for the Recommendations 2, 7, 10, 14, 17, 21, 22, 28, 31, 35, 36, 37, 38, 39, 40, SR I, II, III, IV, V and VII. According with the reported actions, it is considered that the country achieved substantial progress in compliance with Recommendations 5, 12, 16, 21, 24, 25 and 26.
76. Considering that its MER was approved on January 2013 and that Sint Maarten continues to work on the reforms to the NOIS, NORUT, Penal Code and CPC, which are expected to address several examiner's recommendations, it is recommended that Sint Maarten remains in expedited follow-up, given additional time to complete the reforms, and report back to the November 2014 Plenary.

CFATF Secretariat
May, 2014

Matrix with ratings and follow-up action plan 3rd round Mutual Evaluation Sint Maarten
Changes since last Report November 2013, are highlighted in bold.

Forty Recommendations	Rating	Summary of factors underlying rating⁶	Recommended Action	Undertaken Action
Legal systems				
1. ML offence	LC	<ul style="list-style-type: none"> • No confirmation that illicit arms trafficking, smuggling, insider trading and market manipulation are criminalised as ML predicate offenses. • The Penal Code is not applicable to anyone who outside of Sint Maarten committed the crimes of ML; TF and most of the non-terrorist related predicate offences. 	<ul style="list-style-type: none"> • The Authorities should ensure criminalization of the following predicate offenses: illicit arms trafficking, smuggling, insider trading and market manipulation. • The Penal Code should be amended to ensure that most of the non-terrorist related predicate offences for ML, ML and TF occurred in a foreign country can be prosecuted in Sint Maarten. 	Article 1:5 of the proposed PC SXM creates jurisdiction in cases of TF (currently article 4 and 4a PC). The money laundering offences apply to All crimes (articles 2:404, 2:405, 2:406 Penal Code SXM, currently punishable in articles 435a, 435b, 435c Penal Code), thus including the mentioned ones. Next to that the proposed article 2:54 and 2:55 PC SXM creates the crime of aiding or abetting a terrorist crime under which financing also can be deemed as a crime (currently dealt with in the articles articles 435a, 435b, 435c Penal Code combined with 48a paragraph three (with explicitly mentions the financing of terrorism). The Proposed article 2:55 the financing of crime is punishable as a severe crime. The switching provision of 2:224 (currently 96) makes the general provisions of the first book of the Penal Code applicable to all other Criminal laws
2. ML offence – mental element and corporate liability	LC	<ul style="list-style-type: none"> • No evidence that parallel civil and criminal proceedings are possible. • The manner in which the data was captured did not allow for proper assessment of the effectiveness of ML prosecutorial efforts. • Penalty applicable to culpable ML is not sufficiently dissuasive 	<ul style="list-style-type: none"> • Amend the Penal Code to ensure that parallel criminal and civil proceedings are possible The penalty applicable for a person convicted for culpable ML should be revised to ensure it is effective, dissuasive and proportionate 	Culpable ML in the proposed article 2:406 PC SXM (currently article 435c PC) is punishable with 4 years. Due to this duration of the penalty other effective measures are possible for the prosecution. The switching provision of 2:224 (currently 96) makes the general provisions of the first book of the Penal Code applicable to all other Criminal laws

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These factors are only required to be set out when the rating is less than Compliant.

3. Confiscation and provisional measures	PC	<p>Effectiveness issues</p> <ul style="list-style-type: none"> • The powers to confiscate or take provisional measures in relation to terrorist financing or some predicate offences for ML are limited (please see ratings R1 and SR11) • Confiscation measures (under both pre-conviction and post-conviction circumstances) in the Penal Code do not allow for the measures to be imposed without notice. • Based on the insufficient statistics effectiveness of the confiscation regime could not be confirmed. 	<ul style="list-style-type: none"> • The Penal Code should ensure the effective applicability of Sint Maarten's confiscation mechanisms to Terrorist Financing offences according to the TF Convention and all the designated categories of predicate offenses (refer to paragraph 277). • The Authorities should ensure that comprehensive statistics are maintained in relation to the investigation, prosecution, and conviction of ML related cases. • The confiscation measures under the Penal Code should be revised to allow for the pre-conviction and post-conviction measures to be imposed without notice. 	<p>In the proposed PC SXM the articles 2:54 and 2:55 criminalize TF. Via the proposed article of 1:77 (currently 38e) (a separate and/or parallel procedure to the criminal proceedings) Post-conviction measures can be imposed. The pre-conviction measures have been added to the new draft Criminal Procedure Code of CUR, AUA, SXM and the BES-islands. The switching provision of 2:224 (currently 96) makes the general provisions of the first book of the Penal Code applicable to all other Criminal laws.</p>
Preventive measures				
4. Secrecy laws consistent with the Recommendations	LC	<ul style="list-style-type: none"> • No clear provision for the MOT as supervisor to exchange information with other foreign supervisors. 	<ul style="list-style-type: none"> • MOT as supervisor should have the possibility to exchange information with other local and international supervisory authorities 	<p>MOT as supervisor does have the possibility to exchange information on the reporting behaviour with other foreign supervisors. This can be done based on article 7 of the NORUT.</p>
5. Customer due diligence	PC	<ul style="list-style-type: none"> • The current version versions of the NOIS and NORUT do not adequately cover the scope of financial services activities and operations conducted by financial institutions that are subject to AML/CFT requirements. Activities and operations not covered include: <ul style="list-style-type: none"> ○ Lending (factoring) ○ Financial leasing ○ Financial guarantees and commitments ○ Trading in money market instruments ○ Participation in securities issues and the provision of financial services related to such issues ○ Individual and collective portfolio management 	<ul style="list-style-type: none"> • Sint Maarten should urgently amend the NOIS and NORUT to incorporate the full range of activities and operations of financial institutions, including explicit wording with respect to lending; financial leasing; financial guarantees and commitments; trading in a) money market instruments, b) foreign exchange, c) transferable securities, commodity futures; participation in securities issues and the provision of financial services related to such issues; individual and collective portfolio management; factoring services and insurance activities conducted by agents. Furthermore, all intermediaries operating in the Curacao Stock Exchange 	<p>The NOIS and the NORUT are being revised to reflect the recommended changes. The actions under bullet points 1 through 6 will be addressed therein.</p>

	<ul style="list-style-type: none"> • Certain categories of financial services providers are not covered in the scope of the NOIS and NORUT: <ul style="list-style-type: none"> ○ Intermediaries operating in the Curacao Stock Exchange (DCSX) ○ Life insurance agents • Ministerial Decree for the Implementation of the NOIS (N.G. 2010, no. 11) does not specify or cross-reference any threshold for occasional transactions that are wire transfers, and it is unclear whether Article 4 of the Ministerial Decree (referencing article 1, paragraph one, section b., under 7, of the NOIS) apply to wire transfers. • There are no provisions in law or regulation for a financial institution to undertake CDD measures when it has doubts about the veracity or adequacy of previously obtained customer identification data. • The basic obligation to conduct CDD when there is a suspicion of money laundering or terrorist financing, regardless of any exemptions or thresholds that are referred to elsewhere under the FATF Recommendations is not set out in law or regulation. • The basic obligation to conduct ongoing due diligence is not specified in law or regulation • The requirement to verify the identity of customers and beneficial owners before the establishment of business relations is not always practical. • There are no provisions for insurance companies and insurance brokers to re-examine the relationship with the client to determine whether to terminate and whether to report to the MOT if doubts arise relating to the identity of the client after the client has been accepted and accounts 	<p>(DCSX) should be covered by these national ordinances.</p> <ul style="list-style-type: none"> • There should be explicit requirements in law or regulation for CDD to be undertaken when carrying out occasional transactions that are wire transfers, as per the Interpretive Note to SR VII. • Require financial institutions, through law or regulation, to undertake CDD measures when they have doubts about the veracity or adequacy of previously obtained customer identification data. • Require financial institutions, through law or regulation, to conduct CDD when there is a suspicion of money laundering or terrorist financing, regardless of any exemptions or thresholds that are referred to elsewhere under the FATF Recommendations. • Require financial institutions, through law or regulation, to conduct ongoing due diligence. • The requirement to verify the identity of customers and beneficial owners before the establishment of business relations is not always practical. Sint Maarten should amend the NOIS to allow for verification at after the establishment of a business relationship in specified circumstances. • Require insurance companies and insurance brokers to re-examine the relationship with the client to determine whether to terminate and whether to report to the MOT if doubts arise relating to the identity of the client after the client has been accepted and accounts have been 	<p>Please note that these issues are moreover already incorporated in the P&Gs.</p> <p>Please be referred to: page 11 of the P&G CI under CDD. Page 22 of the P&G IC under Wire transfer. Page 11 of the P&G MTC third bullet of the third paragraph under CDD.</p> <p>Please be referred to: page 12 of the P&G CI paragraph CDD under Resident customer. Page 13 of the P&G SAI under Verification of identity. Page 13 of the P&G TSP under Verification of the identity of resident individuals. Page 13 of the P&G IC under Resident customers.</p> <p>Please be referred to: page 11 of the P&G CI under CDD fifth paragraph. Page 12 of the P&G IC under CDD fifth bullet. Page 11 of the P&G MTC 2nd paragraph. Page 11 of the P&G SAI under II.2.A Detection and deterrence of money.</p> <p>Please be referred to: page 12 of the P&G IC under CDD third paragraph. Laundering. Page 11 P&G CTSP 2nd paragraph.</p>
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		have been opened	opened.	
6. Politically exposed persons.	LC	<ul style="list-style-type: none"> No clear requirements within the P&Gs for financial institutions to put in place appropriate risk management system to determine whether a potential customer, customer or beneficial owner is a PEP. 	<ul style="list-style-type: none"> Amend the P&Gs to state that FIs should put in place appropriate risk management system to determine whether a potential customer, customer or beneficial owner is a PEP. 	The recommended action has been incorporated in the P&G for IC & IB. For your convenience the amended section is highlighted in yellow.
7. Correspondent banking	LC	<ul style="list-style-type: none"> Only the P&G for CI contain specific provisions on correspondent banking activities. No similar provisions exist for other types of financial institutions. There are no provisions for financial institutions to assess the respondent institution's AML/CFT controls, and to ascertain that they are adequate and effective. 	<ul style="list-style-type: none"> Correspondent activities provisions should be incorporated in all the other P&Gs, similar to the P&G for CI, which contains specific provisions on correspondent banking activities. The P&Gs should require the respondent institution's AML/CFT controls, and to ascertain that they are adequate and effective. 	Where relevant the recommended action has been incorporated in the P&Gs. For your convenience the amended section is highlighted in yellow.
8. Non face to face and new technologies.	LC	<ul style="list-style-type: none"> There is no requirement for MTC to comply with criteria 8.2 and 8.2.1 	<ul style="list-style-type: none"> P&Gs for MTCs should incorporate requirements regarding E.C 8.2 and EC 8.2.1 	The recommended action has been incorporated in the P&G for MTC. For your convenience the amended section is highlighted in yellow.
9. Third parties and introducers	PC	<ul style="list-style-type: none"> The "adequately supervised" criterion in the P&Gs is not in line with the requirements of essential criteria 9.3. The sources through which financial institutions should satisfy themselves that a third party is adequately regulated is limited to Mutual Evaluation Reports. There are no requirements for MTC to comply with Recommendation 9 	<ul style="list-style-type: none"> Amend the "adequately supervised" provisions of the P&Gs, in line with the requirements of essential criteria 9.2, which requires that financial institutions satisfy themselves that the third party is regulated and supervised (in accordance with Recommendation 23, 24 and 29) and has measures in place to comply with the CDD requirements set out in Recommendation 5 and Recommendation 10. Amend the P&G's to require that financial institutions satisfy themselves that the third party adequately regulated and supervised by referring more broadly to reports assessments and reviews of reports produced by the FATF, IMF or FSRBs, rather than specifically to Mutual Evaluation Reports. 	<p>The recommended action has been incorporated in the P&Gs. For your convenience the amended section is highlighted in yellow.</p> <p>The recommended action has been incorporated in the P&Gs. For your convenience the amended section is highlighted in yellow.</p>

			<ul style="list-style-type: none"> • P&Gs for MTC should incorporate requirements to comply with Recommendation 9. 	The recommended action has been incorporated in the P&G for MTC. For your convenience the amended section is highlighted in yellow.
10. Record-keeping	PC	<ul style="list-style-type: none"> • The obligation under E.C. 10.1, which compels financial institutions to maintain all necessary records on transactions, is not clearly stipulated in law or regulation. • The obligation to maintain records of business correspondence for at least five years following the termination of an account or business relationship is not stated in law or regulation. • The obligation under E.C. 10.3 requiring that all customer and transaction records and information be available to competent authorities upon appropriate authority on a timely basis should be in law or regulation 	<ul style="list-style-type: none"> • The NOIS should be amended to reflect the obligation to maintain all necessary records on transactions, both domestic and international for five years following the termination of an account or business relationship (or longer if requested by the competent authority in specific cases and upon proper authority). • The NOIS should be amended to reflect the obligation to maintain records of business correspondence for at least five years following the termination of an account or business relationship 	The NOIS is being amended to reflect the recommended actions under the first and second bullet points.
11. Unusual transactions	LC	<ul style="list-style-type: none"> • There are no specific provisions in the P&Gs for financial institutions to keep documented findings regarding complex, unusual large transactions, or unusual patterns of transactions, available for competent authorities and auditors for at least five years. 	<ul style="list-style-type: none"> • The P&Gs should be amended to incorporate specific provisions for FIs to keep documented findings of their findings regarding complex, unusual large transactions, or unusual patterns of transactions, available for competent authorities and auditors for at least five years. 	The P&Gs have been amended to incorporate the recommended action. For your convenience the amended section is highlighted in yellow.
12. DNFBP–R.5, 6, 8–11	NC	<ul style="list-style-type: none"> • The threshold for identification requirements for casinos is not in accordance FATF standard. • No AML/CFT requirements for internet casinos. • No requirements, by law or regulation for DNFBPs regarding criteria 5.2.c. 5.2.d, 5.2.e and 5.7 • No requirements for DNFBPs supervised by the MOT and casinos regarding criteria 5.6 to 5.11, 5.16 and 5.17 • The deficiencies in section 3.5 for Rec. 10 which are applicable to all DNFBPs • No legislation i.e. law or guidelines for DNFBPs supervised by the MOT and casinos that includes 	<ul style="list-style-type: none"> • The threshold for identification requirements for casinos in legislation should be amended in accordance with the FATF standard. • AML/CFT requirements should apply to internet casinos. • DNFBPs should be required by law or regulation to comply with 5.2.c. 5.2.d, 5.2.e and 5.7 of Recommendation 5 • Authorities should put legislation for DNFBPs supervised by the MOT and casinos with the requirements of criteria 	<p>The NOIS and the NORUT are being amended to incorporate the recommended actions under the first two bullet points.</p> <p>The P&Gs for DNFBPs have been amended to incorporate recommendation 5. You are referred to the enclosed P&Gs of the DNFBPs: Car dealers and Jewellers: pages 9-22. Real Estate Agents: pages: 9-24. Professionals: pages 11-24.</p>

		<p>all the requirements of recommendations 6, 8, 9 and 11.</p> <ul style="list-style-type: none"> • No requirements for SAII and AII regarding criteria 6.1 and 9.3 	<p>5.5.2, 5.6 to 5.11, 5.16 and 5.17 of recommendation 5.</p> <ul style="list-style-type: none"> • The deficiencies in section 3.5 for Recommendation 10 which are applicable to all DNFBPs should be remedied. • The Authorities in Sint Maarten should issue legislation for DNFBPs supervised by the MOT and casinos that includes all the requirements of recommendations 6, 8, 9 and 11. • Central Bank should incorporate in the P&Gs for SAII and AII requirements regarding E.C 6.2 of Recommendation 6 and E.C 9.3 of Recommendation 9 	<p>The P&Gs for DNFBPs have been amended to incorporate recommendation 10. You are referred to the enclosed P&Gs of the DNFBPs: Car dealers and Jewellers: pages 16-17. Real Estate Agents: pages 17-18. Professionals: page 18.</p> <p>The P&Gs for DNFBPs have been amended to incorporate recommendation 6. You are referred to the enclosed P&Gs of the DNFBPs: Car dealers and Jewellers: pages 19-20. Real Estate Agents: pages 21-22. Professionals: pages 21-22.</p> <p>For the incorporation of recommendation 9 you are referred to the P&Gs for DNFBPs: Car dealers and Jewellers: pages 14-15. Real Estate Agents: pages 15-16. Professionals: pages 16-17.</p> <p>The P&G for SAII and AII have been updated to include EC 5.3 to 5.6, the deficiencies identified in section 3 and the deficiencies in section 3.5 for Rec 10.</p> <p>The P&G for SAII and AII has been amended to implement the recommended actions.</p> <p>For your convenience the amended section is highlighted in yellow.</p>
13. Suspicious transaction reporting	NC	<ul style="list-style-type: none"> • The scope of UTR reporting may not be as extensive as required by FATF as some designated categories of predicate offenses for ML are not covered in Sint Maarten (see R1). • It is unclear that suspicious transactions apply 	<ul style="list-style-type: none"> • Sint Maarten should ensure that all designated categories of predicate offenses for ML are covered in order to eliminate the restrictions in the UTR reporting system in this regard (refer to paragraph 	<p>All designated categories of predicate offenses for ML are covered in the new Penal Code. The comments (which were all non-ML and TF) have been processed in the PC and the ordinance to introduce the PC should be ready</p>

		<p>regardless of whether they involve tax matters. <i>Effectiveness issues</i></p> <ul style="list-style-type: none"> • Heavy reliance on objective indicators (i.e threshold). • The burden of reporting subjective (rules based) indicators could detract from the FIs reporting genuine suspicious transactions. 	<p>277)</p> <ul style="list-style-type: none"> • Sint Maarten should consider express provisions in law regulation or other enforceable means to require that suspicious transactions should be reported regardless of whether they involve tax matters. • The MDIUT should be amended to allow the reporting entities to identify suspicion of ML or FT and avoid reliance on the prescriptive indicators. 	<p>and in force by the end of March 2014.</p> <p>The Ministerial Decree on indicators, although not explicitly mentioned, does not exclude tax matters when reporting a suspicious transaction. Suspicious UTR takes place whether or not it involves a tax matter.</p> <p>The MDIUT will be amended to allow reporting entities to identify suspicion of ML or FT to avoid reliance only on the prescriptive indicators.</p>
14. Protection & no tipping-off	PC	<ul style="list-style-type: none"> • It is not clear that this prohibition covers financial institutions and their directors officers and employees (permanent or temporary). 	<ul style="list-style-type: none"> • Make it clear that financial institutions, their directors, officers and employees (whether permanent or temporary) are prohibited by law from disclosing (“tipping off”) the fact that an STR or related information is being reported or provided to the MOT. 	<p>According to the Civil law system which Sint Maarten is part of and contrary to the Common law system the wording “<i>een ieder</i>” in article 20 of the NORUT implies that each and every one is subject to the sphere of action when the law is enacted, including directors, officers and employees (permanent or temporary) of financial institutions. It is not customary in our legal system that all different addressees of the law regulating an issue are mentioned separately one by one.</p>
15. Internal policies and controls	C			
16. DNFBP– R.13–15 & 21	NC	<ul style="list-style-type: none"> • The deficiencies identified for Recs. 13 and 14 in section 3.7 apply to all DNFBPs. • No legislation i.e. law or guidelines for DNFBPs supervised by the MOT and casinos that includes all the requirements of recommendations 15 and 21. • DNFBPs supervised by the Central Bank are not required to apply counter-measures to countries which do not or insufficiently apply FATF Recommendations. 	<ul style="list-style-type: none"> • The deficiencies identified for Recs. 13 and 14 in section 3.7 for all DNFBPs should be addressed. • The Authorities in Sint Maarten should issue legislation for DNFBPs supervised by the MOT and casinos that includes all the requirements of recommendations 15 and 21. • DNFBPs supervised by the Central Bank should be required to apply counter- 	<p>The P&Gs for DNFBPs have been amended to incorporate recommendations 13 and 14. You are referred to the enclosed P&Gs of the DNFBPs: Car dealers and Jewellers: pages 23-27. Real Estate Agents: pages 26-29. Professionals: pages 25-28.</p> <p>The P&Gs for DNFBPs have been amended to incorporate recommendation 15. You are referred to the enclosed P&Gs of the DNFBPs: Car dealers and Jewellers: pages 27-30. Real</p>

		<ul style="list-style-type: none"> • UTR reporting by DNFBPs is ineffective. 	<p>measures to countries which do not or insufficiently apply FATF Recommendations.</p>	<p>Estate Agents: pages 30-34. Professionals: pages 29-33.</p> <p>For the incorporation of recommendation 21 you are referred to the P&Gs for DNFBPs: Car dealers and Jewellers: pages 18-19. Real Estate Agents: page 20. Professionals: page 20.</p> <p>The Minister of Justice has received a proposal for the setup of the Gaming Control Board for approval. The legislation and guidelines to supervise casinos and internet gambling will be presented in the second half of 2014.</p> <p>The deficiencies for Recommendations 13 and 14 have been updated and included in the P&Gs. For your convenience the amended section is highlighted in yellow.</p>
17. Sanctions	PC	<ul style="list-style-type: none"> • Outside of the Civil and Penal Codes, there are no indications that sanctions could apply to directors and senior management of financial institutions. • Sanctions not effective against MTCs that continue to operate without licenses. • Sanctions appear to be used sparingly. 	<ul style="list-style-type: none"> • Include explicit provisions in the NOIS and NORUT to indicate that sanctions apply to directors and senior management of financial institutions. • Take immediate action against directors and senior management of unauthorised MTCs. • The Central Bank should have a wide range of sanctions and should be prepared to use them. 	<p>In accordance with our legal system, sanctions against directors and senior management are already in place in Sint Maarten. Please, refer to Sint Maarten's answer to E.C. 17.3 in section 3.10 of the MEQ: <i>The power of enforcement to act against financial institutions and their directors can be derived from a general statutory provision in the Penal Code. Article 53 of the Penal Code provides that offences can be committed by natural persons and legal persons. When an offence is committed by a legal person, prosecution can be instituted and the penal sanctions and measures provided for in general ordinances, if eligible, can be pronounced: a. against the legal person, or b. against those who ordered the execution of the offence as well as against those who actually lead the execution of the prohibited conduct, or c. against the ones mentioned in section a and b jointly.</i></p> <p><i>The above mentioned provision makes it possible</i></p>

				<p><i>to act against directors or senior management, because the director or senior management are the ones who give the orders on the work floor and because there is a so called switch provision (article 96) of the Penal Code that provides for the application of article 53 of the Penal Code to other facts which are penalized by other general ordinances, unless the general ordinances provide otherwise. Therefore the administrative fines of the NOIS and NORUT are also applicable to the financial institutions and their directors.</i></p> <p>However, as this legal mechanism was not understood, the matter will be further examined in order to ensure the correct understanding of this legal mechanism.</p> <p>The power to apply a wide range of sanctions has already been addressed in the draft Harmonization Law which is in legislative process.</p>
18. Shell Banks	C			
19. Reports of Currency transactions	C			
20. Other DNFBP & secure transaction techniques	C			
21. Special attention for higher risk countries	PC	<ul style="list-style-type: none"> • Notices with respect to strategic deficiencies are limited to jurisdictions for which the FATF calls for action. • Countermeasures are not clearly specified with respect to countries that do not apply or insufficiently apply the FATF Recommendations. 	<ul style="list-style-type: none"> • Ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of all countries specified by the FATF, not only those countries for which the FATF calls for action. • Ensure that Sint Maarten has the ability to 	<p>The P&Gs for CI (page 17), MTC (page 13), SAI & AII (page 23), IC & IB (page 21), and TSP (page 19) indicate that the supervised institutions are required to give special attention to business relationships and transactions with persons (including legal persons and other financial institutions) from or in countries that do</p>

			apply counter-measures to countries that continue not to apply or insufficiently apply the FATF Recommendations.	not or insufficiently apply the FATF Recommendations including high-risk and non-cooperative jurisdictions. The NOIS is being revised to implement the recommended actions.
22. Branches and subsidiaries	C			
23. Regulation, supervision and monitoring	PC	<ul style="list-style-type: none"> • Unlicensed MTCs continue to operate within Sint Maarten, impacting on effectiveness with respect to E.C. 23.1, E.C 23.5 and E.C. 23.6. • Low number of on-site inspections for MTCs. • Factoring services are yet to be subject to Central Bank supervision under the NOIS and NORUT. • The RBA is not calibrated for AML/CFT risks. 	<ul style="list-style-type: none"> • Take immediate action to close unlicensed MTCs. • Increase on-site inspections of MTCs. • Implement a regulatory and supervisory regime for factoring services. • Develop a risk based approach system to determine the AML/CFT focus of onsite inspections. • Commit resources to having supervisory staff in Sint Maarten for greater onsite monitoring of licensees. 	<p>Unlicensed MTC's will be shut down by the PPO.</p> <p>In 2013 the Central Bank has performed 3 on-site visits to MTCs established in Sint Maarten.</p> <p>The Central Bank has conducted a thorough risk assessment of the factoring services provided on Sint Maarten and has reached the conclusion that the business is exposed to very low risk with reference to AML/CFT.</p> <p>The process of developing a risk based approach has started.</p> <p>As per August 2012 one (1) supervisory staff has been hired by the CBCS to improve the monitoring of licensees in Sint Maarten.</p>
24. DNFBP - regulation, supervision and monitoring	NC	<ul style="list-style-type: none"> • There is no adequate AML/CFT regulation and supervision of casinos • No supervisory regimen for Internet casinos. • The MOT as supervisory authority has not started yet. 	<ul style="list-style-type: none"> • The Authorities in St. Maarten should immediately implement adequate AML/CFT regulation and supervision of casinos in compliance with E.C. 24.1. Casinos in St. Maarten are not effectively 	<p>Adequate AML/CFT regulation for casinos and internet casinos will be developed. The Ministry of Justice is busy with the setup of the GCB. An outline for the regulatory body has been submitted to the Minister of Justice</p>

		<ul style="list-style-type: none"> • The MOT does not have adequate resources to fulfil their supervisory role. • The deficiency identified in section 3.10 (R. 29 and R17) with regard to the supervisory function of the Central Bank applied. 	<p>regulated or monitored.</p> <ul style="list-style-type: none"> • The Authorities should implement an AML/CFT regime for Internet casinos. • The MOT should implement an effective supervisory regime and should be given resources to fulfil their supervisory role for the relevant DNFBP sector. • The deficiency identified in section 3.10 (R. 29 and R17) with regard to the supervisory function of the Central Bank should be cured. 	<p>for approval.</p> <p>The MOT is setting up the supervision of the DNFBP sector. The registration of the DNFBPs is ongoing. Two legal experts have been recruited and are busy with the setup of the administrative organization of the Supervision Department.</p> <p>In accordance with the legal system, sanctions against directors and senior management are already in place in Sint Maarten. Please be referred to the comment under Undertaken Action re. Rec 17.</p>
25. Guidelines & Feedback	PC	<ul style="list-style-type: none"> • Not much guidance is given to financial institutions on TF techniques and methods. • P&G for providers of factoring services is not in place. • DNFBPs supervised by the MOT and do not receive sufficient guidance to DNFBPs on complying with AML/CFT requirements 	<ul style="list-style-type: none"> • The MOT should provide feedback with respect to typologies or sanitized cases, and on specific cases that have been closed. • MOT is strongly encouraged to continue its outreach programme to <u>specifically</u> encompass both feedback and guidance related to UTRs. • Provide guidance to financial institutions with respect to terrorism financing. • Issue guidance to providers of factoring services. • The Competent Authorities in Sint Maarten should provide adequate guidance to DNFBPs supervised by the MOT and Casinos regarding AML/CFT requirements. • MOT should issue its own P&Gs. 	<p>MOT and the PPO are analysing the typologies and all sanitized and specific cases. This process will be carried out periodically and when completed, feedback will be given to the financial institutions.</p> <p>MOT does feedback with and guide the financial institutions related to UTRs.</p> <p>More guidance will be provided to financial institutions with respect to TF. A training programme for all stakeholders (MOT, law enforcement, PPO, Reporters, DNFBPs) has been developed and approved by the Minister of Justice. The execution of the training program will start in March 2014.</p> <p>The laws are being amended to incorporate factoring services.</p> <p>The MOT routinely disseminates information to the DNFBPs supervised by the MOT</p>

				regarding AML/TF requirements. The MOT developed P&Gs for DNFBPs.
Institutional and other measures				
26. The MOT	NC	<ul style="list-style-type: none"> • The legal basis for the establishment of the MOT is not clear. • There is an absence of a permanent MOT Head physically present in the MOT on a daily basis. • Not all reporting entities are aware of the existence of the MOT in Sint Maarten. Inadequate training and guidance sessions for reporting entities. • Articles 4, 8, 16 and 22 of NORUT present a risk to the operational autonomy of the MOT and create opportunities for undue interference and influence. • There is a low number of investigative reports forwarded by the MOT to the PPO. • The security of the MOT information, the premises and employees requires improvement. • The authorities should produce and publish the outstanding Annual Report for 2011 and ensure that it contains information relating to the typologies and trends for ML and TF for Sint Maarten. • Effectiveness of the MOT could not be confirmed 	<ul style="list-style-type: none"> • The authorities should ensure that the legal underpinnings for the establishment of the MOT are sound. It should be clear in the law as to the Ministry under which it falls. • The authorities should move swiftly to appoint an MOT Head. • The MOT should seek to clarify the manner and procedures for reporting, improve the relationship between itself and its stakeholders and provide guidance on the manner and procedures for reporting. The MOT should increase awareness within its stakeholders of the existence of the MOT. • Articles 4, 8, 16 and 22 of NORUT should be amended in order to ensure operational autonomy of the MOT and avoid opportunities for undue interference and influence. • As the number of investigative reports forwarded by the MOT is low compared to the number of UTRs recovered, the MOT should reassess its internal process to ensure an adequate number of investigative reports are forwarded to the PPO. • The MOT should implement measures to improve the physical security of manual files, electronic data, premises and the employees of the MOT. <p>The MOT should produce and publish</p>	<p>The legal basis for the MOT are formed by:</p> <ol style="list-style-type: none"> 1. The national ordinance structure and organisation of the national government (AB 2010, No. 6) – article 9 2. The national decree containing general measures to be subdivided and worked out in further detail by the ministry of Justice (AB 2010, No. 11) – article 17. <p>Both laws are enclosed for review.</p> <p>The MOT has a permanent director in place as of January 1, 2013.</p> <p>The MOT is disseminating information to the reporters. The DNFBPs are being registered and receive information on the laws and existence of the MOT.</p> <p>The NORUT has been amended (draft to be submitted to and approved by parliament end of March 2014) to establish the operational autonomy of the MOT. In practice the MOT already operates autonomously.</p> <p>The internal procedures of the MOT are being reviewed. More qualified personnel needs to be hired. This will increase the number of investigated reports that are sent to the PPO.</p> <p>The physical security of the personnel, the files, and the databases is in place. The next step is to hire qualified (and screened)</p>

			Annual Reports and ensure that it includes full information on ML and TF trends and typologies.	personnel to assist in the production of the annual reports 2011, 2012 and 2013 of the MOT.
27. Law enforcement authorities	PC	<p><i>Effectiveness:</i></p> <ul style="list-style-type: none"> • No financial resources have been allocated for ML and TF training for the local law enforcement agencies • There is a shortage of suitably qualified law enforcement officers generally to execute effective ML investigations. • No specific training for TF or ML for several of the law enforcement authorities. • Unlicensed MTCs continue to operate within Sint Maarten 	<ul style="list-style-type: none"> • Relevant financial resources should be directed to ensure that recruited officers are appropriately trained in ML and TF and are kept up to date in the recent developments in financial investigations. These challenges identified will therefore affect the proper investigation of ML and TF offences. • There should be a decisive approach with respect to the operation of certain MTCs without licenses in contravention of the law. 	<p>The MOT has secured funds for the ML/TF training of the law enforcement agencies.</p> <p>The MOT has discussed the issue of the unlicensed MTCs with the PPO. One MTC is busy with the application for an operational license at the CBCS.</p>
28. Document production, search and seizure	C			
29. Supervisors	C			
30. Resources, integrity, and training	PC	<ul style="list-style-type: none"> • The MOT lacks of staff to adequately perform its functions (including the Head of MOT) • The staff of the MOT does not have adequate and relevant training for combatting ML & TF. • The MOT lacks of analytical tools such as Analyst Notebook to assist in the analysis of UTRs. • The MOT lacks of resources to protect the MOT data, premises and staff; eg. Offsite electronic data fireproof safe, fire extinguishers, etc. • Several of the law enforcement agencies possess a shortage of suitably qualified officers trained in ML investigations. • Inadequate training for ML and TF. • No allocation of financial resources for ML and TF. • Inadequate space for the Court of First Instance to properly execute its functions 	<ul style="list-style-type: none"> • The authorities should increase the staff complement of the MOT. • The authorities should acquire additional tools such as Analyst Notebook to assist in the analysis of UTRs. • Sufficient financial resources should be reserved that in order that the staff may be adequately trained for ML and TF. • The MOT should obtain the relevant resources eg. Offsite electronic data fireproof safe, fire extinguishers, etc to further protect its information, premises and employees. • The authorities should seek to quickly employ robust recruiting programmes to fill the vacancies in the law enforcement agencies such as the KPSM. 	<p>The director of the MOT has described the full time equivalent of the MOT functions. This established the staff complement of the MOT. The recruitment of a strategic analyst is underway.</p> <p>The ML/TF training of MOT personnel has started in January 2014.</p> <p>The connections for offsite electronic data backup are expected to be completed in the second half of 2014. A fireproof safe and fire extinguishers are already in place at the MOT.</p> <p>The authorities have been busy recruiting personnel for the law enforcement agencies such as the KPSM.</p>

			<ul style="list-style-type: none"> • The authorities should ensure that all relevant entities including the Tax Department, Landsrecherche, Customs, Coast Guard and the KPSM are adequately and regularly trained in money laundering and counter financing of terrorism like the RST. • Improved facilities should be provided for the Courts of Justice 	<p>The MOT has developed the ML/TF training program for all stakeholders (MOT, Police, Customs, PPO, Landsrecherche, Tax Office and National Security Agency) which was approved and financed by the Minister of Justice.</p> <p>The Courts of Justice is using the extra facilities provided.</p>
31. National co-operation	PC	<ul style="list-style-type: none"> • The CIWG needs to be formally established. • Many of the national coordination mechanisms (such as the national AML Committee - CIWG; and Trainings to be undertaken by the PPO) are not yet in operation. 	<ul style="list-style-type: none"> • The CIWG needs to be formally established. • The Authorities should ensure the implementation of the mechanism for coordination that were informed to the Team. 	The anti-money laundering and terrorism financing committee was formally established by national decree dated June 8 th , 2012.
32. Statistics	PC	<ul style="list-style-type: none"> • No statistics available relating to requests to overseas MOTs. • No statistics available for requests for additional information by the MOT to reporting entities. • Several reporting entities have not filed UTRs for either subjective or objective indicators and appear not to understand or know their responsibility to report. 	<ul style="list-style-type: none"> • The Authorities should ensure that comprehensive statistics are maintained in relation to the investigation, prosecution, and conviction of ML related cases • The authorities should ensure that relevant statistics are maintained for Sint Maarten with respect to requests for additional information by the MOT. • The MOT should host training sessions on ML and TF for the reporting entities to ensure that the financial entities report as required. • The MOT should also maintain statistics regarding the number of requests made to foreign MOTs. 	<p>Statistics on requests made to and from overseas FIUs are available.</p> <p>The MOT will host training sessions on ML/TF for the reporting entities and DNEFBPs.</p>
33. Legal persons—beneficial owners	NC	<ul style="list-style-type: none"> • There is no system in place to ensure access to the UBO information. • Not all competent authorities have access in 	<ul style="list-style-type: none"> • Sint Maarten should establish a system to ensure access to the UBO information of legal persons. 	At this point in time the legal person is not obligated by law to submit its UBO information to the Chamber of Commerce. The law (CoC)

		<p>timely fashion to adequate, accurate and current UBO information.</p> <ul style="list-style-type: none"> • The requirement for bearer shares to be transformed into registered shares operates at the discretion of the shareholder and is therefore not mandatory. • The NDCBSC does not require the capture and retention of the ultimate beneficial ownership details of the legal person on whose behalf the bearer shares are kept or held. 	<ul style="list-style-type: none"> • There should be mechanisms in place to guarantee that competent authorities are able to obtain and have access in a timely manner to accurate and current UBO information. • Article 105 3rd paragraphs reflects that bearer shares shall be transformed by the company into registered shares if this is requested by the holder of the bearer shares that this be done. This aspect of the CC must be amended to either make the transformation mandatory or mandate the registration of the UBO details in relation to the bearer shares and express mechanisms incorporate either in the Code or elsewhere to achieve this registration. • Amend the NDCBSC so that the is wording requires that beneficial ownership information must also be captured for the ultimate beneficial owners of the legal person on whose behalf the bearer shares are kept or held 	<p>will be revised to guarantee that authorities have access to UBO information.</p> <p>This subject matter will be further examined by the judicial affairs department of the ministry of Justice.</p> <p>This subject matter will be further examined by the judicial affairs department of the ministry of Justice.</p>
34. Legal arrangements – beneficial owners	LC	<ul style="list-style-type: none"> • There is no certainty that all Competent Authorities have timely access to UBO information. 	<ul style="list-style-type: none"> • 	<p>This subject matter will be further examined by the judicial affairs department of the ministry of Justice.</p>
International Cooperation				
35. Conventions	PC	<p><i>Implementation in accordance with the Vienna Convention</i></p> <ul style="list-style-type: none"> • No specific provision was identified in relation to non-treaty based requests for extradition, expedition of extradition procedures and simplification of evidentiary requirements, • The framework under the criminal laws provided is not indicative of Sint Maarten having the ability 	<ul style="list-style-type: none"> • Authorities must ensure the EDACs expressly addresses the matters of non-treaty based requests for extradition; ,expedition of extradition procedures and simplification of evidentiary requirements • The international cooperation framework under the criminal laws should expressly 	

		<p>to extend cooperation and assistance to Transit States as contemplated by article 10 of this Convention.</p> <ul style="list-style-type: none"> • No evidence of implementation of controlled delivery techniques by the Authorities. • No specific provisions have been identified from the laws provided or advised in relation to special arrangements with Commercial Carriers precautionary measures implemented to ensure commercial carriers are not used for the commission of offences • No provisions have been identified in the laws provided which cover the Illicit Traffic at Sea • No provisions identified regarding measures to suppress the use of mails for illicit traffic. <p><i>Implementation in accordance with the Palermo Convention</i></p> <ul style="list-style-type: none"> • No measures were identified in the law in relation to having appropriate measures to encourage persons who have participated in organized criminal groups to cooperate with law enforcement. • The advised training initiatives do not appear to cover control techniques in free trade zones and free ports; modern law enforcement equipment and techniques, electronic surveillance, combating organized crime through the use of computers, telecommunications networks or other forms of modern technology and bilateral and multilateral arrangements to maximize operational and training activities of article 29 of the Palermo Convention. • No laws or measures identified regarding the matter of coordinated efforts bilaterally and multilaterally to provide assistance to developing countries in their efforts to combat transnational 	<p>address Sint Maarten's ability to extend cooperation and assistance to Transit States as contemplated by article 10 of the Vienna Convention.</p> <ul style="list-style-type: none"> • The criminal laws must expressly impose obligations on Commercial Carriers to ensure these carriers are not used for the commission of article 3 offences set out in the Vienna Convention. • The criminal laws must expressly address mechanisms required by article 17 (illicit traffic at sea) and required by article 19 (illicit use of mails) of the Vienna Convention. • The Penal Code and Penal Procedures Code should be revised to address the shortfalls identified in the ratings Table below in relation to the Palermo Convention • The Penal Code should be revised to expressly criminalize the indirect or unlawful provision of funding for the commission of a terrorism offence, as well as the wilful provision of funds etc. to individual terrorists set out in article 2(a) of the Terrorist Financing Convention. • The Penal Procedures Code and/or Penal Code should be amended to expressly address <ul style="list-style-type: none"> • the matter of reciprocal confidentiality (as required by article 12 (Assistance to other States) of the TF Convention; • establishing mechanisms whereby forfeited funds are used to compensate the victims of terrorist offences or their families, and matters of custody arrangements, terms under which an 	<p>The issue of the offences set out in the Vienna Convention is already partly dealt with in the Opium Legislation which currently is the <i>Opiumlandsverordening 1960</i>. This Act will have to be revised.</p> <p>The general provisions as set out in the Penal Code are applicable on all other Criminal laws, thus on the Opium Legislation through the switching provision of 2:224 (currently 96)</p> <p>The treaty of San Jose covers the combating of illicit traffic at sea and the use of mails for illicit traffic.</p> <p>The issue of the offences set out in the Vienna Convention is already partly dealt with in the Opium Legislation which currently is the <i>Opiumlandsverordening 1960</i>. This Act will have to be revised. This Act will have to be revised.</p> <p>The general provisions as set out in the Penal Code are applicable on all other Criminal laws, thus on the Opium Legislation through the switching provision of 2:224 (currently 96).</p> <p>With the introduction of the new Penal Code of SXM all offences set out in the Palermo Convention as well as the recommended offences will be criminalized.</p> <p>Next to that the proposed article 2:54 and 2:55</p>
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	<p>organized crime.</p> <ul style="list-style-type: none"> • Verification of whether the laws addressed – <ul style="list-style-type: none"> a) The establishment of national records of persons disqualified from acting as directors of legal persons, and b) The exchange of information contained in the abovementioned national records with the competent authorities of other State Parties. <p>Could not be done as the relevant articles were not provided for assessment.</p> <ul style="list-style-type: none"> • Laws do not address Prevention of the misuse by organized criminal groups of Government tender processes and of subsidies and licenses granted by public authorities. • Laws and framework do not address <ul style="list-style-type: none"> a) The promotion of public awareness regarding the existence, gravity of and threat posed by transnational organized crime; b) Informing the Secretary General of the UN of the authority/authorities that can assist other State Parties in developing measures to prevent transnational organized crime, and c) Collaboration with other States (apart from the already advised joint cooperation and other collaborative efforts discussed above) including participation in international projects aimed at the prevention of transnational organized crime. <p><i>Implementation in accordance with the Terrorist Financing Convention</i></p> <ul style="list-style-type: none"> • Wilful provision of funds etc. to individual terrorists does not appear to be covered by the approach to terrorist financing in the Penal Code. • No specific penalty is indicated for the offence of TF, appropriateness of this penalty in relation to this Article therefore cannot be assessed. 	<p>offender transferred to Sint marten from a State will be returned to that State from which the offender was transferred, credit for time spent in custody of State to which the offender was transferred</p>	<p>PC SXM creates the crime of aiding or abetting a terrorist crime under which financing also can be deemed as a crime. In article 2:55 the financing of crime is punishable as a severe crime. Next to that article 1:120 PC SXM (currently article 48a) criminalizes the aiding and abetting of the crimes mentioned in article 2:54 and 2:55. Of course criminal attempts are punishable under 1:119 PC SXM (currently article 47)</p> <p>The matter reciprocal confidentiality is dealt with in the current CPC SXM article 555 and further (International Mutual Assistance) but will be more expressively mentioned and regulated more detailed in the new (draft) Criminal Procedure Code.</p> <p>As for establishing mechanisms whereby forfeited funds are used to compensate the victims of terrorist the proposed article 1:78 PC SXM creates a mechanism to compensate victims and is also applicable to victims of terrorist acts As far as the Criminal laws are concerned the switching provision of 2:224 (currently 96) makes the general provisions of the first book of the Penal Code applicable to all other Criminal laws.</p>
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36. MLA	PC	<p>The extent of Mutual Legal Assistance that may be extended by Sint Maarten is limited by the following deficiencies identified:</p> <ul style="list-style-type: none"> • The indirect or unlawful provision of funding for the commission of a terrorism offence is not criminalized. 	Amend the Penal Code to address the deficiencies set out in the ratings table.	Next to that the proposed article 2:54 and 2:55 PC SXM creates the crime of aiding or abetting a terrorist crime under which financing also can be deemed as a crime. In article 2:55 the financing of crime is punishable as a severe crime. Next to that article 1:120 PC SXM (currently article 48a) criminalizes the aiding and abetting of the crimes

		<ul style="list-style-type: none"> • Terrorist financing is not criminalized in accordance with the FT Convention. • There is a doubt as to the extent of assistance that could be provided in relation to matters which have not been confirmed as predicate offences (i.e. Illicit Arms Trafficking, Smuggling, Insider Trading market manipulation). 		<p>mentioned in article 2:54 and 2:55. Of course criminal attempts are punishable under 1:119 PC SXM (article 47).</p> <p>The matter of Mutual Assistance is dealt with in the current CPC SXM (article 555 and further (International Mutual Assistance) but will be more expressively mentioned and regulated more detailed in the new (draft) Criminal Procedure Code.</p>
37. Dual criminality	LC	It is not clear whether the assistance provided by Sint Maarten occurred regardless of the existence of dual criminality.		
38. MLA on confiscation and freezing	PC	The deficiencies in R36 impact Sint Maarten's ability to extend mutual legal assistance	Amend the Penal Code to address the deficiencies set out in the ratings table	Already dealt with but more specific legislation is under construction as mentioned under R36.
39. Extradition	PC	The deficiencies in R36 impact Sint Maarten's ability to extend mutual legal assistance through extradition.	Implement the recommended actions outlined in relation to SRIL.	Already dealt with but more specific legislation is under construction, as far as the CPC SXM is concerned, and in legislative process as far as CC SXM is concerned.
40. Other forms of co-operation	PC	<ul style="list-style-type: none"> • The Extract General Regulation Import, Export and Transit of 1908 NG 1949 No. 62 (In relation to Customs) and all domestic legislation with respect to the law enforcement entities should provide for international cooperation with their counterparts • No provisions have been identified under NOSCB, RFETCSM, NOSIA or the NOSTCSP which reflect that the Central Bank can undertake investigations on behalf of their foreign counterparts. • Statistics have not been provided with respect to spontaneous referrals of information as well as to information supplies on request in order that there can be an adequate assessment of the implementation of this criteria 	<ul style="list-style-type: none"> • Authorities should consider revising the respective Ordinances (NOSCB, RFETCSM, NOSIA, NOSTCSP to expressly allow for the CBCS to undertake investigations on behalf of their foreign counterparts. Consequential amendments to the Charter governing the powers of the CBCS may also be necessary to allow for the amendment of the Ordinances as recommended. • The authorities should maintain statistics on entities' spontaneous referrals of information as well as information supplied as a result of a request. This system can be used at a policy and operational level to adequately assess the country's international cooperation efforts for 	Sint Maarten can hereby inform that its domestic laws with the exception of the RFETCSM or the CBCS charter do not allow for the CBCS to undertake investigations on behalf of their foreign counterparts.

			<p>AML/CFT.</p> <ul style="list-style-type: none"> • Sint Maarten's domestic legislation for all law enforcement entities should specifically provide for international cooperation with their foreign counterparts. 	<p>Articles 183, 184 and 185 of the CPC ensure international cooperation between law enforcement entities and their counterparts. The international cooperation is regulated in the articles 521 and 522 of the CPC. All law enforcement entities mean Customs, Police, Coastguard and <i>Landsrecherche</i>. Also the fraud unit of the Tax Office and all others who have been authorized to investigated offences. The NORUT already in its article seven has this arrangement. The other domestic laws do not have this provision for the CBCS.</p>
Nine Special Recommendations				
SR.I Implement UN instruments	PC	Refer to the ratings Table at Sections 2.2 and 2.4 of this Report.		
SR.II Criminalize terrorist financing	NC	<ul style="list-style-type: none"> • No specific penalty is reflected in the Penal Code for the offence of TF. • The indirect or unlawful provision of funding for the commission of a terrorism offence is not criminalized. • The wilful provision of funds etc. to individual terrorists is not criminalized. • TF is not independently criminalized and therefore there is no comprehensive treatment of terrorist financing in the Penal Code as required by the TF Convention. • The Penal Code does not specify a penalty for the legal person which participates in an organization aimed at committing terrorist offences. • Not all terrorism offences referenced in Annex 1 to the TF Convention are criminalized as required. 	<ul style="list-style-type: none"> • Article 48a of the Penal Code should be revised to expressly criminalise the indirect or unlawful provision of funding for the commission of a terrorism offence as set out in article 2(a) of the Terrorist Financing Convention. • Article 48a of the Penal Code should be revised to expressly criminalize the wilful provision of funds etc. to individual terrorists. • Penal Code should be revised to independently criminalize Terrorism Financing should be effected without delay. • Penal Code should be amended to incorporate specific penalties for the offence of TF. • Article 146a of the Penal Code (which 	<p>Next to that the proposed article 2:54 and 2:55 PC SXM creates the crime of aiding or abetting a terrorist crime under which financing also can be deemed as a crime. In article 2:55 the financing of crime is punishable as a severe crime. Next to that article 1:120 PC SXM (currently article 48a) criminalizes the aiding and abetting of the crimes mentioned in article 2:54 and 2:55. Of course criminal attempts are punishable under 1:119 PC SXM (currently article 47).</p> <p>As far as legal persons are concerned the proposed article 1:127 (currently article 53) states that legal persons can commit a criminal acts mentioned in the PC SXM. Next to that is should be pointed out that paragraph 7 of the proposed article 1:54 PC (currently creates a possibility to punish legal persons more harshly. Next to that the paragraph 2 and 3 of the mentioned proposed</p>

			<p>extends to participating in a terrorist organization) should be revised to specify a penalty for the legal person who participates in such an organization.</p> <ul style="list-style-type: none"> • The Authorities should amend the Penal Code to criminalize all the offences referenced in the Conventions and Protocols referenced at Annex 1 to the TF Convention. 	<p>article 1:127 PC SXM (article 53) makes de facto leaders of the legal person punishable as well</p> <p>With the adaption of the new PC SXM all offence in the mentioned Conventions will be criminalized.</p>
SR.III Freeze and confiscate terrorist assets	PC	<ul style="list-style-type: none"> • The framework does not support an ability to invoke freezing mechanisms in response to a requesting foreign State's freezing requirement. • The substantive freezing mechanism for persons listed pursuant to UN Resolution 1267 (1999) would not meet the 'without delay' requirement based on the intervening legislative process between listing by the UN and issue of the requisite Sanctions National Decree which compels the freezing. • There is no clear guidance specially to other persons and entities concerning their obligations in taking action under the freezing mechanism. • The Sanctions National Decree does not expressly refer to assets jointly held by designated persons, terrorists or terrorist organizations with third parties. The wording of the Decree also raises issues of enforceability of sanctions against the entire asset which is held "in part" by designated persons, terrorists or terrorist organizations. • There is no wording in the FATT Protocols which indicate compliance with these Protocols is mandatory or that breaches of the Protocols can be sanctioned by the Central Bank. 	<ul style="list-style-type: none"> • The substantive freezing mechanism for persons listed pursuant to UN Resolution 1267 (1999) should be reviewed and appropriate adjustments made to ensure that the requirement of acting 'without delay' will be met in relation to subsequent freezing obligations that arise pursuant to terrorist related UN Resolutions that are issued. • The Sanctions National Decree should also expressly refer to assets jointly owned or controlled by designated persons, terrorists or terrorist organizations with third parties, and should incorporate wording to clearly communicate the enforceability of sanctions against the entire asset which is held "in part" by a designated person, terrorist or terrorist organization. • Sint Maarten should provide guidance to all persons and entities with regard to obligations in taking action under the freezing mechanism. • The FATT Protocols should incorporate wording to clearly reflect that compliance with these Protocols is mandatory and that breaches of the Protocols can be sanctioned by the Central Bank. 	<p>The matter of Mutual Assistance is dealt with in the current CPC SXM article 555 and further (International Mutual Assistance) but will be more expressively mentioned and regulated more detailed in the new (draft) Criminal Procedure Code.</p> <p>The draft article 560 CPC creates a possibility to respond immediately to a request, when regulated by International Treaties combatting Terrorism and the Financing of Terrorism (and other International Treaties. In the draft Explanatory Memorandum it is clearly and expressively mentioned that the article is amended to expressively state that this article offers this possibility to the authorities.</p> <p>When the request is received the freezing of assets and freezing mechanisms are dealt with in the articles 119 until 173 draft CC. Besides that the possibility of further Financial Investigation in the Criminal Procedure is dealt with in Title XVI of the Criminal Procedure Code.</p>

SR.IV Suspicious transaction reporting	NC	Rating factors in R13 apply to this Recommendation.		
SR.V. International cooperation	PC	<ul style="list-style-type: none"> • The deficiencies in R36 impact Sint Maarten's ability to extend mutual legal assistance through extradition. • The deficiencies in SR.II impact Sint Maarten's ability to extend assistance in connection with combating TF and terrorist acts. • The deficiencies in R40 would impact Sint Maarten's to the exchange of information regarding TF. 	<ul style="list-style-type: none"> • Amend the Penal Code to address the deficiencies set out in the ratings table. • Implement the recommended actions outlined in relation to SR.II 	<p>Next to that the proposed article 2:54 and 2:55 CC SXM creates the crime of aiding or abetting a terrorist crime under which financing also can be deemed as a crime. In article 2:55 the financing of crime is punishable as a severe crime. Next to that article 1:120 CC SXM (currently article 48a) criminalizes the aiding and abetting of the crimes mentioned in article 2:54 and 2:55. Of course criminal attempts are punishable under 1:119 CC SXM (currently article 47)</p> <p>Mutual Assistance furthermore is (article 555 and further CPC) and will be more specifically be regulated in the new (draft) CPC SXM is concerned, and as far as the new PC SXM is concerned.</p>
SR.VI	NC	<ul style="list-style-type: none"> • There continue to be MTCs operating within Sint Maarten without licenses from the Central Bank. • Provisions for MTCs to update the Central Bank on the number of agents and sub-agents should be formalised. 	<ul style="list-style-type: none"> • Shut the operations of unauthorised MTCs operation in Sint Maarten. • Provisions for MTCs to update the Central Bank on the number of agents and sub agents should be formalised. 	The MTCs operating without a license will be shut down by the PPO. One MTC is busy with an application for a license at the CBCS.
SR.VII Wire transfer rules	PC	<ul style="list-style-type: none"> • The E.C. for wire transfers are not detailed in the relevant P&Gs. • There are no explicit provisions in the P&G for CI to be risk-based. 	<ul style="list-style-type: none"> • Sint Maarten should detail the requirements with respect to SR VII for the relevant financial institutions instead of relying on the general provision in the P&G for CI to observe the latest Interpretive Note to SR VII 	The P&G for MTC has been amended to implement the recommended actions.
SR.VIII NPOs	NC	<ul style="list-style-type: none"> • No recent assessment on the on the risk with regard NPO sector. • There is no oversight or supervisory regime for NPOs. • No requirement for NPO sector to keep financial 	<ul style="list-style-type: none"> • Sint Maarten should conduct a new assessment on the risk with regard NPO sector. • The Authorities should consider designating an authority to monitor and 	This subject matter will be further examined by the judicial department of the ministry of Justice.

		<p>information.</p> <ul style="list-style-type: none"> • No procedures in place to ensure that they are able to effectively investigate and gather information on NPOs. • No training sessions or sensitization forum held for NPOs 	<p>supervise the NPO sector.</p> <ul style="list-style-type: none"> • Sint. Maarten should institute an outreach program which provides adequate AML/CFT awareness about the risk of NPOs to terrorist financing. • There should be appropriate sanctions available for those NPOs • NPOs should be required to maintain transaction records for a minimum period of five (5) years. • The Authorities in St. Marten should be procedures in place to ensure that they are able to effectively investigate and gather information on NPOs. • There should be procedures in place which allow for timely and effective sharing of information on NPOs both domestically and internationally. • The Authorities should consider issuing guidance specifically pertain to the NPO sector. 	
SR.IX Cross-Border Declaration & Disclosure	PC	<ul style="list-style-type: none"> • An ad hoc system is in place for the disclosure of the physical cross-border transportation of currency. • There is no system to restrain currency where there is a suspicion of ML or TF. • There are no statistics evidencing Customs' effectiveness in the area of international cooperation. • There are no statistics regarding the number of false declarations and investigations forwarded to the PPO. • There is no process for confiscating currency or negotiable instruments for persons listed in accordance with UNSCR 1373 and 1267. • There are no statistics relating to shipments of gold or other precious metals and stones. 	<ul style="list-style-type: none"> • The authorities should ensure that they pursue the proposed declaration system to be completed by all passengers instead of the ad hoc disclosure system currently in place. • The Authorities should consider implementing the system to restrain currency where there is a suspicion of ML or TF. • The authorities should maintain statistics evidencing Customs' effectiveness in the area of international cooperation. • The Sint Maarten authorities should maintain the process for confiscating currency or negotiable instruments in 	<p>This subject matter will be further examined by the judicial department of the ministry of Justice.</p> <p>The Customs Department already has the software to generate statistics and a database to store this data.</p>

		<ul style="list-style-type: none"> • There is no structure established for the training and targeted programmes for Customs. • No current information available with respect to the timeliness of the dissemination of the information relating to suspicious cash declarations/disclosures. 	<p>implementing the UNSCR 1373 and 1267.</p> <ul style="list-style-type: none"> • The authorities should maintain a system to identify the source, destination and purpose of movement of gold or other precious metals and stones. • A structure should be established for the training and targeted programmes for Customs. • The authorities should ensure that the relevant authorities possess timely access to suspicious cash declarations or disclosures, or intentional lack of disclosures information. 	<p>The MOT has developed a training program for all the Law Enforcement Agencies.</p>
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