



# Third Follow-Up Report

## BELIZE

### November 2012

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## BELIZE – THIRD FOLLOW-UP REPORT

### I. Introduction

1. This report presents an analysis of Belize’s report to the Caribbean Financial Action Task Force (CFATF) Plenary regarding progress made to correct the deficiencies identified in its third round Mutual Evaluation Report (MER). The third round Mutual Evaluation Report of Belize was adopted by the CFATF Council of Ministers in May 2011 in Honduras. Belize was placed on expedited follow-up and required to report every Plenary. Belize submitted follow-up reports in November 2011 and May 2012. Belize has submitted information in the attached matrix on measures taken since the adoption of the third round Mutual Evaluation Report to comply with the examiners’ recommendations. Belize was rated partially compliant or non-compliant on 14 Core and Key Recommendations and 27 other Recommendations. The Core and Key Recommendations are indicated in italics in the table below.

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

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

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

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

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

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

**Table 3: Size and integration of Belize's financial sector  
As at December 31, 2011**

		Domestic	Int'l	Other Credit	Securities	Insurance	TOTAL
		Banks	Banks	Institutions*			
<b>Number of institutions</b>	Total #	5	6	12	29	13	65
<b>Assets</b>	US\$	\$1,276,098	\$589,004	\$291,162	\$500,000	\$104,066	2,760,330
<b>Deposits</b>	Total: US\$	\$1,032,361	\$461,685	\$237,059			1,731,105
	% Non-resident	1.69% of deposits	100% of deposits		No deposits		
<b>International Links</b>	% Foreign-owned:	58.43% of assets	56.59% of assets	0% of assets	100 % of assets	% of assets 59.97%	% of assets
	#Subsidiaries abroad	N/A	N/A	N/A	None	NIL	

## II. Summary of progress made by Belize

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

5. As noted in the MER, the AML/CFT Guidelines issued by the Central Bank were not considered "other enforceable means" (OEM) since there were no penalties for breaching any of the measures outlined except for those which directly mirrored requirements in legislation with penalties. However, it was indicated that the AML/CFT Guidelines were considered OEM for licensees under the International Financial Services Commission (IFSC) due to regulations 3 and 33 of the International Financial Services Practitioners (Code of Conduct) Regulations (IFSPCCR) which empowers the IFSC to impose penalties on its licensees for breaches of the AML/CFT Guidelines issued by the Central Bank. The authorities have advised that legislative amendments regarding penalties for breach of the AML/CFT Guidelines have been submitted to the relevant Government Ministry. However, the new AML/CFT Guidelines are still considered OEM only for the licensees of the IFSC for this report.

6. As a result of Cabinet authorization, pertinent Government bodies have been preparing and submitting to the Government's legal draft person proposed amendments to relevant laws to address certain measures recommended by the examiners. Instructions to amend the Criminal Code, the Misuse of Drugs Act (MDA), the Money Laundering and Terrorism (Prevention) Act (MLTPA), the Firearms Act, the Insurance Act, the Financial Intelligence Unit Act, and the Income and Business Tax Act have been completed. Completed draft amendments have been submitted to the Cabinet Secretary for presentation to the Cabinet at its next meeting. A proposed

amendment Bill to the MLTPA has been completed. The FIU has issued AML/CFT Guidelines for designated non-financial businesses and professions (DNFBPs). However, there are no provisions for the imposition of sanctions for breaches of these guidelines outlined except for those which directly mirrored requirements in legislation with penalties. As such, these guidelines are not considered OEM for this report. The authorities have advised that section 18 of the amendment Bill to the MLTPA deals with penalties which would be applicable to both the AML/CFT Guidelines issued by the Central Bank and those issued by the FIU for DNFBPs. Other measures include the provision of additional resources in the relocation of the office of the FIU to more spacious facilities which was completed by September 2012 and the hiring of additional staff and the plan by IFSC to implement on-site inspections of its licensees. The main developments are the issuance of the AML/CFT Guidelines for DNFBPs and the proposed amendment to the MLTPA. While the proposed amendment is suppose to deal with a lot of the issues relating to preventative measures for financial institutions, the fact that it has not been enacted makes it unacceptable for consideration with regard to compliance with the examiners' recommendations. An overall conclusion and a recommendation on the status of the follow-up process are presented at the end of the report.

## **Core Recommendations**

### **Recommendation 1**

7. The authorities advise that changes in accordance with the recommendation to amend Schedule II of the MDA to include the range of narcotic drugs and psychotropic substances set out in table I and II of the Annex of the Vienna Convention have been submitted in further instructions to the Government's legal draft person.

8. The recommendations for the promulgating of legislation to introduce the criminal offences of illicit arms trafficking, extortion, piracy and insider trading in the laws of Belize, and amending the Second Schedule of the MLTPA to remove the minimum property value of BZ\$10,000. (US\$5,000) that was attached to the offence of theft will be addressed in section 21 of the proposed amendment bill to the MLTPA.

9. The last recommendation to remove possible constitutional concerns over the DPP and the FIU's parallel jurisdiction to prosecute money laundering offences in Belize is pending. Given the above this Recommendation remains outstanding.

### **Recommendation 5**

10. As noted in the previous Follow-Up Report seven of the examiners' recommendations were partially met by the AML/CFT Guidelines which are considered enforceable in accordance with FATF standards for licensees of IFSC but not for those of the Central Bank. The authorities advise that section 3 of the draft bill amending the MLTPA will deal with the outstanding issues. Also section 18 of the proposed amendment will address the issue of penalties for the AML/CFT Guidelines issued by the Central Bank and the FIU. As such, the compliance status of the Recommendation remains unchanged from being substantially non-compliant.

### **Recommendation 10**

11. The recommendation requires financial institutions under the supervision of the Central Bank, the Supervisor of Insurance (SOI), the Financial Intelligence Unit (FIU) and the IFSC to

be obligated to ensure that all customer and transaction records and information are available to all domestic competent authorities upon appropriate authority. This requirement in accordance with FATF standards should be established in law or regulations. As noted in the previous report the authorities advised that paragraph 221 of the Central Bank AML/CFT Guidelines requires financial institutions to ensure that all customer and transaction records are made available, on a timely basis to domestic competent authorities upon appropriate authority. However, while this provision has the specific details of the recommendations, it is not in law or regulation as required to comply with FATF standards. Additionally, this guideline is only applicable to the institutions under the supervision of the Central Bank and IFSC. At present, the authorities advise that section 4 of the proposed amendment will adequately address this recommendation. As such, the Recommendation remains outstanding.

### **Recommendation 13**

12. The examiners' recommended action for the criminalization of offences of illicit arms trafficking, extortion, piracy and insider trading in the laws of Belize, is dealt with in the proposed amendment to the MLTPA as indicated under Recommendation 1 in this report. With regard to specific guidance being provided for reporting entities as to how to treat suspicious transactions involving tax matters no additional information has been provided for this report since the authorities advised in the previous report that changes to various laws have been proposed and submitted to the Government's legal draft person. . Given the above, this Recommendation remains outstanding.

### **Special Recommendations II**

13. The authorities have advised that section 2 of the proposed amendment to the MLTPA deals with the recommendation for the amendment of the definition of the word "funds" in section 2(1) of the MLTPA to incorporate the qualifying terms "however acquired" and "in any form including electronic or digital" into the description of legal documents and instruments that prove a defendant's title or interest in property.

14. Additionally, the recommendation requiring the amendment of section 68(1)(b) of the MLTPA to provide for the prosecution of a defendant who commits an ancillary terrorist financing offence in another jurisdiction is dealt with in section 16 of the proposed amendment to the MLTFA.

15. The recommendation to remove possible constitutional concerns over the DPP and the FIU's parallel jurisdiction to prosecute money laundering offences in Belize is pending No information on the other two remaining recommendations is provided in this report. Given the above the examiners' recommendations remain outstanding.

### **Key Recommendations**

#### **Recommendation 4**

16. The authorities advise that section 8 of the proposed amendment will deal with the recommendation that the designated supervisory authorities, the Central Bank, SOI, IFSC and Ministry of Finance have the power to share information among themselves.

17. No information with regard to the other recommended action has been submitted for this report. Consequently this Recommendation remains outstanding.

**Recommendation 23**

18. The authorities have advised that further instructions addressing the examiners' recommended actions have been issued. This Recommendation remains outstanding.

**Recommendation 26**

19. With regard to the examiners' recommended action for the Belize to consider providing a more secure location for the FIU, the authorities have advised that the FIU's relocation to an independent and more spacious office where the security measures of IT and other information are totally controlled by the Unit was completed as of September 13, 2012. The architecture of the new office is in accordance with the security, staffing and record storing needs of the FIU. An Information Technology Technician is presently on full time staff as well as a Senior Investigator. The above actions fully implement the examiners' recommendation.

20. With regard to the recommendation that the FIU should consider removing internet access from its server on which sensitive data and information is stored and establish a system where the server is stand alone and consider storing the FIU's backups offsite, the FIU has submitted its Network Security Policy which while not providing for a stand alone server does have measures for proprietary firewall protection for the server. The Network Administrator advises that offsite backups take place daily and are verified the next day. These measures fully implement the examiners' recommendation

21. The authorities advised in the previous follow-up report in relation to the recommendation for the FIU to consider making its Annual Report public and include statistics, typologies and trends as well as information regarding its activities that the FIU was compiling its Annual Report for 2011 and that the shortcomings would be addressed. No further information on this has been submitted for this report.

22. The recommendation with regard to the provision of feedback to the financial institutions has been dealt with under Recommendation 25 in this report and as noted a database system has been created to comply with this requirement. The FIU should submit information on the number of feedback responses provided to financial institutions as evidence of implementation in future follow-up reports.

23. No measures have been reported with regard to the recommendation for measures to be considered to ensure the operational independence of the FIU. Based on the above, two recommendations have been met and three remain outstanding.

**Recommendation 35**

24. With regard to the recommendation for the authorities to consider promulgating legislation to fully implement Articles 8,11,15,17, and 19 of the Vienna Convention, Articles 20,24,25,30 and 31 of the Palermo Convention and Articles 6,13,14,15 and 16 of the Terrorist Financing Convention, the authorities advise that further instructions have been issued to address this recommendation. This Recommendation remains outstanding.

**Recommendation 40**

25. There is no change from the last report when the authorities advised that with regard to the recommendation for legislation to empower the Office of the Attorney General and the

Ministry of Foreign Affairs to undertake international co-operation inquiries for and on behalf of foreign countries, that handling of mutual legal assistance requests is now fully within the Attorney General's Ministry. The AG Ministry has been restructured and expanded to efficiently facilitate the process. The Ministry has created an office for the handling of International Legal Affairs and instituted a new position of Deputy Solicitor General to head the new office. The authorities advise that the International Legal Affairs Office is responsible for handling any inquiry which falls under the ambit of mutual legal assistance or any similar agreement.

26. Additionally, there is also no change from the previous report with no information being concerning the recommendation for legislation to empower the police, the customs authorities and other law enforcement agencies to undertake international co-operation inquiries for and on behalf of foreign countries. Given the above, this Recommendation remains outstanding.

### **Special Recommendation I**

27. As noted in relation to Recommendation 35 the authorities have advised that further instructions have been issued to address the examiners' recommended actions. This Recommendation remains outstanding.

### **Special Recommendations III**

28. With regard to the examiners' recommended actions the authorities had advised in the last report that the FIU had compiled the necessary changes to various laws and the first set of draft amendments to the various laws were in process, with priority for completion being given to the MLTPA legislation. At present the authorities have indicated that section 14 of the proposed amendment to the MLTPA deals with the recommendation for the amending of section 40 (2) of the MLTPA to exclude from its ambit the reasonable living expenses of an applicant's dependants and an applicant's debts incurred in good faith. Given the above this Recommendation remains outstanding.

### **Special Recommendation V**

29. The situation remains unchanged from the last report which indicated that the FIU had compiled the necessary changes to various laws and the first set of draft amendments to the various laws were in process, with priority for completion being given to the MLTPA legislation. This Recommendation remains outstanding.

### **Other Recommendations**

#### **Recommendation 8**

30. The examiners' recommendations consisting of the criteria requirements have been incorporated in paragraphs 122 and section 4.7.2 of the AML/CFT Guidelines issued by the Central Bank. However, while the Guidelines are OEM for the licensees of the IFSC, they are not OEM for the licensees of the Central Bank. The authorities have advised that section 17 of the proposed amendment will provide for penalties for breaches of the Guidelines thereby making them enforceable. Given the above, the examiners' recommendations having only been partially met since they are only enforceable on the licensees of IFSC. Consequently this Recommendation remains partially compliant.

### **Recommendation 9**

31. As noted in the previous follow-up report two of the examiners' recommendations were partially incorporated in the AML/CFT Guidelines. One recommendation was fully included and another was not addressed. At present, the authorities advise that section 3 of the proposed amendment will deal with the issues in Recommendation. As such, this Recommendation remains substantially outstanding.

### **Recommendation 12**

32. The examiners' recommendation stipulates that recommended measures made in relation to Recs. 5, 6 and 8-11 are also applicable to DNFBPs since they are subject to the requirements of the MLTPA. As such the analysis with regard to Recs. 5, 6 and 8-11 in this report is also applicable to the DNFBPs. The authorities have issued guidelines for DNFBPs. While the guidelines have been issued by the FIU in accordance with the functions of the supervisory authority as stipulated in section 21 of the MLTPA there are no applicable sanctions for breaches of these guidelines other than those which can be impose for the requirements of the MLTPA included in the guidelines. As such, the guidelines are not enforceable and not acceptable for compliance with FATF requirements in this report. The authorities have advised that section 18 of the amendment Bill to the MLTPA deals with penalties which would be applicable to both the AML/CFT Guidelines issued by the Central Bank and those issued by the FIU for DNFBPs. The other recommendation requiring that the transaction threshold level for casinos be amended in the MLTPA to comply with the requirements of Rec.5 and Rec.10 has not been addressed. This Recommendation remains outstanding.

### **Recommendation 15**

33. The examiners' recommended action requires financial institutions to maintain adequately resourced, independent internal audit function which includes sample testing for compliance. The authorities advise that this issue has been dealt with in section 6 of the proposed amendment.

34. The other recommendation stipulates that financial institutions should be required to ensure timely access by the AML/CFT compliance officer and other appropriate staff to information necessary to consider the reporting of suspicious transactions. The situation remains unchanged from the last follow-up report when the authorities advised that the AML/CFT Guidelines would be reworded to clearly communicate "timely access". Given the above, this Recommendation remains outstanding.

### **Recommendation 16**

35. The examiners' recommendation stipulates that recommended measures made in relation to Recs. 13 to 15 and 21 are also applicable to DNFBPs since they are subject to the requirements of the MLTPA. As such the analysis with regard to Recs. 13 to 15 and 21 in this report is also applicable to the DNFBPs. As already noted under Recommendation 12 in this report guidelines for DNFBPs have been issued by the FIU. However, since there are no applicable sanctions for breaches of these guidelines, they are not considered enforceable and are not acceptable for compliance with FATF requirements in this report. The authorities have advised that section 18 of the amendment Bill to the MLTPA deals with penalties which would be

applicable to both the AML/CFT Guidelines issued by the Central Bank and those issued by the FIU for DNFBPs. This Recommendation remains outstanding.

**Recommendation 17**

36. With regard to the examiners' recommendation that administrative fines under supervisory sanctions of subsection 22(1) of the MLTPA should be dissuasive, the authorities have advised that section 9 of the proposed amendment of the MLTPA addresses this issue. This Recommendation remains outstanding.

**Recommendation 18**

37. The examiners' recommendation requires the authorities to enact measures that obligate financial institutions to satisfy themselves that a respondent financial institution in a foreign country does not permit the accounts to be used by shell banks. In the last follow-up report the authorities referred to paragraph 192 bullet point (iv) of the AML/CFT Guidelines which requires financial institutions to ensure that respondents do not maintain relationships with shell banks. However, as already mentioned while the Guidelines are OEM for the licensees of the IFSC, they are not OEM for the licensees of the Central Bank. Consequently, in accordance with FATF standards, the examiners' recommendation has only been partially met since they are only enforceable on the licensees of IFSC. At present, the authorities have advised that section 3 of the proposed amendment to the MLTPA will deal with this recommended action. Consequently, this recommendation remains partially met.

**Recommendation 19**

38. As indicated in the last follow-up report the examiners' recommendation that the authorities consider the feasibility and utility of implementing a system where financial institutions report all transactions in currency above a fixed threshold to a national central agency with a computerized data base was considered and was to be formally documented. No formal documentation of the consideration and decision on this issue has been submitted for this report. This Recommendation remains outstanding.

**Recommendation 21**

39. With regard to the examiners' recommendation for measures to be put in place to ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries, in the previous follow-up report the authorities referred to paragraph 183 of the AML/CFT Guidelines which requires institutions to consult publicly available information and Appendix 2 of the guidelines provide examples of web sites that can be used to become aware of concerns of the systems of other countries. It was noted that this requirement is only applicable to the licensees of the Central Bank and IFSC. At present, the authorities advise that section 6 of the proposed amendment to the MLTPA deals with this issue.

40. No information has been provided in relation to the recommendation for a mechanism to be put in place to apply appropriate counter measures to countries that continue not to apply or insufficiently applies the FATF Recommendations. Given the above, only one of the recommended actions remains partially met.

**Recommendation 22**

41. The examiners' recommendations include all the criteria of Recommendation 22. The first recommendation requires a reporting entity to ensure that their foreign branches and subsidiaries adopt and enforce measures consistent with the MLTPA to the extent that local laws and regulations so permit. The authorities have advised that section 8 of the proposed amendment of the MLTPA deals with this issue.

42. As noted in the previous follow-up report the remaining three examiners' recommended actions were incorporated in the Applications section of the AML/CFT Guidelines issued by the Central Bank. As already noted these guidelines are considered OEM only for the licensees of the IFSC and not the Central Bank. As such these measures are considered as meeting FATF standards only for the licensees of the IFSC. Given the above, the situation remains unchanged with one recommendation outstanding and the other three partially compliant.

#### **Recommendation 24**

43. The examiners' recommendations include casinos and other DNFBPs except for trust and company service providers being subject to a comprehensive regulatory and supervisory regime that ensures they are effectively implementing the AML/CFT measures required under the FATF Recommendations. As already noted, guidelines for DNFBPs have been issued by the FIU. However, since there are no applicable sanctions for breaches of these guidelines, they are not considered enforceable and are not acceptable for compliance with FATF requirements in this report. The authorities have advised that section 18 of the amendment Bill to the MLTPA deals with penalties which would be applicable to both the AML/CFT Guidelines issued by the Central Bank and those issued by the FIU for DNFBPs.

44. The authorities advise that section 9 of the proposed amendment addresses the recommendation stipulating that fines applicable by the designated supervisory authority under section 22(1) of the MLTPA should be dissuasive. No information has been submitted on the other three remaining examiners' recommendations. Consequently this Recommendation remains outstanding.

#### **Recommendation 25**

45. With regard to the examiners' recommendations for the FIU to provide general feedback to financial institutions, the authorities advise that a database has been created by the Network Administrator for the easy generation of feedback. The FIU should submit information on the number of feedback responses provided to financial institutions as evidence of implementation in future follow-up reports. With regard to the issuing of guidelines for DNFBPs except for trust and company service providers, these have been issued by the FIU as already noted. No information has been submitted with regard to the recommendation for guidelines to be issued for licensees of the SOI and IFSC. Given the above, one of the recommendations has been met while the others remain outstanding.

#### **Recommendation 27**

46. The situation remains unchanged from the last report when no information on the examiners' recommendation for Belize to consider taking measures to allow competent authorities investigating ML cases to postpone or waive the arrest of suspected persons and/or seizure of money for the purpose of identifying persons involved in such activities or for evidence gathering was provided. As such, this Recommendation remains outstanding.

**Recommendation 29**

47. With regard to the recommendation that the IFSC should implement AML/CFT on-site inspections of its reporting entities the situation remains unchanged from the last report when the authorities advised that the IFSC had factored the hiring of additional staff and the execution of on-site inspections in its 2012 plans. Information on the commencement of these inspections as regards the numbers and preliminary findings as to whether any breaches of AML/CFT obligations are discovered have not been provided for this report..

48. In relation to the recommendations that the IFSC should have the power to carry out on-site inspections and have access or be able to compel production of records, no further update has been provided since the last report which advised that draft amendments to the various laws were in the process of completion. Consequently, this Recommendation remains outstanding.

**Recommendation 30**

49. The examiners' recommendations include increasing the technical and human resources of the FIU, the Customs Department, the Major Crimes Unit (MCU) the Anti-Drugs Unit (ADU) and the Ministry of Foreign Affairs along with the provision of training in AML/CFT to these agencies and the judiciary. With regard to two of the recommendations concerning the FIU for relocation to a larger office and consideration of increasing staff, as already mentioned the FIU 's relocation to an independent and more spacious office where the security measures of IT and other information are totally controlled by the Unit was completed as of September 13, 2012. The FIU is has employed an information technology technician and a senior investigator..

50. No additional information with regard to training for investigators from Customs and Police Departments and judges and magistrates in accordance with examiners' recommendations has been provided for this report. As noted in the last report the recommendations for the human and other resources of the Ministry of Foreign Affairs/Office of the Attorney General to be strengthened to properly manage requests for international cooperation with foreign countries was addressed by making the Attorney General's Ministry responsible for handling mutual legal assistance requests. The AG Ministry was restructured and expanded to efficiently facilitate the process. The Ministry created an office for the handling of International Legal Affairs and instituted a new position of Deputy Solicitor General to head the new office. No information has been provided as to whether the newly created office will be able to undertake international co-operation inquiries for and on behalf of foreign countries as requested in the last report. The above measures have addressed only some of the examiners' recommendations while a majority still remains outstanding.

**Recommendation 31**

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

### **Recommendations 32**

52. With regard to the maintenance of statistics by the FIU, the authorities have advised that a database system has been created to comply with this recommendation. No statistics have been submitted for this report. No information has been provided with regard to the other examiners' recommendations. Consequently this Recommendation remains outstanding.

### **Recommendation 33**

53. The situation remains unchanged from the first follow-up report with no information being submitted with regard to the examiners' recommendations. Consequently, this Recommendation remains outstanding.

### **Recommendation 34**

54. As noted in the last follow-up report the authorities advised that the examiners' recommendations were being considered as part of proposed changes to various laws. At present, the situation remains unchanged except that the requirement for financial institutions to verify the legal status of legal arrangements such as trusts has been dealt with in section 3 of the proposed amendment of the MLTPA. . Consequently, this Recommendation remains outstanding.

### **Recommendation 39**

55. The situation remains unchanged from the last report with no information being provided by the authorities with regard to the examiners' recommendations. These recommendations remain outstanding.

### **Special Recommendation VI**

56. The authorities advise section 9 of the proposed amendment of the MLTPA deals with the examiners' recommendation that supervisory fines under the MLTPA should be dissuasive. This Recommendation remains outstanding.

### **Special Recommendation VII**

57. As noted in the last follow-up report and in accordance with the first examiners' recommendation paragraph 209 of the AML/CFT Guidelines defines originator information to include the originator's address or a national identity number, customer identification number or date and place of birth. The second recommendation stipulating that a receiving intermediary financial institution should be required to keep records for five years of all information received from an ordering financial institution in the case where technical limitations would prevent the full originator information that should accompany a cross border wire transfer from being transmitted with a related domestic wire transfer has been set out in paragraph 217 of the AML/CFT Guidelines. At present, the authorities advise that section 7 of the proposed amendment of the MLTPA deals with the second recommendation. The third recommendation requiring beneficiary financial institutions to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information is covered by section 5 of the proposed amendment. The remaining recommendation has not been addressed by the authorities.

58. As already noted while the AML/CFT Guidelines are OEM for the licensees of the IFSC, they are not OEM for the licensees of the Central Bank. Consequently, in accordance with FATF standards, two of the examiners' recommendations have only been partially met since they are only enforceable on the licensees of IFSC. The other two recommendations are still outstanding.

### **Special Recommendation VIII**

59. With regard to the examiners' recommendations, the authorities have advised that section 20 of the proposed amendment to the MLTPA will include non-profit organizations as reporting entities subject to the requirements of the amended MLTPA. This Recommendation remains outstanding.

### **Special Recommendation IX**

60. The authorities advise that section 13 of the proposed amendment of the MLTPA addresses the examiners' recommendations for the amending of section 38 of the MLTPA to allow for the seizure of currency of any amount and the insertion of a provision for the restraint of negotiable instruments. The two remaining recommendations have been submitted in further instructions for inclusion in legal amendments. Consequently, this Recommendation remains outstanding.

## **III. Conclusion**

61. While the proposed amendment to the MLTPA is designed to deal with issues related to preventative measures for financial institutions, its present status as a draft Bill does not allow for it to be considered in evaluating Belize's level of compliance with individual Recommendations. Additionally, the AML/CFT Guidelines for DNFBBPs issued by the FIU cannot be considered for the assessment of compliance since they are OEM due to the lack of sanctions for breaches. Given the above, there has been little change in Belize's situation since the last report. It is recommended that the proposed amendment to the MLTPA be enacted as soon as possible and that amendments to other laws also be dealt with expeditiously. Additionally, information on the implementation with regard to statistics under Recommendation 32 should be submitted in future reports and should include information on on-site AML/CFT inspection carried out by the Central Bank and the IFSC.

62. Given the above the Secretariat recommends that Belize remain in its current stage of the expedited follow-up process. Their next report to Plenary should be in May 2013.

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

Forty Recommendations	Rating	Summary of factors underlying rating	Recommended Actions	Undertaken Actions
<b>Legal systems</b>				
1.ML offence	PC	<ul style="list-style-type: none"> <li>Schedule II of the MDA does not include the range of narcotics drugs and psychotropic substances set out in tables I and II of the Annex to the Vienna Convention.</li> <li>The following criminal offences are not a part of Belize's criminal laws (1) illicit arms trafficking (2) extortion (3) piracy and (4) insider trading.</li> <li>The offence of theft in the second schedule of the MLTPA, contains a minimum property value of BZ\$10,000.(\$5,000.00 USD).</li> <li>The low number of ML convictions demonstrates ineffective implementation which may be due to insufficient training of the law enforcement agencies and judiciary</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider amending Schedule II of the MDA to include the range of narcotics drugs and psychotropic substances set out in tables I and II of the Annex to the Vienna Convention.</li> <li>The authorities should consider promulgating legislation to introduce the following criminal offences into the laws of Belize (1) illicit arms trafficking (2) extortion (3) piracy and (4) insider trading.</li> <li>The authorities should consider amending the second schedule of the MLTPA, to remove the present minimum property value of BZ\$10,000.(\$5,000.00 USD) that attaches to the offence of theft.</li> <li>The authorities should consider making legislative amendments that would remove the possible constitutional concerns over the DPP and FIU's parallel jurisdiction to prosecute money laundering offences in Belize.</li> </ul>	<p>Changes to the various laws have been prepared and submitted to the Government's legal draft person. The first set of draft amendments to the various laws is now in process, with priority for completion being given to the MLTPA legislation. Submitted in further instructions</p> <p>Furthermore, the Commonwealth Secretariat is assisting with the drafting of legislation and regulations with the assignment of a legal draft person to Belize. Section 21 of the attached draft bill.</p> <p>Section 21 of the attached draft bill</p> <p>Pending</p>
2.ML offence – mental element and corporate liability	LC	<ul style="list-style-type: none"> <li>The low number of ML convictions demonstrates ineffective implementation which may be due to insufficient training of the law enforcement agencies and judiciary.</li> </ul>		<p>Training sponsored by GOVRISK in collaboration with American Bar Association is being held from January 9 – 17, 2012. This training targets Judiciary, Prosecutors, Investigators, and Regulators.</p> <p>There has been two convictions since January 2012, involving 5 natural persons and 1 corporate entity</p>
3. Confiscation and provisional measures	LC	<ul style="list-style-type: none"> <li>Section 67 of the MLTPA does not facilitate the making of ex parte applications for the seizure</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider amending section 67 of the MLTPA to facilitate the making of ex parte</li> </ul>	<p>Changes to the various laws have been prepared and submitted to the Government's legal draft person.</p>

		<p>and detention of terrorist cash.</p> <ul style="list-style-type: none"> <li>• .Ineffective implementation of seizure, restraint and confiscation regime</li> </ul>	<p>applications for the seizure and detention of terrorist cash.</p>	<p>The first set of draft amendments to the various laws is now in process, with priority for completion being given to the MLTPA legislation. Section 15 of the attached draft bill</p>
<b>Preventive measures</b>				
4. Secrecy laws consistent with the Recommendations	PC	<ul style="list-style-type: none"> <li>• No provision allowing the designated supervisory authorities the CBB, SOI, IFSC and Ministry of Finance to share information among themselves</li> <li>• The IFSC can only access information from its supervised entities when necessary for criminal investigations, prosecutions or proceedings</li> </ul>	<ul style="list-style-type: none"> <li>• The designated supervisory authorities, the Central Bank, SOI, IFSC and Ministry of Finance should have the power to share information among themselves.</li> <li>• The IFSC should be able to access information from its supervised entities as necessary for carrying on its functions.</li> </ul>	<p>Changes to the various laws have been prepared and submitted to the Government’s legal draft person. The first set of draft amendments to the various laws is now in process, with priority for completion being given to the MLTPA legislation. Section 8 of the attached draft bill</p>
5.Customer due diligence	NC	<ul style="list-style-type: none"> <li>• No requirement for financial institutions to obtain proof of incorporation or similar evidence to verify legal status of corporate entities.</li> <li>• No requirement for financial institutions to verify legal status of legal arrangements such as trusts.</li> <li>• No requirement for financial institutions to take reasonable measures to understand the ownership and control structures of legal arrangements or determine who are the natural persons that ultimately own or control legal arrangements .</li> <li>• No requirement in legislation or regulations for financial institutions to conduct ongoing due diligence on business relationships</li> <li>• No requirement for financial institutions to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records, particularly for higher risk categories of customers or business relationships</li> <li>• No requirement for financial institutions to perform enhanced due diligence for higher risk</li> </ul>	<ul style="list-style-type: none"> <li>• Regulation 4 of the MLPR and section 15(1) of the MLTPA should be amended to correct the inconsistency in the transaction threshold.</li> <li>• Financial institutions should be required to obtain proof of incorporation or similar evidence to verify legal status of corporate entities..</li> <li>• Financial institutions should be required to verify legal status of legal arrangements such as trusts.</li> <li>• Financial institutions should be required to take reasonable measures to understand the ownership and control structures of legal arrangements or determine who are the natural persons that ultimately own or control legal arrangements .</li> <li>• Financial institutions should be required either in legislation or regulations to conduct ongoing due diligence on business relationships</li> <li>• Financial institutions should be required to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records, particularly for higher risk categories of customers or business relationships</li> </ul>	<p>Changes to the various laws have been prepared and submitted to the Government’s legal draft person. The first set of draft amendments to the various laws is now in process, with priority for completion being given to the MLTPA legislation. Section 3 of the attached draft bill deal with issues in recommendation 5.</p> <p>Attached is a copy of the AML/CFT Guidelines that were passed after the Mutual Evaluation and address Customer Due Diligence.</p> <p>Section 15 of the MLTPA as further detailed in Section 4.2 of the Guidelines require financial institutions to identify corporate customers through name, mailing address, registered office, place of business, board resolution conferring opening of account and control/signatory on account, original certificate of incorporation, memorandum and articles of association, good standing certificate for companies in existence more than one year, shareholders and directors register, etc.</p> <p>Section 4.3.1 of the Guidelines speaks specific to trust identification and Paragraph 113 requires financial institutions to obtain documents evidencing the creation of a trust, such document commonly obtained is the trust deed.</p> <p>The documents listed above that must be obtained to</p>

	<p>categories of customer, business relationship or transaction.</p> <ul style="list-style-type: none"> <li>• No requirement prohibiting simplified CDD measures where there is a suspicion of money laundering or terrorist financing or specific higher risk scenarios</li> <li>• No requirement for financial institutions when completing the verification of the identity of the customer and beneficial owner following the establishment of the business relationship for the money laundering risks to be effectively managed.</li> <li>• No requirement for a financial institution to adopt risk management procedures concerning the conditions under which a customer may utilise a business relationship prior to verification.</li> <li>• No requirement for financial institutions to consider making a suspicious transaction report when terminating an application for a business relationship or a one-off transaction due to inability to identify and verify the identity of the applicant.</li> <li>• No requirement for financial institutions to consider making a suspicious transaction report when terminating an existing account due to inability to identify and verify the identity of the applicant</li> <li>• Financial institution which have doubts about the veracity or adequacy of previously obtained customer identification are not required to terminate the relationship and considering making a suspicious transaction report on failure to renew customer identification.</li> <li>• Unable to assess effectiveness of application of CDD measures to existing customers.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial institutions should be required to perform enhanced due diligence for higher risk categories of customer, business relationship or transaction.</li> <li>• Simplified CDD measures should be prohibited when there is a suspicion of money laundering or terrorist financing or specific higher risk scenarios</li> <li>• Financial institutions should be required when completing the verification of the identity of the customer and beneficial owner following the establishment of the business relationship to ensure that the money laundering risks are effectively managed.</li> <li>• Financial institutions should be required to adopt risk management procedures concerning the conditions under which a customer may utilise a business relationship prior to verification.</li> <li>• Financial institutions should be required to consider making a suspicious transaction report when terminating an application for a business relationship or a one-off transaction due to inability to identify and verify the identity of the applicant.</li> <li>• Financial institutions should be required to consider making a suspicious transaction report when terminating an existing account due to inability to identify and verify the identity of the applicant</li> <li>• Financial institution which have doubts about the veracity or adequacy of previously obtained customer identification should be required to terminate the relationship and considering making a suspicious transaction report on failure to renew customer identification.</li> </ul>	<p>identify corporations under Section 4.2 of the Guidelines also help financial institutions to understand corporate structures and identify ultimate individual owners and controllers of the corporation. The Guidelines require directors and shareholders to be known by obtaining such company registers; and when such directors or shareholders are other legal entities, financial institutions should require further documentation until the individuals are identified. Financial institutions are required to identify each shareholder, director and signatory in the same manner identification is done to open account for an individual person, i.e. passport, reference, address verification, etc. The requirements to identify ownership and control structure are also stated in Section 15(3)(c) of the MLTPA.</p> <p>Section 3.2 Paragraph 60 of the Guidelines requires a financial institution to ensure customer information collected during the due diligence process is kept up-to-date by undertaking reviews (on-going due diligence) of existing records, particularly for higher risk customers or business relationships.</p> <p>Section 3.1 Paragraph 52(ii) of the Guidelines states that a financial institution should employ enhanced due diligence procedures for high risk customers or transactions or business relationships.</p> <p>Guideline 232 allows financial institutions to apply reduced due diligence to a customer provided it is satisfied that the customer is of a risk (as defined in the Guidelines) to qualify for this treatment. Guideline 234 further restricts reduced CDD measures where there is suspicion of money laundering or terrorist financing or specific higher risk scenarios apply. Guideline 235 permits financial institutions to determine the extent of CDD measures that may be applied on a risk sensitive basis, consistent with the Guidelines. Risk Based Approach and Risk Management are also addressed in Section II of the Guidelines.</p> <p>Paragraph 57 of Guidelines requires institutions to consider making an STR due to inability to satisfactorily complete CDD measures. The said</p>
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				guideline also restricts institutions from opening accounts or perform transactions when CDD measures cannot be completed.
6.Politically exposed persons	LC	<ul style="list-style-type: none"> <li>No requirement for the senior management of a reporting entity to approve continuing the relationship with an existing customer who subsequently becomes or is found to be a PEP</li> <li>Some institutions did not have systems to determine whether a potential customer, a customer or beneficial owner is a politically exposed person</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions should be required to obtain senior management approval to continue a business relationship with an existing customer or beneficial owner who subsequently becomes or is found to be a PEP</li> <li>Authorities should ensure that all financial institutions in Belize have in place systems to determine whether a potential customer, a customer or the beneficial owner is a politically exposed person.</li> </ul>	<p>Guideline 178 (iv) requires senior management to approve whether to commence or continue customer relationship where a customer is found to be or becomes a PEP subsequent to account opening or forming of business relationship. Section 3 of the attached draft bill deals with Recommendation 6</p> <p>Guideline 178 requires systems to be in place for institutions to determine PEPs.</p>
7.Correspondent banking	LC	<ul style="list-style-type: none"> <li>No requirement for financial institutions to ascertain whether a respondent institution has been subject to a money laundering or terrorist financing investigation or regulatory action</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions should be required to ascertain whether a respondent institution has been subject to a money laundering or terrorist financing investigation or regulatory action.</li> </ul>	<p>Paragraph 192(v) of the Guidelines requires financial institutions to obtain information on regulatory action and investigation into ML/FT of respondent banks so as to ascertain the effectiveness of AML measures taken by the respondent bank. Section 3 of the attached draft bill</p>
8.New technologies & non face-to-face business	NC	<ul style="list-style-type: none"> <li>No requirement for financial institutions to have policies in place or take such measures to prevent the misuse of technological developments in money laundering or terrorist financing schemes.</li> <li>No requirement for financial institutions to have in place policies and procedures to address specific risks associated with non-face to face business relationships or transactions, particularly when establishing customer relationships and when conducting ongoing due diligence..</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions should be required to have policies in place or to take measures to prevent the misuse of technological developments in money laundering or terrorism financing schemes.</li> <li>Financial institutions should be required to have in place policies and procedures to address specific risks associated with non-face to face business relationships or transactions, particularly when establishing customer relationships and when conducting ongoing due diligence</li> </ul>	<p>Paragraph 122 of the Guidelines requires financial institutions to have policies preventing misuse of technological developments</p> <p>Paragraphs 156 – 165 of the Guidelines extensively cover requirements of financial institutions to address risks inherent in non face-to-face business Section 17 of the attached draft bill give penalties to the breach of guidelines</p>
9.Third parties and introducers	NC	<ul style="list-style-type: none"> <li>Financial institutions relying on a third party are not required to immediately obtain from the third party the necessary information concerning the elements of the CDD process in criteria 5.3 to 5.6</li> <li>The requirement for third parties or</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions relying on a third party should be required to immediately obtain from the third party the necessary information concerning the elements of the CDD process in criteria 5.3 to 5.6</li> <li>Third parties or intermediaries should be regulated</li> </ul>	<p>Section 3 of the attached draft bill deal with issues in Recommendation 9</p> <p>Guideline 173 states notwithstanding any reliance on an eligible introducer’s KYC procedures, a financial institution should ensure that it immediately obtains all the relevant information pertaining to a customer’s</p>

		<p>intermediaries to be regulated and supervised does not specify this in accordance with the FATF Recs. 23, 24 and 29.</p> <ul style="list-style-type: none"> <li>• Competent authorities do not take into account information available on countries which adequately apply FATF Recs in determining which countries third parties can be based.</li> <li>• Current legislation does not address the FATF requirement for the ultimate responsibility for customer identification and verification to remain with the financial institution relying on the third party</li> </ul>	<p>and supervised in accordance with the requirements of FATF Recs. 23, 24 and 29.</p> <ul style="list-style-type: none"> <li>• Competent authorities should take into account information available on countries which adequately apply FATF Recs in determining which countries third parties can be based.</li> <li>• The ultimate responsibility for customer identification and verification should remain with the financial institution relying on the third party</li> </ul>	<p>identity.</p> <p>Guidelines 166-173 set out specific guidance on dealing with third parties and introduced business such as who can be classified as an eligible introducer, the fact that the ultimate responsibility remains with the financial institution for customer identification and verification, when to re-verify the identification documents, the documentation required to be produced, ensuring documentation is made available from the third party upon request without delay, documenting a written agreement the respective responsibilities of the two parties, the conduct of periodic reviews and when to terminate the relationship.</p> <p>Guideline 170 (ii) defines an eligible introducer to be, among other things, as one that is based in a country with equivalent or higher AML/CFT standards of regulation</p> <p>Paragraph 49 of the Guidelines states that a financial institution is ultimately responsible for verifying the identity of their customers and beneficial owners.</p>
10.Record keeping	PC	<ul style="list-style-type: none"> <li>• No explicit legal provision requiring financial institutions under the supervision of the CBB, SOI and the FIU to ensure that all customer and transaction records and information are available on a timely basis to domestic competent authorities upon appropriate authority.</li> <li>• Licensees of the IFSC are required to ensure that all documentation is accessible within a reasonable time to only court orders or court directives</li> </ul>	<ul style="list-style-type: none"> <li>• Financial institutions under the supervision of the Central Bank, SOI. the FIU and the IFSC should be required to ensure that all customer and transaction records and information are available on a timely basis to all domestic competent authorities upon appropriate authority.</li> </ul>	<p>Guideline 221 requires a financial institution to ensure that all customer and transaction records and information on wire transfers are made available, on a timely basis, to domestic competent authorities upon appropriate authority. Section 4 of the attached draft bill</p>
12.DNFBP – R.5, 6, 8-11	PC	<ul style="list-style-type: none"> <li>• Deficiencies identified in Recs.5, 6 and 8-11 in relation to the above recommendations would also be applicable to the DNFBPs since they are subject to the requirements of the MLTPA.</li> <li>• The transaction threshold level for casinos to comply with the requirements of Rec. 5 and Rec. 10 are well above the FATF level of US\$3,000.</li> </ul>	<ul style="list-style-type: none"> <li>• Deficiencies identified in Recs.5, 6 and 8-11 in relation to the above recommendations would also be applicable to the DNFBPs since they are subject to the requirements of the MLTPA. Implementation of the specific recommendations in the relevant sections of this Report will also apply to listed DNFBPs</li> <li>• The transaction threshold level for casinos should be amended in the MLTPA to comply with the requirements of Rec. 5 and Rec. 10.</li> </ul>	<p>Guidelines for DNFBP have been drafted to address these shortcomings. The draft legislation is going through the review process before passing into law. Please see attached guidance notes for DNFBPs</p>

13.Suspicious transaction reporting	PC	<ul style="list-style-type: none"> <li>The obligation to submit suspicious transaction reports does not apply to the proceeds of all FATF predicate offences</li> <li>Low number of STRs submitted by financial institutions suggests that STR reporting ineffective in non-bank reporting entities.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should extend the range of predicate offences for ML to include all the FATF designated categories of offences by criminalizing racketeering, illicit arms trafficking, illicit trafficking in stolen and other goods, hostage taking, smuggling, extortion, piracy and insider trading.</li> <li>Specific guidance should be provided for reporting entities as to how to treat suspicious transactions involving tax matters</li> </ul>	<p>Changes to the various laws have been prepared and submitted to the Government’s legal draft person. The first set of draft amendments to the various laws is now in process, with priority for completion being given to the MLTPA legislation. Section 21 of the attached draft bill</p> <p>Furthermore, the Commonwealth Secretariat is assisting with the drafting of legislation and regulations with the assignment of a legal draft person to Belize.</p>
14.Protection & no tipping-off	LC	<ul style="list-style-type: none"> <li>No provision for protection against criminal, civil, disciplinary or administrative proceedings for breaches of banking or professional secrecy for reporting STRs to be available even if the underlying criminal activity is not precisely known and regardless of whether illegal activity actually occurred</li> </ul>	<ul style="list-style-type: none"> <li>There should be provision for protection against criminal, civil, disciplinary or administrative proceedings for breaches of banking or professional secrecy for reporting STRs even if the underlying criminal activity is not precisely known and regardless of whether illegal activity actually occurred.</li> </ul>	Section 15 of the Financial Intelligence
15.Internal controls, compliance & audit	PC	<ul style="list-style-type: none"> <li>No requirement for internal audit to be adequately resourced, independent and include sample testing for compliance</li> <li>Requirement only allows for reasonable access to information by the AML/CFT compliance officer rather than unimpeded access</li> <li>Access to information is limited to AML/CFT compliance officers and not extended to other appropriate staff.</li> </ul>	<ul style="list-style-type: none"> <li>Financial institutions should be required to maintain adequately resourced, independent internal audit function which includes sample testing for compliance.</li> <li>Financial institutions should be required to ensure timely access by the AML/CFT compliance officer and other appropriate staff to information necessary to consider the reporting of suspicious transactions.</li> </ul>	<p>Section 18(1)(c) requires financial institution to establish audit function to test its AML/CFT procedures and systems and Guideline 291 requires the internal audit department of financial institutions to carry out reviews to test and evaluate how effectively compliance policies are being implemented. Such reviews should be carried out on a frequency consistent with the financial institution’s size and risk profile. The review process should identify and note weaknesses in policies and procedures, corrective measures and ensure timely follow-up of actions. Section 6 of the attached draft bill</p> <p>This section of the Guidelines will be reworded to clearly communicate “timely access”</p>
16.DNFBP – R.13-15 & 21	PC	<ul style="list-style-type: none"> <li>Deficiencies identified in Recs.13 to 15 and 21 in relation to the above recommendations would</li> </ul>	<ul style="list-style-type: none"> <li>Deficiencies identified in Recs.13 to 15 and 21 in relation to the above recommendations would also be</li> </ul>	Guidelines for DNFBP have been drafted to address

		also be applicable to the DNFBPs since they are subject to the requirements of the MLTPA	applicable to the DNFBPs since they are subject to the requirements of the MLTPA. Implementation of the specific recommendations in the relevant sections of this Report will also apply to listed DNFBPs.	these shortcomings. The draft legislation is going through the review process before passing into law.  Also, pending finalization of legislation, the FIU commenced on-site inspections of DNFBPs and has completed this process with Casinos.
17.Sanctions	NC	<ul style="list-style-type: none"> <li>Administrative fines under supervisory sanctions of subsection 22(1) are not dissuasive.</li> <li>Unable to assess effectiveness of supervisory sanctions since none have been applied</li> </ul>	<ul style="list-style-type: none"> <li>Administrative fines under supervisory sanctions of subsection 22(1) should be dissuasive.</li> </ul>	Fines are being revisited along with amendments to the law and Guidelines. Section 9 of the attached draft bill
18.Shell banks	PC	<ul style="list-style-type: none"> <li>No requirement for financial institutions to satisfy themselves that a respondent financial institution in a foreign country does not permit its accounts to be used by shell banks.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should enact measures that require financial institutions to satisfy themselves that a respondent financial institution in a foreign country does not permit its accounts to be used by shell banks</li> </ul>	Guideline 192 (iv) requires institutions to ensure that respondents do not maintain relationships with shell banks. Section 3 of the attached draft bill
19.Other forms of reporting	NC	<ul style="list-style-type: none"> <li>No consideration has been given to the feasibility and utility of implementing a system where financial institutions report all transactions in currency above a fixed threshold to a national central agency with a computerized data base.</li> </ul>	<ul style="list-style-type: none"> <li>Belize should consider the feasibility and utility of implementing a system where financial institutions report all transactions in currency above a fixed threshold to a national central agency with a computerized data base.</li> </ul>	The was considered and will be formally documented
21.Special attention for higher risk countries	PC	<ul style="list-style-type: none"> <li>No measures in place to ensure that financial institutions were advised of concerns about weaknesses in the AML/CFT systems of other countries</li> <li>No mechanism to apply appropriate counter measures to countries that continue not to apply or insufficiently applies the FATF Recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>Measures should be put in place to ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries.</li> <li>A mechanism should be in place to apply appropriate counter measures to countries that continue not to apply or insufficiently applies the FATF Recommendations.</li> </ul>	Guideline 183 requires institutions to consult publicly available information and Appendix 2 of the Guidelines provide examples of web sites that can be used to become aware of concerns of the systems in other countries. Section 6 of the attached draft bill
22.Foreign branches & subsidiaries	NC	<ul style="list-style-type: none"> <li>Requirement that the reporting entity should ensure that their foreign branches and subsidiaries adopt and enforce measures consistent with the MLTPA to the extent that local laws and regulations so permit has not been imposed by supervisory authorities.</li> <li>No requirement for financial institutions to pay particular attention that their branches and</li> </ul>	<ul style="list-style-type: none"> <li>The requirement that the reporting entity should ensure that their foreign branches and subsidiaries adopt and enforce measures consistent with the MLTPA to the extent that local laws and regulations so permit should be imposed by supervisory authorities.</li> <li>Financial institutions should be required to pay</li> </ul>	Changes to the various laws have been prepared and submitted to the Government's legal draft person. The first set of draft amendments to the various laws is now in process, with priority for completion being given to the MLTPA legislation. Section 8 of the attached draft bill deals with Recommendation 22  The Application section of the Guidelines states that

		<p>subsidiaries in countries which do not or insufficiently apply FATF Recommendations observe AML/CFT measures consistent with home country requirements and the FATF Recommendations.</p> <ul style="list-style-type: none"> <li>• No requirement, where the minimum AML/CFT requirements of the home and host countries differ, for the branches and subsidiaries of financial institutions in host countries to apply the higher standard, to the extent that host country laws and regulations permit.</li> <li>• The requirement for financial institutions to report to the designated supervisory or regulatory authority or the competent disciplinary authority where the foreign branch or subsidiary is unable to adopt and observe certain AML/CFT measures has not been imposed by the supervisory authority.</li> </ul>	<p>particular attention that their branches and subsidiaries in countries which do not or insufficiently apply FATF Recommendations observe AML/CFT measures consistent with home country requirements and the FATF Recommendations.</p> <ul style="list-style-type: none"> <li>• Financial institutions should be required, where the minimum AML/CFT requirements of the home and host countries differ, to ensure that branches and subsidiaries in host countries apply the higher standard, to the extent that host country laws and regulations permit.</li> <li>• The requirement for financial institutions to report to the designated supervisory or regulatory authority or the competent disciplinary authority where the foreign branch or subsidiary is unable to adopt and observe certain AML/CFT measures should be imposed by the supervisory authority.</li> </ul>	<p>these guidelines apply to all financial institutions in Belize and financial institutions should ensure that at minimum, the guidelines are also implemented in branches and subsidiaries abroad.</p> <p>The said Application section of the Guidelines goes on to state that where standards in host countries are more rigorous, then institutions should abide by higher standards.</p> <p>The said Application section of the Guidelines continues that where laws and regulations in countries abroad prohibit implementation on these guidelines, the financial institution should immediately inform the Central Bank of such.</p>
23.Regulation, supervision and monitoring	PC	<ul style="list-style-type: none"> <li>• No requirement for changes in management or shareholding of insurance companies to be approved by the SOI on the basis of a fit and proper assessment.</li> <li>• Applications for licences for associations of underwriters and insurance intermediaries are not required to be subject to fit and proper assessment.</li> <li>• Shareholders or owners of IFS practitioners are not subject to fit and proper assessment.</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in management or shareholding of insurance companies should be approved by the SOI on the basis of a fit and proper assessment.</li> <li>• Applications for licences for associations of underwriters and insurance intermediaries should be subject to fit and proper assessment.</li> <li>• Shareholders or owners of IFS practitioners should be subject to fit and proper assessment</li> </ul>	<p>Further instruction have been issued to address recommendation 23</p>
24. DNFBP – regulation, supervision and monitoring	NC	<ul style="list-style-type: none"> <li>• Casinos are not subject to a comprehensive regulatory and supervisory regime that ensures they are effectively implementing the AML/CFT measures required under the FATF Recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>• Casinos should be subject to a comprehensive regulatory and supervisory regime that ensures they are effectively implementing the AML/CFT measures required under the FATF Recommendations.</li> <li>• Designated supervisory for casinos should have the</li> </ul>	<p>Guidelines for DNFBP have been drafted to address these shortcomings. The draft legislation is going through the review process before passing into law.</p> <p>Furthermore, The Commonwealth Secretariat is assisting with the drafting of legislation and</p>

		<ul style="list-style-type: none"> <li>Designated supervisory for casinos does not have the power to request regular reporting or access any information necessary to carry out its functions in particular monitoring.</li> <li>Fines applicable by the designated supervisory authority under section 22(1) of the MLTPA are not dissuasive</li> <li>No requirement for information on natural persons behind the corporate shareholders of applicants for licences for the provision of gaming facilities by hotels for their guests</li> <li>No adequate provisions in relation to the granting of licences for gaming premises and the use of gaming machines to prevent criminals or their associates from holding or being beneficial owner of a significant or controlling interest, holding a management function in or being an operator under these licences.</li> <li>No comprehensive regulatory and supervisory regime to ensure effective implementation of AML/CFT measures required under the FATF Recommendations has been instituted for other DNFBPs except for trust and company service providers</li> </ul>	<p>power to request regular reporting or access any information necessary to carry out its functions in particular monitoring.</p> <ul style="list-style-type: none"> <li>Fines applicable by the designated supervisory authority under section 22(1) of the MLTPA should be dissuasive.</li> <li>Information should be required on natural persons behind the corporate shareholders of applicants for licences for the provision of gaming facilities by hotels for their guests</li> <li>There should be adequate measures in relation to the granting of licences for gaming premises and the use of gaming machines to prevent criminals or their associates from holding or being beneficial owner of a significant or controlling interest, holding a management function in or being an operator under these licences.</li> <li>A comprehensive regulatory and supervisory regime to ensure effective implementation of AML/CFT measures required under the FATF Recommendations should be instituted for other DNFBPs except for trust and company service providers</li> </ul> <p>Furthermore, the Commonwealth Secretariat is assisting with the drafting of legislation and regulations with the assignment of a legal draft person to Belize.</p>	<p>regulations with the assignment of a legal draft person to Belize.</p> <p>Section 9 of the attached draft bill</p>
25. Guidelines & Feedback	NC	<ul style="list-style-type: none"> <li>Feedback is limited only to acknowledgement of receipt of STRs</li> <li>No guidelines have been issued for the DNFBPs except for the trust and company service providers.</li> <li>No guidelines have been issued for licensees of the SOI and IFSC</li> </ul>	<ul style="list-style-type: none"> <li>The FIU should provide general feedback to financial institutions with regard to statistics on the number of disclosures or information on current techniques, methods, trends and typologies.</li> <li>Guidelines should be issued for licensees of the SOI and IFSC</li> </ul>	<p>Database has already been created by the Network Administrator for the easy generation of feedback</p>
<b>Institutional and other measures</b>				
26.The FIU	PC	<ul style="list-style-type: none"> <li>Minimal security arrangements for custody of information with main vulnerabilities being</li> </ul>	<ul style="list-style-type: none"> <li>Belize should consider providing a more secure location for its FIU, since information held at the FIU</li> </ul>	<p>On February 1, 2012 the FIU is relocating into an independent and more spacious office whereby the</p>

		<p>security and IT support provided by personnel not in the employ of the FIU.</p> <ul style="list-style-type: none"> <li>Minimal feedback is provided to financial institutions and DNFbps by the FIU in relations to STRs filed or requests made of the institutions.</li> <li>No publicly released periodic reports which include statistics, typologies and trends as well as information regarding activities.</li> <li>Operational independence of the FIU is vulnerable to external influence.</li> </ul>	<p>may be accessed by persons other than FIU staff, since the security officers of the Central Bank building has access to the FIU offices after work hours.</p> <ul style="list-style-type: none"> <li>The FIU should consider removing internet access from its server on which sensitive data and information is stored and establish a system where their server is stand alone. Consideration should be given to storing the FIU's server backups offsite.</li> <li>Measures should be considered to ensure the operational independence of the FIU</li> <li>The FIU should consider implementing a mechanism that allows for the provision of some level of feedback to financial institutions and DNFbps that pertains to STRs submitted to it, requests made of these institutions, and the provision of information that contains trends, statistics and typologies.</li> <li>The FIU should consider making its Annual Report public and include statistics, typologies and trends as well as information regarding its activities.in it..</li> </ul>	<p>security measures of IT and other information will be totally controlled by the Unit. This move is now completed as of September 13, 2012</p> <p>This move on February 1, 2012 is only temporary until later this year when construction of the permanent office is completed. The architecture of the permanent office is being done in accordance with the security, staffing and record storing needs of the FIU. Completed</p> <p>Also, the office provides room for additional employees and storage of physical records. The FIU is presently conducting interviews for a person to fill position of IT Technician. The position of a Senior Investigator is being filled by an experienced person from Canada. Completed</p> <p>Please see attached Network Security Policy and Network Administrator's Report</p> <p>Database system has already been created to comply with this recommendation</p> <p>The FIU is currently compiling Annual Report for Year 2011 and these shortcomings will be addressed.</p>
<p>27.Law enforcement authorities</p>	<p>PC</p>	<ul style="list-style-type: none"> <li>No measures, whether legislative or otherwise, to allow competent authorities investigating ML cases to postpone or waive the arrest of suspected persons and/or the seizure of the money for the purpose of identifying persons involved in such activities or for evidence gathering.</li> </ul>	<ul style="list-style-type: none"> <li>Belize should consider taking measures, whether legislative or otherwise, that allow competent authorities investigating ML cases to postpone or waive the arrest of suspected persons and/or the seizure of the money for the purpose of identifying persons involved in such activities or for evidence gathering.</li> </ul>	

28 Powers of competent authorities	LC	<ul style="list-style-type: none"> <li>No written provisions granting the FIU powers to be able to take witness statements for use in investigations and prosecutions of ML, FT and predicate offenses in Belize</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider written provisions granting the FIU powers to be able to take witness statements for use in investigations and prosecutions of ML, FT and predicate offences in Belize</li> </ul>	
29. Supervisors	PC	<ul style="list-style-type: none"> <li>IFSC does not carry out AML/CFT on-site inspections</li> <li>IFSC does not have the power to carry out on-site inspection except for international insurance companies</li> <li>The IFSC can only access or compel production of records from licensees under the MFA and the IIA.</li> </ul>	<ul style="list-style-type: none"> <li>The IFSC should implement AML/CFT on-site inspections of its reporting entities</li> <li>IFSC should have the power to carry out on-site inspection of all its reporting entities.</li> <li>The IFSC should have access or be able to compel production of records from all its reporting entities.</li> </ul>	<p>The IFSC has factored the hiring of additional staff and the execution of onsite inspections in its 2012 plans.</p> <p>Changes to the various laws have been prepared and submitted to the Government's legal draft person. The first set of draft amendments to the various laws is now in process, with priority for completion being given to the MLTPA legislation.</p>
30. Resources, integrity and training	NC	<ul style="list-style-type: none"> <li>There is inadequate staffing at the FIU currently to allow it to effectively carry out its functions as investigator, prosecutor and supervisory authority.</li> <li>The office space presently being occupied by the FIU is inadequate and lacks the potential for expansion and greater storage capacity.</li> <li>Members of staff at the FIU have not been provided with examiner specific training to facilitate them in carry out their functions as Supervisory Authority.</li> <li>Limited numbers of the Customs Department staff have been exposed to AML/CFT training.</li> <li>Lack of human and technical resource to facilitate effective enforcement of Customs Act.</li> <li>No in-depth background checks are done on officers applying to join the Customs Department.</li> <li>No ML/TF training has been received by members of the ADU or the MCU.</li> </ul>	<ul style="list-style-type: none"> <li>Belize should consider relocating the FIU to a larger office space with greater storage capacity to facilitate expansion and greater efficiency within the Unit.</li> <li>The FIU should consider providing examiner specific training to FIU staff to facilitate them in carry out their functions as Supervisory Authority.</li> <li>Belize should consider augmenting the staff at the FIU to allow it to effectively carry out its functions relative to ML, TF, Prosecutor and that of Supervisory Authority.</li> <li>Belize's Customs Department should consider conducting a more in-depth background check on officers applying to join the Customs Department.</li> <li>Belize should consider augmenting the current staff complement of the Customs Department to allow it to effectively carry out its functions in all of Belize.</li> <li>Belize should consider providing additional technical resources such as sniffer dogs, vehicles and computers and other equipment requested by Custom to allow it to effectively carry out its functions.</li> </ul>	<p>On February 1, 2012 the FIU is relocating into an independent and more spacious office whereby the security measures of IT and other information will be totally controlled by the Unit. This move has been completed as of September 12, 2012</p> <p>Also, the office provides room for additional employees and storage of physical records. The FIU is presently conducting interviews for a person to fill position of IT Technician. The position of a Senior Investigator is being filled by an experienced person from Canada. Completed</p> <p>This move on February 1, 2012 is only temporary until later this year when construction of the permanent office is completed. The architecture of the permanent office is being done in accordance with the security, staffing and record storing needs of the FIU. Completed</p>

		<ul style="list-style-type: none"> <li>• There are an inadequate number of police officers assigned to the ADU to allow it effectively police Belize’s 8866 square miles of land and sea.</li> <li>• There is very limited office space available to the MCU to facilitate it in carrying out of its functions. The MCU is equipped with one (1) vehicle, firearms and computers.</li> <li>• There are no cameras, tape recorders or bullet proof vest assigned to the ADU. Training obtained by the members of the Unit is mostly on the job training; especially when collaborating with the FIU in joint investigations; legal advice is provided by the DPP on a needs basis</li> <li>• The human and other resources of the Ministry of Foreign Affairs/Office of the Attorney General are inadequate to properly manage requests for international cooperation with foreign countries</li> <li>• The competent authorities are not properly equipped to efficiently manage requests for mutual legal assistance.</li> </ul>	<ul style="list-style-type: none"> <li>• Belize should provide training to staff of the Customs Department in relation to money laundering (especially customs related offences that spawn ML cases) and terrorist financing.</li> <li>• Belize should consider providing ML/TF training to members of the ADU and the MCU.</li> <li>• Belize should consider procuring an additional engine in order to make the two (2) vessels in its maritime section functional.</li> <li>• Belize should consider augmenting the ADU to allow it effectively police Belize’s 8866 square miles of land and sea. Though considerable strides have been made in the Unit’s anti-drug efforts, inadequate staffing remains one of its major challenges.</li> <li>• Belize should consider providing greater office space to the MCU to facilitate it in carrying out of its functions. The ADU is equipped with one (1) vehicle, firearms and computers.</li> <li>• Belize should consider providing a wider array of technical resources to the MCU i.e. cameras, tape recorders and bullet proof vest to allow it to effectively carry out its functions.</li> <li>• Belize should consider developing a mechanism that provides training to members of the MCU on a more formal basis than what obtains currently which is mostly on the job training; especially when collaborating with the FIU in joint investigations.</li> <li>• Belize should consider providing training for judges and courts concerning ML and FT offences, and the seizure, freezing and confiscation of property that is the proceeds of crime or is to be used to finance terrorism.</li> <li>• The human and other resources of the Ministry of Foreign Affairs/Office of the Attorney General should be strengthened to properly manage requests for international cooperation with foreign countries.</li> </ul>	<p>On January 16 &amp; 17, 2012 training will be done for Investigators from Customs and Police Departments. Training is sponsored by GOVRISK in collaboration with American Bar Association.</p> <p>Training for Judges and Magistrates was held from January 9 – 11, 2012. Training is sponsored by GOVRISK in collaboration with American Bar Association.</p>
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31.National co-operation	NC	<ul style="list-style-type: none"> <li>No mechanism in place for policy makers, supervisors and other competent authorities to co-operate and where appropriate coordinate domestically with each other concerning the development and implementation of policies and activities to combat money laundering and terrorist financing..</li> </ul>	<ul style="list-style-type: none"> <li>Belize should consider the formation of a special task force or group comprising various representatives of LEAs, focused on the development and implementation of policies and activities that would foster greater cooperation and coordination among these LEA entities in matters of ML and TF.</li> </ul>	<p>A Task Force Committee has been established. This Committee is chaired by the FIU and has senior representations from various government institutions such as Customs, Central Bank, Police, IFSC, Immigration, Business Tax, Income Tax</p>
32.Statistics	NC	<p>No statistics on the following:</p> <ul style="list-style-type: none"> <li>Other formal requests for assistance made or received by the FIU, including whether the request was granted or refused.</li> <li>Spontaneous referrals made by the FIU to foreign authorities</li> <li>Formal requests for assistance made or received by supervisors relating to or including AMI/CFT including whether the request was granted or refused</li> <li>Comprehensive statistics are not maintained at the FIU that would lend to analysis efforts, identification of trends, typologies and techniques</li> <li>No mechanism in Belize whereby the authorities review the effectiveness of their systems for</li> </ul>	<p>Statistics should be maintained on the following:</p> <ul style="list-style-type: none"> <li>Other formal requests for assistance made or received by the FIU, including whether the request was granted or refused.</li> <li>Spontaneous referrals made by the FIU to foreign authorities</li> <li>Formal requests for assistance made or received by supervisors relating to or including AMI/CFT including whether the request was granted or refused.</li> <li>The authorities should develop a mechanism to review the effectiveness of their systems for combating money laundering and terrorist financing on a regular basis</li> </ul>	<p>Database system already created to comply with this recommendation</p>

		combating money laundering and terrorist financing on a regular basis..		
33. Legal persons – beneficial owners	NC	<ul style="list-style-type: none"> <li>Information on the companies register is limited to legal ownership and does not include beneficial ownership information and is not necessarily reliable.</li> <li>Registered agents are not subject to on-site inspection and it is not clear how reliable the beneficial ownership information of IBCs they maintain would be.</li> <li>There are no specific measures to ensure that bearer share warrants for local companies are not misused for money laundering.</li> <li>Reliability and implementation of measures for the immobilisation of bearer shares of IBCs by registered agents is doubtful since registered agents are not subject to on-site inspections to check these measures.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider implementing measures to ensure that the company register maintains adequate, reliable, and timely information on the beneficial ownership of registered companies.</li> <li>Registered agents should be subject to measures to ensure that the beneficial ownership information on IBCs that they maintain is adequate, reliable and timely</li> <li>There should be measures to ensure that bearer share warrants for local companies are not misused for money laundering.</li> <li>Registered agents should be subject to on-site inspections to ensure that the measures for the immobilisation of bearer shares of IBCs are adequate and reliable</li> </ul>	
34. Legal arrangements – beneficial owners	NC	<ul style="list-style-type: none"> <li>Registration of domestic trusts is optional and the register is not open to public inspection.</li> <li>No requirements for financial institutions to verify legal status of legal arrangements such as trusts.</li> <li>The register of international trusts is inadequate as it does not include information on beneficiaries of trusts.</li> <li>Scope and reliability of information on domestic and international trusts maintained by relevant DNFBPs and trust agents respectively is doubtful since there is no inspection regime to verify the information..</li> <li>Neither the register of international foundations nor registered agents are required to maintain adequate information on the control of foundations.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider making it a legal requirement for the registration of all domestic trusts created under the TA</li> <li>Financial institutions should be required to verify the legal status of legal arrangements such as trusts.</li> <li>The register of international trusts should include information on beneficiaries of trusts.</li> <li>The authorities should implement measures to ensure the scope and reliability of information on domestic and international trusts maintained by relevant DNFBPs and trust agents respectively.</li> <li>The register of international foundations and registered agents should be required to maintain adequate, reliable and timely information on the control of foundations</li> </ul>	<p>Changes to the various laws have been prepared and submitted to the Government’s legal draft person. The first set of draft amendments to the various laws is now in process, with priority for completion being given to the MLTPA legislation.</p> <p>Section 3 of the attached draft bill</p>
<b>International Co-operation</b>				
35. Conventions	PC	<ul style="list-style-type: none"> <li>There is no legislation in Belize that fully</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider promulgating</li> </ul>	Further instructions issued to address this

		implements Articles 8,10,11,15, 17 and 19 of the Vienna Convention, Articles 20,24,25,30 and 31 of the Palermo Convention and Articles 6, 13,14,15 and 16 of the Terrorist Financing Convention	legislation to fully implement Articles 8,,11,15, 17 and 19 of the Vienna Convention, Articles 20,24,25,30 and 31 of the Palermo Convention and Articles 6, 13,14,15 and 16 of the Terrorist Financing Convention.	Recommendation
36.Mutual legal assistance (MLA)	LC	<ul style="list-style-type: none"> <li>The Belize/USA Treaty Act does not provide that a request for mutual legal assistance cannot be denied on the ground of secrecy or confidentiality.</li> <li>The existence of two competent authorities for the receipt and processing of requests for mutual legal assistance may potentially reduce the effectiveness of the system.</li> <li>There are no arrangements for the best venue for prosecuting defendants in cases where such may be facilitated in more than one country.</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider amending the Belize/USA Treaty Act to provide that a request for mutual legal assistance cannot be denied on the ground of secrecy or confidentiality.</li> <li>The authorities should consider establishing a single competent authority for the receipt and processing of requests for mutual legal assistance.</li> <li>The authorities should consider making arrangements for the best venue for prosecuting defendants in cases where such may be facilitated in more than one country.</li> </ul>	<p>Handling of mutual legal assistance requests is now fully within the Attorney's General's Ministry. The AG Ministry has restructured and expanded to efficiently facilitate this process. The said Ministry has created an office for the handling of International Legal Affairs; and instituted a new position in its hierarchy as Deputy Solicitor General who is charged with the responsibility to head the new office.</p>
37.Dual criminality	LC	<ul style="list-style-type: none"> <li>The Belize/USA Treaty Act requires dual criminality in relation to search, seizure and forfeiture</li> </ul>		
38.MLA on confiscation and freezing	LC	<ul style="list-style-type: none"> <li>Section 76 of the MLTPA does not state that the Supreme Court and the other competent authorities shall expeditious handle requests for mutual assistance from other countries.</li> <li>No provisions allowing for mutual legal requests for property of corresponding value in the Belize/Caribbean Treaty Act, the Belize/USA Act or the MLTPA</li> </ul>		
39.Extradition	PC	<ul style="list-style-type: none"> <li>The procedures for extradition are long and unwieldy.</li> <li>Belize has only concluded extradition treaties with the USA and Guatemala.</li> <li>Effective implementation is adversely affected by the competent authority not being appropriately equipped</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider enacting a single Extradition Act that seeks to simplify and expedite the procedures for extradition applications in Belize whilst safeguarding the rights of the defendant.</li> <li>The authorities should consider concluding extradition treaties with a broader range of countries.</li> <li>The authorities should consider equipping the</li> </ul>	

			competent authority with the appropriate tools to efficiently manage requests for extraditions	
40.Other forms of co-operation	PC	<ul style="list-style-type: none"> <li>There is no legislation empowering the police, the customs authorities and other law enforcement agencies to undertake international cooperation inquiries for and on behalf of foreign countries;</li> <li>There is no legislation empowering the Office of the Attorney General and the Ministry of Foreign Affairs to undertake international cooperation inquiries for and on behalf of foreign countries</li> </ul>	<ul style="list-style-type: none"> <li>Legislation should be created empowering the police, the customs authorities and other law enforcement agencies to undertake international cooperation inquiries for and on behalf of foreign countries;</li> <li>Legislation should be created empowering the Office of the Attorney General and the Ministry of Foreign Affairs to undertake international cooperation inquiries for and on behalf of foreign countries</li> </ul>	Handling of mutual legal assistance requests is now fully within the Attorney’s General’s Ministry. The AG Ministry has restructured and expanded to efficiently facilitate this process. The said Ministry has created an office for the handling of International Legal Affairs; and instituted a new position in its hierarchy as Deputy Solicitor General who is charged with the responsibility to head the new office.
<b>Nine Special Recommendations</b>		<b>Summary of factors underlying rating</b>		
SR.I Implement UN instruments	PC	<ul style="list-style-type: none"> <li>There is no legislation in Belize that fully implements Articles 6, 12,13,14,15 and 16 of the Terrorist Financing Convention</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider promulgating legislation to fully implement Articles 8, 11, 15, 17 and 19 of the Vienna Convention, Articles 20,24,25,30 and 31 of the Palermo Convention and Articles 6, 13, 14, 15 and 16 of the Terrorist Financing Convention.</li> </ul>	Further instructions issued to address this recommendation
SR.II Criminalise terrorist financing	PC	<ul style="list-style-type: none"> <li>The definition of the term “funds” does not include the qualifying phrase or the qualifying term “in any form including electronic or digital” into the description of legal documents and instruments that prove a defendant’s title or interest in property.</li> <li>Prosecution of the range of ancillary offences set out under section 68(2) of the same Act is not exempt from being required to establish that funds provided by the defendant were actually used in the commission of a terrorist act.</li> <li>No provision for the prosecution of a defendant who commits an ancillary terrorist financing</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider amending the definition of the word “funds” in section 2 (1) of the MLTPA to incorporate the qualifying terms “however acquired” and “in any form including electronic or digital” into the description of legal documents and instruments that prove a defendant’s title or interest in property.</li> <li>The authorities should consider amending section 68(3) of the MLTPA to include the range of ancillary offences set out under section 68(2) of the same Act.</li> <li>The authorities should consider amending section 68(1)(b) of the MLTPA to provide for the prosecution of a defendant who commits an ancillary terrorist financing offence in another jurisdiction.</li> </ul>	<p>Section 2 of the attached draft bill</p> <p>Section 16 of the attached draft bill</p>

		<p>offence in another jurisdiction.</p> <ul style="list-style-type: none"> <li>The DPP and the FIU's parallel jurisdiction to prosecute financing of terrorism matters in Belize could adversely affect implementation..</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider making legislative amendments that would remove the constitutional concerns relating to the DPP and FIU's parallel jurisdiction to prosecute financing of terrorism matters in Belize.</li> </ul> <p>Furthermore, the Commonwealth Secretariat is assisting with the drafting of legislation and regulations with the assignment of a legal draft person to Belize.</p>	
<p>SR.III Freeze and confiscate terrorist assets</p>	<p>PC</p>	<ul style="list-style-type: none"> <li>Section 76 of the MLTPA does not expressly provide that assistance rendered to a superior court or competent authority of another jurisdiction must be facilitated expeditiously by the Belizean counterparts.</li> <li>Unable to assess the practical effectiveness of provisions giving effect to freezing mechanisms initiated in other jurisdictions due to lack of requests</li> <li>Definition of terrorist property does not extend to property jointly owned or controlled directly or indirectly by terrorists, those who finance terrorism or terrorist organisations or property derived or generated from funds or other assets owned or controlled directly or indirectly by terrorists, those who finance terrorism or terrorist organisations.</li> <li>There is no legislative or other provision that enables the authorities to publicly delist persons or entitles in a timely manner.</li> <li>There is no legislative or other provision that requires competent authorities to communicate to the financial sector actions taken under the freezing mechanisms in essential criteria III.1 to</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider amending section 76 of the MLTPA to provide that assistance rendered to a superior court or competent authority of another jurisdiction must be facilitated expeditiously by the Belizean counterparts.</li> <li>The authorities should consider promulgating legislation that would enable the authorities to publicly delist persons or entities in a timely manner.</li> <li>The authorities should consider promulgating legislation that requires competent authorities to communicate to the financial sector actions taken under the freezing mechanisms in essential criteria III.1 to III.3.</li> <li>The definition of terrorist property in the MLTPA should extend to property jointly owned or controlled directly or indirectly by terrorists, those who finance terrorism or terrorist organisations or property derived or generated from funds or other assets owned or controlled directly or indirectly by terrorists, those who finance terrorism or terrorist organisations</li> <li>The authorities should consider amending section 40 (2) of the MLTPA to exclude from its ambit the reasonable living expenses of an applicant's dependants and an applicant's debts incurred in good faith.</li> <li>Designated supervisory authorities should be required to monitor compliance with the provisions concerning</li> </ul>	<p>The FIU has compiled the necessary changes to the various laws and submitted to the Government's legal draft person. The first set of draft amendments to the various laws is now in process, with priority for completion being given to the MLTPA legislation.</p> <p>Section 14 of the attached draft bill</p>

		<p>III.3.</p> <ul style="list-style-type: none"> <li>• Section 40 (2) of the MLTPA which enables a court to consider the reasonable living expenses of an applicant’s dependants and an applicant’s debts incurred in good faith may undermine the intended effect of S/RES1452..</li> <li>• Reporting entities do not have clear guidance as it relates to their obligations for the freezing of funds belonging to terrorists on the United Nations designated list.</li> <li>• Designated supervisory authorities are not required to monitor compliance with the provisions concerning SRIII</li> <li>• Section 67 (1) of the MLTPA does not enable an affected party to apply to the court for relief against an order seizing and detaining terrorist cash</li> </ul>	<p>SRIII</p> <ul style="list-style-type: none"> <li>• The authorities should consider providing reporting entities with clear guidance as it relates to their obligations for the freezing of funds belonging to terrorists on the United Nations designated list.</li> <li>• The authorities should consider amending section 67 (1) of the MLTPA to enable an affected party to apply to the court for relief against an order seizing and detaining terrorist cash.</li> </ul>	
SR.IV Suspicious transaction reporting	PC	<ul style="list-style-type: none"> <li>• Low number of STRs submitted by financial institutions suggests that STR reporting is ineffective in non-bank reporting entities.</li> </ul>		
SR.V International co-operation	NC	<ul style="list-style-type: none"> <li>• The deficiencies identified with regard to MLAT for ML are also applicable for FT</li> <li>• Deficiencies noted with regard to extradition are also applicable for FT</li> <li>• The legislative and other deficiencies noted throughout this report in the areas of financing of terrorism, terrorism and terrorist organisations affect improved international cooperation in these areas;</li> <li>• The noted deficiencies concerning extradition in Belize also affect improved international cooperation that is consistent with Special Recommendation V.</li> </ul>	<ul style="list-style-type: none"> <li>• The legislative and other deficiencies noted throughout this report in the areas of financing of terrorism, terrorism and terrorist organisations should be remedied to facilitate for improved international cooperation in these areas;</li> <li>• The noted deficiencies concerning extradition in Belize should be remedied to facilitate improved international cooperation that is consistent with Special Recommendation V.</li> </ul>	<p>The FIU has compiled the necessary changes to the various laws and submitted to the Government’s legal draft person. The first set of draft amendments to the various laws is now in process, with priority for completion being given to the MLTPA legislation.</p>
SR.VI AML requirements for money/value transfer services	PC	<ul style="list-style-type: none"> <li>• Supervisory fines under the MLTPA are not dissuasive for financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Supervisory fines under the MLTPA should be dissuasive.</li> </ul>	<p>Fines are being revisited along with legal amendments. Section 9 of the attached draft bill</p>

		<ul style="list-style-type: none"> <li>Number of inspections suggests ineffective monitoring.</li> </ul>		
SR.VII Wire transfer rules	NC	<ul style="list-style-type: none"> <li>Definition of originator information does not include the originator's address</li> <li>No provision for a receiving intermediary financial institution to keep records (for five years) of all information received from an ordering financial institution in the case where technical limitations would prevent the full originator information that should accompany a cross border wire transfer from being transmitted with a related domestic wire transfer.</li> <li>No requirement for beneficiary financial institutions to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information.</li> <li>The fine penalty is not dissuasive nor is it applicable to directors and senior management</li> </ul>	<ul style="list-style-type: none"> <li>The definition of originator information should include the originator's address or a national identity number, customer identification number or date and place of birth</li> <li>A receiving intermediary financial institution should be required to keep records (for five years) of all information received from an ordering financial institution in the case where technical limitations would prevent the full originator information that should accompany a cross border wire transfer from being transmitted with a related domestic wire transfer.</li> <li>Beneficiary financial institutions should be required to adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information.</li> <li>The fine penalty of section 19(5) of the MLTPA should be dissuasive and applicable to directors and senior management</li> </ul>	<p>Guideline 209 defines originator information to include address or date and place of birth or national identity number</p> <p>Guideline 219 requires retention of information for at least 5 years. Section 7 of the attached draft bill</p> <p>Guideline 217 provides for procedures where there are technical limitations in transmitting complete originator information. Section 5 of the attached draft bill</p>
SR.VIII Non-profit organisations	NC	<ul style="list-style-type: none"> <li>There has been no review of the adequacy of Belize's laws and regulations relating to NPOs to determine the sector's susceptibility to being used by terrorist organisations or for terrorist activities.</li> <li>There has been no outreach programme to the NPO sector in Belize to raise awareness about the risks of terrorist abuse and the available measures to protect against such abuse and promote transparency, accountability, integrity and public confidence in the administration and management of all NPOs..</li> <li>No monitoring or supervision of NPOs and churches incorporated under the Companies Act</li> </ul>	<ul style="list-style-type: none"> <li>The authorities should consider undertaking a review of the adequacy of Belize's laws relating to NPOs with a view to determine the sector's susceptibility to being used by terrorist organisations or for terrorist activities.</li> <li>The authorities should consider implementing an outreach programme to the NPO sector Belize to raise awareness about the risks of terrorist abuse and the available measures to protect against such abuse and promote transparency, accountability, integrity and public confidence in the administration and management of all NPOs.</li> <li>The authorities should implement measures to monitor or supervise NPOs and churches incorporated under the Companies Act</li> </ul>	

		<ul style="list-style-type: none"> <li>• There is presently no legislation in Belize that authorises public access to NGO information duly retained by the RNGO.</li> <li>• There is no legislation that imposes other criminal, civil or administrative sanctions for violations of oversight measures or rules relating to NGOs further to those prescribed under section 18 of the NGOA.</li> <li>• There is no legislation that requires NGOs to maintain records of their domestic and international transactions for a minimum period of five years.</li> <li>• No measures to ensure effective cooperation, coordination and information sharing between the FIU and the RNGO.</li> </ul>	<ul style="list-style-type: none"> <li>• The authorities should promulgating legislation that authorises public access to NGO information duly retained by the registrar.</li> <li>• The authorities should consider promulgating legislation that imposes other criminal, civil or administrative sanctions for violations of oversight measures or rules relating to NGOs further to those prescribed under section 18 of the NGOA.</li> <li>• The authorities should consider enacting legislation requiring NGOs to maintain records of their domestic and international transactions for a minimum period of five years.</li> <li>• The authorities should implement measures to ensure effective cooperation, coordination and information sharing between the FIU and the RNGO.</li> </ul>	
<p>SR.IX Cross Border Declaration &amp; Disclosure</p>	<p>PC</p>	<ul style="list-style-type: none"> <li>• No provision for restraint of negotiable instruments.</li> <li>• Provision does not allow for the seizure of currency under amounts of BZ\$10,000.</li> <li>• Penalties for making a false declaration or failure to make a declaration do not extend to directors and senior management of legal persons</li> <li>• The fine for legal persons who make a false declaration or fail to make a declaration is not dissuasive.</li> </ul>	<ul style="list-style-type: none"> <li>• The authorities should amend the MLTPA with a provision for the restraint of negotiable instruments.</li> <li>• Section 38 of the MLTPA should be amended to allow for the seizure of currency of any amount.</li> <li>• Penalties for making a false declaration or failure to make a declaration should be extended to directors and senior management of legal persons.</li> <li>• The fine for legal persons who make a false declaration or fail to make a declaration should be made dissuasive.</li> </ul>	<p>The FIU has compiled the necessary changes to the various laws and submitted to the Government’s legal draft person. The first set of draft amendments to the various laws is now in process, with priority for completion being given to the MLTPA legislation. Section 13 of the attached draft bill</p> <p>Section 13 of the attached draft bill</p> <p>Fines and Penalties are being revisited along with legal amendments. Submitted in further instructions</p> <p>Submitted in further instructions</p>

